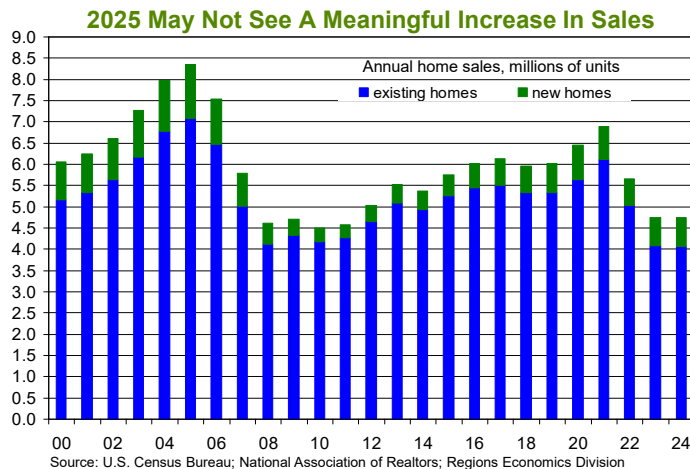


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Sometimes, It's Just Not Your Day Week Month Year Decade . . .

Sometimes, you just can't catch a break. We all know the feeling, and we've all had one of those days, weeks, months, or, in more unfortunate cases, one of those years. In that not at all good sense, the housing market is on quite a roll, having suffered through two decades of distortions ranging from artificially stoked demand to an increasingly growing supply shortfall. The bad news is that things aren't likely to get much better for the housing market in 2025. On the bright side, however, we don't think the housing market will endure a Chicago Cubs-like century of futility, so, there's that . . .



Combined sales of new and existing homes slipped to 4.745 million units in 2024 from 4.753 million units in 2023. As seen in the above chart, this marks the lowest annual sales total since 2011. Note, however, that new home sales accounted for a higher share of total home sales in 2023 (14.0 percent) and 2024 (14.4 percent) than had been the case in any year since 2006 which, if you think about it, isn't necessarily a year you'd want to be compared to if you're the housing market. There was, however, at least some similarity in market dynamics between the two years.

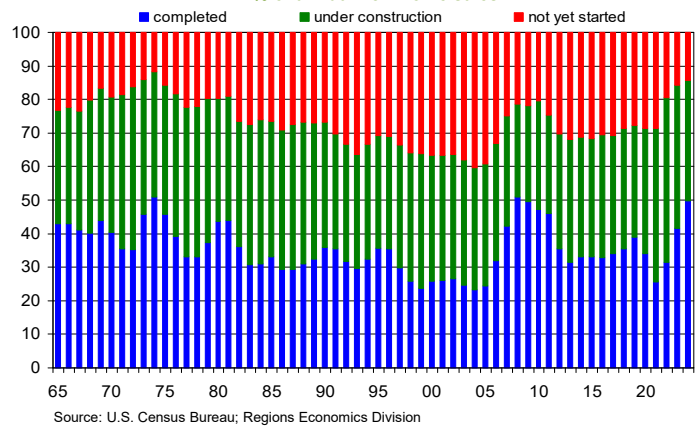
That home sales fell off sharply in 2023 and slipped slightly further in 2024 reflects ongoing supply constraints in the market for existing homes as well as affordability constraints having become more binding thanks to further increases in house prices and sharply higher mortgage interest rates. One reason new home sales accounted for a higher share of total home sales last year is that builders saw spec inventories rise to uncomfortable levels, which is one similarity with 2006 even if not nearly to the same extent. Rising spec inventories led many builders to become more

aggressive in the use of incentives to drive sales. This includes the mortgage interest rate buydowns that many builders used to ease affordability constraints over the first few years of the loans. Still, even to the extent that builders continue to offer rate buydowns, the ranks of prospective buyers are naturally going to be thinner with mortgage interest rates hovering around seven percent than would be the case with mortgage interest rates hovering around six percent. As of our February baseline forecast, we don't see mortgage interest rates straying far from that seven percent mark, in either direction, over the course of 2025.



