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## *CPI Rent Measures Living Rent-Free In Our Heads?*

The January data on the Consumer Price Index (CPI) caused quite a stir amongst analysts and market participants. The core CPI was shown to have risen by 0.4 percent in January, which matched our forecast but was a larger increase than most expected. While that left the year-on-year increase in the core CPI at 3.9 percent, which matched the December 2023 increase, it pushed the annualized three-month change in the core CPI up to 4.0 percent, compared to the 3.3 percent change seen in the December data. The January CPI data contributed to a reassessment market expectations of the timing and scope of Fed funds rate cuts in 2024, pushing market interest rates sharply higher in the wake of the report.

The primary driver of the larger than expected January increase in the core CPI was the 0.6 percent increase in owners' equivalent rent (OER), the largest increase since last April and which followed a 0.4 percent increase in December. It helps to note that OER is the largest component of the Consumer Price Index, accounting for over one-quarter of the total CPI and over one-third of the core CPI. Far less straightforward, however, is what owners' equivalent rent is actually measuring. The CPI views owner-occupied housing units as capital goods, which are beyond the scope of a measure of prices of consumer goods and services. As such, house prices do not directly enter into the CPI. What the CPI attempts to do, however, is to capture changes in the cost of the shelter service provided to their occupants by owner-occupied housing units. In short, what is the implicit rent that owner occupants would have to pay if they were renting their homes sans furnishings and utilities. This is, at least in principle, simply the counterpart of the CPI measure of primary rent which, based on surveys of market rents, does the same for renter-occupied housing.

As with each component of the CPI, the weight assigned to OER is determined by surveys of consumer expenditure patterns, with the weights now updated annually. To our earlier point about the intent of the CPI being to capture changes in the cost of shelter service provided by owner-occupied units, homeowners taking part in the expenditure surveys are asked the following question: "if someone were to rent your home today, how much do you think it would rent for monthly, unfurnished and without utilities?" Were someone to ask you that question, what would your answer be, and what would that be based on? We've long thought that the behavior of house prices influences, at least to some degree, peoples' perceptions of their home's rental value, as opposed to survey participants having detailed knowledge about local housing market conditions that would enable them to make an informed assessment of the underlying rental value of their home. Either way, responses to this question are used to determine the weight of OER, not the actual monthly changes in OER (which are based

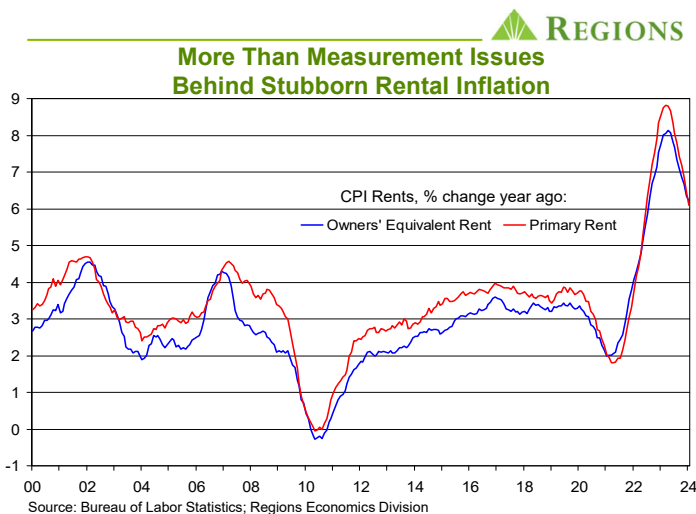
on samples of market rents), so to the extent that perceptions of rental values are off base, this could lead to OER being inappropriately weighted in the CPI, which would in turn bias the reported monthly changes in the total and core CPI.

