

## Indicator/Action Economics Survey:

**Fed Funds Rate: Target Range Midpoint**  
*(After the FOMC meeting on November 1-2):*  
 Target Range Midpoint: 0.375 to 0.625 percent  
 Median Target Range Midpoint: 0.375 percent

**Last  
Actual:**

0.375%

## Regions' View:

"Uncertainty over the election" has, at least for now, replaced the weather as the catch-all explanation for every soft data point and every missed earnings forecast. At least it seems that way. Added to a growing list of industries in which this has been offered up as an explanation, we've now heard more than one restaurant chain blame the election for sagging sales, though we're not exactly sure how that works. Let's see, consumers are so unsure and/or afraid of the outcome of the election that instead of spending money to dine out they add to the stockpiles of cash they're building in preparation for . . . well, we honestly don't know what for. Now, if the premise is that the campaign which has seemingly gone on forever and seemingly knows no lower bounds for decency and decorum has simply made people lose their appetites, well, sure, that's a plausible argument.

Anyway, it is true that much of the economic data for the month of August was on the soft side. Rather than blaming the weather, the election, or any vast right wing/left wing (pick your political persuasion and blame the other side) conspiracy, we think the soft August data was more a function of seasonal adjustment issues than a sign the economy had slowed to a crawl. As such, we expect more out of the September data and thus far that's been the case. September job growth was a bit shy of expectations, mainly due to payback in the government sector from outsized gains in recent months and ongoing weakness in manufacturing. Trend job growth, however, remains steady at an annual rate of just over 2.4 million jobs. This week's retail sales data should fall in line with our premise of a better looking September.

Also Wednesday will bring the minutes to the September FOMC meeting. Given the three dissents on the vote to keep the Fed funds rate steady, this could make for some lively reading. Okay, fine, to the extent FOMC meeting minutes can be lively.

Up by 0.6 percent. As was the case with much of the economic data, the August retail sales report was one to forget, with broad based weakness across the major categories. As for September retail sales, a jump in motor vehicle sales should have boosted top-line sales but whether that shows up in the initial estimate remains to be seen. Either way, we expect support from other categories as indicated by our calls on ex-auto sales and control sales, though we'll caution that price effects continue to weigh on retail sales data reported on a nominal basis.

The September retail sales data will close the book on Q3 consumer spending on goods, and it comes as no surprise that growth in Q3 fell well short of Q2's pace. While this slower growth will no doubt cause some to question the ability and/or willingness of consumers to spend, we won't be amongst those who do so. Those who do, however, should not use the retail sales report, which in any given month is noisy and prone to sizeable revision, as the basis for their concern. And, don't forget that the retail sales data do not capture spending on household services, which continues to grow at a steady rate and which accounts for roughly two-thirds of all consumer spending. With ongoing labor market improvement fueling growth in personal income, rising net worth, low interest rates, and falling goods prices, consumers remain on solid footing. As such, consumer spending will remain the key support for overall growth.

Up by 0.4 percent.

Up by 0.3 percent.

Up by 0.2 percent, for a year-on-year increase of 0.7 percent.

Up by 0.1 percent, which yields a year-over-year increase of 1.2 percent.

Total business inventories will be up by 0.1 percent, and we look for total business sales to also be up by 0.1 percent. While the inventory correction has largely run its course, inventories did not provide much support for Q3 real GDP growth.

**September Retail Sales**  
 Range: 0.2 to 0.9 percent  
 Median: 0.6 percent

Friday, 10/14 Aug = -0.3%

**September Retail Sales: Ex-Auto**  
 Range: 0.1 to 0.7 percent  
 Median: 0.4 percent

Friday, 10/14 Aug = -0.1%

**September Retail Sales: Control Sales**  
 Range: 0.1 to 0.5 percent  
 Median: 0.3 percent

Friday, 10/14 Aug = -0.1%

**September PPI: Final Demand**  
 Range: 0.1 to 0.3 percent  
 Median: 0.2 percent

Friday, 10/14 Aug = 0.0%

**September Core PPI**  
 Range: -0.1 to 0.2 percent  
 Median: 0.1 percent

Friday, 10/14 Aug = +0.1%

**August Business Inventories**  
 Range: 0.0 to 0.2 percent  
 Median: 0.1 percent

Friday, 10/14 Jul = 0.0%

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