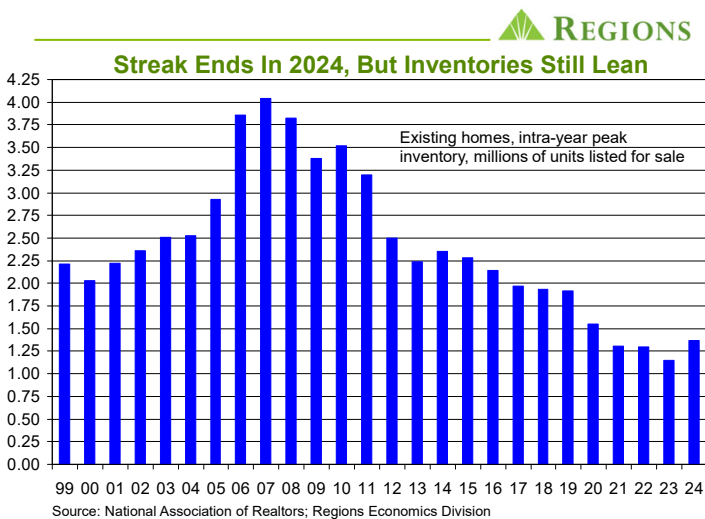
New Home Sales By Stage Of Construction

% of annual new home sales



The above chart goes to our point about elevated spec inventories of new homes for sale (units either already completed or under construction). Completed units accounted for 49.8 percent of total new home sales in 2024, the highest share since 2008, a year in which builders were still trying to clear backlogs of units left by years of aggressive building and a collapse in demand. Indeed, the 49.8 percent share in 2024 is the third highest annual share on record, lagging only 2008 and 1974 – 50.9 percent in each of those years. In contrast, sales of units on which construction had not yet started accounted for just 14.1 percent of total new home sales, second only to 1974 (11.6 percent) as the lowest on record. Shares by stage of construction tend to vary over the cycle; during times of rapid growth in demand when builders are pressed to keep pace, we tend to see units on which construction has not yet been started account for a rising share of total sales. In contrast, during times in which demand is sagging and homes sit on the market for longer lengths of time, we tend to see completed units account for a rising share of sales, with builders more reliant on incentives to drive sales. It is that dynamic that led to completed units accounting for such a high share of sales in 2024, and with spec inventories still elevated for many builders, completed homes will likely account for an above-average share of total new home sales in 2025, perhaps on the order of 2024's share.

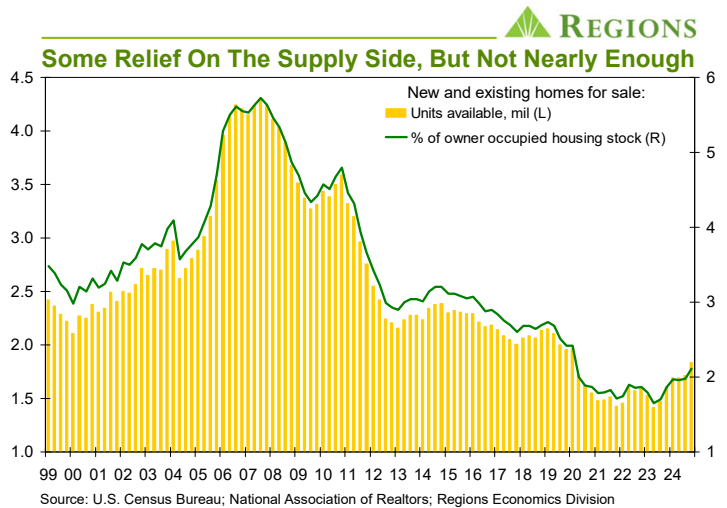
Recall that spec inventories began to rise rapidly in 2022 as the FOMC began raising the Fed funds rate and, more importantly, yields on 10-year U.S. Treasury notes began rising. While the hit to demand during 2022 wasn't necessarily severe, that was also a time during which builders were ramping up starts of new single family homes for sale, with the net result being rising spec inventories. While the further build in spec inventories of new homes for sale in 2024 wasn't exactly welcome news, that 2024 also saw rising inventories of existing homes for sale was seen as a more positive development for the housing market. That said, inventories of existing homes for sale rising meaningfully in 2024 isn't the same as the market being adequately stocked. Put differently, even with affordability constraints weighing on demand there is still a significant supply-demand imbalance in the market for existing homes, even if that imbalance is less pronounced than had been the case over the prior several years.



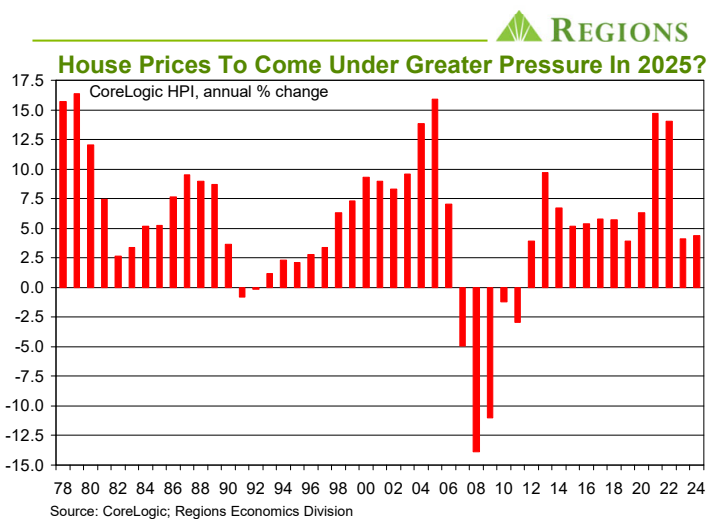
The above chart goes to our point; while 2024 ended a run of nine straight years in which the seasonal top in inventories of existing homes for sale was lower than that in the prior year (the NAR data on inventories are not seasonally adjusted and exhibit clear seasonal patterns), the market was nonetheless still considerably undersupplied. We actually began tracking, and writing about, that streak several years ago, and over its nine-year run, we never had much, if any, confidence in it coming to an end. That it did so in 2024, however, had less of an impact as would have been the case had affordability constraints not weighed on demand, and is far from signaling meaningful improvement in supply-side conditions.

