WELLS FARGO

Weekly — June 13, 2025

# Weekly Economic & Financial Commentary

United States: **Few Signs of Tariff Inflation**

- This week was all about prices, and thus far, the expected tariff-induced inflation pickup has yet to appear in the hard data. Both consumer and producer price growth came in cooler than expected in May with only hints of tariff-related price pressures in specific categories. It is still the early innings, however, and we expect price growth to accelerate as the year progresses.
- Next week: Retail Sales (Tue.), Industrial Production (Tue.), Housing Starts (Wed.)

International: **Market Fixation on Inflation Nation**

- This week, we got price and wage data from a variety of advanced and emerging economies. In the United Kingdom, wage growth eased slightly but remains somewhat elevated, and we maintain our outlook for gradual Bank of England easing. Norway's inflation report was somewhat mixed. In Latin America, Mexico's inflation ticked up slightly, price growth in Brazil remains elevated but did ease more than expected, and Colombia's inflation also slowed more than expected.
- Next week: China Industrial Production and Retail Sales (Mon.), Brazil Selic Rate (Wed.), Bank of England Policy Rate (Thu.)

Interest Rate Watch: **June Flashlight for the FOMC Blackout Period**

- Despite the ongoing tumult around trade policy, the near-term outlook for monetary policy is steady-as-she-goes. We expect the FOMC to leave the federal funds rate unchanged at its meeting next week and signal that monetary policy remains in a holding pattern.

Topic of the Week: **The Shifting Immigration Landscape**

- A recent pullback in immigrant workers appears to be weighing on labor force growth. Assuming that population growth simmers alongside a slower pace of new foreign-born entrants, the breakeven pace of nonfarm payroll growth would fall from 150K per month to 90K.

**Wells Fargo U.S. Economic Forecast**

| | Actual | | | | Forecast | | | | Actual | | Forecast | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | | | | 2025 | | | | 2023 | 2024 | 2025 | 2026 |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | |
| Real Gross Domestic Product [1] | 1.6 | 3.0 | 3.1 | 2.4 | -0.2 | 3.4 | 0.0 | 0.5 | 2.9 | 2.8 | 1.6 | 1.9 |
| Personal Consumption | 1.9 | 2.8 | 3.7 | 4.0 | 1.2 | 2.2 | 0.4 | 0.4 | 2.5 | 2.8 | 2.2 | 1.8 |
| Consumer Price Index [2] | 3.2 | 3.2 | 2.7 | 2.7 | 2.7 | 2.6 | 2.9 | 3.0 | 4.1 | 3.0 | 2.7 | 2.9 |
| "Core" Consumer Price Index [2] | 3.8 | 3.4 | 3.3 | 3.3 | 3.1 | 3.3 | 3.7 | 3.8 | 4.8 | 3.4 | 3.5 | 3.1 |
| Quarter-End Interest Rates [3] | | | | | | | | | | | | |
| Federal Funds Target Rate[4] | 5.50 | 5.50 | 5.00 | 4.50 | 4.50 | 4.50 | 4.25 | 3.75 | 5.23 | 5.27 | 4.25 | 3.75 |
| Conventional Mortgage Rate | 6.82 | 6.92 | 6.18 | 6.72 | 6.65 | 6.80 | 6.65 | 6.55 | 6.80 | 6.72 | 6.66 | 6.51 |
| 10 Year Note | 4.20 | 4.36 | 3.81 | 4.58 | 4.23 | 4.40 | 4.30 | 4.25 | 3.96 | 4.21 | 4.30 | 4.33 |

Forecast as of: June 11, 2025
[1] Compound Annual Growth Rate Quarter-over-Quarter
[2] Year-over-Year Percentage Change
[3] Quarterly Data - Period End; Annual Data - Annual Averages
[4] Upper Bound of the Federal Funds Target Range

Source: U.S. Dept. of Commerce, U.S. Dept. of Labor, Federal Reserve Board and Wells Fargo Economics

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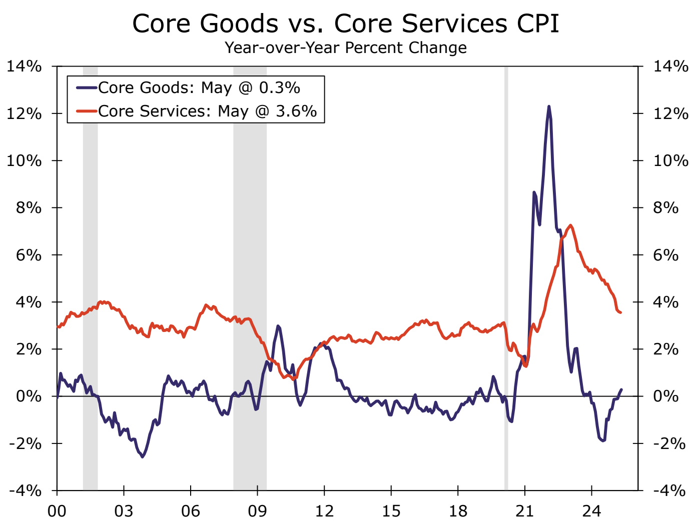
## U.S. Review

