

Indicator/Action
Economics Survey:
Last
Actual:
Regions' View:

Fed Funds Rate: Target Range Midpoint <i>(After the July 31-August 1 FOMC meeting):</i> Target Range Midpoint: 1.875 to 1.875 percent Median Target Range Midpoint: 1.875 percent		Range: 1.75% to 2.00% Midpoint: 1.875%	Wednesday may be the Fourth of July but it is Friday that is shaping up to be the more important day this week, as it could bring answers to many important questions, such as how many jobs were added in June, how much did wages rise, did the unemployment rate push even lower and, most importantly, where will LeBron be taking his talents this time? All this and fireworks too – what a week!
June ISM Manufacturing Index Range: 57.6 to 59.5 percent Median: 58.5 percent	Monday, 7/2	May = 58.7%	<u>Up</u> to 59.3 percent. There is some evidence to suggest firms are accelerating activity ahead of further rounds in ongoing trade disputes. If so, this could support faster growth in new orders and inventories, two of the components that factor into the ISM's headline index, and this is reflected in our forecast. Of interest will be comments from survey respondents regarding the effects of tariffs and the manner in which firms are responding to rising input prices.
May Construction Spending Range: -0.5 to 1.0 percent Median: 0.5 percent	Monday, 7/2	Apr = +1.8	<u>Up</u> by 0.5 percent.
May Factory Orders Range: -0.4 to 0.5 percent Median: 0.0 percent	Tuesday, 7/3	Apr = -0.8%	<u>Up</u> by 0.3 percent, with an increase in orders for nondurable goods more than offsetting a decline in durable goods orders. As we routinely note, the single most important number in this report in any given month is core capital goods orders. We won't fret too much about a slight decline in the May data, as it comes on the heels of a sturdy 2.3 percent increase in April. We are, however, growing increasingly concerned that firms may put off capital spending due to mounting uncertainty over the ultimate resolution of trade tensions revolving around tariffs. This could cause capital spending for 2018 as a whole to fall short of our lofty expectations.
June ISM Non-Manufacturing Index Range: 57.9 to 59.6 percent Median: 58.3 percent	Thursday, 7/5	May = 58.6%	<u>Down</u> to 58.2 percent.
May Trade Balance Range: -\$50.5 to -\$42.7 billion Median: -\$43.9 billion	Friday, 7/6	Apr = -\$46.2 billion	<u>Narrowing</u> to -\$43.6 billion. The advance data for May showed a much smaller deficit in the goods account than anticipated. If that carries through to the final data and the surplus in the services account widens modestly as our forecast anticipates, the overall trade deficit will be smaller in May than was the case in April. This would set trade up to be a meaningful support for top-line real GDP growth in Q2.
June Nonfarm Employment Range: 151,000 to 205,000 jobs Median: 191,000 jobs	Friday, 7/6	May = +223,000	<u>Up</u> by 193,000 jobs, with private sector payrolls up by 187,000 jobs and public sector payrolls up by 6,000 jobs. After an unsustainably strong increase in May, we look for a more trend-like increase in nonfarm employment in June, with another solid month of job growth amongst the goods producing industries but a smaller increase amongst the service providing industries than seen in May. One constant theme in the employment data over the life of this expansion is how notably broad based hiring has been across private sector industry groups. Indeed, we refer to the hiring diffusion index as our favorite beneath the headlines indicator in the monthly employment report; that the hiring diffusion index remains at such an elevated level gives us confidence that job growth is not close to running out of steam. We will, however, be watching the hiring diffusion index for the manufacturing sector closely over coming months for signs that trade tensions are impacting domestic manufacturing.
June Manufacturing Employment Range: 8,000 to 20,000 jobs Median: 14,000 jobs	Friday, 7/6	May = +18,000	<u>Up</u> by 16,000 jobs.
June Average Weekly Hours Range: 34.4 to 34.6 hours Median: 34.5 hours	Friday, 7/6	May = 34.5 hours	<u>Unchanged</u> at 34.5 hours.
June Average Hourly Earnings Range: 0.1 to 0.3 percent Median: 0.3 percent	Friday, 7/6	May = +0.3%	<u>Up</u> by 0.3 percent, for a year-on-year increase of 2.8 percent. Our calls on employment, hours worked, and hourly earnings would yield a 0.4 percent increase in aggregate private sector earnings, good for a year-on-year increase of 5.0 percent.
June Unemployment Rate Range: 3.7 to 3.9 percent Median: 3.8 percent	Friday, 7/6	May = 3.8%	<u>Unchanged</u> at 3.8 percent. We'll repeat the caveat we offered last month – the May and June household survey data can be noisy due to the annual influx of summer job seekers. Changes in the timing and magnitude of this influx from one year to the next makes it difficult to properly seasonally adjust the data, which in some years can move the headline unemployment rate by a tenth of a point.

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