ECONOMIC PREVIEW

REGIONS

Week of November 27, 2017

Indicator/Action Economics Survey:	Last Actual:	Regions' View:
Fed Funds Rate: Target Range Midpoint *(After the December 12-13 FOMC meeting):* Target Range Midpoint: 1.375 to 1.375 percent Median Target Range Midpoint: 1.375 percent	Range: 1.00% to 1.25% Midpoint: 1.125%	As the effects of Hurricanes Harvey and Irma continue to fade from the economic data, it is even more clear that the economy is on solid footing. We look for Q4 to be the third consecutive quarter of annualized real GDP growth at or above 3.0 percent. How long it lasts is anyone's guess, but for now we'll gladly take it.
October New Home Sales Monday, 11/27 Range: 600,000 to 678,000 units Median: 618,000 units SAAR	Sep = 667,000 units, SAAR	Up to an annualized sales rate of 674,000 units, with not seasonally adjusted sales at 54,000 units. Were it not for what we expect will be strong sales in the South, in part reflecting catching up from the hurricanes, our forecast would be for a much more pedestrian sales month. Our forecast would leave the running 12-month total of new home sales at 606,000 units, the highest since June 2008. Make no mistake, though, as with existing home sales, inventory constraints are a drag on new home sales.
Oct. Advance Trade Balance: Goods Tuesday, 11/28 Range: -$66.4 to -$64.0 billion Median: -$65.5 billion	Sep = -$64.1 billion	Widening to -$65.8 billion. October typically sees higher import volumes due in part to retailers stocking up ahead of the holiday sales season, though given the rapidly shifting retail landscape we're not so sure whether, or to what extent, we'll see such an October bump in imports this year.
November Consumer Confidence Tuesday, 11/28 Range: 120.0 to 126.0 Median: 124.0	Oct = 125.9	Down slightly to 124.8
Q3 Real GDP – 2nd estimate Wednesday, 11/29 Range: 3.0 to 3.4 percent Median: 2.2 percent SAAR	Q3 1st est. = +3.0% SAAR	Up at an annualized rate of 3.3 percent. We look for a larger inventory build in the nonfarm business sector, and for business investment spending, government spending, and consumer spending to have grown at a faster pace than incorporated into the BEA's initial estimate. The mix of consumer spending will be slightly different, with faster growth in spending on goods and slower growth in spending on services relative to the initial estimate.
Q3 GDP Price Index – 2nd estimate Wednesday, 11/29 Range: 2.2 to 2.2 percent Median: 2.2 percent SAAR	Q3 1st est. = +2.2% SAAR	Up at an annualized rate of 2.2 percent, unchanged from the initial estimate.
October Personal Income Thursday, 11/30 Range: 0.2 to 0.4 percent Median: 0.3 percent	Sep = +0.4%	Up by 0.3 percent. Our forecast anticipates only middling growth in wage and salary earnings, based on the income details of the October employment report (recall the slight decline in average hourly earnings). This leaves investment income (dividends and interest) and rental income as the main drivers of growth in total personal income in October. Our forecast would leave total personal income up 3.4 percent year-on-year, the largest such increase since March.
October Personal Spending Thursday, 11/30 Range: 0.2 to 0.4 percent Median: 0.3 percent	Sep = +1.0%	Up by 0.2 percent. Gasoline will be a drag on growth in nominal spending but we nonetheless look for spending on both durable and nondurable consumer goods to have increased slightly in October, with a smaller increase in spending on household services than seen in September. Sure, the modest growth in total consumer spending we expect may not seem all that impressive, but keep in mind that that the level of spending in September was well above the Q3 average. This sets the stage for strong growth in Q4 spending, even with the modest gain we expect for October.
October PCE Deflator Thursday, 11/30 Range: 0.1 to 0.2 percent Median: 0.1 percent	Sep = +0.4%	Up by 0.1 percent, for a year-on-year increase of 1.5 percent, with gasoline prices acting as a significant drag. Though many analysts, and some central bankers, insist faster inflation is on the way, inflation pressures remain fairly muted at present. We look for the core PCE Deflator to be up by 0.2 percent, which yields a year-on-year increase of 1.4 percent. Well shy of the FOMC's 2.0 percent target, but closer than the 1.3 percent reading in the September data, so there's that. Still, we've been on record for some time with our view that the FOMC will hike the Fed funds rate at their December meeting regardless of how soft the inflation data may be.
November ISM Manufacturing Index Friday, 12/1 Range: 58.0 to 59.0 percent Median: 58.4 percent	Oct = 58.7%	Down slightly to 58.4 percent. There's nothing at all ominous in our forecast for a slight decline in the headline index, it simply reflects some of the main components, such as those measuring new orders, current production, and employment settling back from very high levels. Our forecast would leave the headline index at a level consistent with continued solid growth in the manufacturing sector.
October Construction Spending Friday, 12/1 Range: 0.0 to 0.7 percent Median: 0.5 percent	Sep = +0.3%	Up by 0.1 percent. September's increase was due to growth in public sector outlays offsetting lower private sector outlays. We expect this mix to be reversed in the October data, resulting in another middling increase in total construction outlays.

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