

## Indicator/Action Economics Survey:

## Last Actual:

## Regions' View:

<b>Fed Funds Rate: Target Range Midpoint</b> <i>(After the December 10-11 FOMC meeting):</i> Target Range Mid-point: 1.625 to 1.625 percent Median Target Range Mid-point: 1.625 percent	Range: 1.50% to 1.75% Midpoint: 1.625%	The housing market is front and center in an otherwise light week for top-tier data releases. Beneath the month-to-month gyrations in the headline numbers on housing permits, housing starts, and home sales, the raw, or, not seasonally adjusted, data show activity in the single family segment of the market continues to grind higher. This week's releases will affirm those trends. Perhaps the highlight of this week is the release of the minutes to the October FOMC meeting (Wednesday, 2:00 EST). Given the relative lack of consensus within the Committee as to the appropriate course of monetary policy, the minutes may shed some light on how comfortable members were with the shift in policy stance adopted at the October meeting and where the threshold for additional funds rate cuts may be set.
<b>October Building Permits</b> Range: 1.330 to 1.417 million units Median: 1.380 million units SAAR	Tuesday, 11/19 Sep = 1.391 million units SAAR	<u>Up</u> to an annualized rate of 1.397 million units. On a not seasonally adjusted basis, we look for total housing permits of 118,300 units, with single family permits higher and multi-family permits lower than in September but both higher on an over-the-year basis. While our forecast would put the running 12-month total of not seasonally adjusted multi-family permits at 488,500 units, the highest such total since January 2016, one thing that stands out in the data is that the ratio of multi-family starts to multi-family permits remains notably low. At the same time, the ratio of single family starts to single family permits remains elevated, particularly in the Northeast region. We've wondered if there are measurement issues at play in the data, specifically, whether townhouse units, which should be classified as single family attached, are being classified as multi-family units in the initial reporting on housing permits. Any such discrepancy would be, or at least should be, rectified in the starts data without the permit data being retroactively adjusted. While there has been an increase in starts and completions of attached single family units, the data do not go deep enough for us to know for sure if our hunch is correct, though it does seem like a plausible explanation for what has been an anomaly in the data.
<b>October Housing Starts</b> Range: 1.255 to 1.365 million units Median: 1.310 million units SAAR	Tuesday, 11/19 Sep = 1.256 million units SAAR	<u>Up</u> to an annualized rate of 1.339 million units. Total starts fell sharply in September as ever capricious, but always fun, multi-family starts plummeted while single family starts trudged higher in their usual staid manner. While we look for more of the same from single family starts in the October data, we look for, what else, a reversal in multi-family starts, with the net result a nice bounce in total starts. On a not seasonally adjusted basis, we look for total starts of 117,400 units in October. Clearly, lower mortgage interest rates have been a boost to the single family segment of the market, but supply constraints are acting as a brake on the pace at which single family starts are increasing. We've been noting this for some time now, and have from the start held that these supply constraints were not likely to abate, and have yet to see a reason to change that call. We think this is a point worth reiterating, however, as the tendency seems to be to attribute movements in the monthly data on permits, starts, and sales to demand-side factors while ignoring the supply side of the market.
<b>October Leading Economic Index</b> Range: -0.3 to 0.2 percent Median: -0.1 percent	Thursday, 11/21 Sep = -0.3%	<u>Down</u> by 0.2 percent. The shorter workweek in the manufacturing sector stemming from the GM strike will be a material drag on the headline index.
<b>October Existing Home Sales</b> Range: 5.280 to 5.580 million units Median: 5.490 million units SAAR	Thursday, 11/21 Sep = 5.380 million units SAAR	<u>Up</u> to an annualized sales rate of 5.580 million units. Each month, the not seasonally adjusted data on pending home sales help inform our forecast of existing home sales. The unadjusted data show pending home sales, or, signed sales contracts which tend to lead existing home sales (which are booked at closing) by 30-45 days, were stronger, or, more accurately, less weak, than normal for the month of September. As such, we look for unadjusted existing home sales to have been stronger than normal for the month of October. Our forecast anticipates unadjusted sales of 472,000 units, up 4.4 percent from September (contrary to the decline in unadjusted sales typically seen in October) and up 5.8 percent year-on-year despite an equal number of sales days. As usual, though, the main storyline in the market for existing homes is inventory, or the lack thereof. We are in the time of the year in which listings typically decline from month-to-month, and our forecast anticipates a larger decline than typically seen in the month of October, which would leave listings down more than three percent year-on-year. As we have noted, inventory constraints mean existing home sales have gotten less mileage from low mortgage interest rates than would have otherwise been the case but, as with new single family construction, the supply constraints in the existing homes market are not likely to ease any time soon.

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