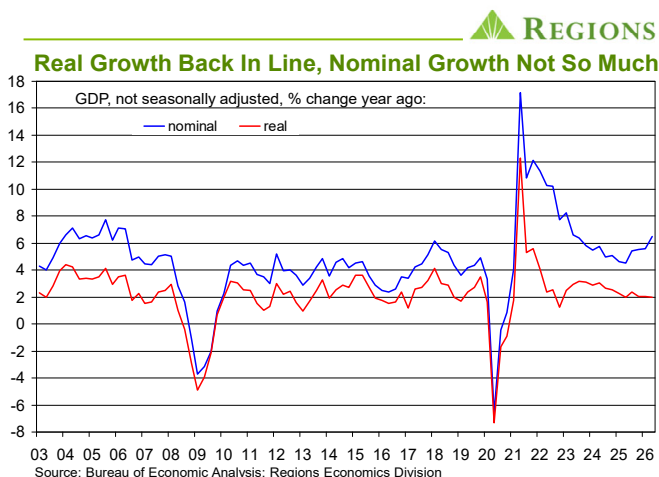




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The Faster Growth Is Here. The Faster Real Growth, Not So Much

Discussions of the U.S. economy continue to be dominated by the effects of elevated inflation, a seemingly hard to fathom labor market, the causes and effects of rising longer-term interest rates, whether the ultimate benefits of AI will justify current levels of AI-related investment, and whether, when, and to what extent the FOMC may raise the Fed funds rate. It isn't hard to understand the attention given to these topics, particularly given the paucity of clear-cut and widely agreed upon answers to the questions being asked on these topics. As these topics continue to dominate discussions of the economy, we think it worth noting a storyline that has gone largely unnoticed, that being that real GDP growth has settled back into the same trend rate that we all came to know but not necessarily love over the decade-plus prior to the onset of the pandemic. Which may help account for why this may not seem like much of a story given that two words routinely used, including by us, to describe the pace of growth over what was the longest U.S. economic expansion on record were "frustratingly slow."



The chart above is one we've used frequently to illustrate the effects of elevated inflation, but it works in this context just as well. Allowing for the distortions triggered by the pandemic and the policy response to it to have run their course, since 2023 the average pace of real GDP growth (we're using the year-on-year percentage change in not seasonally adjusted real GDP) has been 2.55 percent. But, as can be seen in the chart, growth began to slow in 2024 and has been somewhat stable over the last several quarters. To that point, over the last eight quarters, real GDP growth has averaged 2.25 percent which, as you may recall, was the average pace of real GDP growth over the pre-pandemic expansion, again the longest U.S. expansion on record. As a side

note, using the more commonly cited seasonally adjusted annualized rates of growth will yield similar results, so either way the point is the same.

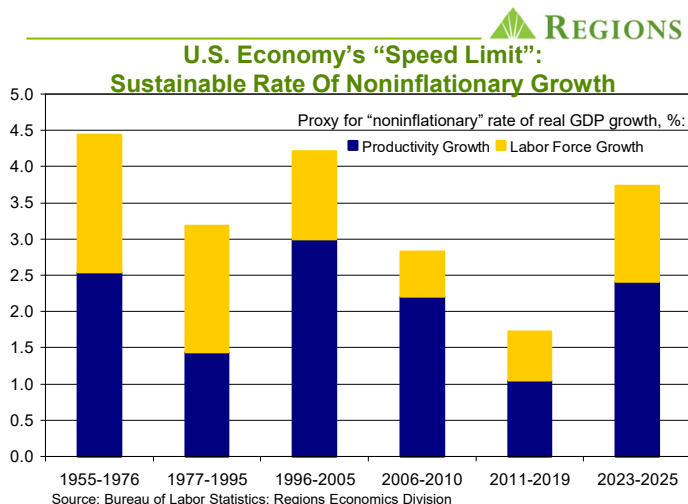
We come neither to bury nor to praise 2.25 percent real GDP growth, though we could point to developed countries in which that pace of growth would feel like living in the fast lane. We could also point out that sustaining a steady pace of growth in light of the various shocks the economy has been subjected to over the past few years is quite an accomplishment. In a way, though, doesn't it just seem like the economy ought to be growing at a much faster rate given the considerable attention being given to the seemingly frenzied pace of growth in AI-related investment? Keep in mind, though, that this investment is being picked up in the economic data, from construction related to data centers, business investment in power generation equipment, and, business investment in communications and computer equipment and computer software, though to the extent that equipment is being important from abroad it is, under the GDP accounting conventions we've discussed frequently, being treated as a drag on real GDP growth. In addition to this quirk of GDP accounting, the housing market remains notably listless and nonresidential construction outside of data center construction isn't showing much more life. Moreover, the cumulative effects of price increases over the past several years have meant that it takes higher and higher nominal outlays to hold the same pace of real growth, making faster real growth in consumer spending that much harder to come by.

