ECONOMIC PREVIEW

REGIONS

Week of April 6, 2026

Indicator/Action Economics Survey:	Last Actual:	Regions' View:
Fed Funds Rate: Target Range Midpoint *(After the April 28-29 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%	This week brings a few reads on pricing pressures – the ISM Non-Manufacturing Index, the PCE Deflator, and the Consumer Price Index – that make an interesting backdrop for Wednesday's release of the minutes of the March FOMC meeting. Even prior to the start of the conflict in the Middle East there were numerous signs of continued inflation pressures that, at least to us, left very limited room for further cuts in the Fed funds rate this year. The minutes may shed some light on the degree to which FOMC members were focused on inflation pressures and more at ease, or at least less uneasy, with the state of the labor market and whether, or to what extent, the conflict in the Middle East has impacted Committee members' thinking on the balance of risks to their economic outlooks.
March ISM Non-Manufacturing Index Monday, 4/6 Range: 52.0 to 56.8 percent Median: 54.9 percent	Feb = 56.1%	Down to 55.5 percent. While we expect the headline index to indicate continued expansion in the broad services sector, we'll be particularly focused on the prices paid index (which does not enter into the calculation of the headline index). For some time now, the ISM surveys have indicated persistent and broadly based upward pressure on input prices, which intensified in March with the jumps in energy prices and shipping costs brought on by the conflict in the Middle East. To that point, the prices paid index in the ISM's March survey of the manufacturing sector jumped to its highest level since June 2022, which was also the last time the percentage of firms reporting paying higher input prices was as high as it was in March. Though perhaps not to the same degree, we expect the services sector survey to show similar results and, if so, the question will be how aggressive firms will be in protecting margins against cost increases shifting into higher gear. Obviously, the extent to which firms perceive these latest cost pressures to be temporary or permanent will help shape their response, but it is also possible firms will use this as an opportunity to regain some of the ground lost over the past several months of increasing cost pressures.
February Durable Goods Orders Tuesday, 4/7 Range: -4.5 to 4.3 percent Median: -1.0 percent	Jan = 0.0%	Down by 2.3 percent, thanks to a decline in civilian aircraft orders as both Boeing and Airbus saw sharp declines in February. Of more relevance, we look for core capital goods orders, an early indicator of business investment in equipment and machinery as reported in the GDP data and what we see as the single most important line item in the monthly reports on durable goods orders, to bounce back strongly after a lull in January. After having been oddly rangebound for more than two years, core capital goods orders broke out in mid-2025, and our forecast anticipates an eighth straight monthly advance, an unusually long streak – in either direction – for any series that comes from the notably volatile durable goods orders data. And, contrary to the popular narrative that anything and everything is all about AI, growth in core capital goods orders has become increasingly broad based. This is consistent with many other indicators showing positive momentum in the manufacturing sector over recent months, the question now being whether the fallout from the conflict in the Middle East will nip this rebound in the bud.
February Durable Goods Orders: Ex-Trnsp. Tuesday, 4/7 Range: -0.2 to 1.4 percent Median: 0.4 percent	Jan = +0.4%	We look for ex-transportation orders to be up by 0.5 percent, and we look for core capital goods orders (nondefense capital goods excluding aircraft and parts) to be up by 0.8 percent.
Q4 Real GDP: 3rd estimate Thursday, 4/9 Range: 0.3 to 0.8 percent Median: 0.7 percent SAAR	Q4: 2nd est. = +0.7% SAAR	Up at an annualized rate of 0.6 percent.
Q4 GDP Price Index: 3rd estimate Thursday, 4/9 Range: 3.8 to 3.8 percent Median: 3.8 percent SAAR	Q4: 2nd est. = +3.8% SAAR	Up at an annualized rate of 3.8 percent.
February Personal Income Thursday, 4/9 Range: 0.2 to 0.5 percent Median: 0.3 percent	Jan = +0.4%	Up by 0.2 percent. Our forecast anticipates a tepid increase in labor earnings to act as a drag on growth in total personal income given, though part of that reflects the extent to which temporary factors such as striking health care workers and atypically harsh winter weather held down aggregate hours worked in February. Our forecast anticipates a firmer increase in nonfarm proprietors' income, a proxy for small business profits, than seen in January. This series has been sending decidedly mixed **Continued on Page Two:**