We prefer to take combined inventories of new and existing homes for sale and scale that total to the size of the owner occupied housing stock as a more revealing measure of market balance. We show that in the following chart, which will be no stranger to our longer-time readers. Though combined inventories have been on the rise over the past several quarters, they are nonetheless well below where they were prior to the pandemic, which at the time was the lowest count in the history of the current data series. As our longer-time readers will recall, we had for years prior to the onset of the pandemic been pointing to abnormally low inventories as a drag on home sales, new and existing. That the peaks in sales of both new and existing home sales came in 2H 2021, i.e., well before mortgage interest rates began to climb higher, went right

to our point that the apparent sluggishness in home sales was much more a supply side story than a demand side story. To be sure, it has become at least in part a demand side story thanks to higher mortgage interest rates, but even were mortgage rates to fall sharply, it isn't clear to us that this would put us any further along in slimming down the supply-demand imbalance than we were in Q4 2019. We think, however, it will be some time before we have an answer to that question.

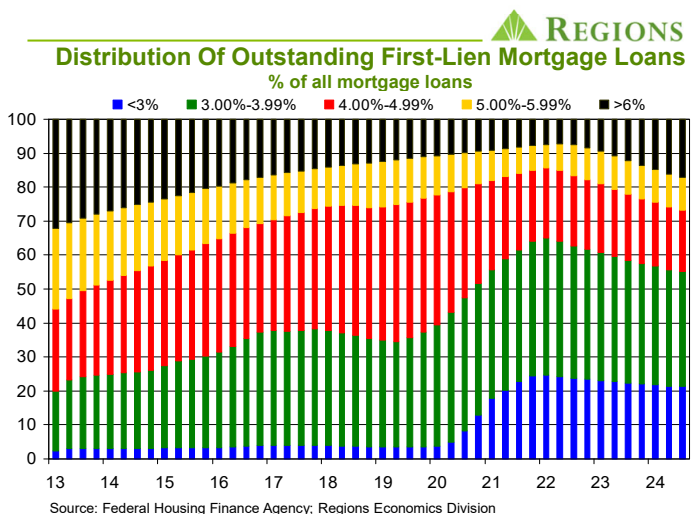


While chronically lean inventories had been a strong support for house price appreciation, the extent to which affordability constraints have sapped demand has led to a meaningful erosion of that support. Aside from mortgage interest rate buydowns, many builders have offered pricing discounts to drive sales, which can be seen in sequential and year-on-year declines in median new home sales prices. To be sure, the median sales price is by no means a perfect indicator of price trends, but the absence of a broader and consistent measure of new home prices leaves us with no good alternatives. Still, it seems reasonable to assume that if there was a reliable broader index of new home prices, it would not be behaving all that differently than is the median sales price.



When it comes to tracking patterns in prices of existing homes, we do have several such measures at our disposal. We consider the

CoreLogic House Price Index (HPI), a repeat-sales index, to be the most reliable gauge of patterns in existing home prices. As the chart on the prior page shows, the pace of price appreciation jumped sharply in 2021 and topped fourteen percent in both 2021 and 2022. The pace of price appreciation slowed sharply in 2023, and the CoreLogic HPI rose by 4.5 percent in 2024. An important point to keep in mind, however, is that the chart shows the U.S. average, and there are a number of markets, including the larger Florida and Texas metro areas, in which house prices have been declining. To be sure, these are generally the markets in which price appreciation was the most rapid in 2021 and 2022, in part because they saw already strong in-migration patterns strengthen even further after the onset of the pandemic. One implication is that, though prices have been slipping in these markets, the degree of cumulative price increases seen in years prior means that the declines in prices seen thus far pose little, if any, threat of pushing owners into negative equity positions. We expect that to remain the case even if these markets see further moderate declines in prices and expect that will be the case in other markets which may begin to experience price declines in 2025.



In addition to weighing on demand by exacerbating affordability constraints, higher mortgage interest rates have almost surely weighed on the supply side of the market. As of Q3 2024, the last available data point, 21.3 percent of all outstanding mortgage loans carried an interest rate below three percent. This share peaked at 24.6 percent in Q1 2022, the subsequent downward drift simply reflecting mortgage rates originated at higher interest rates. Though there are obviously instances in which people with ultra-low mortgage interest rates are still forced, say due to a change in jobs, or are still willing, to move, the threshold for doing so is much higher given the trade-up in rates that would go along with moving. This has likely weighed on the rate of turnover of the existing housing stock. While we do not anticipate much in the way of relief from higher mortgage interest rates this year, it could be that the longer rates stay at or near where they now are, the more people become accepting, however grudgingly, of that as the new normal and, as such, become more willing to move. Still, even to the extent that is the case, it is reasonable to think that this mortgage rate “lock in” effect will remain a drag on turnover in the owner occupied housing stock in 2025.