So, clearly, not all segments of the economy are moving in the same direction, let alone at the same pace, with the net result being that the economy almost seems destined for real GDP growth at or around that 2.25 percent pace. One reason so much attention is given to AI investment is that AI holds the potential to shift the trend rate of economic growth into a higher gear while pushing down the trend rate of inflation by fueling faster labor productivity growth. Okay, sure, there are those who have a much less benign take on the effects of AI, thinking it's going to lead to massive job losses and faster trend inflation. We've been quite clear and quite consistent in terms of which side of this dividing line we're on, i.e., faster trend real GDP growth and lower trend inflation. This doesn't mean we think there will be no disruptions or displacements as AI becomes more and more integrated into the economy. There will, but, on, net, we think the benefits will far outweigh the costs. The reality, however, is that as we sit here today, no one knows for sure when those benefits will come or the magnitudes to which growth and inflation will be impacted, and many question whether the massive sums being directed toward AI investment will ultimately yield an adequate return.

One point that often goes overlooked is that whatever the ultimate impact on productivity growth, the gains from AI are likely to be

tempered to some degree by anemic growth in labor supply. An eroding labor force participation rate has been one of the main themes of the labor market this year, and even if not to the same extent being seen at present, between demographic trends that have for years been moving in the wrong direction and more restrictive immigration policies there seems little reason to think we'll see a meaningful and sustained rebound in labor force participation any time soon.

To put this in the context of a topic we frequently return to, there are two factors that govern the rate at which any economy can grow on a sustained basis over time without sparking inflation pressures – the rate of growth in total labor input, and the rate of growth in labor productivity. Long-standing demographic trends have for some time telegraphed a slowdown in labor supply growth, and at present that slowdown is being amplified by what has been a significant outflow of foreign born labor, which is still ongoing. Even if at some point shifts in immigration policy bring some relief on this front, there is no relief on the horizon for the demographic component of decelerating labor supply growth. So, though we and many others expect AI to ultimately fuel meaningfully faster labor productivity growth, that won't be as additive to real GDP growth as it otherwise would be if labor supply is growing at an anemic pace, if at all.



Our longer-term readers will recognize the above chart, which we use to illustrate the economy's "speed limit," the sum of the rates of labor supply growth and labor productivity growth, which serves as our proxy for the rate at which the economy can grow on a sustained basis without generating inflation pressures. Note that we delineate the time periods not by years but by shifts in the cycle of labor productivity growth, which over time has been prone to extended periods of faster/slower growth. You can see this from the chart, as well as the impact these swings in productivity growth have on the economy's speed limit.

The same is true for shifts in the rate of labor supply growth. For instance, we already know that 2026 will be a significant step backward in terms of labor supply growth from the pace seen over the 2023-25 period, to the point that for full-year 2026 we expect the labor force will have contracted. This goes to our point about the benefits of faster productivity growth being offset to some

degree by either tepid labor force growth or outright contractions in the size of the labor force. It isn't clear to us, however, whether those who tout the coming benefits of AI are accounting for any such offset in the form of little/no growth in labor supply.

