ECONOMIC PREVIEW

REGIONS

Week of December 16, 2013

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%	As for this week's FOMC meeting, what they say will be as, if not more, important than what they do. Tapering is coming and the markets seem to have come to grips with that, so whether it's now, January, or March is at this point not all that significant. The more interesting question now is whether the FOMC will alter their forward guidance in a manner intended to reinforce the point that the Fed funds rate is not changing for some time to come.
Q3 Nonfarm Productivity (revised) Range: 0.4 to 3.5 percent Median: 2.8 percent SAAR	Monday, 12/16	Q3 (pre) = +1.9%	Up at an annualized rate of 3.1 percent. Revisions show nonfarm business output rose at an annualized rate of 4.7 percent in Q3 while aggregate hours worked rose at a less than two percent (annualized) pace. Despite the spike in Q3, trend productivity growth (we prefer to look at productivity on an eight quarter moving average basis) remains anemic, which suggests the pace of hiring will pick up quickly as overall economic growth improves in 2014.
Q3 Unit Labor Costs (revised) Range: -1.7 to 0.3 percent Median: -1.4 percent SAAR	Monday, 12/16	Q3 (pre) = -0.6%	Down at an annualized rate of 1.7 percent, a sharper decline than initially estimated, reflecting the large upward revision to productivity growth.
November Industrial Production Range: 0.2 to 1.2 percent Median: 0.6 percent	Monday, 12/16	Oct = -0.1%	Up by 0.6 percent, powered higher by increased manufacturing and utilities output.
November Capacity Utilization Rate Range: 78.2 to 78.8 percent Median: 78.4 percent	Monday, 12/16	Oct = 78.1%	Up to 78.5 percent.
November Consumer Price Index Range: -0.1 to 0.2 percent Median: 0.1 percent	Tuesday, 12/17	Oct = -0.1%	Up by 0.1 percent, but not without some help from rounding. Now, we're no experts, but when you have to rely on rounding up in order to count the CPI as having risen in a given month, that's probably a sign that inflation pressures are muted. Retail gasoline prices fell in November and food prices likely posted only a modest gain, leaving rents and medical costs as the main sources of upward pressure on the total CPI. The CPI will be up 1.3 percent year-over-year.
November CPI – Core Range: 0.1 to 0.2 percent Median: 0.1 percent	Tuesday, 12/17	Oct = +0.1%	Up by 0.1 percent, which will translate into an over-the-year increase of 1.7 percent – low, but still well above core inflation as measured by the core PCE deflator, the Fed's preferred gauge.
Q3 Current Account Balance Range: -$-110.0 to -$95.5 billion Median: -$100.5 billion	Tuesday, 12/17	Q2 = -$98.9 bil	Narrowing slightly to -$98.6 billion.
November Housing Starts Range:910,000 to 1,040,000 units Median: 952,000 units SAAR	Wednesday, 12/18	Oct = N/A	It's a three-for-one special as the Census Bureau applies the Jos. A. Bank approach and releases housing starts data for September, October, and November all at once. We look for total housing starts of 980,000 units for November. Sure, without starts data for the previous two months, our estimate may be built on a shaky foundation, but we expect the jump in multi-family permits in September and October to have translated into increased starts, which would give us a fairly strong total starts number for November.
November Leading Economic Index Range: 0.5 to 0.9 percent Median: 0.7 percent	Thursday, 12/19	Oct = +0.2%	Up by 0.8 percent.
November Existing Home Sales Range: 4.900 to 5.200 million units Median: 5.020 million units SAAR	Thursday, 12/19	Oct = 5.120 mil	Down to an annualized sales rate of 5.050 million units. Sales have slipped over recent months, in part reflecting the impact of higher mortgage interest rates. Still, for the year as a whole, existing home sales will top the 5 million mark, up by more than 10 percent from 2013, an increase that looks even healthier in light of distress sales accounting for an increasingly smaller share of total sales.
Q3 Real GDP – 3rd estimate Range: 3.3 to 3.7 percent Median: 3.6 percent SAAR	Friday, 12/20	Q3 (2nd est) = +3.6%	Up at an annualized rate of 3.6 percent, matching the BEA's second estimate. Given the role inventories played in Q3's rapid growth, the key question for Q4 GDP growth is the extent to which the rate of inventory accumulation has slowed.
Q3 GDP Price Index – 3rd estimate Range: 1.4 to 2.0 percent Median: 2.0 percent SAAR	Friday, 12/20	Q3 (2nd est) = +2.0%	Up at an annual rate by 2.0 percent.

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