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## *Probably Not Really The "End Of Wage Growth"*

The February employment report showed that average hourly earnings rose by just a cent despite total nonfarm payrolls having risen by 678,000 jobs. At the same time, data from the household survey showed the labor force increased by 304,000 persons in February. This combination led some, on the basis of a single monthly change in a single variable, to conclude that a growing labor force had blunted a run of sizable monthly increases in average hourly earnings. Indeed, one observer went so far as to offer that renewed growth in the labor force growth spelled the "end of wage growth," while another explained how more people entering/re-entering the labor force means that firms "no longer have to raise wages to attract workers." We heard the same sorts of arguments in the wake of the March employment report, which showed average hourly earnings increased by 0.4 percent in March while the labor force increased by 418,000 persons. Though a larger increase than that seen in February (since revised up to show a 0.1 percent increase), March's increase in average hourly earning is still below the average monthly gain over the prior several months.

For whatever reason(s), out of roughly 40 pages of data in each monthly employment report, many gravitate to one single data point – average hourly earnings – as the basis on which to draw sweeping conclusions about the state of the labor market, and on that basis then draw sweeping conclusions about the path of inflation and the course of monetary policy. These sweeping conclusions tend to change quickly, as evidenced by the reactions to the average hourly earnings prints in the February and March employment reports. Then again, this tends to be the case across the top-tier economic data releases, with the narrative changing each month along with each new headline number.

Our focus here, however, is on average hourly earnings, which we see as a not very useful indicator of labor market conditions. This is a topic we've addressed before – the March 2018 edition of our *Outlook* offered a comprehensive discussion of our views on the average hourly earnings metric. For context, what motivated our discussion back then was the January 2018 employment report, which showed average hourly earnings had risen by . . . wait for it . . . 2.9 percent year-on-year, which for some set off inflation alarm bells that led them to conclude the FOMC needed to step up the pace of its Fed funds rate hikes to fend off what would surely be a surge in inflation in the broader economy. Good times indeed.

That 2.9 percent year-on-year increase pales in comparison to the 5.1 percent year-on-year increase seen in February 2022, but yet the focus in the wake of the February employment report was on average hourly earnings being unchanged from January which, as

noted above, some interpreted as the "end of wage growth." The March data showed average hourly earnings rose by 0.4 percent, good for a year-on-year increase of 5.6 percent, which all too predictably triggered another wave of "the FOMC is behind the curve on inflation" reactions. Regardless of whether the focus is on the month-to-month change or the year-on-year change, we do not see average hourly earnings as being all that useful of a measure of labor market conditions.

It helps to note that, while average hourly earnings are derived from the data collected by BLS each month in their establishment survey, they are not reported directly by firms. Firms do report the number of employees who received pay for at least some portion of the reference period (any part of the pay period which includes the 12<sup>th</sup> day of the month), the total number of hours for which workers received pay, and the total dollar amount paid to workers during the reference period. Average hourly earnings are not reported directly by firms but instead are derived by dividing total payroll by total hours worked (by the same token, average weekly hours are not directly reported by firms but instead are derived from the data on the number of workers and total hours paid).

That is useful to note as it exposes some inherent flaws in average hourly earnings (AHE). First, the AHE metric is sensitive to the mix of jobs across the broad industry groups in any given reference period. In a month in which lower (higher) wage industry groups dominate job growth, AHE can be biased lower (higher) due to this mix. Additionally, when the reference period ends prior to the middle of the month, the estimate of average hourly earnings tends to be biased lower due to reporting issues. Firms with bi-monthly pay periods do not always report the full dollar amount of worker pay when responding to the establishment survey. As AHE is simply the ratio of total wage payments to the total number of hours worked, any such under-reporting will push AHE lower.