Our speed limit chart also highlights another story which, like real GDP growth having settled back into its pre-pandemic pace, seems to have gone largely unnoticed. While many are looking forward to the faster productivity growth they expect AI to deliver, the reality is that we've already seen a meaningful pickup in productivity growth, the origins of which we trace back to 2017. For instance, over the past three years we've seen average annual productivity growth of 2.4 percent, more than double the average annual rate seen over the 2011-19 period. Moreover, over the first half of 2026, productivity grew by 2.6 percent relative to the same period of 2025.

We've heard some complain that AI has yet to deliver on productivity growth, and we've heard some, apparently not having looked too closely at the data, continue to bemoan listless productivity growth. Think about it this way – the "productivity miracle," i.e., the ten-year period of average annual productivity growth of 3.0 percent (1996-2005), is seen by many as the standard against which productivity growth cycles are to be judged yet, even before any meaningful boost from AI, we've seen productivity growth running at a pace not too far off from that. This is a point which we think deserves more attention than it has thus far gotten.

To our point about tracing the origins of the faster productivity growth seen over the past three years going back to 2017, recall that productivity grew by 1.5 percent that year, more than double the rate seen in 2016 and the fastest annual rate since 2010, when productivity growth was still being biased higher in the early stages of the recovery from the 2007-09 recession. That was followed up by productivity growth of 1.4 percent in 2018 and 2.1 percent in 2019. Our premise is that the combination of notably tight labor market conditions triggering faster and more broadly based wage growth, an aged capital stock, and (ultimately) tax incentives included in the *Tax Cuts and Jobs Act* passed in 2017 prompted firms to push for greater labor productivity growth, part of which entailed updating capital stocks. We think, however, that the onset of the pandemic interrupted the run of faster productivity growth seen in the three years prior and, like much of the rest of the body of economic data, the productivity data continued to be distorted through 2022. In that sense, the stepped-up productivity growth seen since 2023 could reflect the resumption of a trend in place prior to the pandemic. To that point, it could be that in our speed limit chart we should group 2017-19 in with 2023-25.

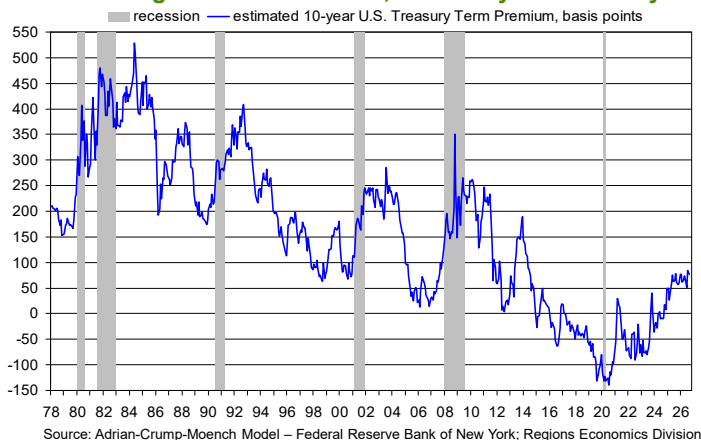
Either way, we think the faster trend rate of productivity growth has not gotten its proper due, and that while AI will ultimately lead to faster sustained productivity growth, any such gain will be somewhat watered down by anemic labor supply growth. As a point of comparison, over the decade of 3.0 percent average annual productivity growth, the labor force grew by an average of 1.2 percent per year, and average annual real GDP growth was 3.4 percent. So, while we think that, on net, the faster productivity growth we and many others expect will lead to faster real GDP growth and lower inflation, these benefits will not be as impactful as they would be in a world with a faster underlying rate of labor supply growth. In other words, we do think that at some point

we'll be bidding farewell, fondly or otherwise, to the 2.25 percent trend rate of real GDP growth, but it may not be as far behind us in the rearview mirror as many are expecting to be the case.

