

Indicator/Action Economics Survey:

Last Actual:

Regions' View:

<p>Fed Funds Rate: Target Range Midpoint (After the April 30-May 1 FOMC meeting): Target Range Midpoint: 2.375 to 2.375 percent Median Target Range Midpoint: 2.375 percent</p>	<p>Range: 2.25% to 2.50% Midpoint: 2.375%</p>	<p>“Interesting” is a relative concept, and, sure, we get that what we find interesting would for the most part not be of any interest whatsoever to normal people with actual lives. That said, the minutes of the March FOMC meeting, set for release Wednesday at 2:00 EST, could prove to be quite interesting. At least in light of the Committee executing a dovish pivot that surprised virtually everyone with just how dovish it was. We’ll be looking to see if the meeting minutes shed any light on the nature of the debate over the FOMC’s about-face on the path of the Fed funds rate and the run-off of the Fed’s balance sheet. We’ll be particularly interested to see if the minutes reflect any concern on the part of meeting participants that such an abrupt shift in the FOMC’s policy stance might rattle market participants, as in “what does the FOMC know that we don’t?” In short, even normal people with actual lives may find the minutes of the March FOMC meeting interesting.</p> <p>While market participants and the FOMC don’t always see eye to eye, both groups no doubt greeted the March employment report with a sigh of relief, given what have been some rather odd, and in some cases downright frightening, patterns in much of the economic data of late. A trend-like increase in total nonfarm employment (up 196,000 jobs) and the unemployment rate holding steady at 3.8 percent show the labor market remains on firm footing. Though growth in average hourly earnings disappointed, the underlying trend clearly shows wage growth accelerating. Of far more relevance is that aggregate wage and salary earnings continue to grow at a better than 5.0 percent pace, which is putting a solid floor under consumer spending, some wildly inconsistent retail sales data notwithstanding.</p>
<p>February Factory Orders Monday, 4/8 Range: -1.2 to 0.6 percent Median: -0.5 percent</p>	<p>Jan = +0.1%</p>	<p><u>Down</u> by 0.5 percent. Though higher energy prices should help push orders for nondurable goods higher, any such increase will be negated by a decline in orders for durable goods. The advance data show a small decline in core capital goods orders, so we’ll watch for any revisions here but, either way business spending on equipment and machinery should still be a modest support for Q1 real GDP growth.</p>
<p>March Consumer Price Index Wednesday, 4/10 Range: 0.3 to 0.5 percent Median: 0.4 percent</p>	<p>Feb = +0.2%</p>	<p><u>Up</u> by 0.4 percent, good for a year-on-year increase of 1.8 percent. Retail gasoline prices were up sharply in March, easily ahead of the normal seasonal increase, and this alone will add roughly two-tenths of a point to the monthly change in the total CPI. Food prices will bear watching, given that February saw the largest monthly increase in retail food prices since May 2014. While prices for food consumed away from home (think restaurant prices) have been rising at a more rapid clip over the past several months, it was a jump in prices for food consumed at home (think grocery store prices) in February that pushed the overall food category higher. Our forecast anticipates a much more sedate increase in March, but food prices pose some upside risk to our forecast of the headline CPI.</p>
<p>March Consumer Price Index: Core Wednesday, 4/10 Range: 0.1 to 0.3 percent Median: 0.2 percent</p>	<p>Feb = +0.1%</p>	<p><u>Up</u> by 0.2 percent, for a year-on-year increase of 2.1 percent. Gasoline prices will continue to push headline inflation higher over coming months, which could be reinforced by higher food prices. The behavior of core inflation thus becomes a more telling indicator of the extent to which inflation pressures are building in the broader economy. The answer thus far is not a lot. Though core goods prices have gained a bit of traction over recent months, core services inflation has been decelerating, particularly when shelter costs are excluded. One reason this is noteworthy is that it tests the common narrative of the ease with which service providers can pass on higher labor costs in the form of higher prices. To be sure, that there is little evidence of this having taken place thus far does not mean it won’t happen, especially if growth in labor costs continues to pick up pace. We look for core inflation to push higher over coming months, but the question will be whether it will do so to a degree sufficient to push the FOMC out of their comfort zone. At this point, it isn’t clear how high core inflation would have to go or how long it would have to stay there in order to test the FOMC’s patience – at present, even the FOMC likely does not know. We think, however, this is a question which will have to be answered at some point.</p>
<p>March PPI: Final Demand Thursday, 4/11 Range: 0.2 to 0.4 percent Median: 0.3 percent</p>	<p>Feb = +0.1%</p>	<p><u>Up</u> by 0.3 percent, for a year-on-year increase of 1.9 percent.</p>
<p>March PPI: Core Thursday, 4/11 Range: 0.1 to 0.3 percent Median: 0.2 percent</p>	<p>Feb = +0.1%</p>	<p><u>Up</u> by 0.2 percent, which yields a year-on-year increase of 2.4 percent</p>

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