This is a particularly relevant point given the extent to which the weight assigned to OER has increased in each of the past two years. Owners' equivalent rent of primary residences accounted for 22.988 percent of the total CPI in 2022; in 2023 that weight increased to 24.038 percent, and in 2024 increased to 25.440 percent (weights for all CPI categories are based on expenditures from the prior year's survey). As a side note, owners' equivalent rents for secondary residences are estimated, not sampled, with this category accounting for just under five percent of total OER. That the January 2024 CPI incorporated the updated, and heavier, weight for OER would mean that a given increase in sampled rents would have had a bigger impact on the January change in the CPI, particularly the core CPI. At the same time, the weight of detached single family housing units in the sample of owner-equivalent rents also increased with the January 2024 CPI. This is relevant as this is the segment of the rental market in which rents have held up the most, unlike rents on units in multi-family structures, which in many markets have come under pressure from increasing supply. This played a role in the January 2024 increase in OER being so much larger than the December 2023 increase.

We go into this level of detail not to torment our readers but rather as a means of putting some context around the role of rent, particularly owners' equivalent rent, in measures of inflation. Still, big props to those with the physical, emotional, and intellectual stamina to still be reading at this point. We think proper context is important given what of late has been considerable discussion of the extent to which the measures of rent used in the Consumer Price Index seem at odds with market-based measures of rent. Note that the PCE Deflator incorporates the CPI measures of rents but attaches much lower weights to them than those used in the CPI. So, any measurement issues pertaining to primary and/or owners' equivalent rent that impact the CPI data will also impact the PCE Deflator data, simply to a much lesser degree, and while in the discussion that follows our focus will be on the CPI, the same points will apply to the PCE Deflator.

Many cite market-based measures of rents showing apartment rents having been under downward pressure over the past several months as evidence that the CPI is overstating rent growth and, in turn, overstating both headline and core inflation. To which we can definitively reply yes . . . and no. Here are some points to keep in mind. While it is true apartment rents have come under increased downward pressure, in large measure due to rising supply in many markets, that is not the case with rents on single family homes. As noted above, rents in the single family segment of the rental market have continued to grow at a rapid pace, even if not as rapid of late as had been the case. Moreover, single family

units have, since the foreclosure crisis that accompanied the 2007-09 recession, accounted for an increasing share of renter-occupied housing units. These two factors would account for rental inflation, as measured in the CPI, being somewhat persistent, and this would apply to both primary rents (due to the mix issue) and to owners' equivalent rents (due to firmer single family rents). The following chart illustrates the persistence of rental inflation; though off its peak, rental inflation as measured in the CPI has not slowed nearly as much as either headline or core inflation have.



It also helps to keep in mind that the rate at which the rental housing stock turns over will impact the rate at which measures of price changes, such as the CPI, pick up shifts in rent cycles. The reality is that a relatively small share of the rental housing stock turns over in most periods; in other words, more renters tend to stay in place than tend to move between any two time periods. Landlords are, of course, fully aware of this, and to the extent they feel the need to offer concessions to attract renters to vacant units, they are unlikely to feel compelled to offer the same concessions to tenants with leases coming up for renewal. To be sure, some renters will move to save a few percentage points on monthly rents, but many/most will not. Most market-based measures of rents, however, are tracking changes in effective rents without accounting for tenant mixes. Even in a period in which market rents are falling, however, the CPI sample of renters signing new leases for lower rents in any given period is somewhat limited. And even if rent discounts are extended to existing tenants to induce them to renew leases, that a given housing unit is surveyed only once every six months means it will take some time for any such discounts to turn up in the CPI. So, while the CPI will account for shifting market conditions over time, it will only do so only slowly.

There is more at stake here than whether, or to what extent, the CPI and the PCE Deflator are being skewed in one direction or the other by delays in picking up changes in market rents. To the extent monetary policy makers are looking to inflation gauges as guides to setting policy, those signals are clouded by delays in changes in rents being captured by these gauges. Indeed, many FOMC members have pointed to lags between changes in market rents and those changes being picked up in the CPI or the PCE Deflator as grounds for focusing on “supercore” inflation, i.e., non-energy services inflation excluding housing, as the proper basis on

which to assess trends in core inflation. Simply throwing housing costs out of the mix, however, may be the monetary policy equivalent of throwing the baby out with the bath water. Arguing that changes in market conditions not being adequately accounted for is skewing inflation gauges as the basis on which to justify ignoring housing costs altogether is to ignore changes in market conditions that are actually impacting measures of rents, such as the shifting mix (i.e., single family units versus multi-family units) of the occupied rental housing stock.