One Person's "Crisis" Is Another Person's "Normalization"

That the level of total national debt hit \$40 trillion during a period in which longer-term interest rates had risen sharply triggered the latest round of "fiscal crisis" warnings, the same warnings that have been issued for longer than we can remember, i.e., starting well before the level of national debt was even close to \$40 trillion. Just to be clear, we see nothing desirable in a string of federal government budget deficits pushing \$2 trillion in a year in an expanding economy, nor is there anything desirable in annual interest expense of over \$1 trillion, a number that will only continue to grow. That said, we'd argue that what are some are casting as a crisis is instead the bond market functioning as bond markets function without the weight of global central banks actively intervening to repress yields as had been the case in the fifteen-plus years following the Great Financial Crisis. To be sure, that doesn't make the recent run-up in longer-term interest rates any less painful for public and private sector borrowers, nor does it diminish the potential risks from misallocations of capital stemming from artificially low interest rates now being exposed by higher rates, but neither does it constitute a "crisis."

REGIONS The Bond Vigilantes: "This Time, We Really Mean It. Maybe"



The recent run-up in longer-term interest rates has also triggered talk of the return of the "bond vigilantes" that famously rode onto the scene in the early-1990s. At the time, the federal government was running budget deficits equivalent to over six percent of GDP and growing concerns over the U.S. fiscal path sparked significant increases in longer-term interest rates. That was seen as the primary catalyst for a bipartisan agreement to rein in growth in government spending that led to budget surpluses by the end of the decade. Note that the last time we used the above chart, illustrating the term premium on 10-year U.S. Treasuries as estimated by researchers at the Federal Reserve Bank of New York, was the July 2024 edition of our *Outlook* in which we discussed updated projections from the Congressional Budget Office showing even larger deficits than they had previously been

projecting. At the time, amid discussion of the return of the bond vigilantes, the term premium had risen all the way to . . . zero; that it had been negative for a prolonged period prior in part reflected the effects of central bank intervention in the bond market. Note, however, that the term premium remains in the range within which it has bounced since early-2025, so if the bond vigilantes are indeed back, it would seem they've been back for a while but until recently no one seemed to have noticed.

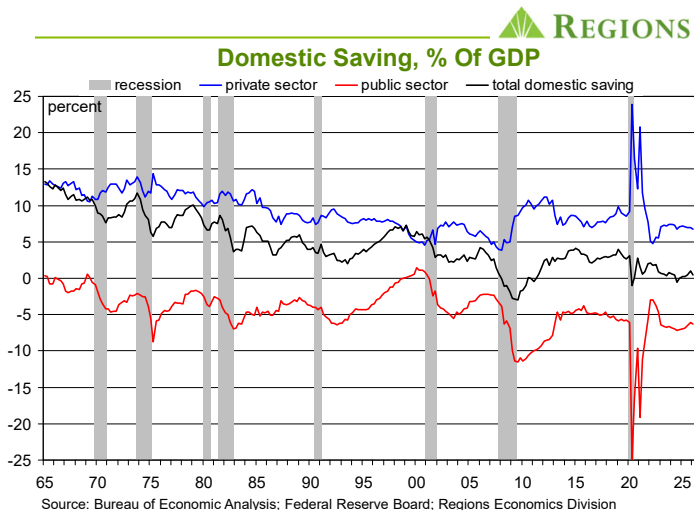
By way of reference, over the four decades prior to the Great Financial Crisis that wrought central bank intervention in the bond markets, the term premium on 10-year U.S. Treasuries averaged over two hundred basis points. That we're not even halfway there at present hardly rings of "crisis." At the same time, ten-year yields are currently hovering around 4.80 percent and thirty-year yields are currently hovering around 5.25 percent, which would not have raised eyebrows in the years leading up to the Great Financial Crisis. Keep in mind that the recent run-up in yields on longer-term government is not unique to the U.S. but is instead being seen across much of the globe.

It could be that expectations of faster sustained economic growth help account for higher yields but, as our earlier discussion lays out, faster real growth has yet to arrive, nor is real growth likely to be as fast abroad as we expect it will be here in the U.S. To be sure, higher yields are consistent with the faster growth in nominal GDP we've seen over the past several quarters, reflecting elevated inflation. In the absence of faster real growth, were we to see sustained deceleration in inflation then longer-term yields would drift down. How far down, however, remains to be seen in the wake of what will likely remain substantial debt issuance on the part of governments around the globe, which figures to put somewhat of a floor under yields on government debt, including U.S. government debt. Another factor that has contributed to the run-up in longer-term interest rates is what has become significant debt issuance, much of it longer-term debt, from companies looking to fund AI related investment. Many of these companies are able to sell debt at yields only modestly higher than yields on U.S. Treasuries but, either way, think of it as added demand for capital which in and of itself would add upward pressure to interest rates, let alone at a time when government financing needs look set to grow significantly in the years ahead.