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February Personal Income Thursday, 4/9 Range: 0.2 to 0.5 percent Median: 0.3 percent	Jan = +0.4%	**Continued from Page One:** signals over the past several months, which could reflect small business owners having less capacity to contend with mounting cost pressures, either by pushing back on suppliers or raising output prices, than is the case with larger firms. Transfer payments will be another category to watch, with our forecast anticipating a larger increase after what was a surprisingly small increase in January. While some pointed to the smaller cost of living adjustment in Social Security benefits as the primary culprit, the increase in overall Social Security payouts this January was considerably larger than that seen last January. Instead, smaller Medicaid reimbursements and increasingly large declines in unemployment insurance (UI) benefits have been acting as drags on growth in total transfer payments over recent months. While falling UI payouts might be seen as a positive signal of labor market conditions, we think it more likely that the increasingly large declines in UI payouts are less a reflection of recipients dropping off the roles due to them finding new jobs and more a reflection of recipients exhausting eligibility for UI benefits amid a rising duration of unemployment. Our forecast also anticipates a decline in asset-based income; while we look for a trend-line increase in interest income, we look for a decline in dividend income after an outsized increase in January. We'll also be watching the details on disposable, i.e., after-tax, personal income following a jump in January as the impacts of last summer's tax bill hit the data, and we look for further impacts in the February data. We'll also note that even with the tepid increase our forecast anticipates in the February data, growth in private sector wage and salary earnings continues to easily outpace inflation, though that gap will narrow in the March data as the effects of higher energy prices push headline inflation higher.
February Personal Spending Thursday, 4/9 Range: 0.1 to 0.8 percent Median: 0.6 percent	Jan = +0.4%	Up by 0.7 percent. A strong rebound in unit sales of new motor vehicles, in part reflecting payback for January sales having been held down by harsh winter weather, will support growth in spending on consumer durable goods. More broadly, while rising goods prices are adding to growth in nominal spending, that support is washing out of the data on real goods spending. Though our forecast anticipates real goods spending increased in February after hefty declines in the two months prior, real goods spending is likely to be somewhat soft in the months ahead. Our forecast anticipates a rebound in discretionary services spending in February, but between higher energy prices and sagging equity prices, this is one area of spending that could come under pressure, with implications for growth in overall consumer spending.
February PCE Deflator Thursday, 4/9 Range: 0.2 to 0.6 percent Median: 0.4 percent	Jan = +0.3%	Up by 0.4 percent, which would yield a year-on-year increase of 2.8 percent. We look for the core PCE Deflator to also be up by 0.4 percent, which would translate into a year-on-year increase of 3.0 percent.
March Consumer Price Index Friday, 4/10 Range: 0.7 to 1.5 percent Median: 1.0 percent	Feb = +0.3%	Up by 1.0 percent for what would be the largest monthly increase since June 2022, which would leave the total CPI up by 3.4 percent year-on-year. The obvious culprit here is retail gasoline prices having risen by almost twenty-four percent in March, totally overwhelming a seasonal adjustment factor geared for an increase of closer to three percent. Our forecast anticipates gasoline alone adding seven-tenths of a point to the monthly change in the total CPI, with knock-on effects leading to hefty gains in other components of the overall energy index. While we look for a more moderate increase in prices for food consumed at home than that seen in the February data, which largely reflected sizable increases in a small number of components, that relief may be short-lived given the spike in costs of producing, packaging, and shipping food over recent weeks. More broadly, it isn't clear whether, or to what extent, the effects of higher costs for fuel, chemicals, fertilizer, packaging, and shipping will have filtered through to the March data, but this does loom as a source of upward pressure on both headline and core inflation in the months ahead if the conflict in the Middle East isn't resolved soon. Either way, prices of core goods (non-food, non-energy consumer goods) have already been rising at an increasingly rapid rate, which **Continued on Page Three:**

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March Consumer Price Index Friday, 4/10 Range: 0.7 to 1.5 percent Median: 1.0 percent	Feb = +0.3%	**Continued from Page Two:** is particularly true when excluding used motor vehicles, which to some extent reflects continued tariff pass-through. Ongoing moderation in rent growth will blunt the impact of faster core goods price inflation, though this will be much more impactful in the CPI data than in the PCE Deflator given that rents carry roughly double the weight in the core CPI than they do in the core PCE Deflator.
March Consumer Price Index: Core Friday, 4/10 Range: 0.2 to 0.4 percent Median: 0.3 percent	Feb = +0.2%	Up by 0.3 percent, which would yield a year-on-year increase of 2.7 percent.

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