### Few Signs of Tariff Inflation

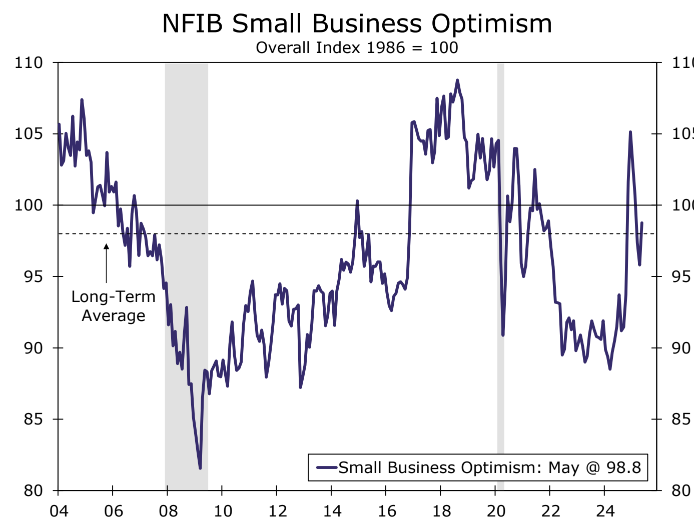
This week was all about prices, and thus far, the expected tariff-induced inflation pickup has yet to appear in the hard data. Consumer price growth came in cooler than expected in May, with both monthly headline and core inflation registering just a 0.1% increase. While the fourth consecutive monthly decline in gas prices helped to keep headline inflation in check, the price data were benign across the board.

Core goods prices, where higher tariff rates are expected to be felt most directly, surprisingly *fell* 0.04% over the month. Within the details, some categories (e.g., household, recreational and educational & communication goods) did show some signs of tariff price pressures, but elsewhere, declines in new & used vehicle and apparel prices pushed overall goods inflation into the red. Meantime, services inflation continued to moderate, and the ebb in discretionary services inflation, in particular, suggests firms' pricing power has weakened amid more cautious consumer demand.

Domestic producer price growth also surprised to the downside in May. The headline PPI for final demand rose 0.1% over the month, and despite tariffs, the PPI for core final demand goods rose 0.2%—well in line with its average pace from the past couple of years. Meantime, the trade services component, which is a measure of margins, bounced back from its April drop and suggests firms have not yet faced sustained profit margin compression. Taken together, May's CPI and PPI data point to the FOMC's preferred measure of consumer price inflation, the core PCE deflator, coming in at a target-consistent pace (~0.15%) over the month.




Source: U.S. Department of Labor and Wells Fargo Economics




Source: NFIB and Wells Fargo Economics

Sentiment data have also become more optimistic as surveys pick up the post-May 12 U.S.-China trade war deescalation. The NFIB Small Business Optimism Index rebounded three points in May to 98.8, erasing the decline in April. The University of Michigan's headline Consumer Sentiment Index improved markedly in June's preliminary reading, but remains historically depressed at 60.5.

Indeed, the outlook has brightened since last month, which we reflected in our June Economic Outlook. Still, the May data do not signal an all-clear on the stagflationary impulse from tariffs. Front-loading of inventories and efforts to avoid alienating customers, especially as it remains to be seen where tariff rates eventually land, are mitigating the early inflationary effects of tariffs. As the year progresses, we expect firms to pass on more tariff costs to consumers, causing an acceleration of price growth, and we forecast core PCE inflation will climb back up to a little over 3% on a year-over-year basis by the fourth quarter. But for now, the latest inflation readings are welcome news. With the labor market remaining in decent shape, we expect the Fed to keep the fed funds rate unchanged at its meeting next week and to await further data before changing its policy stance. For more details on next week's FOMC meeting, see this week's Interest Rate Watch.

