

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

Fed Funds Rate: Target Range Midpoint <i>(After the April 28-29 FOMC meeting):</i> Target Range Mid-point: 0.000 to 0.125 percent Median Target Range Mid-point: 0.125 percent	Range: 0.00% to 0.25% Midpoint: 0.125%	It is often said that records are made to be broken which, in the context of the recent economic data, is a rather distressing thought. The March data include record declines in retail sales and the leading economic index, and record highs in jobless claims. The April data will bring more records, with what until recently would have been unthinkable large declines looming for many series. All we can do is hope that these new records will never be approached, much less broken.
March Existing Home Sales Tuesday, 4/21 Range: 4.155 to 5.850 million units Median: 5.300 million units SAAR	Feb = 5.770 million units SAAR	Down to an annualized sales rate of 5.220 million units. Though not totally free of the effects of the coronavirus, given that they are booked at closing, existing home sales are unlikely to have fallen through the floor in March. To be sure, over the back half of March, parties had to quickly adjust the manner in which sales were closed, either shifting activity online or altering the closing setting to conform to social distancing. Pending home sales, or, signed sales contracts, typically lead closings by 30-45 days and were strong in February, thus putting a floor under existing home sales in March. That said, sales were not as strong as is typically the case in the month of March, which will be amplified in the headline (seasonally adjusted and annualized) sales number. To that point, we look for not seasonally adjusted sales of 406,000 units, a 21.2 percent increase from February but far smaller than the average March increase of 33.1 percent over the 2000-2019 period, with 2008 the only year during this span with a smaller March increase. We expect a much bigger hit to inventories in the March data, as sellers were pulling homes off of the market amidst growing fears of the spread of the virus and growing anxiety over the course of the economy. Our forecast anticipates a new record-low for listings, with an over-the-year decline of better than 20 percent. While some sellers have resorted to virtual open houses and sales have closed without the buyer having set foot in the home they are buying, there is simply no way that this can sustain sales in the face of what will be a dramatic decline in demand in the months ahead, though that may not be fully apparent until the May data.
March New Home Sales Thursday, 4/23 Range: 500,000 to 712,000 units Median: 650,000 units SAAR	Feb = 765,000 units SAAR	Down to an annualized sales rate of 662,000 units. New home sales are booked at the signing of the sales contract, so March new home sales will be a more timely indicator of the disruption to the housing market stemming from the coronavirus. As applications for purchase mortgage loans declined sharply over the back half of the month, our forecast may seem on the high side. But, keep in mind that the new home sales data do <u>not</u> account for cancellations – a sale is booked when the sales contract is signed, regardless of whether or not the sale is ultimately closed. Many builders report that sales started out strongly in March and that cancellations began to increase late in the month (with sharper increases thus far in April). Though many builders report that overall traffic is down, the “quality” of traffic remains high, i.e., those who are still shopping are intent on buying. This includes greater numbers of first-time buyers who, coming from rentals, do not have to worry about selling a home before buying a new home, an interesting dynamic given that first-time buyers have been increasingly shut out of the existing homes market by lean inventories and high prices. On a not seasonally adjusted basis, we look for 64,000 new home sales in March, which would be down from 68,000 sales in February. If we are correct, this would be the first time not seasonally adjusted new home sales ever declined in the month of March.
March Durable Goods Orders Friday, 4/24 Range: -25.0 to 2.8 percent Median: -12.0 percent	Feb = +1.2%	Down by 18.1 percent. Civilian aircraft should be a major drag on top-line orders, the operative word here being “should.” While Boeing had 31 gross orders in March, that they also had 150 orders canceled left net orders at -119 which, by the Census Bureau’s methodology for this series, should yield a large negative number for the dollar volume of civilian aircraft orders. Then again, that should have also been the case with the February data, when net orders were also negative, but it didn’t work out that way, meaning that our forecast was way off. Yet, we’re once again incorporating a sizable negative number for civilian aircraft orders into our forecast; whether this makes us foolish, stubborn, or foolishly stubborn is another question for another day. We’ll also repeat a point we made last month when discussing our forecast for durable goods orders – whether or not our point on civilian aircraft orders proves to be correct is of far less significance than the remaining details of the data. We expect the March data to show broad based declines in orders (inclusive of cancellations), with larger declines to come in the April data, reflecting a sharp pullback in capital spending.
March Durable Goods Orders: Ex-Trnsp. Friday, 4/24 Range: -19.0 to -0.1 percent Median: -6.0 percent	Feb = -0.6%	We look for <u>ex-transportation orders</u> to be <u>down</u> by 7.1 percent, and expect <u>core capital goods orders</u> to be <u>down</u> by 6.3 percent.

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