Then again, monetary policy makers ignoring changes in housing costs may be preferable to them responding to changes in housing costs. To the extent changes in housing costs are considered a factor in the expected path of inflation and thus a factor in policy decisions aimed at influencing that path, it is fair to ask whether owners' equivalent rent is an adequate representation of housing costs or, at the very least, whether the weighting of OER places greater emphasis on this measure than is warranted. We have reservations about using perceived rental values to weight this measure, particularly given that for a sizable share of homeowners (those with either a fixed-rate mortgage loan or with no mortgage loan) monthly housing costs do not change. That the weight of OER in the PCE Deflator is much lower than in the Consumer Price Index alleviates, but does not eliminate, our reservations.

A much more relevant concern is whether policy changes based at least in part on patterns in housing costs are having the desired effects through the desired channels. One can make a plausible argument that, rather than contributing to moderating housing cost inflation, the FOMC's aggressive course of Fed funds rate hikes in 2022-2023 contributed to housing cost inflation proving to be so persistent. We'd argue that the root cause of sustained house price appreciation is that the market has been chronically undersupplied for more than a decade, and we'd further argue that while house prices do not directly enter into the CPI, they do so indirectly to the extent that the behavior of house prices influences perceived rental values of owner-occupied homes.

Higher mortgage interest rates over the past two years have effectively further constricted the supply of owner-occupied housing units on the market, thus helping sustain upward pressure on house prices with significantly fewer units trading hands. Moreover, although recent quarters have seen increases in the construction of single family units dedicated to the rental market, the long-running undersupply of new single family homes has almost surely contributed to the supply of single family rental units being lower than otherwise would have been the case, opening a direct channel of upward pressure on owners' equivalent rent. As such, we see monetary policy being used to, however, indirectly, address the symptoms of what is and has been a public policy problem, with both unintended and undesired results.

It may seem we've strayed far from where this discussion began, but we'd argue it's still the same discussion. Whether the CPI rent measures adequately capture what they're intended to capture, whether – or to what extent – monetary policy makers should respond to changes in these measures, and how a given monetary policy response impacts both measured and actual housing costs are all connected. All should, at least in our view, be subject to much more discussion than is usually the case. It is far too often the case that the reaction to any given data release is focused on

what it will mean for the FOMC, and that is obviously the case with the monthly releases of the inflation data. As such, the broader questions are often an after-thought, if even that. The broader questions we've raised here, however, hit people where they live, literally and figuratively, and, as such, deserve more attention than they typically get.

### *We'll Know Neutral When We See It, We Just Won't Actually See It*

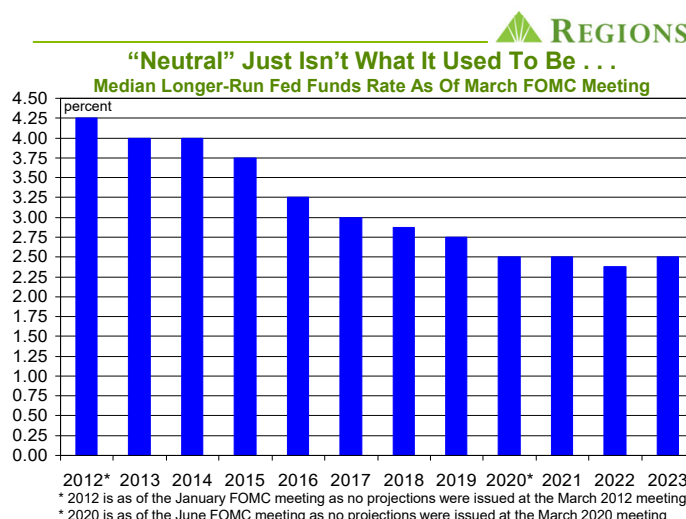
In conjunction with their meeting later this month, the FOMC will release the latest edition of their Summary of Economic Projections (SEP), a compilation of each Committee member's projections of the most likely paths of real GDP growth, the unemployment rate, and headline and core inflation as measured by the PCE Deflator. The star of each edition of the SEP, however, is the "dot plot," a summary of each member's assessment of "appropriate" monetary policy, expressed as the mid-point of the Fed funds rate target range at year-end for the current year and next two or three years (depending on the SEP release schedule). As the FOMC always stresses, though often in vain, the dot plot is not a formal forecast of the path of the Fed funds rate but is instead a compilation of where each member would see the funds rate were the economy to evolve as they anticipate.

