ECONOMIC PREVIEW

REGIONS

Week of June 13, 2016

Indicator/Action Economics Survey:		Last Actual:	Regions' View:
Fed Funds Rate: Target Range Midpoint *(After the FOMC meeting on June 14-15):* Target Range Midpoint: 0.375 to 0.625 percent Median Target Range Midpoint: 0.375 percent		0.375%	While the weak May employment report may have quashed any chance of an increase in the Fed funds rate target range at this week's FOMC meeting, the meeting still merits close attention. Chairwoman Yellen will hold a post-meeting press conference and the Committee will release their latest round of economic projections along with an updated "dot plot." As such, this week's meeting will go a long way towards signaling whether or not the FOMC still sees July as a "live" meeting in terms of the next funds rate hike.
May Retail Sales Range: 0.2 to 0.6 percent Median: 0.3 percent	Tuesday, 6/14	Apr = +1.3%	Up by 0.3 percent. First and foremost, beware the revisions to what was initially reported to be a notably strong April. Taking that initial estimate at face value, there is bound to be some payback in the May data but we nonetheless expect modest, broad based gains with some support from higher retail gasoline prices.
May Retail Sales: Ex-Auto Range: 0.2 to 0.6 percent Median: 0.3 percent	Tuesday, 6/14	Apr = +0.8%	Up by 0.3 percent. With little change in either unit sales or the mix between autos and light trucks/SUVs, we expect motor vehicle sales to have been a more or less neutral factor for May retail sales.
May Retail Sales: Control Sales Range: -0.2 to 0.4 percent Median: 0.3 percent	Tuesday, 6/14	Apr = +0.9%	Up by 0.1 percent after a sharp increase in April. Even with the meager increase we expect for May, control retail sales for Q2 would be up at an annualized rate of 4.8 percent relative to Q1.
April Business Inventories Range: 0.0 to 0.4 percent Median: 0.3 percent	Tuesday, 6/14	Mar = +0.4%	We look for total business inventories to be up by 0.3 percent, with total business sales rising by 0.9 percent.
May PPI: Final Demand Range: 0.2 to 0.4 percent Median: 0.3 percent	Wednesday, 6/15	Apr = +0.2%	Up by 0.4 percent, yielding an over-the-year increase of just 0.1 percent.
May Core PPI Range: 0.0 to 0.2 percent Median: 0.1 percent	Wednesday, 6/15	Apr = +0.1%	Up by 0.2 percent, which translates into a year-on-year increase of 1.1 percent.
May Industrial Production Range: -0.6 to 0.3 percent Median: -0.1 percent	Wednesday, 6/15	Apr = +0.7%	Down by 0.6. We look for declines across the board in manufacturing, utilities, and mining. The decline in utilities will come off of April's sharp increase, while the employment data suggest lower manufacturing output.
May Capacity Utilization Rate Range: 74.9 to 75.7 percent Median: 75.3 percent	Wednesday, 6/15	Apr = 75.4%	Down to 74.9 percent.
May Consumer Price Index Range: 0.2 to 0.6 percent Median: 0.3 percent	Thursday, 6/16	Apr = +0.4%	Up by 0.3 percent, which yields a year-over-year increase of 1.1 percent. Higher retail gasoline prices and shelter costs will be the primary supports for the increase in the total CPI.
May Consumer Price Index: Core Range: 0.1 to 0.2 percent Median: 0.2 percent	Thursday, 6/16	Apr = +0.2%	Up by 0.2 percent, which would put core inflation at 2.2 percent. One of the most interesting undercurrents will be the behavior of core goods prices, which for some time have been a drag on core inflation. But, what has been a softer U.S. dollar figures to at some point put upward pressure on core goods prices.
Q1 Current Account Balance Range: -$136.0 to -$113.9 billion Median: -$124.7 billion	Thursday, 6/16	Q4 = -$125.3 billion	Narrowing to -$113.9 billion. The Q1 data will incorporate annual benchmark revisions, which we know to have resulted in a much narrower trade deficit than had been previously reported (the Q4 current account deficit will likely be much smaller than the original estimate of -$125.3 billion). But, as we don't yet have a sense of the revisions to the balances on income and unilateral transfers, there is a good deal of play in our estimate of the total Q1 current account deficit.
May Housing Permits Range: 1.050 to 1.235 million units Median: 1.143 million units SAAR	Friday, 6/17	Apr = 1.130 million	Up to an annualized rate of 1.146 million units, mainly due to higher single family permits. We look for 103,000 not seasonally adjusted permits, and our call on unadjusted single family permits would leave the 12-month total at 724,500 units, the highest since June 2008.
May Housing Starts Range: 1.066 to 1.205 million units Median: 1.150 million units SAAR	Friday, 6/17	Apr = 1.155 million	Down to an annualized rate of 1.116 million units. Our low-end estimate is based on neither single family nor multi-family starts matching April's lofty rates. On a not seasonally adjusted basis, we look for 108,000 total starts, leaving our 12-month total for unadjusted single family starts at 755,100, the highest since July 2008. We look for continued steady, albeit somewhat slow, growth in single family starts over coming months as multi-family starts continue to downshift.

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