That we expect little relief on the mortgage interest rate front in 2025 is independent of whether, or to what extent, the FOMC makes further cuts in the Fed funds rate. After all, since they began in September 2024, the FOMC has cut the Fed funds rate by one hundred basis points while over the same span mortgage interest rates have risen by roughly the same amount. Though this has been a source of confusion, not to mention consternation, for many, the reality is that mortgage rates are much more in tune with movements in yields on 10-year U.S. Treasury notes. Though prone to considerable volatility of late, yields on longer-term U.S. Treasury securities have been trending higher, pushed along by concerns over inflation pressures proving to be more persistent than many had anticipated, concerns over the sustainability of the fiscal path the U.S. is on, and worries that the fiscal and trade policies to be pursued by the second Trump administration could, on net, add to inflation pressures.

We’ve noted that one avenue by which mortgage interest rates could fall despite these concerns would be a narrowing of the spread between mortgage interest rates and yields on 10-year U.S. Treasury notes, which for some time has been well above the historical average. Otherwise, anyone wishing for a pronounced decline in mortgage interest rates may want to be careful what they wish for, as the set of circumstances that would bring about such a decline would not exactly be conducive to a robust housing market. Either way, we’re not holding out much hope for meaningful improvement in housing market conditions in 2025. We think the desire to move spec inventories will drive new home sales in 2025 and as of our February baseline forecast are looking for a modest decline in single family housing starts. While we do look for further increases in inventories of existing homes for sale, we do not expect that segment of the market to come close to what we and most others would consider being balanced. We’ve often noted that we consider 2003 to be the last year we saw a “normal” housing market, though we admit that, at this point, we’re not exactly sure what a normal housing market actually is. Either way, while we don’t expect a century-long streak of futility worthy of the Chicago Cubs, neither do we think 2025 will be the housing market’s year.

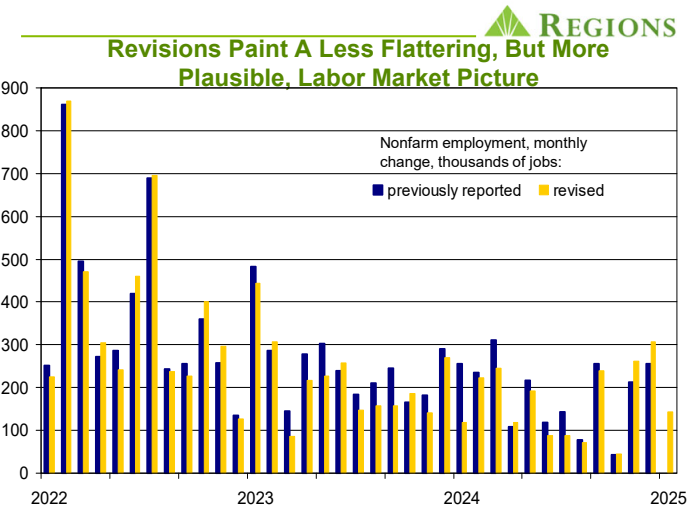
January Employment Report

Each year’s January employment report incorporates the results of the Bureau of Labor Statistics’ (BLS) annual benchmark revisions, a process in which the results of the BLS’s monthly establishment surveys – from which flow estimates of nonfarm employment, hours, and earnings – are benchmarked to the Quarterly Census of Employment and Wages (QCEW), a comprehensive accounting of the payroll tax returns virtually all firms are required to file. Additionally, each January’s household survey data incorporate revised population controls based on the most recent vintage of population estimates produced by the U.S. Census Bureau.

While in that sense the January 2025 employment report would have been no different than that of any other year, what did raise that possibility was the magnitude of the benchmark revisions and the scope of the revised population controls. Estimates from both the establishment survey and the household survey had for some time toiled under clouds of suspicion, with ample reason to question the results from each survey, as we for some time had been. Indeed, some had gone so far as to point to a deteriorating

trend in household employment as evidence that the economy was in or on the verge of recession. Even if not to that extent, many feared this January’s employment report could shift the narrative, perhaps dramatically, by showing a much weaker labor market than had been implied by previous iterations of the data.