The FOMC considers the dot plot to be a form of forward guidance which can help anchor market expectations of the most likely path of the funds rate. As we've seen for much of the past few years, market expectations can be at odds, at times wildly so, with the signal sent by the dot plot. As we've seen more recently, however, market expectations can at times be closely aligned with the signal sent by the dot plot, though it often requires a good deal of prodding by FOMC members in their public comments for this to occur. When the FOMC releases the updated SEP later this month, the focus will naturally be on how many cuts are implied by year-end 2024, year-end 2025, and – albeit to a much lesser degree – year-end 2026 in the updated dot plot. Our focus, however, will be on an element of the dot plot which tends to get much less attention than does the implied path of the Fed funds rate, which is what FOMC members see as the appropriate "longer-run" value of the funds rate target range mid-point.

The "longer-run" funds rate presented in the dot plot is for all intents and purposes the Committee's collective estimate of the "neutral" funds rate, i.e., the value of the Fed funds rate consistent with the economy being at full employment and inflation being at the Committee's 2.0 percent target rate and, as such, neither adding to nor detracting from growth. The real (inflation-adjusted) neutral Fed funds rate is commonly used as a benchmark against which to assess the stance of monetary policy; a real Fed funds rate above the neutral real rate indicates a restrictive monetary policy stance, while a real Fed funds rate below the neutral real rate indicates an accommodative monetary policy stance.

There are a couple of points pertaining to the neutral funds rate worth noting. First, it is impossible to observe the "true" value of the neutral funds rate, just as it is impossible to observe the true trend rate of real GDP growth, concepts all but impossible to pin down in an economy as large, complex, and dynamic as the U.S. economy. Even were real GDP growth to align with its true long-

run trend rate, by time we figured that out, growth would have changed. The best anyone can do is to make reasonable estimates of the trend rate of real GDP growth, which in turn is a function of the trend rates of growth in labor input and growth in labor productivity and the trend rate of inflation and, on the basis of these estimates, make an estimate of the neutral Fed funds rate. The second point to keep in mind is that estimates of the neutral funds rate can, and do, change over time as estimates of the trend rates of these associated variables change. For instance, when the FOMC first began issuing its economic projections in 2012, the median estimate of the neutral Fed funds rate was 4.25 percent. With the exception of the March 2022 edition, the median estimate of the neutral funds rate has been 2.50 percent in each edition of the SEP (issued four times a year) since June 2019.

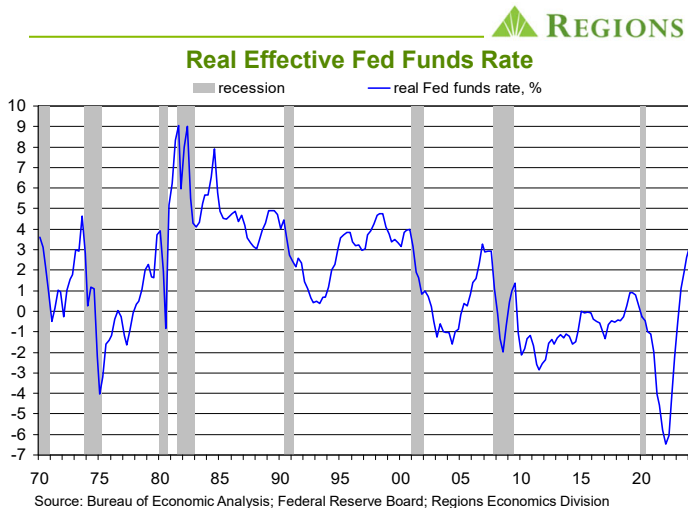


The above chart shows the median values of the neutral funds rate but, as with projections of the appropriate year-end values of the funds rate, there is a good deal of variance in the estimates of the neutral funds rate amongst individual FOMC members. For instance, in the December 2023 edition of the SEP, three members pegged the neutral funds rate at 2.375 percent, while one put it as high as 3.75 percent and two put it at 3.50 percent. This variance mostly reflects differing takes amongst FOMC members on the economy's rate of trend real GDP growth, with those at the low end of estimates of the neutral funds rate having the most dour views of the trend rate of real GDP growth.

