ECONOMIC PREVIEW

REGIONS

Week of March 30, 2015

Indicator/Action Economics Survey:		Last Actual:	Regions' View:
Fed Funds Rate: Target Range Midpoint *(After the FOMC meeting on April 28-29):* Target Range Midpoint: 0.125 to 0.125 percent Median Target Range Midpoint: 0.125 percent		0.125%	This week brings the first reads on the March data. Though we expect the ISM survey to reflect further disruptions from the port strike, the rest of the March data will help settle the question hanging over what, for the most part, was a February to forget – transitory noise or structural weakness? On balance, we'll go with the former far more so than the latter but the flow of data over the next few weeks will tell us whether or not we're correct.
February Personal Income Range: 0.2 to 0.4 percent Median: 0.3 percent	Monday, 3/30	Jan = +0.3%	Up by 0.3 percent with growth in private sector wage and salary earnings, rents, and dividends doing most of the heavy lifting. Accelerating growth in labor earnings has fueled steady acceleration in total personal income growth over the past several months, and this stepped-up growth in nominal personal income has been boosted by benign prints on headline inflation. As a result, growth in real disposable personal income has gathered pace, which will be the key support for growth in consumer spending over the course of 2015.
February Personal Spending Range: 0.0 to 0.5 percent Median: 0.2 percent	Monday, 3/30	Jan = -0.2%	Up by 0.2 percent, primarily due to what should be a sizeable gain in spending on household services due to higher utilities outlays. But, just as the weather giveth, the weather taketh away – while February's record cold weather pumped up utilities spending, it also kept consumers away from restaurants, shops, and car lots, as evidenced by the February retail sales data. As such, we look for weak spending on goods to offset much of the gain in services spending, leaving but a modest increase in total personal spending in February. March spending data should look more "normal" as weather and price effects largely wash out of the data, and an early Easter will have given added lift to March consumer spending.
March Consumer Confidence Index Range: 93.0 to 98.5 Median: 96.5	Tuesday, 3/31	Feb = 96.4	Up modestly to 97.0.
March ISM Manufacturing Index Range: 51.5 to 55.0 percent Median: 52.5 percent	Wednesday, 4/1	Feb = 52.9%	Down to 52.5 percent. We expect lingering effects from the West Coast port strike and softer global demand to have again disrupted manufacturing activity. The headline ISM index still reflects growth, albeit slower, in the factory sector.
February Construction Spending Range: -0.8 to 0.9 percent Median: 0.0 percent	Wednesday, 4/1	Jan = -1.1%	Unchanged.
February Trade Balance Range: -$44.0 to -$38.0 billion Median: -$41.8 billion	Thursday, 4/2	Jan = -$41.8 bil	Widening slightly to -$42.4 billion. We believe there to be a good deal of noise in the trade data making it hard to discern the relative importance of the port strike, softer global growth, the stronger U.S. dollar, and swings in oil prices. As such, we see trade as a significant wild card for Q1 real GDP growth.
February Factory Orders Range: -1.3 to 0.2 percent Median: -0.5 percent	Thursday, 4/2	Jan = -0.6%	Down by 0.3 percent as orders for durable goods were weak and pricing effects continue to weigh on orders for nondurable goods.
March Nonfarm Employment Range: 210,000 to 305,000 jobs Median: 248,000 jobs	Friday, 4/3	Feb = +295,000	Up by 287,000 jobs with private payrolls up by 278,000 jobs and government payrolls up by 9,000 jobs. We look for private sector job gains to have remained exceptionally broad based in March.
March Manufacturing Employment Range: 5,000 to 15,000 jobs Median: 8,000 jobs	Friday, 4/3	Feb = +8,000	Up by 9,000 jobs.
March Average Weekly Hours Range: 34.5 to 34.6 hours Median: 34.6 hours	Friday, 4/3	Feb = 34.6 hrs	Unchanged at 34.6 hours.
March Average Hourly Earnings Range: 0.1 to 0.3 percent Median: 0.2 percent	Friday, 4/3	Feb = +0.1%	Up by 0.2 percent which, combined with our calls on job gains and hours worked yields a 0.5 percent increase in aggregate private sector earnings. This would translate into annualized growth of 5.7 percent for Q1 and an average growth rate of 5.4 percent over the past four quarters, far ahead of inflation. This is the biggest factor behind the faster growth in real disposable income noted above.
March Unemployment Rate Range: 5.4 to 5.6 percent Median: 5.5 percent	Friday, 4/3	Feb = 5.5%	Unchanged at 5.5 percent, though given the inherent volatility in the household survey data we see a risk of a 5.6 percent print depending on the extent to which labor force participation springs back from February's decline.

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