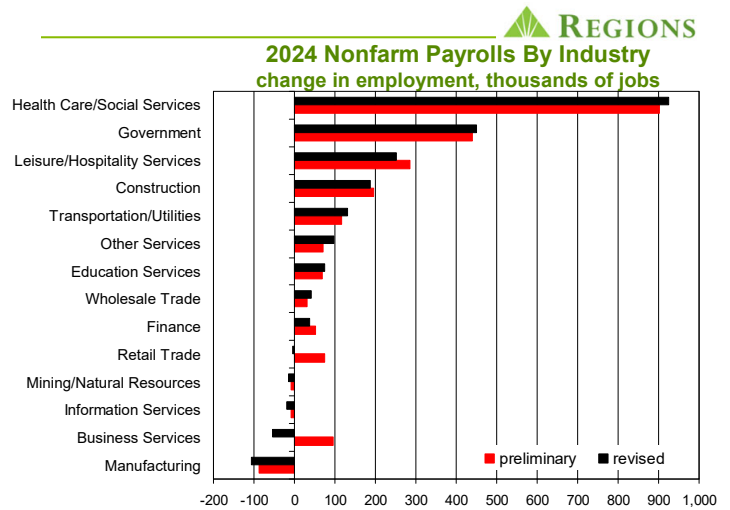
Those fears were not entirely unwarranted. Recall that the BLS caused quite a stir in August when they released a preliminary estimate, based on the Q1 2024 QCEW data, showing the level of nonfarm employment as of March 2024, the new “reference month” for the establishment survey, would be lowered by 818,000 jobs. That would have been significantly larger (on a percentage basis) than the usual benchmark revision. That number surprised us, but not by all that much, as we had been bracing for a downward revision in the range of 600,000-650,000 jobs, itself larger than the usual revision, though the subsequent round of the QCEW data led us to expect a revision smaller than the BLS’s preliminary estimate. The final benchmark revision took 589,000 jobs off the seasonally adjusted count of nonfarm payrolls as of March 2024, closer to what we had originally expected.



Between the benchmark revisions, revisions to the “birth/death” model employed by BLS to account for firms coming into/going out of existence between reference periods, and revisions to seasonal adjustment factors, the net result is that job growth in 2023 and 2024 was slower than had previously been reported, swamping a negligible upward revision to job growth in 2022. The revised data show the U.S. economy added 2.594 million jobs in 2023 and 1.996 million jobs in 2024; prior estimates showed 3.013 million and 2.232 million jobs, respectively. Given that we’ve been on record since back in 2023 with our view that monthly job growth was being overstated, rather than altering our assessment of labor market conditions, the revisions put job growth on a trajectory much closer to what we’d suspected was the case.

The revisions were most unkind to business services, now shown to have added 418,000 fewer jobs over the 2022-24 period than had previously been reported, and retail trade, now shown to have added 158,000 fewer jobs over this same span. Manufacturing payrolls were also revised down, by a net 72,000 jobs over this span and are now shown to have declined in both 2023 and 2024, which at least puts the BLS data on a track much more aligned to

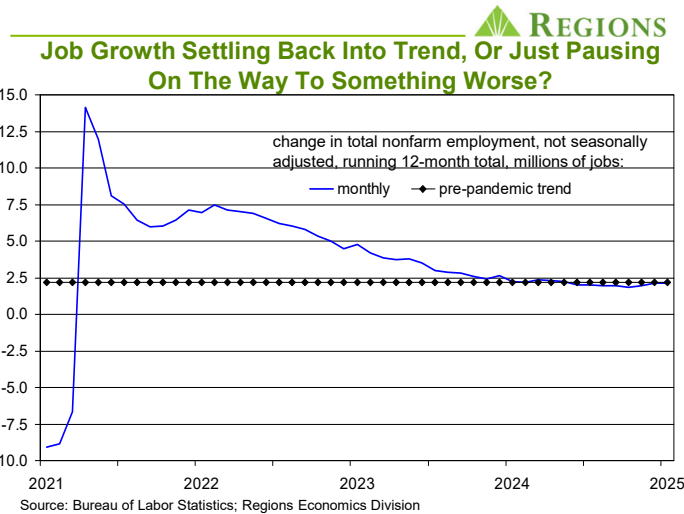
the contraction in the manufacturing sector implied by the ISM Manufacturing Index during this time. The revised data show more jobs added in health care, transportation/utilities, government, and education services over the 2022-24 period than previously reported. One potentially worrisome sign, however, is that the revised data show an even higher concentration of job growth amongst health care and social assistance, leisure and hospitality services, and government than had previously been reported. These three broad industry groups accounted for 85.8 percent of all nonfarm job growth in 2023 and for 81.5 percent in 2024, meaningfully higher than prior estimates had shown. Granted, these groups notably lagged other industry groups in adding back the jobs lost in the early phases of the pandemic, but now that they have more than recovered that lost ground it is reasonable to expect slower growth in these groups going forward. This is one reason why we and most others expect a meaningfully slower pace of job growth in 2025.