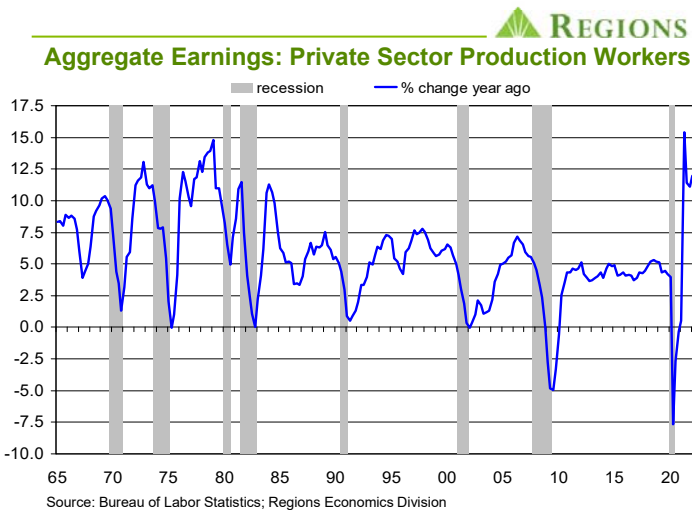
The February 2022 data were likely plagued by both of these issues. While nonfarm payrolls rose by 678,000 jobs (we're using the initial estimates here as those are what people were reacting to), well more than half of those jobs came from industry groups with below-average wages (leisure and hospitality services, retail trade, transportation/distribution, education and health services, personal services). At the same time, the reference period for the February establishment survey ended prior to the middle of the month (February 12 fell on a Saturday), raising the possibility that aggregate payroll dollars were under-reported, thus biasing measured AHE lower.

The March data were subject to these same issues. The March reference period ended prior to the middle of the month, raising the possibility of reporting issues holding down reported payroll outlays. As a side note, it isn't uncommon when there are back-to-back early survey periods for there to be a bigger increase in AHE in the second month than in the first, which was the case here

with March’s 0.4 percent increase topping February’s 0.1 percent increase. At the same time, the industry groups noted above, in which the level of AHE is below-average, accounted for over half of the increase in nonfarm payrolls in March.

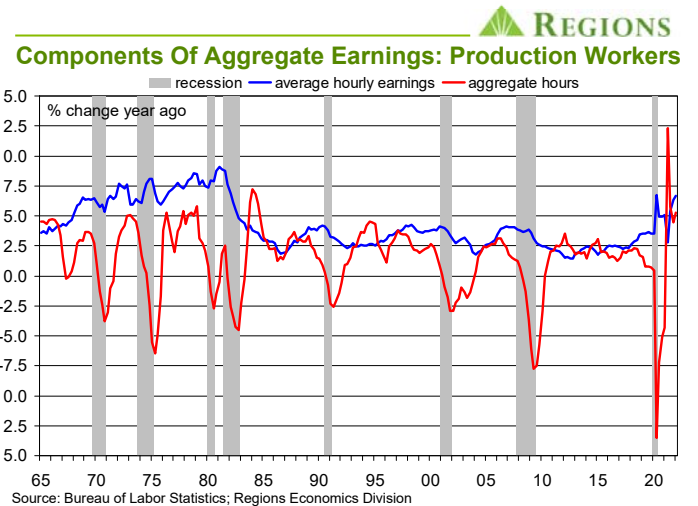
These simple measurement issues should at the very least serve as a caution against using average hourly earnings as an indicator of labor market conditions, let alone an indicator of the degree of inflation pressures in the broader economy. It also helps to note that firms do not manage average hourly earnings, but instead manage total labor costs, of which average hourly earnings are but one component. Total labor costs are a function of the number of people working, the number of hours they work, and how much they earn for each hour they work. To be sure, changes in any of these components can lead firms to adjust, to the extent possible, the others, with an eye toward managing the total wage bill. In that sense, then, changes in average hourly earnings provide only limited information as to the dynamics of the labor market.

significantly stronger cyclical behavior than is true of average hourly earnings. This makes sense in that firms adjust hours worked and the number of workers – in that order – in response to changing business conditions. During expansions, wage growth ultimately responds to tightening labor market conditions, but there is not a single instance in the data of a year-on-year decline in average hourly earnings of production workers.



The chart above shows aggregate wage and salary earnings for production workers, who account for roughly 82 percent of all private sector workers (a share that hasn’t changed much since the 1960s), with those in supervisory or management positions accounting for the remainder. While data (employment, hours, and earnings) on production workers go back to the 1960s, matching data for the private sector as a whole in the current series only go back to 2006, so we use the former here while noting that the series we’ve constructed for the total private sector shows the same patterns as those in the above chart. The rapid growth in aggregate earnings is a much more complete accounting of the extent to which firms are faced with rising labor costs than would be inferred by looking only at growth in average hourly earnings.

