

# ECONOMIC PREVIEW



REGIONS

Week of April 7, 2025

## Indicator/Action

### Economics Survey:

## Last

### Actual:

### Regions' View:

<b>Fed Funds Rate: Target Range Midpoint</b> <i>(After the May 6-7 FOMC meeting):</i> Target Range Mid-point: 4.375 to 4.375 percent Median Target Range Mid-point: 4.375 percent	Range: 4.25% to 4.50% Midpoint: 4.375%	While many see last week's announcement of higher and more broadly based tariffs as the beginning of the end of the considerable uncertainty looming over the policy landscape, we're not sure it was even the end of the beginning of that uncertainty. Either way, Wednesday brings the minutes of the March FOMC meeting, and while that may shed some light on how members were processing the potential impacts of higher tariffs, that discussion will be somewhat stale given that we doubt many, if any, Committee members anticipated what was announced on April 2.
<b>March Consumer Price Index</b> Thursday, 4/10 Range: 0.0 to 0.2 percent Median: 0.1 percent	Feb = +0.2%	<u>Unchanged</u> , which would yield a year-on-year increase of 2.5 percent. We think it too soon for the earliest hikes in tariffs to have made their way into the retail level inflation data, which helps account for our below-consensus forecast. But, even if we're correct on this point, it won't matter at all to market participants already focused on how much higher expanded U.S. tariffs will push up goods prices. Either way, energy will be a meaningful drag on the total CPI. Contrary to the typical March increase, retail gasoline prices fell last month, and that decline will be amplified by seasonal adjustment geared toward the usual March increase. Indeed, had it not been for prices turning higher over the latter part of the month, our forecast would have had the total CPI declining in March. We also think weakness in discretionary services categories, including air fares and lodging rates, will weigh on the core services component of the CPI, reflecting softening demand over the past several weeks. If we're correct, the weakness in lodging rates will be magnified in the seasonally adjusted data. There is the potential for vehicle prices to be firmer than our forecast anticipates; unit sales of new motor vehicles surged to an annual rate of 17.8 million units in March, the highest monthly sales rate since April 2021 and higher than the pre-pandemic trend rate, and this may have translated into firmer pricing. At the same time, demand for used vehicles has also spiked, which could blunt the recent downturn in used vehicle prices on the wholesale level, and for both new and used vehicles, seasonal adjustment will bias prices higher. Vehicle sales are one component of consumer durable goods to have seen purchases pulled forward as consumers look to avoid tariff-related price increases. Though the unrounded increases may be a bit larger than was the case in the February data, we still expect the increases in primary and owners' equivalent rents to print at 0.3 percent in the March data but think the CPI data still do not fully reflect the softening apparent in market-based measures for some time now. Again, we don't expect the March CPI data to make much of an impression on market participants either way, as the focus is squarely on the higher prices, perhaps significantly so, that seem set to appear in the months ahead.
<b>March Consumer Price Index: Core</b> Thursday, 4/10 Range: 0.2 to 0.5 percent Median: 0.3 percent	Feb = +0.2%	<u>Up</u> by 0.2 percent, which would yield a year-on-year increase of 2.9 percent.
<b>March Producer Price Index</b> Friday, 4/11 Range: -0.1 to 0.5 percent Median: 0.2 percent	Feb = 0.0%	<u>Unchanged</u> , which would translate into a 3.1 percent year-on-year increase.
<b>March Producer Price Index: Core</b> Friday, 4/11 Range: 0.1 to 0.4 percent Median: 0.3 percent	Feb = -0.1%	<u>Up</u> by 0.3 percent, for a year-on-year increase of 3.7 percent.

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