That yields on government debt are rising across much of the globe is a double shot of bad news for yields on U.S. Treasuries. First, yields on U.S. Treasuries are rising in conjunction with the general increase in yields on government debt. Added to that, however, is the potential that higher yields at home, say, in Japan, mean foreign investors will no longer find investing in U.S. government securities as attractive given that they can now find higher yields at home. To the extent there is such a shift in investor preferences, it will be a source of upward pressure on yields on U.S. Treasury securities. This is a reminder, however unwelcome, of the extent to which the U.S. has been and remains reliant on foreign capital to finance its government debt, an area in which calls of "crisis" are always at the ready. In this case, the "crisis" comes when, one day and without warning, global investors decide en masse to sell their holdings of U.S. Treasuries.

We've long argued that those envisioning such a "crisis" are thinking about this in the wrong way, i.e., as a question of stocks.

Instead, we see it as a question of flows. In other words, aside from being a highly unlikely scenario (global investors looking to teach Uncle Sam a lesson by voluntarily absorbing substantial capital losses), a sudden global sell-off is not necessary for there to be an increase in yields on U.S. Treasuries. All it would take would be foreign investors accumulating U.S. Treasuries at a slower pace, which to some extent we've already been seeing.



Speaking of unwelcome reminders, the chart above is one we often use to illustrate one of the key reasons this matters. One of the most basic lessons in any introductory economics course is that in any economy the aggregate level of investment equals the aggregate level of saving, with investment being the main fuel of any economy's growth over time. Keep in mind that outside of a system of totally closed economies, saving can come from either domestic or foreign sources. To the point of our chart, however, in the U.S. government sector dissaving has for some time effectively absorbed private sector (combined household and business) saving, meaning we've been almost entirely reliant on foreign saving to finance domestic investment. Should foreign investors become less inclined to buy U.S. government debt, it becomes more costly for the U.S. government to borrow, either because it will take higher yields to entice foreign investors or there will be a smaller pool of funds from which to finance U.S. government debt. In turn, it either costs more to finance private investment or there is simply less private investment than there otherwise would be, though both would occur to some degree.

Warnings of crisis notwithstanding, that global bond markets seem to be normalizing makes for some adjustments, uncomfortable as they may be, in the broader economy. Any such normalization has further to go, and yields could climb further. Trying to treat the symptoms, as opposed to the underlying causes, may bring some short-term relief but is hardly a long-term solution.

*"Unequivocally Strong"? Yeah,
Not So Much*

Total nonfarm payrolls rose by 162,000 jobs in August, handily topping our forecast of 121,000 jobs and blowing past the consensus forecast of 55,000 jobs, with private sector payrolls up by 127,000 jobs and public sector payrolls up by 35,000 jobs (we

expected private sector payrolls to be up by 103,000 jobs). At the same time, prior estimates of job growth in June and July were revised up by a net 55,000 jobs for the two-month period. Job growth was notably broad based in August; the one-month hiring diffusion index, a measure of the breadth of job growth across private sector industry groups, jumped to 55.6 percent, and you have to go back to January 2024 to find a higher reading. Average hourly earnings rose by 0.3 percent, and while this was shy of the 0.4 percent increase our forecast anticipated, July's print was revised higher, leaving the year-on-year increase of 3.1 percent right where we expected it would be. Of far more relevance is that between the increase in payrolls and the one-tenth of an hour increase in the average length of the workweek, aggregate private sector wage and salary earnings rose by 0.7 percent in August and rose by 4.3 percent year-on-year. While the labor force participation rate rose by two-tenths of a point, the unemployment rate held at 4.1 percent as there was a similarly large increase in household employment. The broader U6 measure, which also accounts for underemployment, fell to 7.7 percent in August from 7.9 percent in July, largely owing to a sharp drop in the number of those working part-time for economic reasons.