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## U.S. Outlook

| Weekly Indicator Forecasts | | | | | |
|---|---|---|---|---|---|
| Domestic | | | | | |
| Date | Indicator | Period | Consensus | Wells Fargo | Prior |
| 17-Jun | Retail Sales (MoM) | May | -0.7% | -0.5% | 0.1% |
| 17-Jun | Retail Sales Ex Auto (MoM) | May | 0.2% | 0.2% | 0.1% |
| 17-Jun | Import Price Index (MoM) | May | -0.3% | -0.4% | 0.1% |
| 17-Jun | Import Price Index (YoY) | May | — | -0.2% | 0.1% |
| 17-Jun | Industrial Production | May | 0.0% | 0.0% | 0.0% |
| 17-Jun | Capacity Utilization | May | 77.7% | 77.7% | 77.7% |
| 17-Jun | Business Inventories (MoM) | Apr | 0.0% | 0.0% | 0.1% |
| 18-Jun | Housing Starts (SAAR) | May | 1360K | 1364K | 1361K |
| 18-Jun | FOMC Rate Decision (Upper Bound) | 18-Jun | 4.50% | 4.50% | 4.50% |
| 18-Jun | FOMC Median Rate Forecast: Current Yr | 18-Jun | — | 4.125% | 3.875% |
| 18-Jun | FOMC Median Rate Forecast: Next Yr | 18-Jun | — | 3.625% | 3.375% |
| 18-Jun | FOMC Median Rate Forecast: +2 Yrs | 18-Jun | — | 3.375% | 3.125% |
| 18-Jun | FOMC Median Rate Forecast: Long-run | 18-Jun | — | 3.000% | 3.000% |
| 20-Jun | Leading Index (MoM) | May | -0.1% | -0.1% | -1.0% |

Forecast as of June 13, 2025

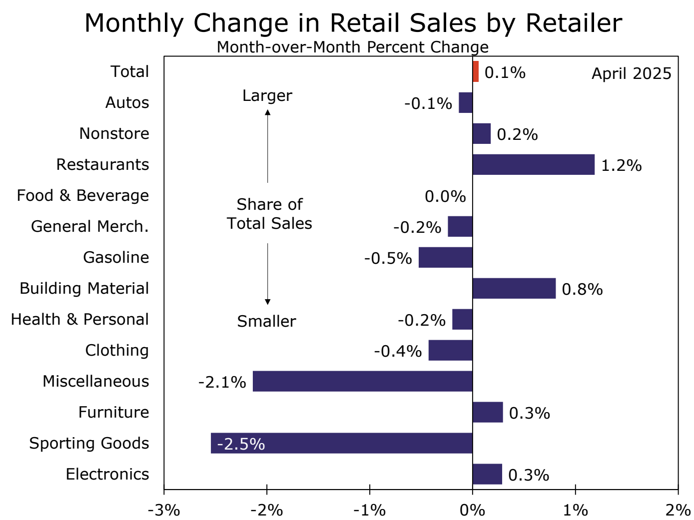
Source: Bloomberg Finance L.P. and Wells Fargo Economics

### Retail Sales • Tuesday

April U.S. retail sales rose 0.1%, slightly above expectations that looked for a pullback after strong sales the prior month. March saw sizable gains in autos and building materials sales, likely driven by a pre-tariff pull-forward in demand. April's continued momentum suggests the pull-forward continued, albeit at a more tepid pace. Even so, the decline in control group sales (excluding autos, gas, food and building materials) of 0.2% points to underlying weakness.

Since goods make up the vast majority of retail sales, the data have gained importance as a barometer for demand amid the changing trade policy landscape. The 90-day trade deescalation with China in May reduced the effective tariff rate to around 14%, offering temporary relief but leaving a significant 30% tariff still in place. Tariffs continue to present an obvious downside risk to retail sales. Though household balance sheets remain in decent shape, signs of a pullback in control group sales hint at consumer fatigue.

Looking to May, we forecast retail sales to decline 0.5%. A large drop-off in auto sales reported earlier portends a drop in the headline figure. Excluding autos, we forecast sales to rise 0.2%, demonstrating the consumer has yet to run out of steam.



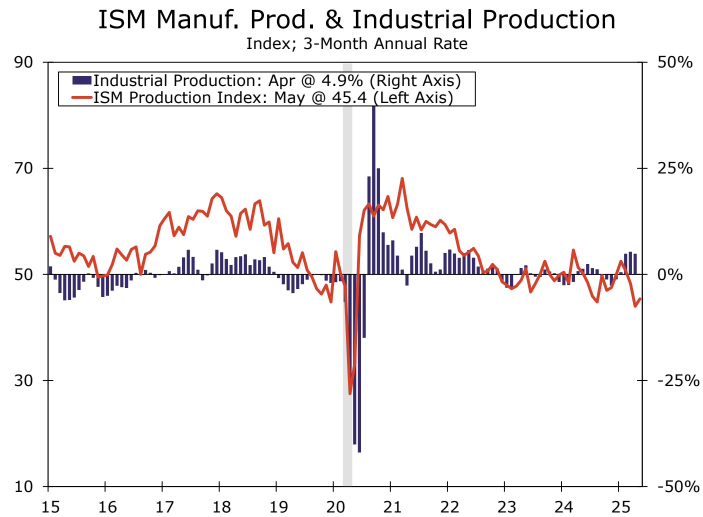

Source: U.S. Department of Commerce and Wells Fargo Economics

## Industrial Production • Tuesday

Production was flat in April but even the flat headline number masks growing weakness in the manufacturing sector. Manufacturing production experienced a 0.4% decline, the sharpest decline in seven months, effectively undoing March's 0.4% gain. A 1.9% decline in motor vehicle and parts production weighed largely on the decline, as did a 0.7% decline in computers and electronics production. A 3.3% rise in utilities output propped up the headline number. Mining output also fell 0.3%, adding to the broader slowdown.

