

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

<b>Fed Funds Rate: Target Range Midpoint</b> <i>(After the FOMC meeting on May 2-3):</i> Target Range Midpoint: 0.875 to 0.875 percent Median Target Range Midpoint: 0.875 percent	0.875%	It's our story and we're sticking to it. Ever since the data for January started flowing in, we've made the point that seasonal adjustment noise, largely stemming from an atypically mild winter, had distorted much of the January and February data and there would be payback in the March data. That proved to be the case with the employment data, particularly construction employment, and our forecasts for March housing starts and permits continue this narrative. To the extent construction activity was a bit stronger than normal in the first two months of this year, there figures to be payback in the March data which, coupled with far less friendly seasonal adjustment factors, leaves our forecasts well below the consensus forecasts. We could easily be wrong on this, but rather than the seasonally adjusted annualized headline numbers, we'll be far more focused on the not seasonally adjusted data which, when all is said and done, we believe will show little change in the underlying trends. This, after all, is what matters the most. Again, our forecasts are consistent with what has been an underlying theme in our analysis of the Q1 data, so even if we're wrong we'll at least have added to the empirical evidence supporting Emerson's observation on foolish consistency. Either way, April's weather has been more normal, so it won't be long until we can once again focus more on the actual data than on the noise in the data. Unless, you know, there's a major blizzard across the South and West regions next week.
<b>March Housing Permits</b> Range: 1.167 to 1.275 million units Median: 1.250 million units SAAR	Tuesday, 4/18 Feb = 1.216 million units SAAR	<u>Down</u> to an annualized rate of 1.167 million units. There is more than just seasonal adjustment noise behind our forecasts, specifically, what we see as an overdue dialing back of multi-family activity, starting with permits. At the same time, we expect single family permits to continue to slowly grind higher, with the net result being only moderate growth in total permit issuance. On a not seasonally adjusted basis, we expect the March data to show 98,900 permits, which would leave the running 12-month total at 1.187 million units, with the running 12-month total of single family permits reaching its highest point since May 2008.
<b>March Housing Starts</b> Range: 1.168 to 1.290 million units Median: 1.250 million units SAAR	Tuesday, 4/18 Feb = 1.288 million units SAAR	<u>Down</u> to an annualized rate of 1.168 million units. Our forecast reflects seasonal adjustment noise, a slowdown in multi-family activity, and yet more weather, as starts in the Northeast were likely dinged by the mid-March winter storm. Single family starts were 872,000 units on a seasonally adjusted annualized basis in February, completely out of alignment with the permit data and by no means a sustainable pace. At least not yet, so payback here is a big factor in our low headline starts forecast. On a not seasonally adjusted basis we look for 91,000 total starts, which would put the running 12-month total at 1.186 million units, the highest since April 2008.
<b>March Industrial Production</b> Range: -0.1 to 1.1 percent Median: 0.5 percent	Tuesday, 4/18 Feb = +0.1%	<u>Up</u> by 0.7 percent. Yet another instance in which this winter's atypical weather patterns cloud the economic data. Utilities output plummeted by over 12 percent, combined, due to mild winter weather in January and February, which acted as a drag on industrial production despite solid gains in manufacturing and mining output. We look for utilities output to have made up a considerable portion of this decline in March which, along with a further increase in mining output, will more than compensate for a slight decline in manufacturing output. Our call would leave total output up 1.8 percent year-on-year, the largest such gain since January 2015.
<b>March Capacity Utilization Rate</b> Range: 75.7 to 76.5 percent Median: 76.2 percent	Tuesday, 4/18 Feb = 75.9%	<u>Up</u> to 76.3 percent.
<b>March Leading Economic Index</b> Range: 0.1 to 0.4 percent Median: 0.2 percent	Thursday, 4/20 Feb = +0.6%	<u>Up</u> by 0.3 percent.
<b>March Existing Home Sales</b> Range: 5.400 to 5.800 million units Median: 5.590 million units SAAR	Friday, 4/21 Feb = 5.480 million units SAAR	<u>Up</u> to an annualized sales rate of 5.710 million units. Both buyers (heightened competition for limited listings) and sellers (rapid price appreciation) sprang into action ahead of the spring sales season this year, so that both listings and pending home sales (i.e., contract signings) posted larger than normal gains in February. That jump in pending sales should have translated into a much faster March sales rate as existing home sales are booked at closing. The question, however, is to what extent this comes at the expense of sales during the normal peak sales season (April through June). Given persistently lean inventories, we think March reflects more a shift in the timing of sales rather than the start of a sustained period of faster sales. On a not seasonally adjusted basis, we look for sales of 436,000 units, which would leave the running 12-month total at 5.485 million units.

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