Along those lines, we think it useful to break down growth in aggregate wage and salary earnings (for production workers) into the component parts. The following chart shows year-on-year growth in average hourly earnings (blue line) and aggregate hours worked (red line), with the sum of these two components yielding the growth in aggregate earnings shown in the previous chart. Recall that aggregate hours worked is the product of the number of people working and the number of hours they work per period. As can be seen from this chart, aggregate hours worked exhibits



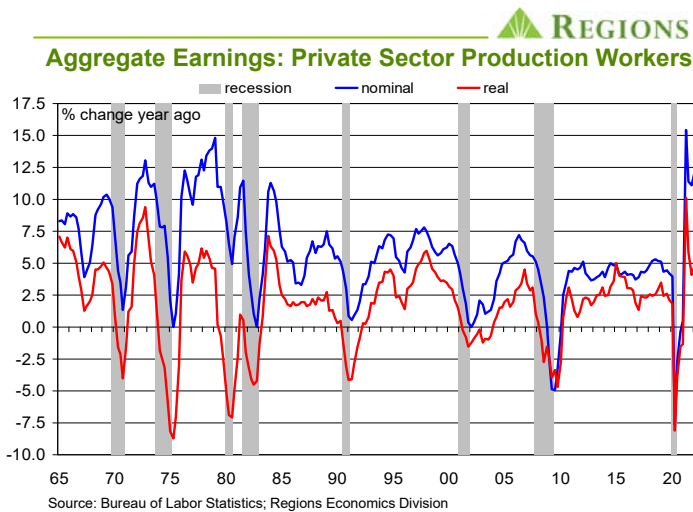
To be sure, the rapid year-on-year growth in average hourly earnings seen over the past several months reflects the difficulty firms are having in attracting and retaining workers. One thing that is somewhat surprising is that there hasn’t been even more of a response in average hours worked, even with the average length of the workweek above the pre-pandemic norm. Whether that reflects firms thinking they’re at or nearing the limit on how intensively they can deploy their workforce or higher hourly earnings making workers less inclined to take on additional hours is something we can’t determine from the aggregated data. As evidenced by the significant mismatch between open positions and the number of people available to fill them, however, it is clear that firms would be adding more workers were they able to do so.

Suppose, however, that increased labor force participation had made it possible for firms to hire more workers. While that likely would have blunted at least some of the upward pressure on average hourly earnings, aggregate hours worked would have grown at an even faster rate. As such, growth in total labor costs would likely not be very different than the actual growth logged over the past several quarters, it’s just that the drivers of that growth would be different. Were that the case, however, those who rely solely on average hourly earnings as an indicator of labor market conditions, and the degree of cost pressure being faced by firms, would arrive at an entirely different conclusion about the state of the labor market than the conclusion arrived at by those who focus on total labor costs. This is a point worth keeping in mind if, as we and many others expect, coming months bring more and more people into/back into the labor force, leading to a deceleration in the growth of average hourly earnings.

As a final point on the topic of average hourly earnings, in addition to being viewed as an indicator of labor market conditions, average hourly earnings are also often viewed as an indicator of consumer

spending. For instance, despite growing faster than at any time over the past few decades, average hourly earnings have still not kept up with inflation. Indeed, real (inflation adjusted) average hourly earnings have declined on a year-on-year basis in each of the past twelve months. This has raised concerns that we could see a sharp decline in consumer spending, particularly with various pandemic-related financial transfers having run their course.

From the above discussion, however, it is clear that average hourly earnings are but one component of aggregate wage and salary earnings, which also depend on aggregate hours worked. As aggregate wage and salary earnings account for the largest block of personal income, changes in aggregate earnings are a much better guide to changes in consumer spending than are average hourly earnings. And, unlike growth in average hourly earnings, which has failed to keep pace with inflation, growth in aggregate wage and salary earnings continues to outpace inflation, as shown in the following chart.