The data confirm that the earlier, tariff-driven surge in manufacturing production, particularly in motor vehicles and parts in February, is now backtracking. Tariff uncertainty has weighed heavily on purchasing managers' sentiment and production plans across the sector. This has been evident in the ISM production index, which at 45.4 in May, has been in contraction now for three consecutive months.

The outlook for industrial production over the course of the rest of the year is dim, as slowing economic growth and the strains of tariffs lead to quarterly declines over the final three quarters of 2025. In May, we look for industrial production to remain flat and for capacity utilization to hold steady at 77.7%.



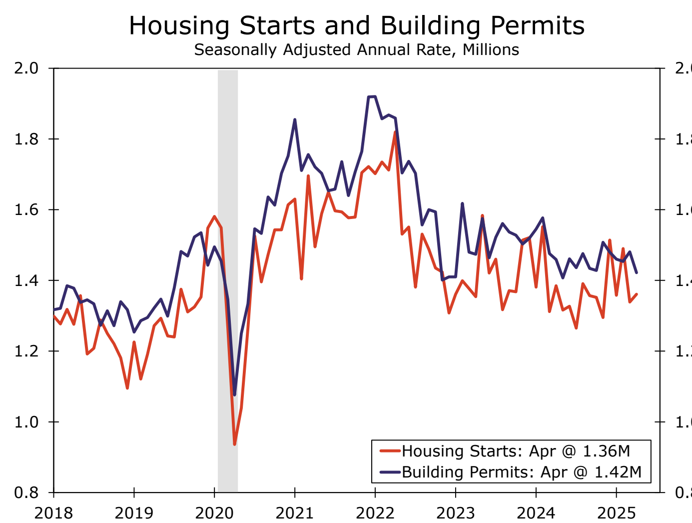

Source: Institute for Supply Management, Federal Reserve Board and Wells Fargo Economics

## Housing Starts • Wednesday

Housing starts rose 1.6% in April, partially rebounding from March's steep 10.1% drop-off. The increase was driven by a 10.7% jump in multifamily starts, which offset a 2.1% decline in single-family starts. Despite the modest recovery, year-to-date housing starts were down 1.6% through April, pointing to a slowdown in residential construction.

The 4.7% decline in building permits highlighted a cautionary outlook for the pace of housing starts in the coming months, as building permits serve as a leading indicator of future starts. Both single-family and multifamily permits fell, with single-family permits down 5.1%, marking the slowest pace since spring 2023. Mortgage rates climbed throughout the month, nearing 7% nationally. These elevated mortgage rates continue to hinder buyer activity.

Aside from the challenges on the demand side, builder confidence has also taken a hit, with the NAHB Housing Market Index falling to 34 in May from 40 in April. Overall, residential construction is likely to slow further in the coming months, as slowing economic growth and still-high mortgage rates weigh on the outlook for housing starts. We forecast starts to essentially remain flat at a 1,364K annual pace in May.




Source: U.S. Department of Commerce and Wells Fargo Economics

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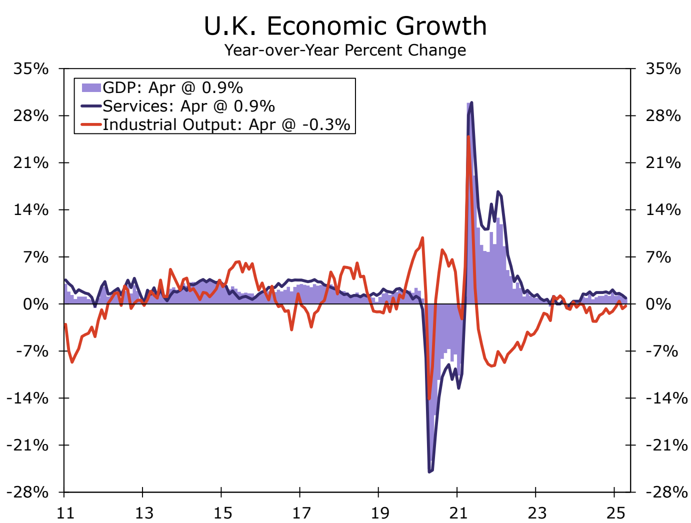
# International Review

