

**Indicator/Action
Economics Survey:**
**Last
Actual:**
Regions' View:

Fed Funds Rate: Target Range Midpoint <i>(After the January 28-29 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 December employment report will bring much in the way of numbers – about 41 pages worth – but little in the way of clarity. November’s hefty headline job growth number was propped up by a couple of factors that won’t be repeated in the December data (see below) and, as always the case in the December data, seasonal adjustment issues could distort measured job growth in industries in which there is significant holiday season hiring. While our forecast anticipates a much smaller increase in total nonfarm employment in December than that seen in November, the trend rate of job growth lies somewhere between the two. The hiring diffusion index shows job growth remains notably broad based, an indication that the issues in the manufacturing sector are having little impact on the broader economy. Additionally, though average hourly earnings tend to get all of the attention, aggregate private sector wage and salary earnings will have grown at an annualized rate of better than 5.0 percent in Q4, easily outpacing inflation and underpinning growth in consumer spending.
November Trade Balance Range: -\$48.8 to -\$43.3 billion Median: -\$43.9 billion	Tuesday, 1/7	Oct = -\$47.2 billion	<u>Narrowing</u> to -\$43.6 billion. The advance data for November show the smallest deficit in the goods account in three years. Along with what we expect will be a modestly larger surplus in the services account, this will push the overall trade deficit significantly lower, and sets the stage for trade to make a meaningful contribution to Q4 real GDP growth.
November Factory Orders Range: -1.8 to 0.5 percent Median: -0.8 percent	Tuesday, 1/7	Oct = +0.1%	<u>Down</u> by 0.8 percent. Durable goods orders fell sharply in November on weakness in aircraft orders, both defense and nondefense. That will drag overall factory orders lower. Though the advance data show core capital goods orders rose by only 0.1 percent, keep in mind that followed a 1.1 percent increase in October. This will be a key series to watch over coming months, at least for us, as we’ve pegged business investment spending as the main wild card in our 2020 forecast.
Dec. ISM Non-Manufacturing Index Range: 52.9 to 55.4 percent Median: 54.5 percent	Tuesday, 1/7	Oct = 53.9%	<u>Up</u> to 54.6 percent.
December Nonfarm Employment Range: 135,000 to 200,000 jobs Median: 178,000 jobs	Friday, 1/10	Nov = +266,000 jobs	<u>Up</u> by 156,000 jobs, with private sector payrolls <u>up</u> by 152,000 jobs and public sector payrolls <u>up</u> by 4,000 jobs. November job growth was bolstered by gains of 74,000 jobs in education & health services and, mostly reflecting the return of striking GM workers, 54,000 jobs in manufacturing. The former is unlikely to have been repeated in December, the latter obviously was not. At the same time, a late Thanksgiving may have held back seasonal hiring in retail trade while construction payrolls were weaker than is seasonally normal for the month of November, so the December data could bring payback in these two industry groups. So, in other words, just another monthly employment report with the usual degree of noise. Beneath the headline job growth number, watch for the one-month hiring diffusion index, which we expect will show job growth remains broad based across private sector industry groups. Our forecast would leave 2019 job growth at just over 2.13 million jobs.
December Manufacturing Employment Range: -5,000 to 27,000 jobs Median: 7,000 jobs	Friday, 1/10	Nov = +54,000 jobs	<u>Up</u> by 3,000 jobs. The ISM Manufacturing Index shows conditions in the factory sector continued to deteriorate in December. As we’ve noted, however, the ISM data have been a bit at odds with other indicators of manufacturing activity. One such indicator is payroll employment. Stripping out the motor vehicles & parts industry group, which was distorted by the GM strike, the BLS data show manufacturing employment rose throughout 2019, even if at only a modest pace. Our forecast anticipates 2019 ended with another modest increase in manufacturing payrolls, which would be a marked contrast to the ISM’s gauge of manufacturing employment, which sank deeper into contractionary territory in December.
December Average Weekly Hours Range: 34.4 to 34.4 hours Median: 34.4 hours	Friday, 1/10	Nov = 34.4 hours	<u>Unchanged</u> at 34.4 hours.
December Average Hourly Earnings Range: 0.2 to 0.4 percent Median: 0.3 percent	Friday, 1/10	Nov = +0.2%	<u>Up</u> by 0.3 percent, for a year-on-year increase of 3.1 percent. Our calls on job growth, hours worked, and hourly earnings would yield a 0.4 percent increase in aggregate private sector wage and salary earnings, leaving them up 4.3 percent year-on-year.
December Unemployment Rate Range: 3.4 to 3.6 percent Median: 3.5 percent	Friday, 1/10	Nov = 3.5%	<u>Up</u> to 3.6 percent.

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