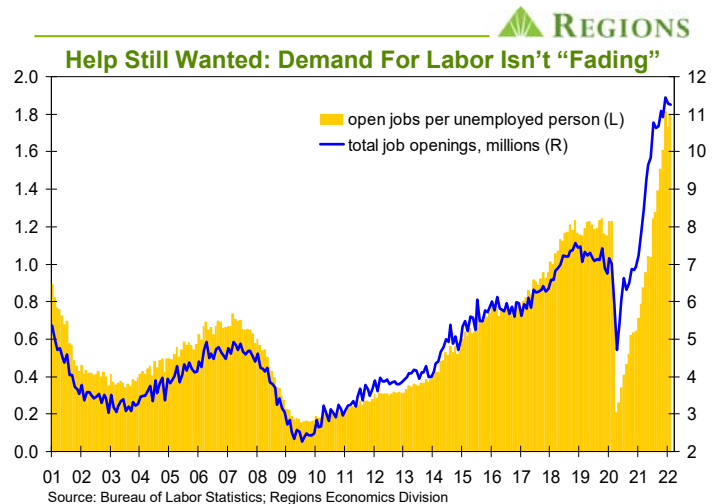
Again, we show aggregate earnings for private sector production workers, but the chart looks the same for aggregate earnings for the total private sector, the difference being a shorter history. In any event, inflation adjusted aggregate private sector earnings are growing at a rate well in excess of recent historical norms. It is also worth noting that, with the exception of mining and natural resources, the level of aggregate earnings in each of the major industry groups is above the pre-pandemic peak even in those industry groups, such as leisure and hospitality services, in which the level of employment remains well below the pre-pandemic peak. Indeed, on an over-the-year basis, leisure and hospitality services posted faster growth in aggregate wage and salary earnings in Q1 2022 than any other major industry group. With the level of employment in leisure and hospitality services still 1.474 million jobs below the pre-pandemic peak, the notably rapid growth in aggregate wage and salary earnings reflects double-digit growth in average hourly earnings and aggregate hours worked.

This isn't to dismiss concerns over the effects of elevated inflation on consumer spending. Indeed, there have been compositional shifts in spending, with necessities such as food, energy, and shelter accounting for a higher share of spending due to higher prices, at the expense of discretionary spending. Any such shifts

in the composition, however, do not necessarily mean the overall level of spending is different, which has implications for the rate of growth in real consumer spending and, in turn, real GDP. It is also true that looking at aggregate measures can mask distribution issues, and obviously not all households are equally well positioned to withstand the effects of higher prices. But, with even lower-wage industry groups seeing significant growth in aggregate wage and salary earnings, a wider range of households is positioned to withstand the effects of higher prices. This is another instance in which looking at average hourly earnings would lead one to a different set of conclusions than the conclusions arrived at by those focusing on aggregate wage and salary earnings.

### Help (Still) Wanted...

While the rate at which labor force participation rises in the months ahead will clearly impact the rate of wage growth, don't overlook labor demand and how it may change. Even with the robust pace of job growth over the past several months – total nonfarm payrolls have risen by 6.494 million jobs over the past twelve months – there is still a significant gap between labor demand and labor supply. One measure of labor demand is the number of open jobs as reported in the monthly Job Openings and Labor Turnover Survey (JOLTS) published by the BLS. As of February (the most recent data), the JOLTS data show there were 11.266 million jobs across the U.S. economy and that over the past eight months the average number of open jobs per month has topped 11 million. Keep in mind that to be counted in the JOLTS data, positions must be listed and firms actively trying to fill them. As seen in the following chart, the number of open positions is significantly higher than the number of unemployed people, with 1.8 open jobs for each unemployed person as of February.

