ECONOMIC PREVIEW

REGIONS

Week of April 7, 2014

Indicator/Action Economics Survey:		Last Actual:	Regions' View:
Fed Funds Rate *(after the FOMC meeting on April 29-30)* Range: 0.00 to 0.25 percent Median: 0.125 percent (mid-point of target range)		0.00% to 0.25%	The top tier economic data are on spring break for much of the week, with only Friday's report on producer prices on the agenda. We will note, however, the latest Job Openings and Labor Turnover Survey (a/k/a the JOLTS report) is set for release on Tuesday. Given the reported degree of significance Fed Chair Yellen attaches to the JOLTS data it may yet work its way on the list of top tier releases, it certainly comes with a catchy moniker already in place. Though lagged somewhat, the JOLTS data nonetheless contain useful detail on the inner workings of the monthly employment report. This includes data on job openings, hiring, layoffs, and voluntary separations (which includes the number of workers who voluntarily quit their jobs), all of which combine to yield the headline job change number in the monthly employment report. The quit rate is considered by some to be an indicator of underlying job market conditions – if workers are feeling more confident in their ability to land a new job they may be more inclined to leave their present job without having a new position in hand. At present, the JOLTS data tell pretty much the same story we continue to hear from the monthly employment reports, i.e., the labor market is healing but yet a considerable way from being considered healthy. Tuesday's report will give us another check on how large a divide remains between "healing" and "healthy." As to the March employment report, headline job gains fell short of market expectations and even shorter of our expectations, with total nonfarm employment rising by 192,000 jobs, all in the private sector. Yet, beneath the headline job growth number, the underlying details of the report were solid. Estimates for job gains in January and February were revised higher, and, perhaps more significantly, estimates of aggregate hours worked were revised higher for both months as well. In March, the length of the average workweek rose to 34.5 hours, approaching the norm of 34.6 hours that prevailed prior to the Great Recession. Small, i.e., one-tenth of an hour, changes in the average workweek can have very large impacts on the rates of growth of output and income, which is why we put so much emphasis on aggregate hours worked. And, if March's longer workweek can be sustained, the next step would be 34.6 hours, which could serve as a tipping point towards a faster pace of job growth. For now, though, looking across the "dashboard" of labor market data being processed by the Fed as they assess the health of the labor market, there is no denying the degree of labor market slack remains elevated. While we are of the mind that meaningful wage pressure could come sooner than the Fed is anticipating, we are simply not at that point yet. Also on tap this week is the release of the minutes from the March FOMC meeting (due out Wednesday, 4/9), which could shed more light on the substance of the debate around the decision to alter the Committee's forward guidance around the path of the Fed funds rate.
March Producer Price Index Range: 0.0 to 0.3 percent Median: 0.1 percent	Friday, 4/11	Feb = -0.1%	<u>Up</u> by 0.2 percent, for a year-over-year increase of 1.2 percent.
March Core Producer Price Index Range: 0.1 to 0.3 percent Median: 0.2 percent	Friday, 4/11	Feb = -0.2%	<u>Up</u> by 0.2 percent, which translates into a 1.1 percent over-the-year increase.

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