



Indicator/Action Economics Survey:

Last Actual:

Regions' View:

Fed Funds Rate

(after the FOMC meeting on July 29-30)

Range: 0.00 to 0.25 percent

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

0.00% to 0.25%

Fed Chair Yellen makes the semi-annual rounds of Congress this week, testifying before the Senate Banking Committee on Tuesday and the House Financial Services Committee on Wednesday (both 10:00 EST starts). The appearance in the House could be just a tad awkward. Having apparently mastered fiscal policy, the House has set its sights on monetary policy with a flurry of bills aimed at increasing oversight of the Fed and one that would require the central bank to follow policy rules rather than conduct monetary policy on a discretionary basis. While there is plenty of room to debate Fed policy, we'll take their discretion any day over, say, the ECB which, at least thus far, has not made much headway in reviving what remains a stagnant Euro Zone economy. We have on many occasions noted what we believe to be an undue degree of complacency concerning the Euro Zone, and last week was a stark reminder Europe yet holds plenty of perils that can flare up in many forms without notice.

June Retail Sales

Range: 0.4 to 1.1 percent

Median: 0.6 percent

Tuesday, 7/15 May = +0.3%

Up by 0.5 percent. Amidst recent talk of a "retail funk" we nonetheless expect a decent gain in total retail sales. Some analysts are building in a larger add from motor vehicle sales than we have – while June's sales were a strong 17.0 million units, recall May sales came in at 16.8 million units (annualized rates). As such, we do not look for a very large incremental gain in sales revenue, but this is a potential source of error in our forecast as revenue at motor vehicle dealers often moves in mysterious ways in the retail sales data.

June Retail Sales – Ex-Auto

Range: 0.3 to 0.8 percent

Median: 0.6 percent

Tuesday, 7/15 May = +0.1%

Up by 0.5 percent. Aside from motor vehicles, we expect the mixed bag of results typical for a June retail sales report, but we look for control retail sales to increase by 0.5 percent. Given the high degree of noise in the data on consumer spending on services of late, due to a complete lack of clarity on health care outlays, we have pointed to control retail sales as the most meaningful gauge of underlying trends in consumer spending. Our anticipated gain for June would leave nominal Q2 control sales up 5.0 percent, annualized, which we, though admittedly not experts, do not believe constitutes a retail funk.

May Business Inventories

Range: 0.4 to 0.8 percent

Median: 0.6 percent

Tuesday, 7/15 Apr = +0.6%

We look for total business inventories to be up by 0.5 percent. With the data on manufacturing and wholesale inventories already in, retail inventories are the missing piece of data here. Wholesale inventories came in softer than expected thanks to a much smaller build in non-auto inventories, so it could be inventories will add a bit less to Q2 real GDP growth than we had anticipated. Total business sales will increase by 0.4 percent.

June PPI – Final Demand

Range: -0.3 to 0.4 percent

Median: 0.2 percent

Wednesday, 7/16 May = -0.2%

Up by 0.2 percent, which translates into an over-the-year increase of 1.8 percent.

June PPI – Core Final Demand

Range: 0.0 to 0.3 percent

Median: 0.2 percent

Wednesday, 7/16 May = -0.1%

Up by 0.1 percent, yielding a 1.7 percent year-over-year increase.

June Industrial Production

Range: 0.2 to 0.6 percent

Median: 0.3 percent

Wednesday, 7/16 May = +0.6%

Up by 0.3 percent, with manufacturing output posting a smaller increase than the 0.6 percent gain logged in May. Total industrial production will be up 4.7 percent on a year-over-year basis.

June Capacity Utilization Rate

Range: 79.0 to 79.5 percent

Median: 79.3 percent

Wednesday, 7/16 May = 79.1%

Up to 79.3 percent.

June Housing Starts

Range: 0.957 to 1.067 million units

Median: 1.020 million units SAAR

Thursday, 7/17 May = 1.001 mil

Up to an annualized rate of 1.025 million units with an increase in multi-family starts offsetting a slight decline in single family starts. We look for total building permits to increase to an annual rate of 1.055 million units, but this is mainly due to our expected increase in multi-family permits. If we have indeed missed signs of a retail funk (see above), it's because we've been so focused on the single family funk – we, and many others, are still waiting for that "breakout" month for single family permits, but we have not factored that into our June forecast.

June Leading Economic Index

Range: 0.4 to 0.7 percent

Median: 0.5 percent

Friday, 7/18 May = +0.5%

Up by 0.6 percent.

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