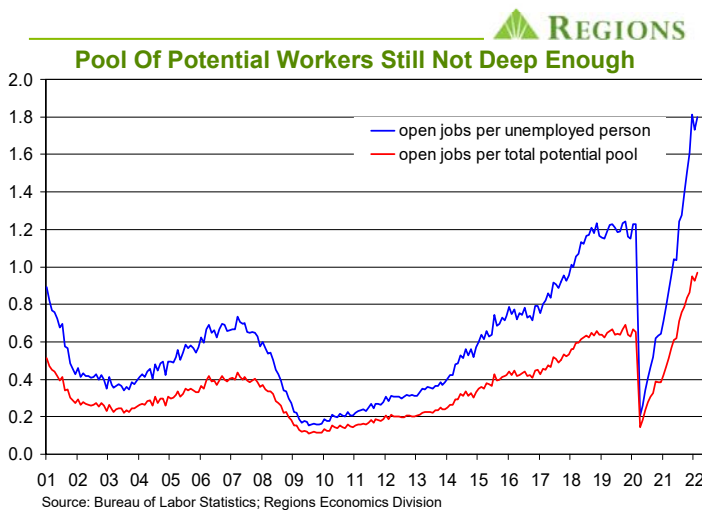


One somewhat curious take on the recent JOLTS data is that two straight monthly declines in the number of open jobs after that number topped out at 11.448 million in December 2021 are a sign of fading labor demand, never mind the fact that the number of open jobs remains at over 11 million. One can interpret the above chart as they may, but we just don't see "fading labor demand" when we look at the chart. Moreover, we didn't hear anyone making that argument point out that the JOLTS data showed 6.689 million hires in February, the highest monthly total on record (one

limitation of the JOLTS data is a somewhat limited life, as the data only go back to December 2000), with average monthly hires of 6.519 million over the past eight months. It figures, or at least it should, that as the pace of hiring picks up, there won't be as many open, unfilled jobs.

Be that as it may, we think the following points are worth making. First, though getting far more notice these days, the gap between labor demand and labor supply has been building for years, starting well before the onset of the pandemic. We recall the first time the number of open jobs hit seven million and the number of open jobs topped the number of unemployed people, and surveys from that time registering the number one frustration of business owners being the inability to find skilled labor. In other words, the pandemic did not create the mismatch between labor supply and labor demand, but it did serve to make that mismatch even larger.

To that point, with a still-significant number of people still not having returned to the labor force even though they state they would prefer to be working, we think it useful to widen the potential pool out of which firms could fill open positions. In the BLS's monthly household survey, from which the unemployment rate is derived, there are detailed data on those not in the labor force, including the number of those not in the labor force who want a job. As of March, that number stood at 5.737 million people which, while down from a peak of over 9.9 million in the early stages of the pandemic, remains above the pre-pandemic level. As the following chart illustrates, if we combine the number of those not in the labor force who want a job and the number of people who are unemployed and consider that to be the potential pool of labor out of which firms could fill open positions, it still leaves us with a very tight labor market.



As of February (again, the most recent month of JOLTS data), there were 0.97 open jobs for each person in the "potential pool" of labor, the highest in the life of the JOLTS data. So, regardless of whether one looks it on a narrow or a broad basis, the reality is that firms are still having difficulty finding workers. If anything, the ratios shown in the above chart actually understate the degree of difficulty firms are facing. There will naturally be some level of mismatches between the skills being sought by firms and the skills possessed by those seeking jobs – which was a common complaint

from firms in the years leading up to the pandemic. Additionally, there will be some level of mobility constraints, i.e., jobs and job seekers being in different places, that will keep some open jobs from being filled. To be sure, the increased incidence of people working remotely since the onset of the pandemic will not totally reverse. But, while this will lessen the degree to which mobility constraints keep jobs from being filled, it won't eliminate these constraints as not all work can be done remotely, whether due to the nature of the work or due to employer preferences.

If we and others who expect labor force participation to increase further in the months ahead are correct, that will whittle down the number of open jobs. That will not, however, bring the labor market back into balance. What many who argue that wage growth has peaked are counting on is the demand for labor actually declining in the months ahead. One reason many expect this to be the case is that the FOMC is embarking on a series of Fed funds rate hikes, the purported rational of which is to cool down demand as a means of alleviating inflation pressures. We won't go into the merits of that argument here, but instead will note that the demand for labor has been and thus far remains so intense that it raises the question of whether or not the broader economy would be able to withstand the magnitude of rate hikes it would take to make a meaningful dent in labor demand.

