

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%

This week's FOMC meeting will bring another \$10 billion cut in the rate of the Fed's large-scale asset purchases (at least we think they can still be referred to as "large-scale") with no material changes in the Committee's assessment of current economic conditions or forward guidance around the path of the Fed funds rate. This does not mean it will be a totally uneventful affair, as there will likely be lively internal debate over the steps to policy normalization, the proper sequence of those steps, and how to communicate this to the markets. None of this, however, will emerge until the release of the meeting minutes three weeks hence.

July Consumer Confidence

Range: 82.8 to 88.5

Median: 85.5

Tuesday, 7/29 Jun = 85.2

Up slightly to 85.4 as improving labor market conditions and declining gasoline prices should team up to just offset concerns over an array of global tensions.

Q2 Real GDP – 1st Estimate

Range: 2.3 to 4.3 percent

Median: 3.0 percent SAAR

Wednesday, 7/30 Q1 = -2.9%

On the basis of the Q1 data as it now stands and what we know so far about Q2, we would say up at an annualized rate of 3.4 percent. Keep in mind, however, the BEA's Q2 estimate is rolled in with the annual benchmark revisions that will cover the past three years of NIPA data. So, while it of course has not stopped us, not knowing the final call on Q1 makes any Q2 forecast a bit problematic. The wild card in the GDP data will be the BEA's tally of consumer spending on health care, which wreaked havoc with the estimates for Q1 and, at over 11 percent of GDP, has the potential to do so again in the Q2 data.

Q2 GDP Price Index – 1st Estimate

Range: 1.3 to 2.3 percent

Median: 1.8 percent SAAR

Wednesday, 7/30 Q1 = +1.3%

Up at an annualized rate of 2.0 percent.

Q2 Employment Cost Index

Range: 0.4 to 0.5 percent

Median: 0.5 percent

Thursday, 7/31 Q1 = +0.3%

Up by 0.5 percent with the wages component up 0.5 percent and the benefits component up 0.6 percent. Year-over-year, the total ECI will be up 1.9 percent, with wages up 1.7 percent and benefit costs up 2.2 percent.

June Personal Income

Range: 0.2 to 0.5 percent

Median: 0.4 percent

Friday, 8/1 May = +0.4%

Up by 0.4 percent with private sector wage & salary earnings, dividends, and rental income leading the way. This would leave total personal income up by 3.6 percent on a year-over-year basis – better but still not good.

June Personal Spending

Range: 0.2 to 0.6 percent

Median: 0.4 percent

Friday, 8/1 May = +0.2%

Up by 0.3 percent. Motor vehicle sales will provide some support and we look for a solid gain in spending on nondurable goods, but a meager gain in spending on services will limit the gain in total consumer spending. Utilities outlays will act as a drag on services spending while health care remains a big unknown here as in the GDP data (see above).

July ISM Manufacturing Index

Range: 55.0 to 59.0 percent

Median: 56.0 percent

Friday, 8/1 Jun = 55.3%

Down to 55.1 percent. We look for the production and new orders components to back down slightly from what have been elevated levels, but our call on the headline index is still consistent with steady growth in the factory sector.

June Construction Spending

Range: 0.0 to 0.8 percent

Median: 0.4 percent

Friday, 8/1 May = +0.1%

Up by 0.6 percent.

July Nonfarm Employment

Range: 170,000 to 310,000 jobs

Median: 230,000 jobs

Friday, 8/1 Jun = +288,000

We look for total nonfarm payrolls to be up by 222,000 jobs, with private sector payrolls up by 244,000 jobs. In keeping with our premise that June's increase in local government payrolls was a one-off calendar/seasonal adjustment quirk, we look for a reversal in July with total government payrolls down by 22,000 jobs.

July Manufacturing Employment

Range: 9,000 to 20,000 jobs

Median: 15,000 jobs

Friday, 8/1 Jun = +16,000

Up by 9,000 jobs with a larger gain in jobs across durable goods industries being partially offset by further job losses in the nondurable goods industries.

July Average Weekly Hours

Range: 34.5 to 34.6 hours

Median: 34.5 hours

Friday, 8/1 Jun = 34.5 hrs

Unchanged at 34.5 hours.

July Average Hourly Earnings

Range: 0.2 to 0.3 percent

Median: 0.2 percent

Friday, 8/1 Jun = +0.2%

Up by 0.2 percent which along with our calls on employment and hours worked yields a 0.5 percent increase in aggregate private sector earnings, for a year-over-year increase of 4.8 percent.

July Unemployment Rate

Range: 6.0 to 6.3 percent

Median: 6.1 percent

Friday, 8/1 Jun = 6.1%

Down to 6.0 percent as the decline in the insured unemployment rate (from the data on jobless claims) points to a lower headline unemployment rate.

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