

## Indicator/Action Economics Survey:

## Last Actual:

## Regions' View:

### Fed Funds Rate

(after the FOMC meeting on December 17-18)

Range: 0.00 to 0.25 percent

Median: 0.125 percent (mid-point of target range)

0.00% to 0.25%

The bar for the October employment report will be set low thanks to uncertainty over the effects of the partial federal government shutdown. The bottom line, though, is that any ill effects on the October data should be compensated for in the November data, so the best way to approach it is to take the average over the two-month period, which will likely look very similar to the longer-term trends.

### August Factory Orders

Range: 0.3 to 2.5 percent

Median: 1.0 percent

Monday 11/4 Jul = -2.7%

Up by 0.6 percent.

### September Factory Orders

Range: 0.1 to 2.0 percent

Median: 1.8 percent

Monday 11/4 Aug = N/A

Up by 1.7 percent. The August and September data on factory orders will be issued simultaneously, and the new information for each month will be the volume of orders for nondurable goods. We know durable goods orders rose slightly in August then jumped by 3.7 percent in September, and in both months this should ensure overall orders were higher.

### September Leading Economic Index

Range: 0.2 to 0.8 percent

Median: 0.6 percent

Wednesday 11/6 Aug = +0.7%

Up by 0.8 percent. This would be a third consecutive solid gain, offering some hope that overall economic growth will pick up over coming months, though all bets are off unless and until the needless fiscal policy drama is done away with.

### Q3 Real GDP – First Estimate

Range: -0.1 to 3.0 percent

Median: 1.9 percent SAAR

Thursday 11/7 Q2 = +2.5%

Up at an annualized rate of 1.9 percent with growth in real consumer spending providing much of the support. Note the BEA's first estimates are typically prone to large revision, and that tendency could be amplified with this first pass.

### Q3 GDP Price Index – First Estimate

Range: 0.0 to 1.9 percent

Median: 1.3 percent SAAR

Thursday 11/7 Q2 = +0.6%

Up at an annualized rate of by 1.3 percent.

### September Personal Income

Range: 0.1 to 0.5 percent

Median: 0.3 percent

Friday 11/8 Aug = +0.4%

Up by 0.3 percent, with softer private sector earnings growth holding down overall personal income growth. On an over-the-year basis, this would leave personal income up by 3.4 percent from September 2012.

### September Personal Spending

Range: -0.1 to 0.5 percent

Median: 0.2 percent

Friday 11/8 Aug = +0.3%

Up by 0.2 percent. The soft headline number reflects a sharp decline in spending on consumer durable goods – thanks to lower motor vehicle sales – being offset by smart gains in spending on household services (with a lift from utilities outlays) and on nondurable consumer goods (based on the solid growth in control retail sales seen in the September retail sales data).

### October Nonfarm Employment

Range: -300,000 to 166,000 jobs

Median: 125,000 jobs

Friday 11/8 Sep = +148,000

Up by 117,000 jobs with private sector payrolls up by 130,000 and government payrolls down by 13,000. The impacts of the partial federal government shutdown will be seen throughout the October data, and associated private sector layoffs will hold down the gain in private payrolls. Oddly enough, since they received back pay for their time off, furloughed federal government workers will be counted as employed in the payroll survey – our expected drop in government payrolls reflects payback in the state and local government sectors after two months of gains partially inflated by seasonal adjustment. Of course, the actual impact of the shutdown on the data remains to be seen, so we feel even less confident than usual in our calls on the employment report.

### October Manufacturing Employment

Range: -6,000 to 7,000 jobs

Median: 5,000 jobs

Friday 11/8 Sep = +2,000

Up by 6,000 jobs. Steady gains in private sector demand and elevated order backlogs mean the federal government shutdown should not have had a material impact on the manufacturing sector, so we expect factory payrolls to have risen.

### October Average Weekly Hours

Range: 34.2 to 34.5 hours

Median: 34.4 hours

Friday 11/8 Sep = 34.5 hrs

Down to 34.5 hours, in what we expect to be another manifestation of the shutdown's impact on the private sector of the economy as many workers will be reported as employed but working fewer hours.

### October Average Hourly Earnings

Range: 0.1 to 0.2 percent

Median: 0.2 percent

Friday 11/8 Sep = +0.1%

Up by 0.2 percent which, combined with our expectations for private sector employment and hours worked will leave aggregate private sector earnings flat for the month but nonetheless up 4.6 percent year-over-year.

### October Unemployment Rate

Range: 7.2 to 7.6 percent

Median: 7.3 percent

Friday 11/8 Sep = 7.2%

Up to 7.4 percent. Unlike the payroll survey, furloughed federal government workers will not be counted as employed in the household survey, which will contribute to the higher unemployment rate. Also, if we are correct that hours of some private sector workers were trimmed, this will magnify the increase in the broader U6 measure stemming from greater unemployment, as it will lead to an increase in the number of people working part-time for economic reasons.

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