



Indicator/Action Economics Survey:

Last Actual:

Regions' View:

Fed Funds Rate: Target Range Midpoint <i>(After the October 29-30 FOMC meeting):</i> Target Range Mid-point: 1.625 to 1.875 percent Median Target Range Mid-point: 1.875 percent	Range: 1.75% to 2.00% Midpoint: 1.875%	Last week's FOMC meeting ended with a 25-basis point cut in the Fed funds rate but no clear consensus as to what's next. In his post-meeting press conference, Chairman Powell stressed the downside risks, mostly global in nature, to U.S. economic growth, leaving no doubt that the FOMC will respond as warranted. With Mr. Powell clearly embracing the notion of the FOMC acting as a risk manager, it's easy to conclude that, while the bar may be a bit higher, the FOMC isn't quite done cutting the funds rate.
September Consumer Confidence Tuesday, 9/24 Range: 130.0 to 136.4 Median: 133.0	Aug = 135.1	<u>Down</u> to 132.3
August New Home Sales Wednesday, 9/25 Range: 635,000 to 721,000 units Median: 656,000 units SAAR	Jul 635,000 units SAAR	<u>Up</u> to an annualized rate of 706,000 units. On a not seasonally adjusted basis, our forecast anticipates sales of 57,000 units which, coupled with what we expect will be a typically friendly August seasonal adjustment factor, yields our above-consensus call on the headline sales number. It could be, however, that the initial estimate showing oddly weak July sales (not seasonally adjusted) is revised higher, which would effectively capture some of the payback we're looking for in the August data. This is nothing more than a timing issue and, as always, our focus will be on the trend rate of sales, which continues to grind higher after the sharp decline in sales late last year/early this year. Another element of the data we're tracking is the mix of sales across price ranges which had been inching more towards homes priced below \$300,000 before sales took a tumble late last year. It could be that the subsequent decline in mortgage interest rates has helped sustain demand in the higher price ranges.
Q2 Real GDP – 3rd estimate Thursday, 9/26 Range: 1.9 to 2.2 percent Median: 2.0 percent SAAR	Q2 – 2 nd est. = +2.0% SAAR	<u>Up</u> at an annualized rate of 2.1 percent.
Q2 GDP Price Index – 3rd estimate Thursday, 9/26 Range: 2.3 to 2.4 percent Median: 2.4 percent SAAR	Q2 – 2 nd est. = +2.4% SAAR	<u>Up</u> at an annualized rate of 2.4 percent.
August Advance Trade Balance: Goods Thursday, 9/26 Range: -\$75.5 to -\$71.5 billion Median: -\$73.8 billion	Jul = -\$72.3 billion	<u>Widening</u> to -\$74.6 billion. August is typically the time of the year when ordering for the holiday season kicks into gear, but to the extent importers/retailers pulled orders forward in anticipation of new tariffs/higher rates on existing tariffs, that would mean imports were higher in August than they otherwise would have been. Our forecast assumes this to have been the case, though timing effects could mean we don't see a meaningful increase in imports of goods until the September data. Either way, we expect trade to be a larger drag on Q3 real GDP growth than was the case in Q2.
August Durable Goods Orders Friday, 9/27 Range: -2.2 to 0.0 percent Median: -1.0 percent	Jul = +2.0%	<u>Down</u> by 1.9 percent. Boeing orders tumbled in August, in contrast to the jumps seen in August of recent years, meaning the seasonally adjusted data on nondefense aircraft orders could be downright ugly. Of more significance, however, will be orders for core capital goods, which have been soft and highly uneven over recent months. Our forecast doesn't anticipate the August data looking any better. While it is the data on shipments that feed into the GDP measures of business investment in equipment and machinery, orders lead shipments. As such, the softer tone of core capital goods orders over recent months tells us that business investment will provide little, if any, support for real GDP growth over coming quarters.
Aug. Durable Goods Orders: Ex-Trnsp. Friday, 9/27 Range: -0.2 to 0.6 percent Median: 0.3 percent	Jul = -0.4%	We look for ex-transportation orders to be <u>up</u> by 0.3 percent and for <u>core capital goods orders</u> to be <u>up</u> by 0.1 percent.
August Personal Income Friday, 9/27 Range: 0.2 to 0.6 percent Median: 0.4 percent	Jul = +0.1%	<u>Up</u> by 0.6 percent. There are three main drivers of our above-consensus forecast. First, a longer workweek and a jump in hourly earnings will yield an outsized gain in private sector wage and salary earnings, the largest component of personal income. Next, the bump in government employment due to advance hiring for the 2020 Census will boost public sector wage and salary earnings. Third, the latest round of subsidy payments to farmers harmed by trade disputes began in August, which will trigger a sizable increase in farm income; the caveat here is that the August data may capture less of the subsidy than our forecast anticipates, but that would just mean a bigger bump in the September data. We expect income from interest and dividends to be a drag on top-line income growth. Our forecast would leave total personal income up 4.8 percent year-on-year and private sector wage and salary earnings up 5.9 percent.

ECONOMIC PREVIEW



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August Personal Spending Range: 0.1 to 0.4 percent Median: 0.3 percent	Friday, 9/27	Jul = +0.6%	<u>Up</u> by 0.3 percent.
August PCE Deflator Range: 0.0 to 0.1 percent Median: 0.1 percent	Friday, 9/27	Jul = +0.2%	We look for the <u>PCE Deflator</u> to be <u>unchanged</u> , leaving it up 1.4 percent year-on-year. The <u>core PCE deflator</u> will be <u>up</u> by 0.1 percent, leaving it up 1.7 percent year-on-year. The jump in the core CPI for August was fueled by spike in prices for health care services that seemed a bit suspicious to us. That won't carry over into the PCE Deflator, as health care costs are measured differently than in the CPI. More broadly, while energy prices will likely push headline inflation higher in the near term, it will be some time before core PCE inflation becomes a worry for the FOMC.

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