We will be surprised if the median estimate of the neutral funds rate reported in the SEP to be issued in conjunction with this month's FOMC meeting does not move up from the current estimate of 2.50 percent. One way to think about this is to note the ongoing debate over why the U.S. economy has proved to be so resilient despite the FOMC having engaged in one of the most aggressive rounds of Fed funds rate hikes in its history. Recall that as soon as the FOMC embarked on this campaign in March 2022, many analysts (though not us) were quick to make recession their base case for the U.S. economy, thinking that higher interest rates would curb household and business spending to a degree sufficient to push the economy into recession. Moreover, the FOMC signaled they would accept recession as the price to be paid for bringing inflation back down to their 2.0 percent target. Yet, the economy has thus far managed to avoid slipping into recession, and rather



than the economy having been wavering on the precipice this whole time, real GDP growth has proved surprisingly strong, and the labor market has held up far better than almost anyone would have imagined two years ago.



The economy's resilience is more noteworthy in light of how high the real Fed funds rate has risen. The FOMC's current estimate of a 2.50 percent neutral nominal funds rate implies a real neutral rate of 0.50 percent, meaning that monetary policy is well into restrictive territory, having crossed the 0.50 percent threshold in early-2023. Some argue that, as monetary policy works with long and variable lags, the full effect of Fed funds rate hikes has yet to be felt and that as that changes, the economy will slow. We find this argument somewhat curious, however, given how quickly market interest rates change as the Fed funds rate changes. For instance, the prime lending rate and SOFR, commonly used to benchmark rates for business loans, change along with the Fed funds rate. Interest rates on credit card, auto, and other consumer loans have adjusted, and mortgage interest rates have obviously risen sharply since the FOMC began hiking the funds rate.

It is hard, then, to see many areas in which the effects of higher interest rates have yet to be felt. One obvious exception is the considerable volume of debt in the commercial real estate and nonfinancial corporate sectors due to be refinanced over coming quarters, which will result in higher-rate debt replacing lower-rate debt. Given the declines in asset valuations in the CRE space, there is potential for considerable disruption here, which could impact the financial system and, in turn, the broader economy. At the same time, refinancing will almost surely result in higher net interest expense in some pockets of the nonfinancial corporate sector, which could in turn weigh on capital spending and hiring. How powerful these effects will be, however, remains to be seen. Moreover, it isn't clear whether these are the effects those who use the "long and variable lags" argument have in mind, as they don't tend to be all that specific when tossing that phrase out.

Either way, we don't put much credence in the "long and variable lags" argument. When the FOMC first began raising the Fed funds rate, we noted that a preponderance of fixed-rate debt on household and business balance sheets would be a powerful buffer against the effects of higher interest rates, as that would largely

eliminate the types of payment reset shocks seen in past cycles. Again, there are exceptions in the CRE and nonfinancial corporate sectors, and higher "going-on" interest rates have weighed on the pace at which new household and business debt has come on the books, but payment resets have been less disruptive in this cycle than has tended to be the case in past rising-rate cycles. It is also worth noting that, thanks to the rather distorted dynamics of the housing market, construction and sales of new single family homes are making more of a contribution to real GDP growth than would have been expected given the sharp increase in mortgage interest rates over the past several quarters. Though this has in part been due to builders utilizing rate buydowns to facilitate sales, it is nonetheless another factor that has helped blunt the impact of higher interest rates.

Some argue that while the real Fed funds rate may be indicative of a restrictive monetary policy stance, this is being more than offset by overall financial conditions remaining accommodative. Measures of overall financial conditions incorporate interest rates, but also incorporate factors such as credit spreads, equity prices, and the exchange value of the U.S. dollar, and the argument is that the stance of monetary policy is the outlier in the overall landscape of financial conditions. Indeed, some argue that the FOMC is not only cognizant of this point but will factor it into their deliberations on the timing and magnitude of Fed funds rate cuts. In other words, overall financial conditions are more supportive of economic activity than would have been expected given the extent to which global central banks have raised policy rates over the past two years, and the FOMC may worry that this will in turn make it more difficult for them to achieve their target of a 2.0 percent rate of inflation despite the progress seen thus far.