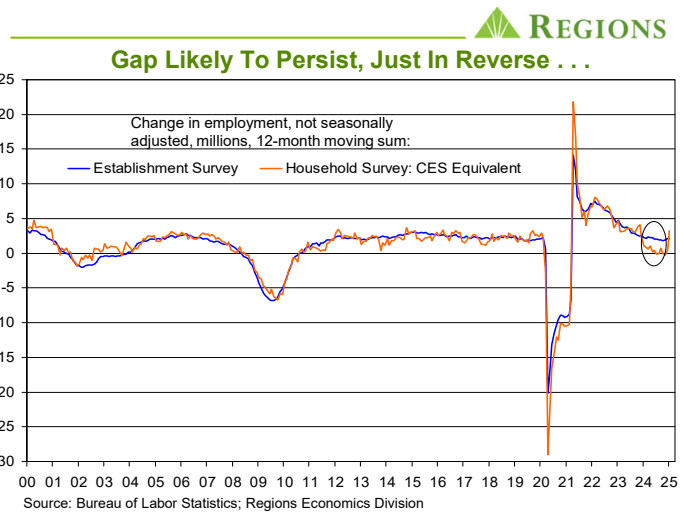
Whereas the prior data showed average growth of 186,000 jobs per month in 2024, the revised data show an average of 166,000 jobs. The apparent acceleration in job growth in November and December at least in part reflects a rebound from job growth in October having been significantly impaired by the two major hurricanes. Though the trend rate of job growth has slowed, thus far that has largely been a function of a slower rate of hiring amongst firms, as opposed to a rising pace of layoffs. That is a distinction we think very much matters, and even if the pace of hiring slows further as we anticipate, the much bigger threat to the broader economy would be a meaningful and sustained pick-up in the rate of layoffs. Thus far, however, there is little to suggest such a pick-up is coming.

While there is little doubt that the trend rate of job growth has slowed, the extent to which that is the case can be difficult to discern from the month-to-month changes reported in the seasonally adjusted data portrayed in the earlier chart. As we think to be the case regardless of which particular economic data series we’re looking at, the trends in the not seasonally adjusted data are a better guide. The revised data show the pace of job growth has fallen back in line with the trend rate that prevailed over the few years prior to the onset of the pandemic. Whether that will remain the case is a different question and we do, as noted above, expect

the trend rate of job growth will slip below the pre-pandemic trend in coming months. We'd still argue, however, that the bigger question is why that will be the case, i.e., whether any further slowing in job growth will reflect slower hiring or rising layoffs.



We can make the same point about the household survey data that we made about the establishment survey data, which is that rather than changing our assessment of labor market conditions, the updated population controls around the household survey data put that data more in line with what we had believed to be the case. Well, more in line at least for now, as we'll explain. A point of contention amongst analysts was how to interpret what had been a deteriorating trend in household employment. There were those who, on the premise of household employment being a more reliable measure around cyclical turning points than nonfarm employment, argued that trend was evidence of the economy being in or on the verge of recession. Others, us included, argued that the deteriorating trend simply reflected the household survey data, both the size of the labor force and the level of household employment, significantly undercounting foreign in-migration.



The chart above helps illustrate what triggered this discussion. BLS produces a series on household employment that more closely conforms to the definition of nonfarm employment. As seen in the

chart, the two series tend to track fairly closely, allowing for what tends to be a higher degree of month-to-month volatility in the adjusted household employment series, but began to diverge in 2023 when this adjusted series showed a sharp decline in household employment and continued to drift slightly lower through 2024. This is where the adjusted population controls incorporated into the January 2025 data come into play.

With the 2024 Vintage population data, released in late-December, Census incorporated a revised methodology for its estimates of international migration. This resulted in significantly greater flows of foreign in-migration over the 2022-2024 period than had previously been reported, which is what we and others had argued the household survey data were failing to account for. While the recent population data have been revised, the household survey data were not. As they are based on different population controls, the data from one year to the next are not comparable and Census simply cannot go back and revise historical data based on different population controls. One important point to keep in mind is that while the introduction of new population controls tends to lead to sizable level-changes in metrics such as the labor force and household employment each January, the ratios estimated from the level data, such as the labor force participation rate and the unemployment rate, tend to be little impacted by changes in population controls. As such, it is reasonable to compare these ratios across years even though, again, the level data across years are not comparable.

That the January 2025 data show jumps of more than two million persons in both the size of the labor force and the level of household employment from the levels as of December 2024 is a reflection of the population controls based on significantly higher foreign in-migration than previously reported. Note that the January data show significant level-increases in the number of foreign born persons in the labor force and employment amongst foreign born persons. The spike in the orange line at the end of the data in the prior chart reflects the level increase in the adjusted measure of household employment which puts it above the trendline for nonfarm employment.

This raises an issue which we believe will persist for the duration of 2025, which is that the level of household employment will be somewhat overstated. Since the reinstatement of the "Remain in Mexico" act in June 2024, there had been a slowdown in the flow of border crossings along the Southern border, and that flow has gotten even slower of late. While we had begun to detect slower growth in foreign born labor force participation/employment in late-2024, our sense is that these flows will slow even further as we move through 2025. As the population controls around the household survey data will not account for this until the 2025 Vintage population data are released, it follows that the household survey data over the remainder of this year will overstate foreign born participation. In terms of our prior chart, the gap between the two measures of employment will likely widen further as we move through this year, the difference being the adjusted measure of household employment will be increasingly above the measure of nonfarm employment.

