ECONOMIC PREVIEW

REGIONS

Week of March 16, 2026

Indicator/Action Economics Survey:	Last Actual:	Regions' View:
Fed Funds Rate: Target Range Midpoint *(After the March 17-18 FOMC meeting):* Target Range Mid-point: 3.625 to 3.625 percent Median Target Range Mid-point: 3.625 percent	Range: 3.50% to 3.75% Midpoint: 3.625%	While we do not expect the FOMC to make any changes to the Fed funds rate at this week's meeting, we've seen calls for them to cut the funds rate and calls for them to raise the funds rate. Some are arguing that with inflation already well ahead of the FOMC's 2.0 percent target rate and the full impact of the increase in crude oil prices seen to date not yet fully reflected in retail gasoline prices, the FOMC should raise the funds rate this week to blunt any further acceleration in inflation. Others are arguing that the FOMC should cut the funds rate this week to support what they see as an economy already wobbling prior to the conflict with Iran, pointing to the February employment report as evidence. Without knowing the duration of the conflict with Iran, the ultimate impacts on energy prices, and the ultimate impacts on the broader economy, we'd argue there is little basis for the FOMC to move in either direction at this point. We expect the post-meeting policy statement to acknowledge the potential risks to inflation and growth posed by a protracted increase in energy prices and note the Committee is carefully monitoring overall financial conditions. This week's meeting brings an updated Summary of Economic Projections (SEP), and we think it likely that the median forecasts of real GDP growth and PCE inflation will be marked modestly higher relative to the December SEP. In his post-meeting press conference, Chair Powell is likely to note that the risks from a protracted period of higher energy prices go both ways, i.e., upside risks to inflation and downside risks to growth, while stressing that for now the Committee is in "wait and see" mode.
February Industrial Production Monday, 3/16 Range: -0.3 to 0.4 percent Median: 0.1 percent	Jan = +0.7%	Down by 0.1 percent. How manufacturing output fared in February will be the swing factor behind the headline index being slightly lower or slightly higher. The ISM Manufacturing Index shows further growth in factory sector output in February, but the details of the February employment report show a decline in aggregate hours worked in manufacturing, with the decline heavily concentrated amongst producers of durable goods. We always place more emphasis on aggregate hours worked but given the somewhat sketchy nature of the February establishment survey data, based on the lowest February response rate since 2000, the reported decline in aggregate hours worked may not translate into the industrial production data. We can make the same point about the mining sector given the sharp decline in aggregate hours amongst production workers. Either way, we won't read too much into the February data but, more broadly, we've argued that the firming pace of activity in the factory sector has legs with solid gains in core capital goods orders and firms looking to shore up inventories. The obvious caveat is that the budding turnaround in the manufacturing sector could be disrupted by the impacts of events in the Middle East, including a new drag on export orders, which have only recently shown signs of life, stemming from what would likely be a bigger impact across the Euro Zone and Asia. In contrast, it seems highly likely that, as the atypically harsh winter weather that gripped much of the U.S. in late January carried over into early February, utilities output posted another sizable advance, which will be a support for the headline index.
February Capacity Utilization Rate Monday, 3/16 Range: 75.8 to 76.5 percent Median: 76.2 percent	Jan = 76.2%	Down to 76.0 percent.
February Producer Price Index Wednesday, 3/18 Range: -0.1 to 0.7 percent Median: 0.3 percent	Nov = +0.5%	Up by 0.2 percent, which would yield a year-on-year increase of 2.9 percent.
February Producer Price Index: Core Wednesday, 3/18 Range: -0.1 to 0.8 percent Median: 0.3 percent	Nov = +0.8%	Up by 0.3 percent, for a year-on-year increase of 3.7 percent.
January Factory Orders Wednesday, 3/18 Range: -0.6 to 0.9 percent Median: 0.1 percent	Nov = -0.7%	Up by 0.4 percent
January New Home Sales Thursday, 3/19 Range: 675,000 to 800,000 units Median: 720,000 units SAAR	Dec = 745,000 units SAAR	Down to an annual rate of 699,000 units. On a not seasonally adjusted basis, we look for sales of 59,000 units, up 3.5 percent from December.

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