ECONOMIC PREVIEW

REGIONS

Week of December 30, 2024

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: 4.375 to 4.375 percent Median Target Range Mid-point: 4.375 percent	Range: 4.25% to 4.50% Midpoint: 4.375%	With the week broken up by New Year's Day falling on Wednesday and the December employment report not set for release until January 10, it will be another quiet week for data releases. As we see it, the best thing to do is enjoy the silence while it lasts, which likely won't be for long.
November Construction Spending Thursday, 1/2 Range: 0.0 to 0.6 percent Median: 0.3 percent	Oct = +0.4%	<u>Up</u> by 0.3 percent.
December ISM Manufacturing Index Friday, 1/3 Range: 46.9 to 49.7 percent Median: 48.2 percent	Nov = 48.4%	<u>Down</u> to 47.8 percent, capping a forgettable two years for the manufacturing sector. Okay, fine, it's actually been a forgettable twenty-six months to be precise but, really, who's counting? Recall that the headline index rose to 48.4 percent in November from 46.5 percent in October, which many took as an encouraging sign of the factory sector being on the road to expansion, particularly given that the index of new orders pushed above 50.0 percent. The other main driver of the jump in the headline index was a spike in the index of inventories, which many took as a sign of firms building stocks to get ahead of higher tariffs in the new year. A look at the firm and industry level splits, however, tells a different story. Overall, only three of the eighteen industry groups included in the survey reported growth in November, only five saw growth in new orders, and only three industry groups saw higher inventories. That the component indexes rose as sharply as they did was more a function of the manner in which ISM calculates their diffusion indexes than a sign of improving conditions, and we expect the new orders and inventories indexes to have settled back in December. Our forecast would leave the headline index right in line with where it had been in the months leading up to the November survey. Unfortunately, between wobbly global growth and a highly uncertain policy outlook in the U.S., the malaise that has gripped the factory sector for the past two-plus years looks set to continue into the new year.

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