While we agree that accommodative financial conditions have acted as a support for economic activity, we'll nonetheless raise another possible explanation for the resilience of the U.S. economy in the face of the FOMC's restrictive policy stance. It could be that the FOMC's policy stance is not as restrictive as is widely perceived, which would be the case were the true value of the inflation-adjusted neutral Fed funds rate higher than the 0.50 percent level implied in the past several editions of the SEP. Indeed, we question how attached individual FOMC members are to their current estimates of the neutral funds rate, and suspect that some, perhaps many, Committee members think the true value of the neutral funds rate to be higher than 2.50 percent, which in turn would yield a real neutral funds rate higher than 0.50 percent.

In a sense, that 2.50 percent nominal value has been a convenient resting place for the neutral funds rate as the economy has grappled with the significant disruptions and distortions brought on by the pandemic. In many cases, those distortions continue to impact the economic data and, lacking a better sense of the underlying patterns of economic activity, it could be that FOMC members are simply not confident in their assessment of the neutral Fed funds rate. Indeed, the heads of several of the regional Federal Reserve Banks have raised this possibility. The main point here, however, is that a higher value of the real neutral funds rate would mean that monetary policy has not been as restrictive as has generally been assumed, which would help account for the economy having held up better than expected in the face of higher interest rates.

It could be that the economy’s resilience and an encouraging acceleration in labor productivity growth over recent quarters will embolden enough FOMC members to raise their assessment of the neutral funds rate that the March edition of the SEP shows the median estimate moving higher. As we noted earlier, we expect this will be the case. One can make a plausible case that the “true” value of the neutral Fed funds rate is between fifty and one-hundred basis points higher than the current 2.50 percent median. While we would not expect that large of an increase all at once, we think the time is right for the FOMC to at least begin moving in that direction. But, were they to do so, that would imply less scope for Fed funds rate cuts – on a cumulative basis through next year – than many now anticipate will be the case. Sure, the financial markets would not likely take that too well, but we’d argue that over time a set of economic fundamentals consistent with a neutral funds rate of higher than 2.50 percent would be preferable to a set of economic fundamentals that holds the neutral funds rate as low as the FOMC has pegged it for the past few years.

### February Employment Report

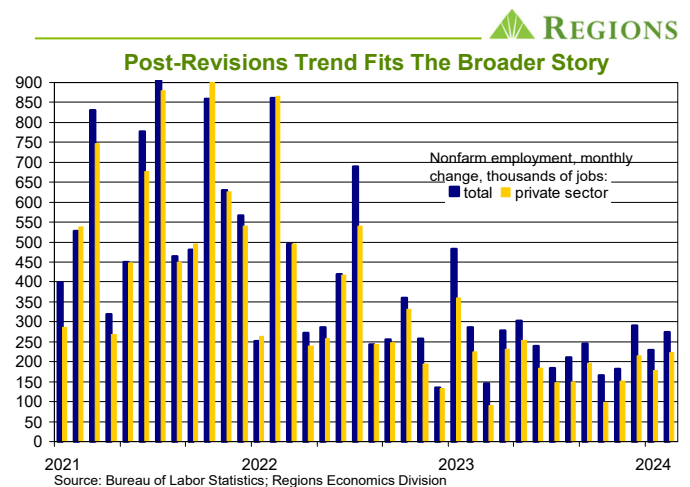
Total nonfarm employment rose by 275,000 jobs in February, topping our forecast of 243,000 jobs and even further above the consensus forecast of 200,000 jobs. The bigger story, however, is the sharp downward revision to prior estimates of job growth in December and January, with a net downward revision of 167,000 jobs for the two-month period. As originally reported, total nonfarm payrolls rose by 353,000 jobs in January, with private sector payrolls rising by 317,000 jobs, while the revised data show total nonfarm payrolls rose by 229,000 jobs and private sector payrolls rose by 177,000 jobs. To be sure, any initial estimate of any given data point in any given month can, and almost surely will, be revised. The difference here is that the downward revision to the initial estimate of January job growth isn’t an isolated occurrence but instead is a continuation of a long-running pattern.

