

Indicator/Action Economics Survey:

Last Actual:

Regions' View:

Fed Funds Rate: Target Range Midpoint <i>(After the May 1-2 FOMC meeting):</i> Target Range Midpoint: 1.625 to 1.625 percent Median Target Range Midpoint: 1.625 percent		Range: 1.50% to 1.75% Midpoint: 1.625%	It's always cold in the winter time, except of course when it isn't. If you're curious as to why we bring this up at a time when Spring has just sprung, it will be a useful point to remember when interpreting the March employment report. The preliminary data show nonfarm employment rose by 313,000 jobs in February, but there was considerable seasonal adjustment noise in that number. Atypically mild winter weather meant hiring in weather sensitive industries, such as construction, was stronger than normal in February. Indeed, on a not seasonally adjusted basis, the percentage increase in total nonfarm employment this February was larger than in any February since 1941, and we estimate seasonally adjusted job growth was biased higher by between 40,000 and 50,000 jobs. To be sure, absent this bias you're still left with a strong number, but we nonetheless expect some payback in the March data. And, oh, did we mention that March saw harsh winter storms (talk about payback) that will impact the data. Rather than getting caught up in the month-to-month swings and what's behind them (we do this so you don't have to), we suggest looking at average monthly job growth over Q1; doing so should remove any doubt as to whether or not the labor market is firmly on track (it is). And, we suspect that no matter where the March headline job growth number comes in at, all eyes will be focused on growth in average hourly earnings given how intent, rightly or wrongly (mostly wrongly), many analysts are on reading into that metric all kinds of implications for inflation and, in turn, monetary policy.
March ISM Manufacturing Index Range: 58.0 to 63.6 percent Median: 60.0 percent	Monday, 4/2	Feb = 60.8%	<u>Down</u> to 60.0 percent. It is unclear what, if any, effect all of the tariff talk will have on the ISM data, but we've not factored any such effects into our forecast. Instead, we remain on watch for at least modest pullbacks in some of the components (new orders, production, employment) that would be consistent with a pace of growth more sustainable than that implied by the past few ISM surveys.
February Construction Spending Range: -0.3 to 0.8 percent Median: 0.4 percent	Monday, 4/2	Jan = 0.0%	<u>Up</u> by 0.3 percent. Our forecast anticipates a pullback in public sector construction after back-to-back months of outsized growth, mainly on the federal government level. Absent such a pullback, our forecast will be too low.
February Factory Orders Range: 0.5 to 2.0 percent Median: 1.7 percent	Wednesday, 4/4	Jan = -1.4%	<u>Up</u> by 1.7 percent thanks to a spike in durable goods orders. As always with the data on factory orders, the most relevant metrics in the report will be orders for and shipments of core capital goods, and both should post healthy advances.
March ISM Non-Manufacturing Index Range: 57.5 to 60.0 percent Median: 59.0 percent	Wednesday, 4/4	Feb = 59.5%	<u>Down</u> to 59.0 percent.
February Trade Balance Range: -\$57.8 to -\$55.0 billion Median: -\$56.5 billion	Thursday, 4/5	Jan = -\$56.6 billion	<u>Widening</u> to -\$57.8 billion. We look for little change in the deficit in the goods account, but imported royalties and broadcast rights associated with the Winter Olympics should result in a smaller surplus in the services account. The net result will be a wider overall trade deficit in February.
March Nonfarm Employment Range: 115,000 to 255,000 jobs Median: 189,000 jobs	Friday, 4/6	Feb = +313,000	<u>Up</u> by 152,000 jobs with private payrolls <u>up</u> by 149,000 jobs and government payrolls <u>up</u> by 3,000 jobs. As noted above, we expect the March data to reflect payback for an inflated estimate of February job growth, but even if we're correct on this point, it won't change our view that the labor market remains rock solid.
March Manufacturing Employment Range: 10,000 to 31,000 jobs Median: 24,000 jobs	Friday, 4/6	Feb = +31,000	<u>Up</u> by 14,000 jobs.
March Average Weekly Hours Range: 34.4 to 34.5 hours Median: 34.5 hours	Friday, 4/6	Feb = 34.5 hours	<u>Down</u> to 34.4 hours. The payback we expect for outsized February job gains in the goods producing industries would put downward pressure on average hours, and we think this will be compounded by the series of winter storms in March.
March Average Hourly Earnings Range: 0.1 to 0.3 percent Median: 0.3 percent	Friday, 4/6	Feb = +0.1%	<u>Up</u> by 0.3 percent (up 2.8 percent year-on-year). To the extent weather biases hours worked lower, that would in turn bias average hourly earnings higher (salaried workers working fewer hours). This added one-tenth of a point to our forecast but says nothing about how "tight" the labor market is. We look for aggregate wage and salary earnings to be up 0.1 percent (up 5.0 percent year-on-year).
March Unemployment Rate Range: 3.9 to 4.1 percent Median: 4.0 percent	Friday, 4/6	Feb = 4.1%	<u>Unchanged</u> at 4.1 percent. We look for significantly smaller increases in the labor force and household employment than was the case in February, with the net result being a sixth consecutive month with a 4.1 percent headline jobless rate.

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