Think about it this way. In order to bring the ratio of open jobs to the total potential pool of labor (the number of people unemployed plus the number of people not in the labor force who want a job) back down to the pre-pandemic average, the number of open jobs would have to fall by almost four million positions. Moreover, as we've already noted, even the ratio that prevailed at the onset of the pandemic was significantly elevated relative to historical norms, meaning that those seeking jobs could still be in the driver's seat in terms of choosing a job and pressing for a certain salary. No one is suggesting that the FOMC, or any central bank for that matter, can be so precise in mapping out how a series of hikes in the policy rate will impact either the labor market or the broader economy. Instead, this simply illustrates the scope of the challenge facing the FOMC as they go down the path of rate hikes.

We have for some time held that labor force participation would steadily increase over the course of 2022 but that, when all was said and done, the labor force participation rate would not return all the way back to the pre-pandemic rate. Demographic factors, i.e., older workers exiting the labor force in greater numbers, help account for why we expect this will be the case. We also expect that, while wage growth will slow from the pace seen over the prior several months, it will nonetheless settle into a trend rate higher than the run rate that prevailed prior to the pandemic. We're a long way from knowing how this will play out, but, either way, we'll continue to argue that whatever rate wage growth ultimately settles into, aggregate labor earnings will be the more relevant indicator of cost pressures facing firms and the trend rate of growth of personal income.

### March Employment Report

Total nonfarm employment rose by 431,000 jobs in March, with private sector payrolls up by 426,000 jobs and public sector payrolls up by 5,000 jobs. While March job growth fell short of what we and the consensus forecast anticipated, prior estimates

of job growth in January and February were revised up by a net 95,000 jobs for the two-month period. This continues a pattern of upward revisions, often substantial, to the initial estimate of job growth in any given month. Though not to the degree seen in February, hiring was nonetheless broad based in March. The one-month hiring diffusion index, a measure of the breadth of hiring across private sector industry groups fell from 81.3 percent in February to 69.7 percent in March. February’s reading, the highest on record, in part reflected hiring ramping up as the economy was shaking off the effects of the rapid and wide spread of the Omicron variant. That set a very high bar for the March data and, while falling short, the 69.7 percent print in March is still well above historical norms, indicating job growth was notably broad based.

One factor that is likely contributing to the sizable revisions to the initial estimates of job growth over the past several months is that response rates to the BLS’s establishment survey have been oddly low. At just 62.1 percent in March, the response rate was the lowest in any month since January 2019 and the lowest March rate since 2005. What also stands out to us is that the response rates in subsequent months, after firms have had two chances to go back and fill in any blanks in their initial responses – the number of workers, payroll outlays, total hours worked – have also been low, well below longer-term averages. A lower response rate leaves a bigger gap for the BLS to fill in with their own estimates, which in turn opens the door for larger revisions down the line, either in the two months immediately following the initial estimate or in the annual benchmark revisions. With follow-up response rates below longer-term averages, it could be that the annual benchmarking process will yield larger revisions than is typically the case, but we won’t know that until next February.

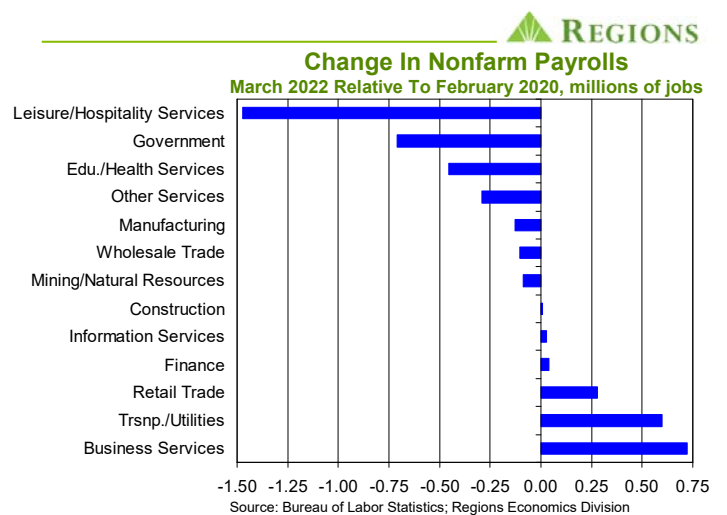
Despite a sizable increase in the labor force, the unemployment rate fell to 3.6 percent in March, leaving it just a tick higher than the pre-pandemic low of 3.5 percent. With the labor force having risen by 418,000 people in March, some are making much out of the data showing there are only 174,000 fewer people in the labor force than was the case prior to the pandemic. We’ll caution, however, that this is not a valid comparison. Each January the BLS imposes new population controls on its household survey, and one implication is that the data are not comparable from one year to the next when looked at on a level basis. In some years, the discontinuity resulting from the new population controls is not noticeable, in other years it is significant.

