

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

Fed Funds Rate: Target Range Midpoint (After the January 28-29 FOMC meeting): 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 holiday-shortened week brings a light slate of data releases, though, from the looks of it, you may just want to skip the week altogether in terms of the economic data. There is nothing new in the existing home sales data, i.e., extraordinarily low inventories acting as a persistent and material drag on sales, though if our forecast is correct, the December data could bring a new record low in listings. The Leading Economic Index continues to be weighed down by weakness in the manufacturing sector, though a solid print on December ex-auto manufacturing output and progress on the trade front offer hope of a better 2020 for the factory sector.
December Existing Home Sales Wednesday, 1/22 Range: 5.280 to 5.600 million units Median: 5.430 million units SAAR	Nov = 5.350 million units SAAR	<p><u>Up</u> to an annualized rate of 5.390 million units. On a not seasonally adjusted basis, we look for sales of 419,000 units, up 11.1 percent year-on-year. This outsized gain, however, is less impressive than it may seem. In addition to there having been one more business day in December in 2019 than in 2018, December 2018 sales fell victim to what we've termed the "affordability shock" that sent single family construction and sales into a sharp and sudden descent, making the over-the-year comparison for December 2019 sales much easier. Unlike new home sales which, helped along by lower mortgage interest rates, strengthened over the course of 2019 and ended the year on a strong upward trajectory, existing home sales ambled about aimlessly in 2019, with extraordinarily lean inventories acting as a material drag on sales. Our forecast would put full-year 2019 existing home sales at 5.331 million units, down 0.2 percent from 2018 and a second consecutive annual decline.</p> <p>As we discussed in our annual economic outlook, while demand side conditions will remain solid and mortgage interest rates will remain favorable, the path of existing home sales in 2020 will largely be determined by the supply side of the market, i.e., inventories. We've consistently pointed to demographics, affordability constraints, and existing single family homes having been diverted to the rental market in the wake of the foreclosure crisis as the key factors holding down inventories of existing homes for sale over recent years. We see it as highly unlikely that any of these constraints will ease to any meaningful degree in 2020 and, as such, we don't hold out much hope for an appreciable increase in existing home sales this year. As for the December data, we look for listings to have fallen sharply to what would be an all-time low in the life of the NAR data, setting the stage for the continued listlessness in existing home sales we expect in 2020. In any given year, typical seasonal patterns see inventories relatively flat in January before beginning to build in February ahead of the Spring sales season. As such, watching the listings numbers over the next couple of months will give us an early read on how our call on existing home sales in 2020 will play out.</p>
December Leading Economic Index Thursday, 1/23 Range: -0.3 to 0.3 percent Median: -0.2 percent	Nov = 0.0%	<u>Down</u> by 0.2 percent.

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