

Indicator/Action Economics Survey:

Last Actual:

Regions' View:

Fed Funds Rate

(after the FOMC meeting on March 17-18)

Range: 0.00 to 0.25 percent

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

0.00% to 0.25%

In a week slammed with top-tier data releases the report on factory orders may merit the most attention which, admittedly, may seem on par with saying an extra from central casting will play the critical role in this week's episode of *Scandal*. But, orders for core capital goods have been notably weak of late and this week's report will contain additional detail not previously available. The question is whether a sharp pullback in the energy sector is behind the weaker cap ex numbers, whether mounting concerns over global growth are causing firms to pare back on cap ex plans, whether cap ex is simply settling into a more sustainable pace after two quarters of double-digit growth, or all of the above. The report on factory orders won't give the answer to but will at least shed some light on a question that can shape the contours of growth in 2015.

December Personal Income

Range: 0.1 to 0.5 percent

Median: 0.3 percent

Monday, 2/2 Nov = +0.4%

Up by 0.3 percent. Thanks to the reported decline in hourly earnings in December wage and salary earnings – the largest single component of personal income – will post only a meager gain and thus weigh down top-line income growth.

December Personal Spending

Range: -0.4 to 0.1 percent

Median: -0.3 percent

Monday, 2/2 Nov = +0.6%

Down by 0.2 percent. Retail sales were down big in December but the PCE data include services, which account for roughly two-thirds of consumer spending. A smart gain in services spending will offset most of the drop in spending on goods.

January ISM Manufacturing Index

Range: 52.0 to 56.5 percent

Median: 54.8 percent

Monday, 2/2 Dec = 55.1%

Down to 54.0 percent indicating ongoing, albeit more moderate, growth in the manufacturing sector. The key elements to watch will be the reads on new orders, employment, and export orders (the latter does not factor into the headline index).

December Construction Spending

Range: 0.3 to 0.9 percent

Median: 0.6 percent

Monday, 2/2 Nov = -0.3%

Up by 0.7 percent.

December Factory Orders

Range: -4.4 to 0.0 percent

Median: -2.2 percent

Tuesday, 2/3 Nov = -0.7%

Down by 2.4 percent. Though not typically garnering much attention, this month's full report on factor orders will bear scrutiny as it will have the underlying details on the large drop in durable goods orders reported last week.

Q4 Nonfarm Productivity

Range: -1.5 to 1.7 percent

Median: 0.8 percent SAAR

Thursday, 2/5 Q3 = +2.3%

Down at an annualized rate of 1.1 percent. Real nonfarm business output rose at an annual rate of 3.2 percent while aggregate hours worked, including by those reporting to be self-employed, rose at a much faster pace, so measured labor productivity will be lower. This will do nothing to improve the longer running trend of middling productivity growth, an overlooked factor behind subpar wage growth. We look for unit labor costs to have risen at an annual rate of 2.3 percent.

December Trade Balance

Range: -\$40.6 to -\$35.0 billion

Median: -\$38.0 billion

Thursday, 2/5 Nov = -\$39.0 bil

Narrowing to -\$36.8 billion. We believe the BEA's estimate of the Q4 trade gap was on the high side and, if our call on the December trade deficit is correct, it would suggest an upward revision to Q4 real GDP growth.

January Nonfarm Employment

Range: 211,000 to 256,000 jobs

Median: 230,000 jobs

Friday, 2/6 Dec = +252,000

Up by 238,000 jobs with private payrolls up by 231,000 jobs and government payrolls up by 7,000 jobs. One caveat here is that seasonal adjustment issues can sometimes lead to surprises in reported changes in employment in January.

January Manufacturing Employment

Range: 5,000 to 24,000 jobs

Median: 10,000 jobs

Friday, 2/6 Dec = +17,000

Up by 14,000 jobs.

January Average Weekly Hours

Range: 34.6 to 34.6 hours

Median: 34.6 hours

Friday, 2/6 Dec = 34.6 hrs

Unchanged at 34.6 hours.

January Average Hourly Earnings

Range: 0.1 to 0.4 percent

Median: 0.3 percent

Friday, 2/6 Dec = -0.2%

Up by 0.3 percent, but this is based on the originally reported December data which included a surprising decline in hourly earnings. That could very well be revised which would in turn impact the reported change for January. Either way, we look for aggregate private sector earnings to be up 5.0 percent year-over-year.

January Unemployment Rate

Range: 5.4 to 5.7 percent

Median: 5.6 percent

Friday, 2/6 Dec = 5.6%

Down to 5.4 percent. Note each January the household survey data reflect revised population controls which can lead to large level changes in the labor force and household employment, but the unemployment rate is typically free of these sharp swings. The *Conference Board's* series on consumers' perceptions of labor market conditions showed marked improvement in January. This series has been a reliable precursor of changes in the unemployment rate and, new population controls notwithstanding, points to a drop in the jobless rate to kick off 2015.

This Economic Preview may include opinions, forecasts, projections, estimates, assumptions and speculations (the “Contents”) based on currently available information which is believed to be reliable and on past, current and projected economic, political and other conditions. There is no guarantee as to the accuracy or completeness of the Contents of this Economic Preview. The Contents of this Economic Preview reflect judgments made at this time and are subject to change without notice, and the information and opinions herein are for general information use only. Regions specifically disclaims all warranties, express or implied, with respect to the use of or reliance on the Contents of this Economic Preview or with respect to any results arising therefrom. The Contents of this Economic Preview shall in no way be construed as a recommendation or advice with respect to the taking of any action or the making of any economic, financial or other plan or decision.