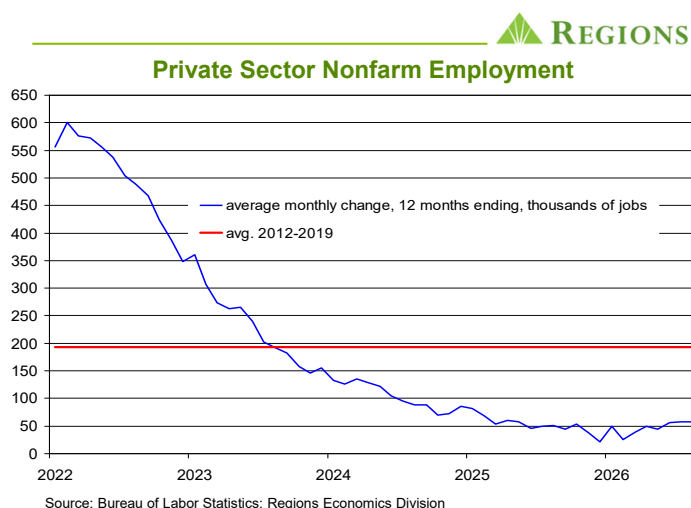
Based on the above paragraph, it isn't hard to understand why the August employment report was greeted so warmly. We saw the report described as "unequivocally strong" and saw references to "blowout" job growth. We even saw some change their calls on the path of the Fed funds rate, going from no funds rate hikes this year prior to the report to two rate hikes this year after the report. For us, however, the August employment report was simply more of the same, telling us little new about the labor market.

Even if you accept the reported August increase in nonfarm payrolls at face value, it comes on the heels of a net increase of just 52,000 jobs over the prior two months, and it leaves intact the pattern of big swings in the monthly estimates of the change in nonfarm payrolls. Beyond that, payrolls in leisure and hospitality services are reported to have risen by 62,000 jobs in August, with local government payrolls up by 50,000 jobs. In other words, these two industry groups account for the bulk of the total increase in nonfarm payrolls in August. Note that this isn't at odds with the jump in the hiring diffusion index, as the index measures the breath, not the intensity, of hiring across private sector industry groups, suggesting that August saw relatively modest job gains smattered across a wider swath of the private sector.

Additionally, if "blowout" job growth dominated by leisure and hospitality services and local government sounds familiar, it should. We heard that the first Friday in June upon the release of the May employment report. Total nonfarm payrolls were reported to have risen by 172,000 jobs in May, with leisure and hospitality services payrolls up by 70,000 jobs and local government payrolls up by 55,000 jobs. How did those initial estimates hold up under two rounds of revision? As it turns out, not so well; total nonfarm payrolls are now shown to have risen by 63,000 jobs in May, with payrolls in leisure and hospitality services up by 42,000 jobs and local government payrolls unchanged. This isn't to say that the initial August estimates will suffer a similar fate, but we're just as skeptical of the initial August estimates as we were of the initial May estimates, which we clearly expressed at the time.

In keeping with the theme of "does this sound familiar?" recall that leisure and hospitality services are two industry groups we have

consistently flagged as being riddled with seasonal adjustment noise. This has yielded wild swings in the monthly estimates of the change in payrolls in these two segments that have been large enough to sway the headline job growth number, in both directions as it turns out. This raises what we think to be an important point, which is that while over any twelve-month period seasonal adjustment issues tend to even out, that has not been the case with these two segments, indicating more fundamental issues with seasonal adjustment. For instance, over the twelve months ending with August, the not seasonally adjusted data show total nonfarm payrolls increased by 456,000 jobs while the seasonally adjusted data show an increase of 603,000 jobs. While the change in employment is very close across most industry groups, two notable outliers are leisure and hospitality services, where the seasonally adjusted data show 81,000 more jobs having been added than do the unadjusted data, and local government. In other words, any time you hear that leisure and hospitality services and local government were the main drivers of whatever the headline job growth number is, you should be suspicious.