To be sure, this can be, and often is, more than a little confusing, but we think it important to have a grasp of these issues when trying to interpret the monthly employment reports. That is, of course, already a tall task much of the time given ongoing issues

around survey response rates and the usual degree of noise in the data from one month to the next. With that in mind, there are a few points about the January 2025 data we feel are worth making based on some of the reactions we've seen.

Total nonfarm employment is reported to have risen by 143,000 jobs in January, below what we and the consensus forecast expected, with private sector payrolls up by 111,000 jobs and public sector payrolls up by 32,000 jobs. Right off the bat, the softer than expected headline job growth print triggered a rash of "there goes the economy" reactions. Aside from being a curious reaction to a number which comes with a high degree of month-to-month variance, as illustrated in our chart of monthly job growth on Page 4, those reactions are not exactly supported by the details of the data.

As we do each month, we went right to the not seasonally adjusted data to look for any signs of unusual patterns in the data. Keep in mind that in any given year, not seasonally adjusted employment declines significantly in the month of January, in part reflecting holiday season hiring over the prior three months being unwound. What stood out to us is that this January's declines in both total and private sector employment were not only smaller, on a percentage change basis, than last year's declines, but were also smaller than the pre- and post-pandemic average January declines yet the seasonally adjusted job growth print was surprisingly soft. In other words, there was less of a boost from January seasonal adjustment than has been the case in years prior; to that point, had last January's seasonal factor been applied to this year's change in not seasonally adjusted employment, that would have yielded an increase of 301,000 jobs on a seasonally adjusted basis.

Seasonal adjustment is, in principle, designed to evolve along with changes in patterns of underlying activity as revealed in the raw, or, unadjusted, data. So, our point here isn't to argue that last year's seasonal factor should have been applied to this year's unadjusted January data, but instead to show how perceptions of and reactions to the data can be greatly influenced by seasonal adjustment, which is a problem we think has worsened since the pandemic. Had the headline job growth printed at 301,000 jobs, we're guessing we wouldn't have seen any "there goes the economy" reactions, though we no doubt would have seen a rash of "there goes the FOMC" reactions, as in, there they go, never to cut the Fed funds rate again. This is precisely why, for any given data release, one of the first things we do is to examine the unadjusted data.

There were also weather effects in the January data, even if BLS noted that the California wildfires and the harsh winter weather that gripped much of the nation during the January survey periods had "no discernable effect" on the data. That their rationale for this conclusion was that survey response rates were "within normal ranges" isn't exactly reassuring. In any event, the January household survey data show 573,000 people did not work at all during the survey week due to adverse weather, the most in any January since 2011, while another 1.175 million people worked part-time hours rather than their usual full-time hours, fewer than last year but still above the January average over the past decade. Though not directly comparable, we nonetheless think the decline in hours worked reported in the household survey accounts for the two-tenths of an hour decline in the average length of the

workweek reported in the establishment survey data. Moreover, the not seasonally adjusted January establishment survey data show the largest January decline in average weekly hours worked in the life of the current series, though this series does not have that long of a life, at least as the economic data go.

The reported 0.5 percent increase in average hourly earnings is a direct consequence of the decline in hours worked, but also serves as another example of how the perceptions of/reactions to the data are often at odds with the actual data. A point that tends to go almost entirely overlooked is that firms do not report average hourly earnings on the establishment survey form. Firms do report the number of employees, the total number of hours worked, and total payroll outlays, from which BLS calculates "average hourly earnings" as the ratio of total payroll spend-to-total hours worked. A sharp decline in hours worked, such as that which occurred in January, will mechanically push average hourly earnings higher.

Yet, in stark contrast to the "there goes the economy" crowd, some saw the reported 0.5 percent increase in average hourly earnings as a sign that wage pressures are intensifying which, in turn, will lead to heightened inflation pressures in the broader economy which, in turn, means the FOMC will be on hold for longer. We see little value in average hourly earnings as a gauge of underlying wage pressures, and most analysts (not to mention most FOMC members) see the Employment Cost Index (ECI) as a far superior gauge of changes in labor costs. That said, one virtue of the average hourly earnings metric is that it comes on a monthly frequency as opposed to the quarterly frequency of the ECI.

We all knew well in advance that there would be lots of moving parts to the January employment report, even more so than a typical January. What none of us knew in advance, however, was the extent to which the January employment report would change the narrative around labor market conditions. As it turns out, sure, the numbers all changed, but we still think the same thing we thought before all the numbers changed. Wait, what?

Okay, that's a highly technical way of our saying that the January employment report did not in any way change our assessment of labor market conditions. As noted above, that the revised data from the establishment survey show job growth to have been slower over the past several quarters than had been reported is in keeping with what was our premise all along, i.e., that nonfarm job growth was being overstated. That the household survey data show significantly higher household employment, largely driven by higher levels of foreign born labor than had been reported, is in keeping with what was our premise all along, i.e., that the data from the household survey were significantly undercounting foreign born labor.

