

ECONOMIC PREVIEW



REGIONS

Week of March 9, 2026

Indicator/Action

Economics Survey:

Last

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Regions' View:

<p>Fed Funds Rate: Target Range Midpoint <i>(After the March 17-18 FOMC meeting):</i> Target Range Mid-point: 3.625 to 3.625 percent Median Target Range Mid-point: 3.625 percent</p>	<p>Range: 3.50% to 3.75% Midpoint: 3.625%</p>	<p>It is obviously far too soon to know how events in the Middle East will be play out and the timeline on which they will do so, and how lasting of an impact there will be on prices for crude oil, gasoline, commodities, and, potentially, food and finished goods. The obvious thing to say is that the longer this persists, the greater the toll on the economy. As for the economic data, this week is another busy week for economic data releases, with the February CPI data (Wednesday) and the January data on the PCE Deflator (Friday) of particular interest to market participants. Leaving aside the potential implications of events in the Middle East, the prices paid indexes in the various PMI surveys and the prospect of further tariff pass-through suggest persistent inflation pressures that could keep the FOMC on hold for most if not all of 2026.</p>
<p>February Existing Home Sales Range: 3.80 to 4.22 million units Median: 3.88 million units SAAR</p>	<p>Tuesday, 3/10 Jan = 3.91 million units SAAR</p>	<p><u>Up</u> to an annual rate of 4.22 million units. On a not seasonally adjusted basis, we look for sales of 264,000 units, up 18.4 percent from January. While that would easily be larger than the typical February increase, recall that the 35.6 percent decline in unadjusted sales in January was far larger than the typical January decline. Our sense is that unusually harsh winter weather in January, including portions of the South being blanketed in ice, led to delays in closings that pushed them into February. Another potential factor in that larger than normal January decline is that, for whatever reasons, NAR began reporting existing home sales earlier in the month than they traditionally had, which means less time for local multi-listing agencies to compile and report data up to NAR. One thing to watch will be revisions to NAR's initial estimates of sales; historically, the revisions to the initial estimates have been notably small and it was not unusual for there to be no revision at all. We'd be surprised if that remains the case with the new, condensed reporting period.</p> <p>More fundamentally, while our forecast of the headline sales number is well above consensus, our forecast of not seasonally adjusted sales would leave the running twelve-month total of unadjusted sales, which we see as the most reliable gauge of the trend rate of sales, at 4.05 million units, or, right in line with where the trend rate has been for over two years. Affordability constraints remain a heavy weight on sales, and that remains the case even amid signs – increasing inventories, more widespread cuts in asking prices, lengthening time on market – that it has become more of a buyers' market than has been the case for some time, while mortgage interest rates had been drifting lower before reversing course last week. We've argued that, absent more meaningful declines in mortgage rates and/or prices than those seen to date, home sales will remain somewhat rangebound in 2026, and the best way to assess that will be in the trend rate of sales, not the usual month-to-month gyrations in the headline sales numbers. One additional thing to watch in the February data will be inventories; recall that February typically marks the start of the build in inventories ahead of the spring sales season. Our forecast anticipates a larger than normal February increase that would leave inventories up around 6.5 percent year-on-year as lower mortgage rates lured sellers off the sidelines. At the same time, we look for the median existing home sales price to be flat year-on-year.</p>
<p>February Consumer Price Index Range: 0.1 to 0.4 percent Median: 0.3 percent</p>	<p>Wednesday, 3/11 Nov = +0.2%</p>	<p><u>Up</u> by 0.3 percent, which would yield a year-on-year increase of 2.4 percent. While gasoline prices will be a modest add to the monthly change in the total CPI, our forecast anticipates sharper increases in other components – home heating fuels, electricity rates – to make overall energy costs more of a factor. We look for an even more modest increase in the overall index of food prices than that seen in the January CPI data, which would be a follow through to the soft prints in the January PPI data. Though there is little momentum in prices for new motor vehicles, wholesale prices for used vehicles have gathered pace, and in stark contrast to the 1.8 percent decline reported in the January data, we look for a healthy increase in used vehicle prices in the February CPI data, the caveat here being that it can take time for changes in the wholesale level to make their way into the CPI data. If we are correct, this will contribute to another bump in core goods prices, but there will be ample support elsewhere, including what we expect will be further tariff pass-through. As such, we expect another sizable advance in the BLS's gauge of core goods prices excluding used motor vehicles, pushing the year-on-year increase close to two percent; barring the post-pandemic spike, you'd have to go all the way back to 2012 to find this index</p>

