



Indicator/Action

Economics Survey:

Fed Funds Rate: Target Range Midpoint

(After the FOMC meeting on January 31-February 1):

Target Range Midpoint: 0.625 to 0.625 percent

Median Target Range Midpoint: 0.625 percent

Last

Actual:

0.625%

Regions' View:

Former Defense Secretary Donald Rumsfeld famously said there are things we know that we know, there are things we know that we don't know, and there are things we don't know that we don't know. Then again, depending on one's baseline philosophical framework, it can be argued that we actually know everything there is to know but just don't know that yet. Okay, either we seriously need to lay off the holiday punch, or we need to keep pouring it down until any of the above actually makes sense – we just don't know.

In any event, the data calendar is light in this holiday-shortened week, which leaves us all the more time to ponder what is a highly uncertain 2017 outlook. Expectations, at least amongst market participants, are high, and it is reasonable to ask whether they are too high. What we know is that the economy heads into 2017 on a trajectory of the same modest growth we've seen since the end of the 2007-09 recession – Q4 real GDP growth is tracking at around 2.0 percent, which would yield growth of just 1.6 percent for 2016 as a whole. We know 2017 could bring significant changes in fiscal, regulatory, and trade policy, but we don't yet know what those changes will actually be. As such, we know neither how nor when any such policy changes will actually impact the economy. One of the most important things we don't know – and we know that we don't know this – is to what extent the collective set of policy changes will unleash the economy's productive capabilities, which surely have to be greater than is implied by the anemic rates of labor force and productivity growth that have prevailed for the past several years. Unless and until the economy is rid of these constraints on growth, not even consuming mass quantities of the most potent holiday punch there is could put us in a framework where we would believe that a sustained period of growth in the 3.0-to-4.0 percent range is anything more than wishful holiday thinking.

December Consumer Confidence

Tuesday, 12/27 Nov = 107.1

Range: 105.0 to 111.0

Median: 108.5

Up to 110.8

Nov. Advance Trade Balance: Goods

Thursday, 12/29 Oct = -\$61.9 bil

Range: -\$64.0 to -\$58.5 billion

Median: -\$61.6 billion

Narrowing to -\$59.8 billion.

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