The broader point is that even if seasonal adjustment issues mostly even out over any rolling twelve-month period, they can and often do skew the reported monthly change in nonfarm payrolls. As such, we've come to have very little faith in these estimates and instead have become more reliant on the longer-term trends in the not seasonally adjusted data. The chart above illustrates our point and also helps account for why we see the August employment report as "more of the same." Over the twelve months ending in August, the not seasonally adjusted data show average monthly job growth of just over 57,000 jobs. Moreover, the average pace of job growth over the past twelve months is right in line with the average pace that has prevailed since early-2025, suggesting that job growth has settled into a pace which, even if far below the pre-pandemic trend rate of job growth, is nonetheless more than sufficient to keep the unemployment rate in check given anemic labor force patterns. This slow pace of job growth reflects a slower pace of hiring amid a pace of layoffs that remains slightly below pre-pandemic norms, i.e., the "low hire-low fire" labor market narrative.

As our regular readers know, that we've put more and more stock in the longer-term trends in the not seasonally adjusted data

reflects the degree to which we've found seasonal adjustment to have been much less reliable in the post-pandemic years than it had been prior to the onset of the pandemic. One implication is that our views of the underlying health of the U.S. economy have been somewhat consistent, i.e., often at odds with the more common narratives and slower to change. In the present instance, just as earlier this year we maintained a more constructive take on the labor market when many seemed to be writing the labor market's obituary, neither are we suddenly declaring new-found life in the labor market on the heels of the August employment report as some others seem to be doing.

Another point worth making here is that many pointed to the reported increase in the labor force, up by 683,000 persons in August, as another sign of renewed life in the labor market. It will, at this point, likely come as no surprise that we don't agree with such assessments. Aside from the matter of the labor force still being smaller in August than it was in January even if you take the reported August at face value, the drivers of the reported August increase hardly suggest a suddenly reinvigorated labor market. For instance, of the reported August increase of 683,000 persons, the "prime working age" cohort, i.e., those between twenty-five and fifty-four years of age, accounts for only 28,000 persons. Instead, it was the tails of the age distribution that accounted for the bulk of the reported August increase, and even here there's less to the August increase than meets the eye.

The number of those in the sixteen-to-twenty-four year-old age cohort in the labor force is reported to have increased by 287,000 persons in August. This, however, reflects nothing more than a smaller than usual outflow amongst this group in the not seasonally adjusted data, which show a decline of 968,000 persons, being turned into an increase in the seasonally adjusted data. At the same time, the number of those between fifty-five and sixty-four years old in the labor force is reported to have increased by 332,000 persons in August. While the not seasonally adjusted data show a similarly large increase, reported labor force participation amongst this cohort has been all over the map, to the point that August's increase doesn't come close to unwinding the decline reported for June.

In other words, the August data hardly put to rest ongoing concerns about labor force participation and hardly suggest that the labor supply constraints that we've argued have been a heavy drag on job growth are suddenly no longer binding. We believe they remain in force, particularly given what remains an ongoing net outflow of foreign born labor. This ties straight into the point we raised earlier, about the potential benefits of faster sustained labor productivity growth being at least partially offset by what we think will be continued listless labor supply growth.

The August employment report is yet another illustration of how many seem to look at each new set of data in isolation while apparently going no further than the headline numbers before drawing sweeping conclusions about what the data mean. The reality is that the narrative of the labor market, the housing market, or the broader economy for that matter, doesn't shift as sharply or as often as the headline prints on the latest data releases might suggest. The August employment report is also yet another illustration of why our focus remains squarely on the longer-term trends in the not seasonally adjusted data.

