ECONOMIC PREVIEW

REGIONS

Week of March 13, 2017

Indicator/Action Economics Survey:	Last Actual:	Regions' View:
Fed Funds Rate: Target Range Midpoint *(After the FOMC meeting on March 14-15):* Target Range Midpoint: 0.875 to 0.875 percent Median Target Range Midpoint: 0.875 percent	0.625%	A 25-basis point hike in the Fed funds target range mid-point is a virtual lock at this week's FOMC meeting – and it's not even December!!! Of more significance will be Dr. Yellen's post-meeting press conference and the updated "dot plot," which we expect to again imply a total of three funds rate hikes this year.
February PPI – Final Demand Tuesday, 3/14 Range: 0.0 to 0.2 percent Median: 0.1 percent	Jan = +0.6%	Unchanged, which would result in a 1.8 percent year-on-year increase.
February Core PPI Tuesday, 3/14 Range: 0.1 to 0.3 percent Median: 0.2 percent	Jan = +0.4%	Up by 0.2 percent, yielding an over-the-year increase of 1.4 percent.
February Consumer Price Index Wednesday, 3/15 Range: -0.1 to 0.2 percent Median: 0.0 percent	Jan = +0.6%	Unchanged, for a year-on-year increase of 2.7 percent. Gasoline prices will be a drag on the total CPI while the spike in apparel prices reported in the January data, the result of seasonal adjustment noise, will be reversed in the February data. On the whole, there remain few signs of meaningful and sustained inflation pressures.
February Core CPI Wednesday, 3/15 Range: 0.1 to 0.2 percent Median: 0.2 percent	Jan = +0.3%	Up by 0.2 percent, which would yield a year-on-year increase of 2.2 percent. We will be watching rents very closely, as both owners' equivalent rents and market rents posted below-trend gains in January. Whether this is the start of a sustained deceleration in rent growth or a one-off pause will be a key determinant of the path of core CPI inflation in the months ahead. We look for core goods prices to be down year-on-year for the 46th time in the past 47 months.
February Retail Sales Wednesday, 3/15 Range: -0.3 to 0.4 percent Median: 0.1 percent	Jan = +0.4%	Down by 0.2 percent. Motor vehicle sales will be a neutral factor while gasoline will be a drag on top-line sales. Delayed tax refunds/credits likely held down spending in several of the broad categories, but any such declines will be made up for in the March data. Additionally, the February data should be largely free of the seasonal adjustment noise that helped boost reported January sales.
February Retail Sales: Ex-Auto Wednesday, 3/15 Range: -0.3 to 0.4 percent Median: 0.2 percent	Jan = +0.8%	Down by 0.2 percent.
February Retail Sales: Control Wednesday, 3/15 Range: -0.3 to 0.4 percent Median: 0.1 percent	Jan = +0.4%	Unchanged. Spending lost in February due to delayed tax refunds/credits will be made up for in March, but real control sales will still be weak in Q1. On the whole, consumer spending won't provide much support for Q1 real GDP growth.
January Business Inventories Wednesday, 3/15 Range: 0.1 to 0.4 percent Median: 0.3 percent	Dec = +0.4%	Up by 0.3 percent thanks to sharply higher retail trade inventories in part due to higher motor vehicle inventories. We look for total business sales to be up by 0.2 percent..
February Housing Permits Thursday, 3/16 Range: 1.235 to 1.300 million units Median: 1.260 million units SAAR	Jan = 1.293 million units, SAAR	Down to an annualized rate of 1.251 million units. The abnormal volume of rainfall in the West region may have held down permit issuance, but a decline in multi-family permits across all regions is the main driver of our forecast for lower permit issuance. On a not seasonally adjusted basis, we look for 86,500 housing permits, which would leave the 12-month moving sum at 1.187 million units.
February Housing Starts Thursday, 3/16 Range: 1.212 to 1.290 million units Median: 1.260 million units SAAR	Jan = 1.246 million units, SAAR	Down to an annual rate of 1.212 million units, while on a not seasonally adjusted basis we look for 83,500 starts. Starts are impacted to a far greater degree by abnormal weather patterns than are permits so this could be a very noisy report. Heavy rains on already wet grounds likely held down starts in the West region, but this could easily be negated by unseasonably warm weather across much of the U.S pulling construction forward. Hence, we think the risk to our call is to the upside.
February Industrial Production Friday, 3/17 Range: -0.2 to 0.5 percent Median: 0.2 percent	Jan = -0.3%	Up by 0.4 percent. Output in the manufacturing and mining sectors increased while utilities output was not nearly as much of a drag on total IP as was the case in January. Year-on-year, total industrial production will be up 0.6 percent.
February Capacity Utilization Rate Friday, 3/17 Range: 75.1 to 75.6 percent Median: 75.5 percent	Jan = 75.3%	Up to 75.6 percent.
February Leading Economic Index Friday, 3/17 Range: 0.2 to 0.7 percent Median: 0.3 percent	Jan = +0.6%	Up by 0.6 percent.

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