Indicator/Action Economics Survey:		Last Actual:	Regions' View:
Fed Funds Rate *(after the FOMC meeting on March 18-19)* Range: 0.00 to 0.25 percent Median: 0.125 percent (mid-point of target range)		0.00% to 0.25%	To the surprise of no one, a main theme of Fed Chairwoman Yellen's testimony before the House Financial Services Committee (her follow-up appearance before the Senate Banking Committee was postponed to, you guessed it, the weather) last week was continuity. Dr. Yellen emphasized her view monetary policy is on the proper path, including what looks to be a steady phasing out of the Fed's large-scale asset purchases. Despite what has been a persistent flow of soft economic data of late the FOMC is expected to vote for another $10 billion cut in the rate of monthly purchases at their March meeting. One potential break with current policy could come in the form of a change in the FOMC's approach to forward guidance, as Dr. Yellen laid the groundwork for moving away from a specific unemployment rate threshold towards a more general approach which accounts for an array of indicators. The minutes to the January FOMC meeting, set for release Wednesday, may offer clues as to whether such a change could come as soon as March. In any event, the Fed's resolve – not to mention ours – is being put to the test as harsh winter weather is making a mockery of the economic data. Sure, there may be more to it than that, but the reality is it will be at least April before we get a batch of economic data free of any weather related distortions.
January Producer Price Index (PPI) Range: N/A Median: N/A	Wednesday, 2/19	Dec = +0.4%	<u>N/A</u> – With the release of the January data, the Bureau of Labor Statistics is changing the basis of its Producer Price Index data. What will be significant changes in the content and reporting of the PPI data mean data based on the revamped format will not be comparable with that from the old format.
January Housing Starts Range: 894,000 to 991,000 units Median: 950,000 units SAAR	Wednesday, 2/19	Dec = 999,000	<u>Down</u> to an annualized rate of 894,000 units. We've built in the effects of the exceptionally harsh winter weather into our call, but whether and to what extent those effects actually materialize remains to be seen. As housing permits tend to not be overly impacted by weather and seasonal swings, we look for total permits at an annualized rate of 1.005 million units. One caveat – the permit data could be impacted if significant numbers of local government offices in which permits are registered were out of action due to the weather, leaving gaps in the Census Bureau's survey data, which is a distinct possibility.
January Consumer Price Index (CPI) Range: 0.0 to 0.3 percent Median: 0.1 percent	Thursday, 2/20	Dec = +0.3%	<u>Unchanged</u>. As has been the case over the past several months housing will be the main source of inflation pressures, via rising rents and higher utilities/fuel costs, with few hints of inflation elsewhere in the data. One restraining factor will be retail gasoline prices, which on a not seasonally adjusted basis posted a much smaller increase between December and January than is typically the case, so the seasonal adjustment factors could overcompensate and push pump prices down on a seasonally adjusted basis. On a year-over-year basis, headline inflation would be running at 1.4 percent should our call on the headline be on the mark.
January CPI – Core Range: 0.0 to 0.2 percent Median: 0.1 percent	Thursday, 2/20	Dec = +0.1%	<u>Up</u> by 0.1 percent, which would translate into a year-over-year increase of 1.6 percent.
January Leading Economic Index Range: 0.0 to 0.6 percent Median: 0.4 percent	Thursday, 2/20	Dec = +0.1%	<u>Up</u> by 0.4 percent.
January Existing Home Sales Range: 4.500 to 4.898 million units Median: 4.700 million units SAAR	Friday, 2/21	Dec = 4.870 mil	<u>Down</u> to an annualized rate of 4.660 million units. One source of uncertainty here is the January release will include the NAR's annual revisions based on updated seasonal adjustment factors, and these revisions can sometimes be material. Other than that, and other than the by now all too familiar disclaimer about harsh winter weather, there is also a more fundamental reason to expect less out of the existing home sales numbers. As distress inventories are pared down and investor activity fades, that will put downward pressure on overall sales. What is more relevant, however, is the underlying trend in sales to "traditional" buyers (i.e., non-distress sales to owner occupants) and, to the extent we can back this out of the monthly NAR data, that trend has shown sales rising. What skews the headline sales number is the extent to which non-traditional sales had propped up overall sales. So, the trade-off is between a softer headline and firmer underlying details, which is a trade-off we'll take any time.

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