Indicator/Action Economics Survey:		Last Actual:	Regions' View:
Fed Funds Rate: Target Range Midpoint *(After the FOMC meeting on December 13-14):* Target Range Midpoint: 0.625 to 0.625 percent Median Target Range Midpoint: 0.625 percent		0.375%	Well, if nothing else, the FOMC's job has gotten far more interesting, not to mention complicated, in the wake of the election. Higher long-term rates, a stronger U.S. dollar, expectations of faster inflation, and expectations of faster growth in the U.S. economy are not exactly consistent with the gradual path of Fed funds rate hikes that pretty much everyone had expected the FOMC to follow. To be sure, it's early yet, and at present there are no specific fiscal, regulatory, and trade policy changes on the table. But, we've already seen a significant upturn in long-term interest rates, and this already has us concerned about the housing market. We've argued low mortgage interest rates have acted as a buffer between strong house price appreciation and affordability, but with mortgage rates pushing higher that buffer is wearing thinner and thinner. While some argue that the prospect of higher mortgage rates will induce some number of those sitting on the fence to jump off the fence and into the housing market, we're not so sure this time around. First, we don't think there actually are large numbers of prospective buyers out there on the fence – lean inventories over the past several months have left little time for prospective buyers to unleash their inner Hamlet and engage in a "to buy or not to buy" debate (Shakespeare was writing about the housing market, no?), one sign of which is times between listings and sales have shortened considerably. A potentially more significant constraint this time around, which we have previously made note of, is that those who have purchased homes or refinanced mortgages in recent years may feel somewhat "locked in" by their low mortgage rate and, as such, likely won't be willing to trade homes and take on a higher-rate mortgage loan. So, what has been a steady, albeit somewhat slow, increase in the underlying trend rate of home sales may flatten out or turn down over coming months should mortgage interest rates keep climbing.
October Existing Home Sales Range: 5.340 to 5.550 million units Median: 5.430 million units SAAR	Tuesday, 11/22	Sep = 5.470 mil	Up slightly to an annual sales rate of 5.480 million units. For some time now we have been pointing to lean inventories as acting as a drag on sales. That of course has not changed, and now the recent upturn in mortgage interest rates poses another challenge to the housing market. Since existing home sales are booked at closing, it will be a few months before the impact turns up in the data. As for October sales, in what is typically a slower month we expect not seasonally adjusted sales of 472,000 units, down from September but up 6.3 percent from October 2015. Our call would leave the running 12-month total of unadjusted sales at 5.409 million units, the highest since September 2007.We look for inventory to be down from September and down year-on-year for the 17th consecutive month.
October Durable Goods Orders Range: -1.0 to 6.6 percent Median: 1.2 percent	Wednesday, 11/23	Sep = -0.1%	Up by 1.1 percent, with ex-transportation orders up 0.4 percent.
October New Home Sales Range: 550,000 to 616,000 units Median: 590,000 units SAAR	Wednesday, 11/23	Sep = 593,000	Up to an annual rate of 616,000 units. The impact of higher mortgage rates will be seen much sooner in the data on new home sales, which are booked at contract signing, than in the data on existing sales. Still, that should not impact the October data. We look for not seasonally adjusted sales of 50,000 units. This builds in some payback in the South region after two notably slow months, though were it not for Hurricane Matthew we'd expect a larger bounce. This would leave the running 12-month total of unadjusted sales at 564,000 units, the highest since August 2008. Going forward, it will be interesting to see how higher rates impact the new homes market, given how sales have been atypically concentrated amongst the higher price points for the past several quarters. You can make a plausible case that this segment of the market will be less vulnerable to higher rates but, then again, we have questioned how much further demand at this end of the market can continue to increase after having been so strong for such an extended period. If we are correct on this point, there is likely not sufficient growth in demand from this segment of the market to offset declining sales across the lower portions of the price range, where buyers are more reliant on mortgage financing and more rate sensitive but have less bargaining power with lenders. So, as with existing homes, coming months could see a slow but steady upward trend in new home sales come to an abrupt halt should mortgage rates add on to the increases seen in recent weeks.
Oct. Advance Trade Balance: Goods Range: -$* to -$* billion Median: -$* billion	Friday, 11/25	Sep = -$56.1 bil	Widening to -$58.9 billion. With the great soybean sale of 2016, which will no doubt be the envy of many a retailer this holiday season, having largely run its course, exports should settle back somewhat as imports rebound from September's decline. The result will be a wider deficit in the balance of trade in goods.

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