Indicator/Action Economics Survey:		Last Actual:	Regions' View:
Fed Funds Rate *(after the FOMC meeting on July 30-31)* Range: 0.00 to 0.25 percent Median: 0.125 percent (mid-point of target range)		0.00% to 0.25%	So, just what did we learn from Chairman Bernanke's two days of testimony before Congress last week? Not a whole lot. To be clear, that is not intended in a demeaning or derogatory way. In fact, we'd venture that Chairman Bernanke is quite pleased with the markets' reaction – more accurately, the lack thereof – to his testimony. The reality is since his May 22 appearance before Congress, Chairman Bernanke's message has been very consistent. That of course has not translated into a consistent reaction from the markets, as evidenced by the wild ride long-term interest rates have been on of late. So, while Chairman Bernanke may have softened the tone, the underlying message has not changed – barring a material deterioration in the labor market data, the Fed's large-scale asset purchases will be scaled back by year-end and ended around mid-2014. Regardless of the timing of the decision to dial down the pace of asset purchases and the rate at which that occurs, the Fed funds rate is staying put for a long time to come. Whether due to a failure to make the distinction between balance sheet policy and interest rate policy or a lack of belief in the Fed's commitment to such a distinction the markets reacted badly, sending long-term interest rates sharply higher. Ever since, Chairman Bernanke has repeated and refined his message without actually changing it and, judging by the degree to which long-term rates have backed down, the message seems to have sunk in. One implication is that we should see far less volatility in the markets in the weeks ahead, though it won't entirely go away, particularly around the top tier data releases. Bottom line – the Fed seems on course to dial down asset purchases in September and, while perhaps not loving it, the markets seem at least to have accepted it.
June Existing Home Sales Range: 4.990 to 5.400 million units Median: 5.260 million units SAAR	Monday, 7/22	May = 5.180 mil	Down to an annualized sales rate of 4.99 million units, well below consensus. This is not some sort of "the end is nigh" call on the housing market as a result of higher interest rates, it is more our sense that we are starting to see investors back away out of concern that supply growth – accounting for both single family and multi-family units – has gotten a bit aggressive. Support for this hypothesis comes more from anecdotal evidence than from hard data, but June's sharp decline in multi-family housing permits could also reflect, at least to some degree, similar concerns. Since late last year we have been arguing the volume of existing home sales may not change all that much in 2013 but the composition of sales would, i.e., fewer investor purchases and more purchases from traditional buyers, which is incorporated into our call on June sales. The obvious upside risk to our forecast is that we are early on our call that investors have started to pull back. As to the impact of higher mortgage rates, recall existing home sales are booked at closing, not contract signing, so it is still a bit early to see any impact of higher mortgage rates in the existing home sales data.
June New Home Sales Range: 460,000 to 500,000 units Median: 481,000 units SAAR	Wednesday, 7/24	May = 476,000	Up to an annualized sales rate of 492,000 units. In terms of home sales, it is here we would first see the effects of higher mortgage rates since new home sales are booked at contract signing. Nonetheless, we expect new home sales to have risen in June – obviously higher mortgage rates aren't causing sales to increase, but the prospect of even higher mortgage rates over coming months has likely pulled some buyers into the market earlier than they may otherwise have entered. It is possible we would have seen an even larger increase in sales were not new home inventories at such low levels, a constraint that should ease somewhat over coming months judging by the steady increases in single family permits. And, while higher mortgage rates clearly make buying a home more costly, they will not, in and of themselves, choke off home sales as long as job and income growth continue to improve as we expect will be the case.
June Durable Goods Orders Range: -2.6 to 3.5 percent Median: 1.0 percent	Thursday, 7/25	May = +3.7%	Up by 0.4 percent with ex-transportation orders up by 1.0 percent. While Boeing posted another gain in aircraft orders in June, we look for a steep decline in orders for defense aircraft after such orders spiked in April and rose further still in May. If on the scale we expect, this decline will weigh down transportation orders, if not, there is upside risk to our forecast for the headline number. Aside from transportation goods, we look for fairly broad based gains to result in what would be a third consecutive monthly increase in ex-transportation orders, which should help support current quarter production.

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