

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

Fed Funds Rate: Target Range Midpoint <i>(After the June 9-10 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%	Fed Chairman Powell and Treasury Secretary Mnuchin appear Tuesday before the Senate Banking Committee to give the first of the quarterly reports on the CARES Act mandated by the bill. Aside from any discussion of potential avenues of further support, such as aid to state and local governments, Chairman Powell will likely discuss the details of getting the Main Street Lending Facility up and running and offer further guidance on the various corporate credit facilities.
April Building Permits Tuesday, 5/19 Range: 750,000 to 1,150,000 units Median: 1,000,000 units SAAR	Mar = 1.350 million units, SAAR	<p><u>Down</u> to an annualized rate of 996,000 units. There are lots of moving parts in the April data on housing permits and starts, some of which actually have to do with the housing market. During the shutdowns related to the COVID-19 virus, residential construction activity was allowed to continue across most of the U.S., as construction was deemed an “essential” industry. There were, however, some notable exceptions, particularly in the Northeast and West regions, where builders were forced to shut down, and that will impact the April data. Moreover, even where construction activity was allowed to continue, there were some areas in which local government offices were shut down, meaning permit applications could not be filed where there were no provisions for online filing, which will be a weight on April permit issuance.</p> <p>Any such disruptions will be visible in the raw, or, not seasonally adjusted data, and will be compounded in the seasonally adjusted data. Keep in mind that in a typical year, April is a strong month for residential construction activity, meaning the seasonal adjustment factors are punitive, rather than supportive. So, as in any month, the not seasonally adjusted April data on housing permits and starts will be much more relevant than the seasonally adjusted, annualized data. As for actual housing market conditions, the demand side of the market clearly has taken a hit from the massive disruption in the labor market, diminished income flows, and battered consumer confidence. That said, after slumping badly between mid-March and mid-April, applications for purchase mortgage loans have rallied strongly, as prospective buyers confident about their job and income prospects take advantage of very favorable mortgage interest rates. The question, however, is how much of this will be picked up in the April data on permits and starts – our sense is very little, but that means there will be a bigger impact on the May data. On a not seasonally adjusted basis, our forecast anticipates total housing permits of 89,400 units.</p>
April Housing Starts Tuesday, 5/19 Range: 687,000 to 1,100,000 units Median: 904,000 units SAAR	Mar = 1.216 million units, SAAR	<p><u>Down</u> to an annualized rate of 977,000 units. On a not seasonally adjusted basis, we look for total housing starts of 88,400 units. The points made about disruptions in construction activity and seasonal adjustment issues made above in the discussion of housing permits pertain to housing starts, and disruptions in supply chains for building materials will also have weighed on April housing starts. As with housing permits, the not seasonally adjusted data starts will be of much more relevance than the headline starts number. As noted above, applications for purchase mortgage loans have had a strong run over the past four weeks, and while that likely won't be reflected to a meaningful degree in the April data it does bode well for single family starts and sales as economic activity begins to open back up. The obvious caveat is that the recent spike in purchase mortgage applications comes off of a very low base, so the overall level of activity may not be very high, but, directionally, this is an encouraging sign.</p>
April Leading Economic Index Thursday, 5/21 Range: -7.5 to -3.0 percent Median: -5.5 percent	Mar = -6.7%	<p><u>Down</u> by 4.8 percent.</p>
April Existing Home Sales Thursday, 5/21 Range: 3.750 to 5.170 million units Median: 4.250 million units SAAR	Mar = 5.270 million units, SAAR	<p><u>Down</u> to an annualized rate of 4.510 million units. On a not seasonally adjusted basis, we look for total sales of 377,000 units, down 17.3 percent from April 2019. Pending home sales, which generally lead closings by 30-45 days, were weak in March, setting up a weak print on April existing home sales, which are booked at closing. The extra variable is the number of closings that would have taken place in April which were postponed due to the COVID-19 virus. Our sense is that the number is smaller than many are assuming, as E-closings and “drive-in” closings helped sustain closing activity. To us, the April inventory data will be of much greater interest than the headline sales number. In a typical year, April sees the largest monthly increase in listings as the Spring sales season kicks into high gear (the NAR inventory data are not seasonally adjusted). While we look for listings to have increased to 1.560 million units, this would be much smaller than the normal April increase, and would leave listings down almost 15 percent year-on-year.</p>

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