Indicator/Action Economics Survey:	Last Actual:	Regions' View:
Fed Funds Rate: Target Range Midpoint *(After the October 29-30 FOMC meeting):* Target Range Mid-point: 1.625 to 1.875 percent Median Target Range Mid-point: 1.625 percent	Range: 1.75% to 2.00% Midpoint: 1.875%	The surprising decline in retail sales in September reported last week led some to conclude that what has been the main pillar of support for the U.S. economy over recent months, i.e., consumer spending, has started to crumble under the weight of ongoing trade tensions, flagging wage growth, heightened political tensions, and increased talk of recession. Count us amongst those who aren't quite convinced. The BEA's monthly data on personal income show aggregate private sector wage and salary earnings growing at a better than 5.0 percent pace, trouncing inflation. Though off cycle highs, consumer confidence remains elevated, and Bloomberg's gauge of consumer comfort shows the index at an all-time high for those with full-time jobs. Clearly, the industrial sector is struggling, and some of that weakness has spilled over into the transportation sector. But, while the rate at which firms are hiring workers has slowed, the rate at which firms are laying off workers remains low and aggregate hours worked continue to increase, even if at a slower rate, in most industry groups. Not all is well with the U.S. economy, but it helps to recall that there is a difference between the end of growth and slowing growth. We continue to believe we're seeing the latter not the former, and the weak report on September retail sales didn't alter our view.
September Existing Home Sales Tuesday, 10/22 Range: 5.360 to 5.601 million units Median: 5.450 million units SAAR	Aug = 5.490 million units SAAR	Down to an annualized sales rate of 5.360 million units. August saw the highest monthly rate of existing home sales since March 2018, leading one analyst to proclaim "home sales have turned a corner," to which our reply was "uh, dude, you may want to check out the inventory data." Then again, we've for oh so long now been making that very point – it is the supply side, not the demand side, of the housing market that is the constraint on sales, and while that point can at times get buried in the headline sales number, it is always visible in the raw, i.e., not seasonally adjusted data. So, while the seasonally adjusted data on pending home sales show a nice advance in August, the not seasonally adjusted data show a larger than normal decline for the month of August, which helps account for our low-end forecast of September closings. We look for not seasonally adjusted sales of 448,000 units, up 6.4 percent year-on-year, but keep in mind there was one additional business day this September compared to last. As for inventories, we look for listings of 1.820 million units, down 2.2 percent from August and down 3.2 percent year-on-year, which would be the fourth straight year-on-year decline. Low mortgage interest rates are great, but however low they may go or however long they may stay there, the reality is that you can't buy what's not for sale. Hence, we continue to see limited upside for existing home sales.
September Durable Goods Orders Thursday, 10/24 Range: -2.0 to 0.5 percent Median: -0.9 percent	Aug = +0.2%	Down by 0.7 percent. Though nondefense aircraft will be a support for total orders, our forecast anticipates a material drag from motor vehicles and parts, reflecting the effects of the GM strike. At the same time, we expect payback for the surprisingly large increase in orders for defense capital goods seen in the August data. Recall that it was the spike in orders for defense capital goods that salvaged an otherwise weak August report, and that we expect a modest bounce off of those weak August numbers is the main reason our forecast anticipates modest increases in ex-transportation orders and orders for core capital goods (see below). Even if we're correct on this point, however, it won't change the overall narrative of the manufacturing sector.
Sept. Durable Goods Orders Ex-Trnsp. Thursday, 10/24 Range: -0.6 to 0.5 percent Median: -0.2 percent	Aug = +0.5%	We look for ex-transportation orders to be up by 0.2 percent and for core capital goods orders to be up by 0.1 percent.
September New Home Sales Friday, 10/25 Range: 670,000 to 720,000 units Median: 700,000 units SAAR	Aug = 713,000 units SAAR	Down to an annualized sales rate of 707,000 units. The first order of business here will be seeing whether or not the strong initial estimate of August sales survives revision – after all, the initial estimate of new home sales in any given month comes with a, let's say, generous, margin of error. And, speaking of generous, we are in the time of the year in which seasonal adjustment factors for the housing-related data tend to be on the generous side, as is reflected in our forecast for headline sales. As such, the true test of September new home sales will come in the unadjusted data. Our forecast anticipates not seasonally adjusted sales of 55,000 units, for a year-on-year increase of 19.6 percent which, while it may seem large, is in line with year-on-year increases over recent months. Our forecast would put new home sales up 7.3 percent on a year-to-date basis through September, and would put the running 12-month total of not seasonally adjusted sales at 653,000 units, which would be the highest such total since April 2008. We'll make the same point here we made about existing home sales – the demand side of the market is fine, bolstered by low mortgage interest rates, and sales would be higher were it not for ongoing supply side constraints.

Regions Financial Corporation, 1900 5th Avenue North, 17th Floor, Birmingham, Alabama 35203
Richard F. Moody, Chief Economist • 205.264.7545 • richard.moody@regions.com