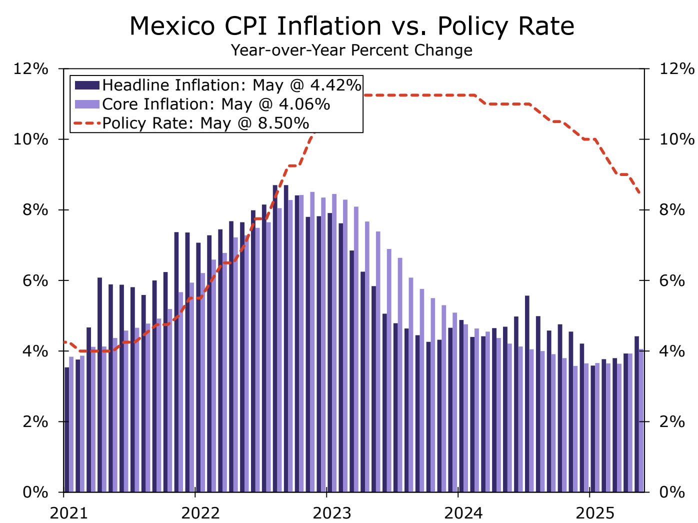
## Market Fixation on Inflation Nation

This week saw the release of a range of economic data from both advanced and emerging economies. Starting with the United Kingdom, the April GDP figures were somewhat disappointing. The economy contracted by 0.3% over the month—more than expected by economists—with greater-than-expected contractions seen across several of the underlying sectors. Industrial production shrank 0.6%, manufacturing production fell 0.9% and services activity retreated by 0.4%. This is our first read on second quarter economic growth in the United Kingdom, and perhaps a sign that some of the heightened uncertainty related to tariffs from the United States are weighing on activity. While the economy expanded 0.7% quarter-over-quarter in Q1, the second quarter may see a growth slowdown. To help us get a fuller picture of what this week's economic data from the U.K. could mean for Bank of England (BoE) monetary policy, we can also look at the weekly earnings data. We have several measures of overall and underlying earnings growth, and each is measured by comparing the three months to April 2025 to the same period from last year. Overall headline average weekly earnings growth slowed down to 5.3%, against expectations for the measure to maintain March's 5.5% pace. Underlying earnings growth showed a similar story, slowing more than expected: Average earnings growth excluding bonuses eased to 5.2% and growth in earnings for private sector employees (also excluding bonuses) decelerated to 5.1%. When we consider the totality of this week's data, as well as other recent U.K. economic data, we remain comfortable with our view for further, but gradual, BoE easing. For further insight into our BoE forecast, please see the International Outlook below.

We also got inflation data from Norway this week. The report was somewhat mixed, with headline CPI inflation accelerating by more than expected to 3.0% year-over-year, while core inflation slowed by more than expected to 2.8%. Norway's central bank targets inflation of 2%, and given that these readings are still elevated above that and the bumpiness in inflation's path in recent months, we remain comfortable with our view for Norges Bank to wait until later this year before delivering an initial 25 bps rate cut. We see policymakers lowering the policy rate by 25 bps to 4.25% in the third quarter of this year.




Source: Datastream and Wells Fargo Economics




Source: Bloomberg Finance L.P. and Wells Fargo Economics

We also got a slate of inflation data from Latin American economies this week. In Mexico, inflation picked up slightly more than expected in May. Headline price growth came in at 4.42% year-over-year, while core inflation accelerated to 4.06%. Looking into the details of the headline reading, it appears to be driven by the food and housing categories. On a month-over-month basis, however, both headline and core inflation slowed—though by slightly less than expected—to 0.28% and 0.30%, respectively. So, what are the monetary policy implications of this somewhat mixed inflation report? We know that, on a year-over-year basis, Banxico targets inflation of 3%, plus or minus one percentage point. While the year-over-year readings in this May report did come in above that range, we believe this will not necessarily dissuade Banxico from further easing, given other important economic factors—

such as the likelihood of a growth slowdown this year in light of heightened U.S. tariffs. To that point, we forecast Mexico's economy to contract overall in 2025 by 0.4%. Against this backdrop, we see another 50 bps rate cut coming from the central bank at its late-June meeting, bringing the policy rate to 8.00% by the end of the second quarter. Beyond this, we anticipate another cumulative 50 bps of easing in the third quarter, with the policy rate reaching a low of 7.50% this year.

Also in Latin America inflation news this week, Brazil's inflation report for May showed that price growth eased more than expected, to 5.32% year-over-year. While any ebbing in price pressures in a country that has historically experienced persistently high inflation is a welcome development, the Brazilian Central Bank's (BCB) inflation target is 3%, plus or minus 1.5 percentage points—meaning inflation remains above the upper bound. Considering that, along with ongoing concerns around fiscal discipline (see our recent report for more on what the presidential election could mean for Brazil's government spending outlook), we expect the BCB to hike its Selic rate by 25 bps at its meeting next week, bringing it to 15.00%. For more detail, please see the International Outlook section below.

We also received Colombia's CPI data for May this week. Headline and core inflation slowed more than expected on both a year-over-year and month-over-month basis. This favorable inflation report, in our view, supports our forecast for Colombia's central bank to deliver a 25 bps rate cut to 9.00% at its late-June meeting.

