

Indicator/Action Economics Survey:

Fed Funds Rate: Target Range Midpoint

(After the FOMC meeting on April 26-27):

Target Range Midpoint: 0.375 to 0.375 percent

Median Target Range Midpoint: 0.375 percent

March Retail Sales

Wednesday, 4/13 Feb = -0.1%

Range: -0.1 to 0.3 percent

Median: 0.1 percent

March Ex-Auto Retail Sales

Wednesday, 4/13 Feb = -0.1%

Range: 0.2 to 0.6 percent

Median: 0.4 percent

March Control Retail Sales

Wednesday, 4/13 Feb = -0.0%

Range: 0.2 to 0.5 percent

Median: 0.3 percent

March PPI – Final Demand

Wednesday, 4/13 Feb = -0.2%

Range: 0.1 to 0.5 percent

Median: 0.3 percent

March Core PPI – Final Demand

Wednesday, 4/13 Feb = 0.0%

Range: -0.1 to 0.2 percent

Median: 0.1 percent

February Business Inventories

Wednesday, 4/13 Jan = +0.1%

Range: -0.3 to 0.3 percent

Median: 0.0 percent

March Consumer Price Index

Thursday, 4/14 Feb = -0.2%

Range: 0.1 to 0.4 percent

Median: 0.2 percent

March Core Consumer Price Index

Thursday, 4/14 Feb = +0.3%

Range: 0.1 to 0.2 percent

Median: 0.2 percent

March Industrial Production

Friday, 4/15 Feb = -0.5%

Range: -0.4 to 0.2 percent

Median: 0.0 percent

March Capacity Utilization Rate

Friday, 4/15 Feb = 75.4%

Range: 75.0 to 75.6 percent

Median: 75.4 percent

Last Actual:

0.375%

Regions' View:

The trick to making people feel really good about really bad numbers is managing expectations – give such downbeat “guidance” that when the actual numbers turn out better, you’ll be lauded for beating expectations and no one will point out the actual numbers are, well, not good. Happy Q1 earnings season to you and yours!

Up by 0.1 percent. Okay, insert cheesy “gasoline fuels retail sales” quip here. Or not. Yes, gasoline will be a support for top-line retail sales for the first time since last June. But, most of the nearly ten percent increase in not seasonally adjusted retail pump prices will be washed away by seasonal adjustment, so gasoline will at best be a modest support for top-line March retail sales. As for motor vehicle sales, we look for them to be a significant drag on top-line sales. Unit motor vehicle sales fell sharply in March and fleet sales accounted for a higher share of overall sales. All of which should mean a sizeable decline in sales revenue at motor vehicle dealers – and we can’t stress the word “should” enough here as the mapping of unit sales to the dollar volume of sales seldom makes sense to us (insert exasperated “riddle wrapped in a mystery inside an enigma” quip here).

Nonetheless, we see enough support elsewhere in the data to yield larger gains in ex-auto and control sales than in headline sales. An early Easter could lift sales at apparel stores and general merchandise stores (the latter category will also get at least a modest boost from higher gasoline prices, capturing the club stores that also sell gas). We look for another solid gain for restaurant sales, and rebounds in sales at grocery stores, furniture stores, and nonstore retailers.

Even if we are correct on our call for March control retail sales (a direct input into the GDP data on consumer spending), it won’t salvage consumer spending for Q1 as a whole. We look for annualized growth in real consumer spending of just 1.6 percent for Q1 (we’ll refine this forecast after the retail sales report), well shy of the 2.4 percent growth posted in Q4 2015. But, given the ongoing improvement in the labor market and steady growth real personal income, we look for current quarter spending growth to pick up markedly.

Up by 0.5 percent.

Up by 0.4 percent.

Up by 0.3 percent, which translates into a year-on-year increase of 0.3 percent.

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

We look for total business inventories to be down by 0.3 percent and for total business sales to fall by 1.0 percent.

Up by 0.2 percent, for an over-the-year increase of 1.1 percent. As noted above, seasonal adjustment will blunt the increase in retail gasoline prices, so energy will be only a modest support, with food and rents the main supports.

Up by 0.1 percent. We do not look for the sharp increases in apparel prices and medical costs seen in the first two months of 2016 to be repeated. If they are, the increases in the headline and core CPI will easily top our forecasts. Our call would leave the core CPI up 2.2 percent year-on-year.

Unchanged. We look for lower mining output to negate modest gains in utilities and manufacturing output. The rebound in the ISM Manufacturing Index raises the prospect of an upside surprise to manufacturing output and, in turn, total IP.

Down to 75.3 percent.

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