To be sure, we do have some concerns around labor market conditions, particularly the heavy concentration of job growth within a few industry groups. We also think that, with labor market conditions having loosened somewhat, firms may not feel as compelled to hold on to labor as has been the case in the post-pandemic period. Indeed, we see this, not a slowing rate of hiring, as the primary downside risk facing the labor market. That said, unless and until we see a sustained pick-up in the pace at which workers are being laid off, we'll maintain a constructive view of the labor market, the usual noise in the data notwithstanding.

ECONOMIC OUTLOOK



February 2025

Q3 '24 (a)	Q4 '24 (p)	Q1 '25 (f)	Q2 '25 (f)	Q3 '25 (f)	Q4 '25 (f)	Q1 '26 (f)	Q2 '26 (f)		2022 (a)	2023 (a)	2024 (p)	2025 (f)	2026 (f)
3.1	2.3	2.0	2.3	2.4	2.1	1.9	2.0	Real GDP ¹	2.5	2.9	2.8	2.4	2.0
3.7	4.2	1.9	2.2	2.3	2.0	2.0	2.1	Real Personal Consumption ¹	3.0	2.5	2.8	2.7	2.1
4.0	-2.2	2.1	3.3	4.3	5.0	4.6	3.8	Real Business Fixed Investment ¹	7.0	6.0	3.7	2.3	4.1
10.8	-7.8	2.6	4.5	6.0	6.8	6.2	4.6	Equipment ¹	4.4	3.5	3.4	3.0	5.4
3.1	2.6	3.3	3.9	4.7	5.2	5.1	5.0	Intellectual Property and Software ¹	11.2	5.8	4.1	3.4	4.9
-5.0	-1.1	-1.7	-0.6	-0.3	0.8	0.1	-0.9	Structures ¹	3.6	10.8	3.2	-1.3	-0.4
-4.3	5.3	2.4	-1.0	-0.5	-1.6	-1.1	-0.3	Real Residential Fixed Investment ¹	-8.6	-8.3	4.2	0.5	-0.7
5.1	2.5	0.2	1.2	1.5	0.7	0.5	0.4	Real Government Expenditures ¹	-1.1	3.9	3.4	1.8	0.6
-1,069.2	-1,066.8	-1,105.9	-1,097.3	-1,106.5	-1,110.7	-1,117.7	-1,125.4	Real Net Exports ²	-1,041.7	-932.8	-1,037.2	-1,105.1	-1,128.3
971	1,003	993	983	977	964	964	960	Single Family Housing Starts, ths. of units ³	1,006	948	1,010	979	959
361	376	361	364	368	378	384	387	Multi-Family Housing Starts, ths. of units ³	546	473	355	368	387
3.6	3.4	3.3	3.0	2.5	1.6	1.1	1.2	CoreLogic House Price Index ⁵	13.0	4.1	4.3	2.6	1.3
15.6	16.5	16.0	16.2	16.3	16.3	16.3	16.3	Vehicle Sales, millions of units ³	13.8	15.5	15.8	16.2	16.4
4.2	4.1	4.0	4.0	4.0	3.9	3.9	3.9	Unemployment Rate, % ⁴	3.6	3.6	4.0	4.0	3.9
1.3	1.2	1.2	1.1	1.1	1.0	0.8	0.8	Non-Farm Employment ⁵	4.3	2.2	1.3	1.1	0.8
1.1	2.8	2.8	1.6	0.9	2.1	3.5	2.7	Real Disposable Personal Income ¹	-5.6	5.1	2.9	2.0	2.5
2.3	2.4	2.3	2.3	2.6	2.6	2.5	2.4	GDP Price Deflator ⁵	7.1	3.6	2.4	2.5	2.3
2.3	2.4	2.3	2.3	2.7	2.8	2.7	2.5	PCE Deflator ⁵	6.6	3.8	2.5	2.5	2.4
2.6	2.7	2.6	2.7	3.2	3.0	2.7	2.6	Consumer Price Index ⁵	8.0	4.1	3.0	2.9	2.5
2.7	2.8	2.4	2.3	2.5	2.6	2.7	2.6	Core PCE Deflator ⁵	5.4	4.1	2.8	2.5	2.5
3.2	3.3	2.9	2.8	3.0	2.9	2.8	2.7	Core Consumer Price Index ⁵	6.2	4.8	3.4	2.9	2.6
5.31	4.69	4.38	4.34	4.09	3.88	3.84	3.63	Fed Funds Target Rate Range Mid-Point, % ⁴	1.73	5.07	5.19	4.17	3.68
3.95	4.28	4.55	4.56	4.59	4.68	4.69	4.76	10-Year Treasury Note Yield, % ⁴	2.95	3.96	4.21	4.59	4.78
6.51	6.63	6.89	6.88	6.88	6.90	6.90	6.93	30-Year Fixed Mortgage, % ⁴	5.34	6.81	6.72	6.89	6.93
-3.8	-4.2	-3.3	-3.3	-3.3	-3.2	-3.1	-3.1	Current Account, % of GDP	-3.9	-3.3	-3.4	-3.2	-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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