

Indicator/Action Economics Survey:

Last Actual:

Regions' View:

Fed Funds Rate

(after the FOMC meeting on January 28-29)

Range: 0.00 to 0.25 percent

Median: 0.125 percent (mid-point of target range)

0.00% to 0.25%

The week's most significant event takes place on Monday, and no we're not referring to the BCS title tilt between Florida State and Auburn. We are referring to 5:30 EST Monday afternoon, when the U.S. Senate is scheduled to vote on the nomination of Janet Yellen to succeed Ben Bernanke to lead the Fed. Dr. Yellen appears to have plenty of support so the nomination should be approved.

Speaking of the Fed, the minutes to the December 17-18 FOMC meeting are set for release on Wednesday at 1:00 EST. As this was the meeting at which the Committee voted to begin paring down the Fed's large-scale asset purchases, it will be interesting to see the various options discussed, and whether the minutes hold any clues as to the rate at which tapering may proceed over the course of 2014 should the economy continue to improve as expected.

As to the data on tap, what the week is lacking in quantity is made up for in terms of significance with the December employment report. We look for nonfarm payrolls to have increased by better than 200,000 jobs, which would mark the fourth month of the past five with job growth at or above 200,000. With signs pointing to economic growth shifting into a higher gear in 2014, monthly job gains should continue to top the 200,000 threshold.

November Factory Orders

Range: 0.5 to 2.1 percent

Median: 1.7 percent

Monday 1/6 Oct = -0.9%

Up by 2.1 percent reflecting a jump in orders for durable goods. Orders for core capital goods rebounded smartly after a few months of weakness, and this puts the Census data on new orders more in line with the ISM Manufacturing Survey data showing solid growth in new orders over the past several months.

November Trade Balance

Range: -\$42.8 to -\$38.0 billion

Median: -\$40.0 billion

Tuesday 1/7 Oct = -\$40.6 bil

Widening slightly to -\$41.2 billion.

December Nonfarm Employment

Range: 100,000 to 238,000 jobs

Median: 195,000 jobs

Friday 1/10 Nov = +203,000

Up by 214,000 jobs with private sector payrolls up by 208,000 and government payrolls up by 6,000.

December Manufacturing Employment

Range: 10,000 to 25,000 jobs

Median: 15,000 jobs

Friday 1/10 Nov = +27,000

Up by 24,000 jobs.

December Average Weekly Hours

Range: 34.4 to 34.6 hours

Median: 34.5 hours

Friday 1/10 Nov = 34.5 hrs

Unchanged at 34.5 hours.

December Average Hourly Earnings

Range: 0.1 to 0.3 percent

Median: 0.2 percent

Friday 1/10 Nov = +0.2%

Up by 0.2 percent which, along with our expectations for private sector job gains and hours worked yields a 0.4 percent increase in aggregate private sector earnings. This translates into an over-the-year increase of 4.0 percent.

December Unemployment Rate

Range: 6.9 to 7.5 percent

Median: 7.0 percent

Friday 1/10 Nov = 7.0%

Up to 7.1 percent. Reflecting the manner in which furloughed federal government workers were accounted for in the household data, both the labor force and household employment fell sharply in October. Household employment recaptured this decline and then some in the November data while the labor force did not fully rebound, hence the drop in the unemployment rate in November. We look for the labor force to have made up this lost ground in December, which would nudge the unemployment rate up to 7.1 percent.

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