

Indicator/Action Economics Survey:

**Last
Actual:**

Regions' View:

Fed Funds Rate: Target Range Midpoint <i>(After the FOMC meeting on June 14-15):</i> Target Range Midpoint: 0.375 to 0.625 percent Median Target Range Midpoint: 0.375 percent	0.375%	In our book, when it comes to the economic data releases rules 1, 1a, 1b, and 1c are: pay no mind to the headline numbers and look at the underlying details. This week's May employment report will be a perfect example, as the ongoing Verizon strike will distort the headline job growth number. More importantly, however, the details will be supportive of the FOMC's tougher rate hike talk.
April Personal Income Range: 0.3 to 0.5 percent Median: 0.4 percent	Tuesday, 5/31 Mar = +0.4%	<u>Up</u> by 0.4 percent. Growth in private sector wage and salary earnings will provide the main support with interest income and rents also chipping in. Our call would leave total personal income up 3.9 percent year-on-year.
April Personal Spending Range: 0.4 to 0.9 percent Median: 0.6 percent	Tuesday, 5/31 Mar = +0.1%	<u>Up</u> by 0.6 percent with broad based growth across goods and services. April's gain in real consumer spending, however, will be less hefty as we expect the PCE deflator to be up 0.3 percent, with the core PCE deflator up 0.2 percent. Still, we look for Q2 growth in real consumer spending to top the 1.9 percent seen in Q1.
May Consumer Confidence Range: 95.0 to 104.4 Median: 96.0	Tuesday, 5/31 Apr = 94.2	<u>Up</u> to 97.1
May ISM Manufacturing Index Range: 50.0 to 51.0 percent Median: 50.4 percent	Wednesday, 6/1 Apr = 50.8%	<u>Down</u> to 50.2 percent, keeping the index nominally above the 50 percent break between expansion and contraction. Manufacturing has stabilized but remains far from being a main driver of overall growth in the U.S. economy.
April Construction Spending Range: 0.3 to 0.9 percent Median: 0.5 percent	Wednesday, 6/1 Mar = +0.3%	<u>Up</u> by 0.8 percent with broad based gains across the private and public sectors.
April Trade Balance Range: -\$44.0 to -\$39.0 billion Median: -\$42.0 billion	Friday, 6/3 Mar = -\$40.4 billion	<u>Widening</u> to -\$42.1 billion. The advance report on trade in goods showed the goods deficit widened less than expected. If this is confirmed in this week's final report, it suggests trade may not be as much of a drag on current quarter GDP growth as we had initially expected would be the case.
April Factory Orders Range: 0.3 to 2.6 percent Median: 2.0 percent	Friday, 6/3 Mar = +1.0%	<u>Up</u> by 1.9 percent thanks to a spike in durable goods orders that merely reflects noise from civilian aircraft orders. The more important measure of core capital goods orders fell in April, another sign of weak business investment spending.
May ISM Non-Manufacturing Index Range: 54.2 to 56.3 percent Median: 55.3 percent	Friday, 6/3 Apr = 55.7%	<u>Down</u> to 55.4 percent, indicative of the ongoing steady expansion in construction and services.
May Nonfarm Employment Range: 110,000 to 195,000 jobs Median: 155,000 jobs	Friday, 6/3 Apr = +160,000	<u>Up</u> by 157,000 jobs with private payrolls <u>up</u> by 149,000 jobs and government payrolls <u>up</u> by 8,000 jobs. Whatever you think the May number will be, subtract around 40,000 from it to account for the Verizon workers who, by virtue of being out on strike during the survey week, will not be counted as employed in May. Aside from this, May's headline print would have been in line with the underlying trend after a soft April number that was more an evening out of seasonal adjustment noise that had inflated reported job gains in Q1 than anything else. That said, we still expect a gentle deceleration in the trend rate of job growth over the remainder of 2016.
May Manufacturing Employment Range: -10,000 to 3,000 jobs Median: 0 jobs	Friday, 6/3 Apr = +4,000	<u>Up</u> by 2,000 jobs.
May Average Weekly Hours Range: 34.4 to 34.5 hours Median: 34.5 hours	Friday, 6/3 Apr = 34.5 hrs	<u>Unchanged</u> at 34.5 hours.
May Average Hourly Earnings Range: 0.1 to 0.2 percent Median: 0.2 percent	Friday, 6/3 Apr = +0.3%	<u>Up</u> by 0.2 percent (2.5 percent year-on-year). Along with our calls on job growth and hours worked, this would leave aggregate private sector earnings up 0.4 percent (4.6 percent year-over-year).
May Unemployment Rate Range: 4.9 to 5.0 percent Median: 4.9 percent	Friday, 6/3 Apr = 5.0%	<u>Unchanged</u> at 5.0 percent. One caveat here – May is the start of the summer jobs season and with that comes a sizeable influx of younger adults into the labor force. June typically sees much larger inflows but the split between May and June will be altered each year by the timing of the school year, thus making it hard to get the seasonal adjustment right. As such, the reported increase in the labor force in May could differ sharply from what we and other analysts are expecting.

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