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## International Outlook

**Weekly International Indicator Forecasts**

| Date | Indicator | Period | Consensus | Wells Fargo | Prior |
|---|---|---|---|---|---|
| 16-Jun | China Industrial Production (YoY) | May | 6.0% | — | 6.1% |
| 16-Jun | China Retail Sales (YoY) | May | 4.9% | — | 5.1% |
| 18-Jun | Brazilian Central Bank Selic Rate | 18-Jun | 14.75% | 15.00% | 14.75% |
| 19-Jun | Bank of England Policy Rate | 19-Jun | 4.25% | 4.25% | 4.25% |

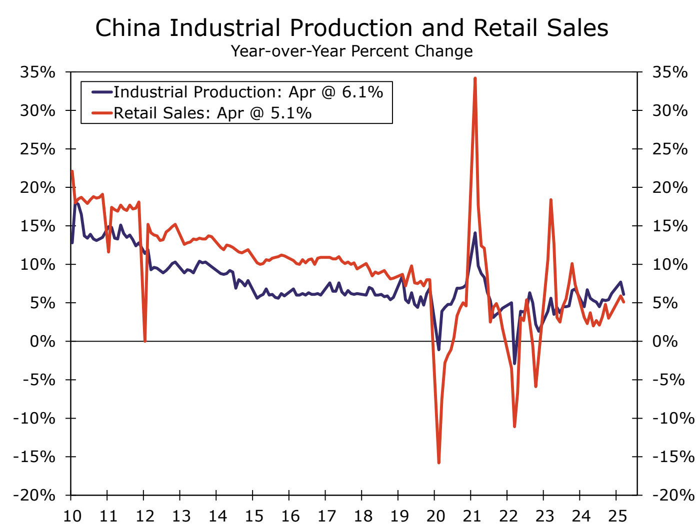
Forecast as of June 13, 2025

Source: Bloomberg Finance L.P. and Wells Fargo Economics

### China Retail Sales & Industrial Production • Monday

China's May industrial production and retail sales data, due next week, will offer a clearer picture of the economy's momentum in the second quarter of 2025. Consensus expectations are for both measures to modestly decelerate, with industrial production expected to have risen 6.0% year-over-year and retail sales expected to have increased by 4.9%.

Although the recent U.S.-China tariff truce has improved the external backdrop, the latest data suggest that any meaningful rebound will take time to materialize. Export growth in May, for example, slowed to 4.8%, falling short of expectations and highlighting the lag between policy changes and impact, especially on production. On the domestic front, government subsidies and trade programs—especially in car sales and home appliances—have helped prop up consumption, but underlying demand remains patchy as only subsidized programs seem to be holding up well. Adding to concerns, both the official manufacturing and non-manufacturing PMIs were subdued in May, despite the improved trade backdrop. While a steady pace of growth may continue in the coming months as policy support and less restrictive trade conditions take hold, the effects may not persist indefinitely. This aligns with our forecast for China's economy to hold up somewhat decently this year, though still slow from last year's growth pace of 5.0% to 4.7% for 2025.



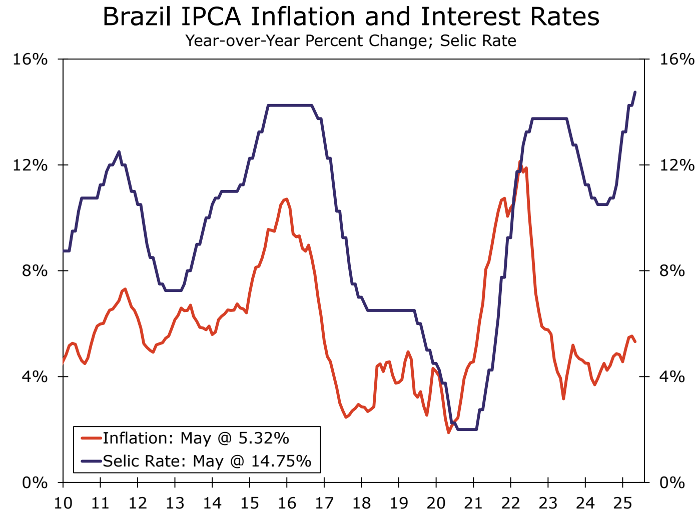

Source: Bloomberg Finance L.P. and Wells Fargo Economics

## Brazil Central Bank Selic Rate • Wednesday

The Brazilian Central Bank (BCB) is set to deliver its latest monetary policy decision, with market participants divided between expectations for a pause in rate hikes and further tightening. We expect the BCB to raise the benchmark Selic rate by 25 bps to 15.00%, likely marking the conclusion of its tightening cycle.