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<p>February Consumer Price Index Wednesday, 3/11 Range: 0.1 to 0.4 percent Median: 0.3 percent</p>	<p>Nov = +0.2%</p>	<p>Continued from Page One: up by as much on an over-the-year basis. While we look for further softness in both primary and owners' equivalent rents, lodging rates are somewhat of a wild card in our forecast. January's not seasonally adjusted increase in lodging rates was smaller than is typical for the month, which could have reflected weather-related disruptions, and while that could yield a larger February increase than is typical, seasonal adjustment will be less supportive. Additionally, while the 0.5 percent increase in the "supercore" services index in January may have been a bit unsettling, a primary culprit was the significant spike in air fares, and if we're correct in anticipating the February data to show a decline in air fares, that will temper the increase in the supercore services index. We continue to argue that the absence of data for October 2025 is biasing the year-on-year changes in the headline and core CPI down by around twenty basis points, and the heavier weights attached to rents, which account for over forty percent of the core CPI, will also hold down core CPI inflation should rent growth continue to moderate as we anticipate. The PCE Deflator (see Page 3), the FOMC's preferred gauge of price changes, is less impacted by these factors and is telling a less benign inflation story. Either way, the recent spike in retail gasoline prices will push headline inflation higher in the March data, though it is too soon to know how long this will persist or how much higher gasoline prices will go.</p>
<p>February Consumer Price Index: Core Wednesday, 3/11 Range: 0.2 to 0.4 percent Median: 0.2 percent</p>	<p>Nov = +0.3%</p>	<p><u>Up</u> by 0.3 percent, which would leave the core CPI up 2.5 percent year-on-year.</p>
<p>January Building Permits Thursday, 3/12 Range: 1.370 to 1.500 million units Median: 1.415 million units SAAR</p>	<p>Dec = 1.455 million units SAAR</p>	<p><u>Down</u> to an annual rate of 1.377 million units. On a not seasonally adjusted basis, we look for total permit issuance of 105,300 units, down 9.9 percent from December. That decline, however, is more a reflection of our expecting an unwinding of the spike in multi-family permits in December, which saw the most multi-family permits issued in any month since May 2023, as we expect a modest increase in single family permits. One obvious wild card in the January data will be the unusually harsh winter weather that gripped much of the nation over the final week of January, and which in some parts of the country carried into early-February. Though permit issuance is not typically as impacted by adverse weather events as is the case with housing starts, Winter Storm Fern could prove to be an exception. More fundamentally, with Census now having filled in the gaps in the data left by last year's government shutdown, it is clear that over the past few months single family permits and starts have drifted lower while multi-family permits and starts have drifted higher. These patterns reflect builders continuing to contend with unwanted inventories of spec homes for sale and affordability constraints continuing to funnel demand into the rental segment of the market. We don't expect much to change in the months ahead but expect multi-family construction to be more restrained than in past cycles given that many markets are still digesting recent deliveries while softer labor market conditions weigh on demand. Single family activity will remain restrained until builders have made much more progress in clearing spec inventories than has thus far been the case.</p>
<p>January Housing Starts Thursday, 3/12 Range: 1.300 to 1.452 million units Median: 1.340 million units SAAR</p>	<p>Dec = 1.404 million units SAAR</p>	<p><u>Up</u> to an annual rate of 1.452 million units. On a not seasonally adjusted basis, we look for total starts of 103,600 units, up 1.4 percent from December – the much larger increase we anticipate in the headline starts number simply reflects what should be friendly seasonal adjustment. We do think it more likely that January's atypically harsh winter weather took a bigger toll on housing starts than on housing permits but do nonetheless expect an increase in multi-family starts after the surge in permits seen in December. Our forecast would yield the lowest monthly total of unadjusted single family starts since February 2023, and while part of that reflects weather effects, the bigger factor is builders holding down new starts as they continue to focus on paring down spec inventories of new homes for sale. In addition to starts, housing completions were likely impacted by January's atypically harsh winter weather. This could lead to a temporary bump in backlogs of single family and multi-family units under construction, but the trend in both remains downward.</p>

