

# ECONOMIC PREVIEW



REGIONS

Week of April 20, 2026

## Indicator/Action

### Economics Survey:

## Last

### Actual:

### Regions' View:

<p><b>Fed Funds Rate: Target Range Midpoint</b>  <i>(After the April 28-29 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>This week's report on March retail sales will shed some light on how spending held up under the weight of substantially higher energy prices. As we note below, there were several supports for consumer spending in March. The question at this point is how long these supports will hold if the conflict in the Middle East is not resolved.</p>
<p><b>March Retail Sales: Total</b>                      Tuesday, 4/21                      Range: 0.7 to 2.0 percent                      Median: 1.3 percent</p>	<p>Feb = +0.6%</p>	<p><u>Up</u> by 1.8 percent. It may be mostly about higher gasoline prices, but it isn't all about higher gasoline prices. Retail gasoline prices surged during March, rising by roughly twenty-four percent on a monthly average basis but ending March over nine percent above the monthly average. As such, gasoline station sales as measured in the retail sales data should show a significant increase, accounting for more than a full percentage point of the increase in total retail sales our forecast anticipates. That said, our forecast anticipates a healthy jump in control group sales (retail sales excluding motor vehicle, gasoline, building materials, and restaurant sales), with various spending trackers showing healthy increases in ex-gasoline spending. Part of that increase, however, reflects rising prices for core (non-food, non-energy) consumer goods which are pulling up nominal sales, the basis on which retail sales are reported.</p> <p>Clearly, lower-income households are feeling the pinch from higher energy prices, but in the aggregate overall spending has thus far held up. Easter falling so early in April was likely a support for March retail sales. More broadly, we can point to three key supports; first, despite a slower trend rate of job growth, aggregate labor earnings continue to grow at a rate faster than inflation, which was also the case in March; second, many households are benefitting from cash cushions in the form of larger income tax refunds and lower income tax withholdings; and, third, after stumbling out of the gate in the early days of the conflict in the Middle East, equity prices have regained their footing and advanced, which is a key support for discretionary spending amongst higher-income households, though this mostly comes in the form of the discretionary services spending not captured in the retail sales data. Various spending trackers show healthy spending across most of the main retail sales categories in March. While that would be in line with our forecast of control group sales, the obvious caveat is that one simply never knows with the retail sales data.</p> <p>Our forecast anticipates increases in not seasonally adjusted total and control group sales that are a bit larger than the typical March increases. Higher prices are one factor, but after adjusting for price changes our forecast would still yield a 0.4 percent increase in seasonally adjusted control group sales. On a year-on-year basis, however, our forecast would put real control group sales up just 2.0 percent, the smallest such increase since June 2023. In part, this reflects tougher base effects, as growth in real control group sales peaked in February and March of 2025, but the reality is that an accelerating rate of core goods price inflation has acted as an increasing drag on growth in real control group sales over recent months. Keep in mind that control group sales are a direct input into the GDP data on consumer spending on goods, which accounts for roughly one-third of total consumer spending. As such, one downside risk for consumer spending if the conflict in the Middle East endures is that higher energy prices and faster core goods price inflation substantially absorb the boost from lower net tax payments, which raises the prospect of a sharp and sudden pullback in spending. Additionally, should the conflict endure, equity prices could reverse course yet again, posing a threat to spending, particularly discretionary services spending. While at this point there is nothing in the higher frequency gauges of spending to suggest either of these occurrences, neither is out of the question and, as such, both linger as downside risks.</p>
<p><b>March Retail Sales: Ex-Auto</b>                      Tuesday, 4/21                      Range: 0.2 to 2.1 percent                      Median: 1.3 percent</p>	<p>Feb = +0.5%</p>	<p><u>Up</u> by 1.9 percent.</p>
<p><b>March Retail Sales: Control Group</b>                      Tuesday, 4/21                      Range: -0.1 to 0.7 percent                      Median: 0.2 percent</p>	<p>Feb = +0.5%</p>	<p><u>Up</u> by 0.6 percent.</p>
<p><b>February Business Inventories</b>                      Tuesday, 4/21                      Range: 0.2 to 0.3 percent                      Median: 0.2 percent</p>	<p>Jan = -0.1%</p>	<p>We look for total <u>business inventories</u> to be <u>up</u> by 0.2 percent, and we look for total <u>business sales</u> to be <u>up</u> by 1.7 percent.</p>

*This Economic Preview may include opinions, forecasts, projections, estimates, assumptions, and speculations (the “Contents”) based on currently available information, which is believed to be reliable and on past, current, and projected economic, political, and other conditions. There is no guarantee as to the accuracy or completeness of the Contents of this Economic Preview. The Contents of this Economic Preview reflect judgments made at this time and are subject to change without notice, and the information and opinions herein are for general information use only. Regions specifically disclaims all warranties, express or implied, with respect to the use of or reliance on the Contents of this Economic Preview or with respect to any results arising therefrom. The Contents of this Economic Preview shall in no way be construed as a recommendation or advice with respect to the taking of any action or the making of any economic, financial, or other plan or decision.*