While headline inflation eased more than expected in May to 5.32% year-over-year, it remains well above the central bank's 3% target. Policymakers have consistently underscored the importance of maintaining a restrictive stance in the face of unanchored inflation expectations. Adding to the BCB's cautious posture are persistent concerns around Brazil's fiscal trajectory. Although recent months have seen some efforts to rein in spending, recent headlines still underscore concerns that President Lula may ramp up social expenditures ahead of the 2026 elections, which would lead to renewed fiscal slippage.

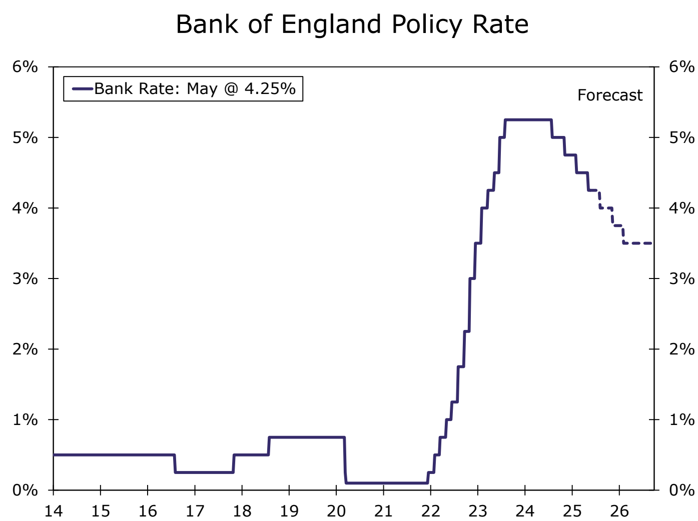
Against this backdrop, a final rate hike would serve to reinforce the central bank's inflation-fighting credibility, while allowing space for a prolonged pause as policymakers assess the evolving inflation and fiscal outlook.



Source: Bloomberg Finance L.P. and Wells Fargo Economics

## Bank of England Policy Rate • Thursday

The Bank of England (BoE) is set to announce its latest policy decision next week. We, as well as consensus economists, expect the central bank to hold its policy rate steady at 4.25%.
Since the BoE's last meeting in May, April inflation data surprised to the upside, with headline inflation rising to 3.5% year-over-year. Core and services inflation also remained elevated at 3.8% and 5.4%, respectively. While much of the increase appeared to be attributable to seasonal distortions and one-off energy and water price adjustments, underlying price pressures persist. At the same time, this week's labor data came in weaker than expected, showing a decline in wage growth and a modest uptick in the unemployment rate. Taken together, the mixed inflation and labor signals are likely to keep the BoE on hold at next week's meeting.
Looking ahead, we maintain our expectation for a 25 bps policy rate cut at the BoE's August meeting. The uncertain growth outlook, given the substantial tariff changes, coupled with still-slightly-elevated wage and price pressures supports a gradual and cautious path of monetary policy easing. Should incoming data continue to show weaker GDP growth, as it did with April's monthly GDP print, and a gradual deceleration in wage growth persist, it could tilt the risks toward a more regular pace of rate cuts at some point in the future.



Source: Bloomberg Finance L.P. and Wells Fargo Economics

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## Interest Rate Watch

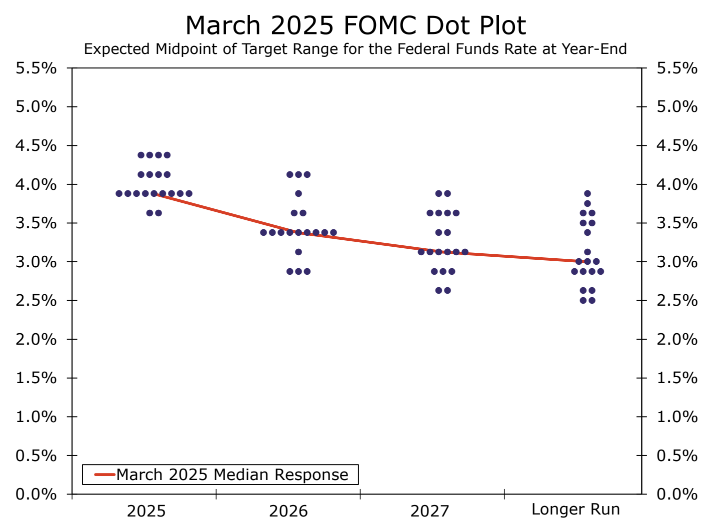
### June Flashlight for the FOMC Blackout Period

Despite the ongoing tumult around trade policy, the near-term outlook for monetary policy is steady-as-she-goes. We expect the FOMC to leave the federal funds rate unchanged at its meeting next week and signal that monetary policy remains in a holding pattern.

Recent "hard" data show economic activity continues to hold up. Real personal consumption expenditures (PCE) started the second quarter with strong momentum, increasing 0.1% in April following a robust gain of 0.7% in March. In addition, employment continued to expand in May. Factoring in downward revisions to March and April data, nonfarm payrolls increased an average of 135K the past three months, while the unemployment rate has held steady at 4.2% since March.