ECONOMIC OUTLOOK



REGIONS

September 2026

Q1 '26 (a)	Q2 '26 (p)	Q3 '26 (f)	Q4 '26 (f)	Q1 '27 (f)	Q2 '27 (f)	Q3 '27 (f)	Q4 '27 (f)		2023 (a)	2024 (a)	2025 (a)	2026 (f)	2027 (f)
2.1	1.5	2.5	2.3	2.1	2.6	2.5	2.4	Real GDP ¹	2.9	2.8	2.1	2.1	2.3
0.5	3.4	2.2	1.7	1.6	2.6	2.6	2.6	Real Personal Consumption ¹	2.6	2.9	2.6	2.1	2.2
10.6	8.5	10.8	7.9	7.4	7.0	6.3	5.5	Real Business Fixed Investment ¹	7.3	2.9	4.1	7.4	7.6
15.8	13.6	17.0	11.3	11.2	10.2	8.9	7.4	Equipment ¹	2.9	3.5	8.3	11.3	11.3
13.8	8.8	7.1	6.6	6.0	6.2	5.8	5.5	Intellectual Property and Software ¹	6.2	3.5	5.6	9.0	6.4
-4.7	-1.8	6.0	2.9	1.1	0.6	0.4	0.0	Structures ¹	16.7	1.1	-5.3	-3.0	1.6
-7.8	1.3	0.6	-2.9	-2.2	0.6	1.0	1.1	Real Residential Fixed Investment ¹	-7.8	3.2	-2.2	-3.4	-0.7
4.4	-1.0	0.4	3.2	0.7	0.8	0.6	0.9	Real Government Expenditures ¹	3.5	3.8	1.1	0.3	1.0
-1,001.8	-1,083.7	-1,204.6	-1,241.5	-1,279.9	-1,316.6	-1,352.1	-1,376.5	Real Net Exports ²	-925.2	-1,032.6	-1,090.7	-1,132.9	-1,331.3
945	900	874	872	883	906	907	909	Single Family Housing Starts, ths. of units ³	947	1,015	941	898	901
473	437	429	429	431	440	439	437	Multi-Family Housing Starts, ths. of units ³	474	355	415	442	437
0.7	1.3	1.5	1.5	1.8	1.5	1.5	1.8	CoreLogic House Price Index ⁵	3.9	4.3	1.8	1.3	1.6
15.5	16.4	16.5	16.3	16.4	16.4	16.4	16.4	Vehicle Sales, millions of units ³	15.5	15.9	16.2	16.2	16.4
4.3	4.3	4.1	4.2	4.1	4.1	4.1	4.1	Unemployment Rate, % ⁴	3.6	4.0	4.3	4.2	4.1
0.2	0.2	0.3	0.5	0.6	0.6	0.6	0.6	Non-Farm Employment ⁵	2.2	1.2	0.5	0.3	0.6
0.9	-1.5	3.0	1.3	4.2	2.5	2.3	2.3	Real Disposable Personal Income ¹	5.7	2.9	1.7	0.5	2.5
3.3	4.4	4.0	3.7	3.4	2.4	2.4	2.3	GDP Price Deflator ⁵	3.7	2.5	2.8	3.9	2.6
3.1	3.9	3.8	3.8	3.1	2.3	2.2	2.0	PCE Deflator ⁵	3.8	2.6	2.6	3.6	2.4
2.7	3.8	3.3	3.6	3.3	2.2	2.4	2.0	Consumer Price Index ⁵	4.1	3.0	2.7	3.4	2.5
3.1	3.4	3.4	3.4	2.9	2.6	2.4	2.3	Core PCE Deflator ⁵	4.2	2.9	2.8	3.3	2.6
2.5	2.7	2.4	2.7	2.8	2.7	2.8	2.7	Core Consumer Price Index ⁵	4.8	3.4	2.9	2.6	2.7
3.63	3.63	3.63	3.63	3.44	3.38	3.38	3.38	Fed Funds Target Rate Range Mid-Point, % ⁴	5.07	5.19	4.25	3.63	3.39
4.20	4.42	4.67	4.65	4.58	4.58	4.62	4.70	10-Year Treasury Note Yield, % ⁴	3.96	4.21	4.29	4.48	4.62
6.11	6.41	6.64	6.62	6.55	6.53	6.57	6.63	30-Year Fixed Mortgage, % ⁴	6.81	6.72	6.60	6.45	6.57
-2.8	-3.0	-3.1	-3.1	-3.2	-3.1	-3.2	-3.2	Current Account, % of GDP	-3.3	-4.1	-3.8	-3.0	-3.2

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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