The latter proved to be the case this year; the estimated civilian noninstitutional population as of January 2022 was 0.9 percent higher than the estimate as of December 2021, an increase of 1.066 million people. For some perspective, the average monthly increase over the 20018-2021 period was 0.45 percent, while the average monthly increases in Q1 2022 were 0.92 percent. That level shift higher in January 2022 carries through to the estimate of the civilian labor force, which in January was reported to be 1.393 persons more than in December 2021. This simply illustrates our point about the data, on a level basis, not being comparable from one year to the next, meaning that the size of the labor force is not the proper way to assess the degree to which labor force participation has recovered from the effects of the pandemic.

Unlike the levels of variables, the rates derived from the household survey data – the labor force participation rate, the unemployment rate, the employment/population ratio – are comparable across

years. On this basis, we know that while the participation rate rose to 62.4 percent in March, that leaves it a full percentage point below the participation rate that prevailed prior to the pandemic.

We think this is worth pointing out given how significantly labor supply has lagged labor demand and the implications of this gap. One encouraging sign is that the participation rate amongst the 25-to-54 year-old age cohort, referred to as the “prime working age” population, is closer to its pre-pandemic norm (one-half of one percentage point below) than is the overall participation rate. The bigger shortfall comes amongst younger adults, i.e., those 24 years old and younger. While we do expect participation amongst the prime working age cohort to ultimately return to its pre-pandemic rate, in and of itself that won’t be enough to fully close the gap in overall participation.



Over the past twelve months, the U.S. economy has added 6.494 million net new jobs but, as we’ve noted, it seems clear that firms would have taken on even more workers had they been able to do so. As of March, the level of nonfarm employment is 1.579 million jobs below the pre-pandemic peak. As seen in the chart above, the level of employment has surpassed the pre-pandemic peak in six of the thirteen major industry groups, with employment in the other seven major industry groups still lagging. The most notable laggard is leisure and hospitality services, with a shortfall of 1.474 million jobs as of March. At the same time, however, this is the industry group in with the fastest growth in both average hourly earnings and aggregate wage and salary earnings. This is also the industry group with the highest job openings rate and the highest quits rate. It could be that still-diminished labor force participation amongst younger adults is making it even harder for firms in the leisure and hospitality services industry group to find workers. It could also be that this is one industry group in which difficulty in finding workers and rapidly rising labor costs lead firms to turn to automation as a substitute for labor. If so, the pre-pandemic level of employment may not be the right target to focus on.

As we often note, the labor market very much remains a seller’s market. This is likely to remain the case for some time to come, even if the FOMC does manage to curb growth in demand. The obvious caveat is that should the FOMC go too far too fast, that will drag down the labor market as well as the broader economy.

