Indicator/Action Economics Survey:	Last Actual:	Regions' View:
Fed Funds Rate: Target Range Midpoint *(After the July 25-26 FOMC meeting):* Target Range Midpoint: 1.125 to 1.125 percent Median Target Range Midpoint: 1.125 percent	0.875%	Why, no, that wasn't awkward at all – why do you ask? Okay, so Fed Chairwoman Yellen did not actually utter those words at the press conference that followed last week's FOMC meeting, but she easily could have. Many analysts, us included, thought the release of the May CPI report, which showed a further deceleration in both headline and core inflation, on the same day the FOMC was poised to shift up the Fed funds rate target range by 25-basis points might make for some awkward moments at Dr. Yellen's post-meeting presser. True, the updated FOMC projections did show the Committee had downgraded their expectations for inflation this year, but the longer-term projections, the post-meeting policy statement, and Dr. Yellen's remarks all reinforced the Committee's view that the recent deceleration in inflation is transitory. Many market participants, as evidenced by the recent behavior of longer-term interest rates, are not quite as convinced. Coming months will show who is right.
Q1 2017 Current Account Balance Tuesday, 6/20 Range: -$128.2 to -$120.2 billion Median: -$123.6 billion	Q4 2016 = -$112.4 billion	Widening to -$120.6 billion, equivalent to 2.5 percent of GDP. A wider trade deficit is the primary factor in our forecast of a larger current account deficit, but we also expect a smaller net surplus in financial flows (balance of income and net transfers). One note here – while we're comfortable with our directional call, i.e., a wider current account deficit, we're less comfortable with our call on the level of the deficit, as the Q1 release will incorporate benchmark revisions to the recent historical data. Data on the trade balance are already available, but the data on income and transfers are not.
May Existing Home Sales Wednesday, 6/21 Range: 5.450 to 5.620 million units Median: 5.540 million units SAAR	Apr = 5.570 million SAAR	Down to an annualized sales rate of 5.530 million units. While the overriding story of existing home sales, i.e., lean inventories acting as a constraint on sales, very much remains intact, we think April sales were biased lower for other reasons. This is much more apparent in the not seasonally adjusted data than in the adjusted and annualized headline sales number. What was the largest percentage increase in sales for the month of March on record suggests that at least some sales were pulled forward this year, to the detriment of April sales. At the same time, a notably low number of selling days in April, in part due to this year's late Easter, held down sales activity. The result was a month-to-month decline in not seasonally adjusted existing home sales in April, the first such decline for the month of April on record. What saved the April headline sales number was an overly generous seasonal adjustment factor. We say all of this not to rehash ancient history but instead to support our premise that not seasonally adjusted sales bounced back smartly in May, though a far less generous seasonal adjustment factor will hold down the headline sales number. We look for not seasonally adjusted sales of 529,000 sales in May, up 17.8 percent from April but up only 0.76 percent year-on-year. Our call would leave the running 12-month total at 5.487 million units, up only trivially from April, with May and April both below the multi-year high seen in March. This is where the lean inventories acting as a constraint on sales narrative enters in. While listings are following the typical seasonal patterns, they're doing so with considerably less enthusiasm than is usually the case, i.e., the seasonal increases in listings have gotten progressively smaller over the past few years. We look for that to have continued in May, with listings edging slightly higher from April but down year-on-year for a 24th consecutive month.
May Leading Economic Index Thursday, 6/22 Range: 0.2 to 0.5 percent Median: 0.3 percent	Apr = +0.3%	Up by 0.4 percent.
May New Home Sales Friday, 6/23 Range: 560,000 to 625,000 units Median: 595,000 units SAAR	Apr = 569,000 SAAR	Up to an annualized rate of 612,000 units. When we did our analysis of the report on April new home sales, we noted that the "truth" fell somewhere between the (lofty) March and (soft) April headline numbers. Truth or not, our forecast for May's headline sales number falls between those for March and April. As with existing home sales, April new home sales were a bit of a letdown after a notably strong March – on a not seasonally adjusted basis, March was the best month for new home sales since July 2007. As is also the case with existing home sales, we look for new home sales to have rebounded in May, with not seasonally adjusted sales of 58,000 units. This would leave the running 12-month total at 587,000 units, in keeping with the general theme of a steady grind higher. Aside from sales, we'll be looking for any signs of cracks in three broad trends that have been in place for some time now – lean inventories, an elevated share of sales accounted for by units on which construction had not yet started, and the notably high share of sales accounted for by higher priced homes. While we don't look for a sudden reversal in any, let alone all, of these trends, we continue to look for evidence of at least a gradual turn.

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