

Indicator/Action Economics Survey:

Last Actual:

Regions' View:

Fed Funds Rate: Target Range Midpoint <i>(After the FOMC meeting on March 14-15):</i> Target Range Midpoint: 0.625 to 0.625 percent Median Target Range Midpoint: 0.625 percent		0.625%	As you process the headline numbers in a busy week for top-tier data releases, keep in mind that January is one of the months for which it is the most difficult to get the seasonal adjustment factors correct. Okay, fine, we can see your eyes glazing over at the mere mention of seasonal adjustment, which is fine but don't discount the possibility that seasonal adjustment issues render some of this week's headline numbers more noise than signal. This simply illustrates our oft-repeated argument that the underlying trends in the unadjusted data are the best guide to follow.
January PPI – Final Demand Range: 0.2 to 0.4 percent Median: 0.3 percent	Tuesday, 2/14	Dec = +0.3%	<u>Up</u> by 0.3 percent, which yields a year-on-year increase of 1.5 percent.
January Core PPI Range: 0.1 to 0.3 percent Median: 0.2 percent	Tuesday, 2/14	Dec = +0.2%	<u>Up</u> by 0.2 percent, leaving the core PPI up 1.1 percent year-on-year.
January Consumer Price Index Range: 0.2 to 0.4 percent Median: 0.3 percent	Wednesday, 2/15	Dec = +0.3%	<u>Up</u> by 0.3 percent, for a year-over-year increase of 2.4 percent, the largest since March 2012. Keep in mind, however, that retail gasoline prices hit their bottom in early-2016, which held down headline inflation and we're now seeing the opposite effect at work. The reality is that, at present, outside of energy and rents there are few sources of meaningful inflation pressure in the U.S. economy.
January Core CPI Range: 0.2 to 0.2 percent Median: 0.2 percent	Wednesday, 2/15	Dec = +0.2%	<u>Up</u> by 0.2 percent, which translates into a year-on-year increase of 2.1 percent. As the "normalization" of gasoline prices works its way through the data, the FOMC will be more focused on core inflation, which shows few signs of accelerating.
January Retail Sales Range: -0.2 to 0.5 percent Median: 0.1 percent	Wednesday, 2/15	Dec = +0.6%	<u>Unchanged</u> . We think motor vehicles will be a drag on top-line retail sales, but a more revenue-friendly sales mix will help cushion the sharp decline in unit sales. Higher pump prices should mean gasoline helps boost top-line retail sales, but we don't expect there to be many pockets of strength in the January retail sales data.
January Retail Sales: Ex-Auto Range: 0.2 to 0.8 percent Median: 0.4 percent	Wednesday, 2/15	Dec = +0.2%	<u>Up</u> by 0.3 percent.
January Retail Sales: Control Range: 0.1 to 0.4 percent Median: 0.3 percent	Wednesday, 2/15	Dec = +0.2%	<u>Up</u> by 0.2 percent. We look for a fairly blasé control sales number, one key reason being that we think price effects will be more pronounced in the January data. The January retail sales data will get Q1 consumer spending off to a very slow start.
January Industrial Production Range: -0.5 to 0.2 percent Median: 0.0 percent	Wednesday, 2/15	Dec = +0.8%	<u>Unchanged</u> . We look for higher mining output (i.e., energy production) to offset what should be a steep decline in utilities output after the spike seen in December, while manufacturing outlook notches a very modest increase.
January Capacity Utilization Rate Range: 75.1 to 75.6 percent Median: 75.5 percent	Wednesday, 2/15	Dec = 75.5%	<u>Up</u> to 75.6 percent.
December Business Inventories Range: 0.3 to 0.4 percent Median: 0.4 percent	Wednesday, 2/15	Nov = +0.7%	<u>Up</u> by 0.3 percent, mainly on higher wholesale trade inventories. We look for total business <u>sales</u> to be <u>up</u> by 2.1 percent, with solid gains across the board in retail trade, wholesale trade, and manufacturing.
January Housing Permits Range: 1.190 to 1.300 million units Median: 1.232 million units SAAR	Thursday, 2/16	Dec = 1.228 million units	<u>Up</u> to an annualized rate of 1.268 million units. The housing market is one area in which we see considerable potential for seasonal adjustment noise in the January data, which could wreak havoc on the headline numbers. We look for not seasonally adjusted permits of 83,700 units and expect single family permits to account for a larger share of total permits. Our call would leave the running 12-month total of unadjusted permits at 1.182 million units.
January Housing Starts Range: 1.168 to 1.250 million units Median: 1.215 million units SAAR	Thursday, 2/16	Dec = 1.226 million units	<u>Down</u> to an annualized rate of 1.212 million units. We look for a more pronounced shift away from multi-family starts to single family starts over the course of 2017 and we expect to see some signs of that in the January data. On a not seasonally adjusted basis, we look for 80,200 total housing starts, which would leave the running 12-month total at 1.172 million units, the highest total since May 2008.
January Leading Economic Index Range: 0.1 to 0.7 percent Median: 0.4 percent	Friday, 2/17	Dec = +0.5%	<u>Up</u> by 0.5 percent.

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