

ECONOMIC PREVIEW



REGIONS

Week of December 30, 2013

Indicator/Action Economics Survey:

Last Actual:

Regions' View:

Fed Funds Rate

(after the FOMC meeting on January 28-29)

Range: 0.00 to 0.25 percent

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

0.00% to 0.25%

2013 came in with a whimper but is going out with a bang. Sure, not a big bang, but a bang nonetheless in the form of real GDP growth being on course to top 3.0 percent (annualized) in Q4 after growth of 4.1 percent in Q3. The key question, though, is whether this better growth will be sustained in 2014. We expect that to be the case but admit to some doubt. After all, we had some time ago taken to referring to this as the "two steps forward, one step back" recovery/expansion, as it seems each time we've been encouraged by improved data, that improvement has not been sustained and we have found ourselves explaining why the economy seemed to be sputtering. So, as we get ready to close the books on 2013, we're not only hopeful but reasonably confident (i.e., as confident as one can be in the often humbling world of economic forecasting) that, yes, 2014 will be the year when the U.S. economy finally shifts into a higher gear.

December Consumer Confidence

Range: 71.0 to 80.5

Median: 76.3

Tuesday, 12/31 Nov = 70.4

Up to 78.7 with the components for current conditions and expectations both advancing. As always, we will be the most interested in consumers' assessments of the labor market, particularly the percentages of those who see jobs as plentiful and those who see jobs as hard to get – over time changes in the spread between the two have been a good indicator of movements in the unemployment rate.

December ISM Manufacturing Index

Range: 55.3 to 58.0 percent

Median: 56.9 percent

Thursday, 1/2 Nov = 57.3%

Down to 56.8 percent, as we look for slight pullbacks in the components for current production, new orders, and employment. Still, each of these components will remain easily ahead of 50.0 percent, and the headline print will remain consistent with steady expansion in the manufacturing sector.

November Construction Spending

Range: 0.2 to 4.0 percent

Median: 0.6 percent

Thursday, 1/2 Oct = +0.8%

Up by 1.4 percent.

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