To that point, with the exception of December 2023, the initial estimate of private sector job growth has been revised lower in each of the past thirteen months, in most cases significantly so. Our money is on the initial February estimate adding to this string. One ongoing issue has been that initial collection rates to the BLS’s monthly establishment survey have been notably, and persistently, low since the onset of the pandemic. To that point, the initial collection rate for the January establishment survey was only 56.0 percent, the lowest January rate since 2002. While the collection rate for the February establishment survey was higher, at 66.9 percent, it would still be seen as low by pre-pandemic standards. As we have routinely noted, low collection rates lessen the reliability of the initial estimate of job growth in any given month and leave the door open to sizable revisions in subsequent months.

The other main storyline in the February employment report is that the unemployment rate rose to 3.9 percent, the highest rate since January 2022. We’d caution against reading too much into this increase, however, given what has been a curious pattern in the data from the household survey. Household employment is reported to have fallen by 184,000 persons in February which, in conjunction with a modest increase in the size of the labor force, pushed the jobless rate higher. The decline in total household employment, however, is more than accounted for by a decline of 466,000 persons amongst the 16-to-24 year-old cohort, while

employment amongst the 25-to-54 year-old cohort (the “prime working age” population) rose by 229,000 persons. This dichotomy is nothing new; over the past twelve months, employment amongst the younger cohort has fallen by over 700,000 persons while employment amongst the prime-age population has risen by over 800,000 persons. This would seem to indicate measurement issues, making it somewhat curious that so many are making sweeping conclusions about the state of the labor market based on what are obviously questionable February data.

We’ve often noted that we think too much is made of the average hourly earnings (AHE) metric in the monthly employment reports, and that has been particularly true over the past two months. Note that BLS does not ask firms to directly report either average hourly earnings or average weekly hours, instead, these measures are simply derived by BLS taking ratios from the aggregate measures – employee counts, gross payrolls, total hours worked – that firms do report directly. As such, the jump in AHE reported for January was no more than a product of the sharp drop in hours worked due to unusually harsh winter weather, while the middling 0.1 percent increase in AHE simply reflected hours worked bouncing back from January’s decline. To that point, this year saw the biggest weather-related February disruption in hours worked in more than a decade, which we suspect biased the average weekly hours measure downward and biased the average hourly earnings metric higher. It seems to us that so many of the people who rush straight to the AHE measure each month and make sweeping conclusions about what that means for the FOMC would be less enthusiastic about doing so had they a better sense of where this number comes from and how it can change for reasons that have little or nothing to do with underlying labor market conditions.



We get that hearing “yes, but” explanations to the various data releases is frustrating, but hearing such explanations is no more frustrating than having to make them over and over, which has been the case with the monthly employment reports for some time now. Through the noise, however, the labor market looks about how we anticipated it would at this point. The pace of hiring is clearly slowing but the pace of layoffs is still below pre-pandemic norms, growth in total labor costs is easing, and labor productivity growth is, thankfully, accelerating. We have yet to see anything that suggests the labor market is on the verge of rolling over, and that includes the jump in the unemployment rate in February.

