

ECONOMIC PREVIEW



REGIONS

Week of January 20, 2014

Indicator/Action Economics Survey:

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)

Last Actual:

0.00% to 0.25%

Regions' View:

Thank goodness for extended holiday weekends, because we sure needed one. The extra time will help us recover from what was a most taxing task, i.e., carefully crafting forecasts for the only two items on this week's agenda. Luckily, neither is a market moving piece of data, otherwise we'd have had to double down on our efforts and our predictive powers, such as they are, would have been sapped even further.

In any event, while the week is short on data that would cause us to alter our view of the state of the economy, last week was filled with data that, when all was said and done (subject to revision of course), did nothing to alter our view of the state of the economy. Inflation remains tame, the housing market continues to gather pace, and the manufacturing sector hasn't missed a beat despite concern in some quarters that inventory accumulation had become excessive and would weigh on growth. In short, nothing has changed our expectation that the acceleration in GDP growth over the second half of 2013 will be sustained in 2014.

So, we – and the markets – will take advantage of this quiet, holiday shortened week and prepare for what will be a more active week to come. The week of January 27 will be more eventful, with data on consumer confidence, personal income and expenditures, durable goods, and the first glance at Q4 2013 real GDP growth, as well as a two-day FOMC meeting. Just pondering all of that is tiring.

December Existing Home Sales
Range: 4.810 to 5.000 million units
Median: 4.930 million units SAAR

Thursday, 1/23 Nov = 4.900 mil

Up slightly to an annualized rate of 4.930 million units. This would put existing home sales at 5.085 million for 2013 as a whole, up 9.2 percent from 2012. Also of interest will be the data on inventories – though having increased over the latter stages of 2013, inventories of homes for sale remain on the lean side and acted as a brake on the pace of sales activity last year. We look for inventories to push up to more normal levels over the course of 2014 along with another healthy increase in sales.

December Leading Economic Index
Range: -0.1 to 0.6 percent
Median: 0.2 percent

Thursday, 1/23 Nov = +0.8%

Up by 0.3 percent.

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