# ECONOMIC OUTLOOK



April 2022

Q3 '21 (a)	Q4 '21 (a)	Q1 '22 (f)	Q2 '22 (f)	Q3 '22 (f)	Q4 '22 (f)	Q1 '23 (f)	Q2 '23 (f)		2019 (a)	2020 (a)	2021 (a)	2022 (f)	2023 (f)
2.3	6.9	0.6	2.0	3.3	3.1	2.7	2.8	Real GDP <sup>1</sup>	2.3	-3.4	5.7	3.1	2.8
2.0	2.5	3.7	0.3	2.8	2.7	2.4	2.4	Real Personal Consumption <sup>1</sup>	2.2	-3.8	7.9	2.9	2.4
1.7	2.9	10.4	8.6	7.8	6.5	5.5	5.4	Real Business Fixed Investment <sup>1</sup>	4.3	-5.3	7.4	6.9	6.0
-2.3	2.8	11.6	8.2	7.6	6.3	5.2	4.9	Equipment <sup>1</sup>	3.3	-8.3	13.1	6.7	5.7
9.1	8.9	9.9	9.5	7.5	6.0	5.3	5.2	Intellectual Property and Software <sup>1</sup>	7.2	2.8	10.0	9.1	5.9
-4.1	-8.3	7.6	6.3	8.5	7.8	6.7	6.8	Structures <sup>1</sup>	2.0	-12.5	-8.0	2.2	6.8
-7.7	2.2	8.2	-2.4	0.5	-0.8	-0.3	0.3	Real Residential Fixed Investment <sup>1</sup>	-0.9	6.8	9.2	0.1	0.1
0.9	-2.6	1.7	1.6	1.3	1.9	1.6	1.5	Real Government Expenditures <sup>1</sup>	2.2	2.5	0.5	0.5	1.6
-1,316.6	-1,350.1	-1,458.8	-1,425.6	-1,414.0	-1,419.5	-1,419.6	-1,417.6	Real Net Exports <sup>2</sup>	-905.3	-942.7	-1,284.3	-1,429.5	-1,426.5
1,096	1,166	1,187	1,191	1,179	1,172	1,169	1,172	Single Family Housing Starts, ths. of units <sup>3</sup>	889	1,004	1,131	1,182	1,176
465	503	525	494	491	485	481	475	Multi-Family Housing Starts, ths. of units <sup>3</sup>	403	393	473	499	473
17.1	17.7	19.5	17.3	12.9	9.0	4.5	2.2	CoreLogic House Price Index <sup>5</sup>	3.9	6.1	14.9	14.5	2.8
13.3	12.9	14.1	14.5	15.3	15.7	15.9	16.1	Vehicle Sales, millions of units <sup>3</sup>	17.0	14.5	15.0	14.9	16.2
5.1	4.2	3.8	3.4	3.3	3.3	3.2	3.2	Unemployment Rate, % <sup>4</sup>	3.7	8.1	5.4	3.5	3.2
4.6	4.3	4.6	4.5	3.9	3.1	2.2	1.7	Non-Farm Employment <sup>5</sup>	1.3	-5.8	2.8	4.0	1.6
-4.1	-5.6	-3.3	-0.3	2.1	2.5	3.0	3.4	Real Disposable Personal Income <sup>1</sup>	2.3	6.2	2.2	-4.2	2.8
4.6	5.9	6.5	6.6	6.0	5.0	4.1	3.0	GDP Price Deflator <sup>5</sup>	1.8	1.2	4.1	6.0	3.0
4.3	5.5	6.3	6.6	6.2	5.4	4.3	3.0	PCE Deflator <sup>5</sup>	1.5	1.2	3.9	6.1	3.1
5.3	6.7	8.0	8.0	7.3	6.1	4.6	3.1	Consumer Price Index <sup>5</sup>	1.8	1.2	4.7	7.3	3.2
3.6	4.6	5.4	4.9	4.5	4.0	3.4	2.9	Core PCE Deflator <sup>5</sup>	1.7	1.4	3.3	4.7	2.9
4.1	5.0	6.3	5.5	4.9	4.3	3.5	3.1	Core Consumer Price Index <sup>5</sup>	2.2	1.7	3.6	5.3	3.1
0.13	0.13	0.17	0.78	1.58	2.09	2.54	2.63	Fed Funds Target Rate Range Mid-Point, % <sup>4</sup>	2.16	0.42	0.13	1.16	2.60
1.32	1.54	1.94	2.44	2.59	2.77	2.89	2.93	10-Year Treasury Note Yield, % <sup>4</sup>	2.14	0.89	1.44	2.44	2.92
2.87	3.08	3.82	4.70	4.76	4.92	5.00	5.01	30-Year Fixed Mortgage, % <sup>4</sup>	3.94	3.12	2.96	4.55	5.00
-3.8	-3.6	-3.9	-3.7	-3.5	-3.4	-3.5	-3.5	Current Account, % of GDP	-2.2	-2.9	-3.6	-3.6	-3.5

a = actual; f = forecast; p = preliminary

Notes: 1 - annualized percentage change 2 - chained 2021 \$ billions 3 - annualized rate 4 - quarterly average 5 - year-over-year percentage change

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