ECONOMIC PREVIEW

REGIONS

Week of October 21, 2013

Indicator/Action Economics Survey:		Last Actual:	Regions' View:
Fed Funds Rate *(after the FOMC meeting on October 29-30)* Range: 0.00 to 0.25 percent Median: 0.125 percent (mid-point of target range)		0.00% to 0.25%	The latest demonstration of American exceptionalism in action has run its course, with the federal government fully operational and a potential default on U.S. government debt averted. Sure, it was a tense couple of weeks that imposed a hit on the economy and the financial markets but, in the end, it was well worth it. When it really counted, the statesmen stepped up, the leaders led, and the outcome was a courageous, visionary, bipartisan plan that bridged what had been a sharp divide over the appropriate size and scope of the federal government while coming to terms with the really pressing fiscal policy issues, tax reform and entitlement spending, that have been looming on the horizon for some time now. What's that you say, this wasn't the outcome of the last two weeks? No? What we actually got was an agreement to keep federal government funded at current levels – until mid-December? And to lift the debt ceiling – but only until early February? With, shock of all shocks, the Affordable Care Act still fully funded? Wow, so what you're saying is that we went through all the drama and all the disruptions to the economy, the markets, and actual lives of actual people, to get the most minimally rational outcome we could have gotten? Now that is truly exceptional. Anyway, with the "nonessential" government workers who produce and publish the economic data allowed to get back at it, our focus will turn back to the economic data, specifically, what will we see, when will we see it, and what will it really be worth – at least initially. Some of the October reports, such as the employment and CPI reports, may be compromised while other reports will likely be further behind schedule. As such, it could be December – when the November data are released – before we get a clear view of where the economy is (though we may not fully know how it got there). And, as if by magic coincidence, this coincides with the expiration of the deal that put the government back to work, which means just as a meaningful view of the economy is coming back into focus, the data may go dark. Again. This of course will weigh on the FOMC's decision making process and, one would think, will keep current policy in place longer than would have otherwise been the case. It remains uncertain as to when the FOMC will have sufficient data, and sufficient confidence in that data, to conclude there has been meaningful progress in the labor market and they will likely feel compelled to use monetary accommodation as a hedge against further fiscal policy failings. How long will all of this go on? We're not even willing to venture a guess on that one.
September Existing Home Sales Range: 5.100 to 5.500 million units Median: 5.300 million units SAAR	Monday, 10/21	Aug = 5.480 mil	Down to an annualized sales rate of 5.28 million units.
September Nonfarm Employment Range: 146,000 to 240,000 jobs Median: 178,000 jobs	Tuesday 10/22	Aug = +169,000	At long last the September employment report is set free and we'll stick with our original view that total nonfarm employment will have risen by 202,000 jobs, the unemployment rate will have fallen to 7.2 percent, and aggregate private sector earnings rose by 0.3 percent (up 4.2 percent year-over-year).
September New Home Sales Range: 410,000 to 446,000 units Median: 425,000 units SAAR	Thursday, 10/24	Aug = 421,000	Up to an annualized rate of 433,000 units.
September Durable Goods Orders Range: 0.2 to 4.5 percent Median: 2.0 percent	Friday, 10/25	Aug = +0.1%	Up by 4.1 percent, thanks in part to a large jump in aircraft orders.

Regions Financial Corporation, 1900 5th Avenue North, 17th Floor, Birmingham, Alabama 35203
Richard F. Moody, Chief Economist • 205.264.7545 • richard.moody@regions.com