# ECONOMIC OUTLOOK



March 2024

Q3 '23 (a)	Q4 '23 (p)	Q1 '24 (f)	Q2 '24 (f)	Q3 '24 (f)	Q4 '24 (f)	Q1 '25 (f)	Q2 '25 (f)		2021 (a)	2022 (a)	2023 (p)	2024 (f)	2025 (f)
4.9	3.2	1.9	1.8	2.2	2.5	2.6	2.7	Real GDP <sup>1</sup>	5.8	1.9	2.5	2.6	2.5
3.1	3.0	2.1	2.2	2.2	2.5	2.5	2.6	Real Personal Consumption <sup>1</sup>	8.4	2.5	2.2	2.4	2.5
1.4	2.4	2.9	1.1	2.7	3.7	4.1	4.2	Real Business Fixed Investment <sup>1</sup>	5.9	5.2	4.4	2.6	3.6
-4.4	-1.7	0.6	-1.8	2.5	4.1	5.4	6.1	Equipment <sup>1</sup>	6.4	5.2	-0.3	-0.1	4.3
1.8	3.3	4.0	3.1	3.6	4.4	4.6	4.6	Intellectual Property and Software <sup>1</sup>	10.4	9.1	4.4	3.3	4.4
11.2	7.5	4.9	2.3	1.0	1.4	0.9	-0.2	Structures <sup>1</sup>	-3.2	-2.1	13.0	5.6	0.7
6.7	2.9	5.1	5.7	4.5	3.2	3.8	3.8	Real Residential Fixed Investment <sup>1</sup>	10.7	-9.0	-10.6	4.3	3.7
5.8	4.2	2.1	2.6	2.1	1.9	1.6	1.5	Real Government Expenditures <sup>1</sup>	-0.3	-0.9	4.0	3.1	1.7
-930.7	-914.9	-933.5	-951.1	-963.1	-975.9	-986.4	-999.6	Real Net Exports <sup>2</sup>	-933.8	-1,051.0	-927.2	-955.9	-1,007.7
967	1,051	1,016	1,009	1,010	1,017	1,023	1,027	Single Family Housing Starts, ths. of units <sup>3</sup>	1,132	1,004	946	1,013	1,029
403	432	382	389	381	376	373	372	Multi-Family Housing Starts, ths. of units <sup>3</sup>	474	547	477	382	373
4.5	5.6	5.7	5.2	3.7	2.6	2.5	3.0	CoreLogic House Price Index <sup>5</sup>	15.5	13.3	3.9	4.3	3.4
15.7	15.7	15.5	15.8	16.1	16.3	16.4	16.5	Vehicle Sales, millions of units <sup>3</sup>	14.9	13.8	15.5	15.9	16.6
3.7	3.7	3.8	3.9	3.9	4.0	4.1	4.1	Unemployment Rate, % <sup>4</sup>	5.4	3.6	3.6	3.9	4.0
2.1	1.9	1.8	1.6	1.4	1.2	1.0	0.9	Non-Farm Employment <sup>5</sup>	2.9	4.3	2.3	1.5	0.9
0.5	2.2	0.6	1.9	2.2	3.5	4.3	3.3	Real Disposable Personal Income <sup>1</sup>	3.2	-5.9	4.2	1.7	3.3
3.2	2.6	2.3	2.7	2.5	2.7	2.7	2.6	GDP Price Deflator <sup>5</sup>	4.6	7.1	3.6	2.6	2.5
3.3	2.8	2.4	2.5	2.5	2.5	2.4	2.3	PCE Deflator <sup>5</sup>	4.2	6.5	3.7	2.5	2.3
3.6	3.2	3.2	3.1	2.8	2.7	2.5	2.4	Consumer Price Index <sup>5</sup>	4.7	8.0	4.1	2.9	2.4
3.8	3.2	2.7	2.4	2.5	2.6	2.4	2.4	Core PCE Deflator <sup>5</sup>	3.6	5.2	4.1	2.6	2.4
4.4	4.0	3.7	3.1	2.9	2.7	2.4	2.5	Core Consumer Price Index <sup>5</sup>	3.6	6.2	4.8	3.1	2.5
5.30	5.38	5.38	5.32	5.09	4.60	4.34	4.07	Fed Funds Target Rate Range Mid-Point, % <sup>4</sup>	0.13	1.73	5.07	5.10	3.97
4.15	4.44	4.14	4.13	4.09	4.11	4.10	4.09	10-Year Treasury Note Yield, % <sup>4</sup>	1.44	2.95	3.96	4.12	4.12
7.04	7.30	6.75	6.65	6.46	6.36	6.29	6.26	30-Year Fixed Mortgage, % <sup>4</sup>	2.96	5.34	6.81	6.55	6.28
-2.9	-3.2	-3.3	-3.2	-3.1	-3.0	-2.9	-2.9	Current Account, % of GDP	-3.5	-3.8	-3.1	-3.2	-2.8

a = actual; f = forecast; p = preliminary

Notes: 1 - annualized percentage change 2 - chained 2017 \$ billions 3 - annualized rate 4 - quarterly average 5 - year-over-year percentage change

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