ECONOMIC PREVIEW

REGIONS

Week of April 21, 2025

Indicator/Action Economics Survey:	Last Actual:	Regions' View:
Fed Funds Rate: Target Range Midpoint *(After the May 6-7 FOMC meeting):* 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%	There has been evidence in the data on both consumer and business spending of purchases of durable goods being pulled forward as a way around tariff-related price spikes in the months ahead. We expect the March data on core capital goods orders (see below) to show similar effects. While such "pre-emptive" purchasing/inventory building will have been a support for GDP in Q1, there will at some point be payback in the data, all of which makes it more difficult to get a clear read on the underlying health of the U.S. economy.
March Leading Economic Index Monday, 4/16 Rage: -0.7 to -0.2 percent Median: -0.5 percent	Feb = -0.3%	Down by 0.7 percent.
March New Home Sales Wednesday, 4/23 Range: 650,000 to 700,000 units Median: 681,000 units SAAR	Feb = 676,000 units SAAR	Up to an annualized rate of 698,000 units. On a not seasonally adjusted basis, we look for sales of 66,000 units, which would be up 11.9 percent from February, a bit lighter than the typical March increase.
March Durable Goods Orders Thursday, 4/24 Rage: -0.5 to 6.0 percent Median: 1.5 percent	Feb = +1.0%	Up by 4.3 percent. Boeing booked 163 net new orders in March, which should have a powerful impact on top-line orders growth. The extent to which mounting global trade tensions will impact orders for/production of nondefense aircraft, both cargo and passenger, in the months ahead remains to be seen, though China's early response isn't a promising sign. Though sizable – as in, multi-year – order backlogs figure to mitigate the degree of fallout, it is possible that cancellations could become more widespread over coming months. As to the rest of the March data, further attempts to beat the effects of higher tariffs could be supportive of order growth, though much like we saw in the March data on retail sales, at this point any such front-running will likely be less broadly based and more limited to specific product categories. Two places we do expect to see that are in orders for motor vehicles and parts, which in February posted their largest monthly gain since March 2022, and computer and electronic products. Even if orders for core capital goods have a strong March showing as our forecast anticipates (see below), it could be that orders will be notably weak during Q2 with many firms retreating into holding patterns for the duration of the 90-day pause in the most punitive tariffs announced on April 2.
March Durable Goods Orders: Ex-Trnsp. Thursday, 4/24 Rage: -0.9 to 0.7 percent Median: 0.3 percent	Feb = +0.7%	We look for ex-transportation orders to be up by 0.5 percent and look for core capital goods orders (nondefense capital goods excluding aircraft and parts) to be up by 0.6 percent.
March Existing Home Sales Thursday, 4/24 Range: 4.00 to 4.35 million units Median: 4.14 million units SAAR	Feb = 4.26 million units SAAR	Down to an annualized rate of 4.06 million units. On a not seasonally adjusted basis, we look for sales of 319,000 units, which would be up 24.1 percent from February but down 2.8 percent year-on-year. While the month-to-month increase our forecast anticipates may seen curiously large, keep in mind that March is the month of any given year in which we typically see, by far, the largest increase in not seasonally adjusted existing home sales. Our forecast, however, would reflect the third smallest March increase in the life of the current series and, if we're on or near the mark, seasonal adjustment will work against the headline (seasonally adjusted and annualized) sales number. Another point to keep in mind is that existing home sales are booked at closing, so March closings would largely reflect sales contracts signed from late-January through February. Mortgage interest rates did fall by a little more than thirty basis points over this span, but the starting point for that decline was just over seven percent, and while we know from the not seasonally adjusted data on applications for purchase mortgage loans that there was a jump in loan apps, we think that was smaller than would otherwise have been the case given what over that same span was sagging consumer confidence. Moreover, there is nothing in the data on pending home sales, a gauge of signed sales contracts, to suggest a stronger pick-up in unadjusted March sales than we anticipate, though we will concede that the link between these two series is weaker than historically has been the case. In addition to a sharp pick-up in sales, March is also a month that tends to see a jump in inventory. We look for a slightly larger increase than typically seen in the month of March, which would yield a thirteenth straight double-digit year-on-year increase, which is in a sense a testament to how low inventories had been for so long. Still, with mortgage interest rates having reversed course and growing anxieties around economic conditions, new and existing home sale could struggle in the months ahead.

Regions Financial Corporation, 1900 5th Avenue North, 17th Floor, Birmingham, Alabama 35203
Richard F. Moody, Chief Economist • 205.264.7545 • richard.moody@regions.com