



Indicator/Action

Economics Survey:

Fed Funds Rate: Target Range Midpoint
(After the FOMC meeting on September 20-21):
 Target Range Midpoint: 0.375 to 0.625 percent
 Median Target Range Midpoint: 0.375 percent

Last

Actual:

0.375%

Regions' View:

Are the world's central bankers finally letting go of the quaint but seriously flawed notion that large-scale asset purchases and ultra-low interest rates are actually doing anything other than distorting capital flows and asset prices? One can always hope, of course, but in the wake of the ECB last week deciding to forego even larger asset purchases, maybe, just maybe, the end of the QE madness is in sight? Still, deciding not to do more is not the same as deciding to do less, so probably the best we can hope for at this point is that the beginning of the beginning of the end is upon us. That has to count for something, right?

August Retail Sales Thursday, 9/15 Jul = 0.0%
 Range: -0.3 to 0.2 percent
 Median: -0.1 percent

Down by 0.1 percent. For anyone who makes it beyond what we expect to be a soft headline print, this should be a decent report. Motor vehicle sales will act as a drag on top-line sales, but there is some uncertainty as to the extent to which this will be the case. Fleet sales rose sharply in July then fell back in August, helping explain the swings seen in total motor vehicle sales. But, since fleet sales are not accounted for in the retail sales data, July's jump in total motor vehicle sales was not fully reflected in that month's retail sales report, and we do not expect the decline in total motor vehicle sales seen in August to be fully reflected here. Elsewhere, price effects will continue to hold down reported sales in many categories – recall the retail sales data are not adjusted for price changes – and lower prices will mean many of the usual back-to-school categories will look weaker than they otherwise would. While no one expected the better than four percent growth in real consumer spending in Q2 to be sustained, Q3 will nonetheless be a solid quarter for consumer spending, again, once price changes are properly accounted for.

August Retail Sales: Ex-Auto Thursday, 9/15 Jul = -0.3%
 Range: 0.1 to 0.4 percent
 Median: 0.2 percent

Up by 0.3 percent..

August Retail Sales: Control Sales Thursday, 9/15 Jul = 0.0%
 Range: 0.2 to 0.5 percent
 Median: 0.4 percent

Up by 0.4 percent.

August PPI: Final Demand Thursday, 9/15 Jul = -0.4%
 Range: -0.1 to 0.2 percent
 Median: 0.1 percent

Up by 0.1 percent, which would translate into a 0.1 percent year-over-year increase.

August Core PPI Thursday, 9/15 Jul = -0.3%
 Range: -0.1 to 0.3 percent
 Median: 0.1 percent

Up by 0.1 percent, leaving the core PPI up 1.1 percent year-on-year.

Q2 Current Account Balance Thursday, 9/15 Q1 = -\$124.7 bil
 Range: -\$127.9 to -\$119.0 billion
 Median: -\$121.9 billion

Narrowing to -\$121.8 billion.. While the trade deficit was little changed between Q1 and Q2, we look for a more favorable net balance on income and transfers to yield a smaller current account deficit.

August Industrial Production Thursday, 9/15 Jul = +0.7%
 Range: -0.5 to 0.1 percent
 Median: -0.2 percent

Down by 0.3 percent, as we look for declines across the board in manufacturing, mining, and utilities output. Our call would leave total industrial production down 1.7 percent year-on-year, with mining output posting another double-digit decline.

August Capacity Utilization Rate Thursday, 9/15 Jul = 75.9%
 Range: 75.5 to 76.0 percent
 Median: 75.7 percent

Down to 75.6 percent.

July Business Inventories Thursday, 9/15 Jun = +0.2%
 Range: -0.1 to 0.3 percent
 Median: 0.1 percent

Total business inventories will be up by 0.1 percent, while total business sales will be down by 0.2 percent. We're not expecting inventories to provide nearly as much support for Q3 real GDP growth as are some analysts.

August Consumer Price Index Friday, 9/16 Jul = 0.0%
 Range: 0.0 to 0.2 percent
 Median: 0.1 percent

Up by 0.1 percent, for a year-over-year increase of 1.0 percent. As has been the case for some time now, rents and medical costs will be the primary sources of inflation pressures but lower food prices will provide some offset and there is still downward pressure on core goods prices. Gasoline prices will be a modest drag on the headline CPI for August.

August Core Consumer Price Index Friday, 9/16 Jul = +0.1%
 Range: 0.2 to 0.2 percent
 Median: 0.2 percent

Up by 0.2 percent, which translates into a 2.2 percent increase year-on-year. Absent the offsets from food and gasoline, the impacts of rising rents and higher medical care costs are more apparent in the core CPI. To illustrate the extent to which rents drive core CPI inflation, ex-shelter core inflation is running closer to 1.4 percent. Core goods prices will likely have declined year-on-year for the 40th time in the past 41 months. On the whole, inflation pressures remain muted.

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