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January Trade Balance Range: -\$80.0 to -\$59.1 billion Median: -\$66.0 billion	Thursday, 3/12	Dec = -\$70.3 billion	<u>Narrowing</u> to -\$59.1 billion, but this is contingent upon there being reversals in the sizable swings in exports (downward) and imports (upward) seen over the prior two months. Otherwise, the trade deficit will be wider than our forecast anticipates.
Q4 Real GDP: 2nd estimate Range: 1.3 to 1.6 percent Median: 1.4 percent SAAR	Friday, 3/13	Q4: 1 st est = +1.4% SAAR	<u>Up</u> at an annual rate of 1.6 percent, the net effect of modest upward revisions to the initial estimates of consumer spending, business equipment and machinery spending, and nonresidential construction outlays. Either way, recall that the government shutdown knocked over a full percentage point off top-line Q4 real GDP growth and that growth in real private domestic demand (combined business and household spending) easily outdistanced real GDP growth, both in Q4 and for 2025 as a whole.
Q4 GDP Price Index: 2nd estimate Range: 3.5 to 3.7 percent Median: 3.6 percent SAAR	Friday, 3/13	Q4: 1 st est = +3.6% SAAR	<u>Up</u> at an annual rate of 3.6 percent.
January Durable Goods Orders Range: -2.0 to 3.8 percent Median: 0.8 percent	Friday, 3/13	Dec = -1.4%	<u>Up</u> by 1.7 percent though, in all honesty, we not only have little confidence in that call but also think it doesn't matter much in the grand scheme of things as it reflects little more than our trying to gauge whether, when, and to what extent the Census data capture data on commercial aircraft orders. We were well off the mark when it came to the December data and could easily be again with the January data. What matters more, and what our forecasts have done a far better job tracking, are core capital goods orders, and our forecast anticipates another month of solid growth with what will likely be a seventh straight monthly increase. Moreover, that growth has become more broadly based, and we expect both patterns to continue, assuming events in the Middle East don't lead firms to take to the sidelines.
January Durable Goods Orders: Ex-Trnsp. Range: -0.5 to 0.7 percent Median: 0.4 percent	Friday, 3/13	Dec = +1.0%	We look for <u>ex-transportation</u> orders to be <u>up</u> by 0.3 percent. Our forecast anticipates <u>core capital goods</u> orders (nondefense capital goods excluding aircraft and parts) being <u>up</u> by 0.5 percent.
January Personal Income Range: 0.3 to 0.7 percent Median: 0.5 percent	Friday, 3/13	Dec = +0.3%	<u>Up</u> by 0.7 percent. Even with a downward revision to the initial estimate of January job growth, aggregate private sector wage and salary earnings rose by 0.8 percent, in part reflecting a boost from the average length of the workweek ticking higher. This will be a meaningful support for growth in total personal income. At the same time, even with a somewhat tame Social Security cost of living increase, our forecast anticipates a sizable advance in transfer payments, which will also boost top-line income growth. At the same time, however, growth in asset-based income is likely to have remained soft in January.
January Personal Spending Range: 0.0 to 0.6 percent Median: 0.3 percent	Friday, 3/13	Dec = +0.4%	<u>Up</u> by 0.2 percent. It seems clear that January's atypically harsh winter weather impacted spending, though higher utilities outlays will act as a partial offset. Still, various spending trackers show spending bounced back strongly in subsequent weeks as the weather normalized and tax refunds began to make their way into household checking accounts. As such, the February spending data should be much firmer, but the March data will be impacted by the extent to which the spikes seen in retail gasoline prices last week are amplified and how long this persists, and whether, or to what extent, higher shipping costs spill over into goods prices should they persist.
January PCE Deflator Range: 0.2 to 0.4 percent Median: 0.3 percent	Friday, 3/13	Dec = +0.4%	<u>Up</u> by 0.3 percent, for a year-on-year increase of 2.9 percent. We look for the <u>core PCE Deflator</u> to be <u>up</u> by 0.4 percent, which would translate into a year-on-year increase of 3.1 percent.

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