Turning to the other side of the Committee's dual mandate, the FOMC noted in its last statement that "inflation remains somewhat elevated." The most recent reading on the year-over-year change in the core PCE deflator—which most Fed officials consider to be the best measure of the underlying rate of consumer price inflation—came in at 2.5% in April. The May CPI report came in softer than expected and was welcome news for the FOMC. However, we believe it is too early for the FOMC to declare victory. Given most increases in the tariff rate occurred over the March-May period, we doubt enough time has elapsed for the full effects of these policy changes to be felt on pricing. Furthermore, based on the May CPI and PPI reports, we expect core PCE inched up to 2.6% in May, still above the FOMC's target of 2%. Given these crosscurrents, we see little reason for the FOMC to make a change to the current stance of monetary policy at this time.

The FOMC will also update its Summary of Economic Projections (SEP), which will provide a fresh look at what Committee members think lies ahead for the economy and the fed funds rate. When the last SEP was released on March 19, the number of FOMC members indicating that the risks to their individual unemployment rate projections were "weighted to the upside" jumped significantly relative to the December SEP. In addition, the risks to the core PCE inflation forecasts were also "weighted to the upside." We expect these measures of risk in the June SEP will remain elevated, if not move higher.



Source: Federal Reserve Board and Wells Fargo Economics

Given the uncertainty surrounding the economic outlook, we do not expect significant changes to the dot plot, which portrays the monetary policy expectations of the individual FOMC members. While we would not be surprised to see the median dot for 2025 remain unchanged from March—the median FOMC member thought 50 bps of easing by year-end would be appropriate at that time—we believe it is more likely that the median dot will shift higher to indicate only 25 bps of easing before the end of the year. The same can be said for the 2026 dot moving up 25 bps to 3.625% from 3.375% in March's SEP.

Elsewhere in the SEP, we expect to see projections for inflation at the end of 2025 move a few tenths higher in light of the changes to tariff rates since the March SEP. Estimates for GDP growth are likely to be revised down to only a little over 1% following the first quarter's decline and lingering challenges to growth in the second half of the year. Yet, the median estimate for the unemployment rate may very well remain unchanged at 4.4%, as slower growth in the labor supply and an ongoing reluctance among businesses to cut workers keeps the jobless rate from moving up significantly this year.

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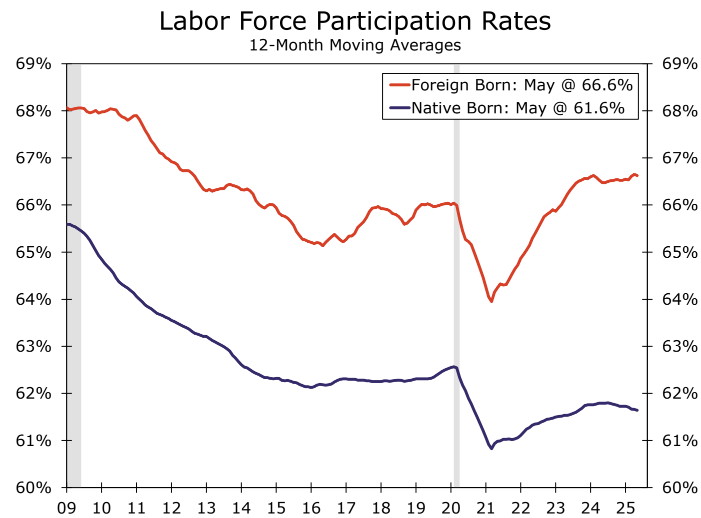
## Topic of the Week

### The Shifting Immigration Landscape

The Trump administration is taking steps to shrink the unauthorized immigrant population in the United States. Recent enforcement actions, alongside moves to limit legal immigrant flows, imply slower growth in the foreign-born population over the next few years. We published a report exploring the potential implications for the jobs market.

Immigrants are the driving force behind recent labor force growth. Foreign-born workers account for more than three-quarters of the increase in the U.S. labor supply since February 2020. Immigrants' labor market prominence has risen in kind, lifting the foreign-born labor force share from 11% in the late 1990s to 19% today. Although it is difficult to measure, undocumented immigrants have likely contributed to this rise. Labor force participation among unauthorized workers is estimated to be between 70% and 78%, above the foreign-born rate of 66.6% (expressed as a 12-month moving average). As shown in the nearby chart, each of these figures surpass the labor force participation rate of U.S.-born workers, which remains subdued relative to pre-pandemic levels at 61.6%.



Source: U.S. Department of Labor and Wells Fargo Economics

Demographics play a role. An aging U.S. population is the main factor behind the lagging recovery in native labor force participation. Immigrant birth rates are higher than native birth rates, which explains why foreign-born population growth is stronger and the average age is younger. In 2023, 36% of the U.S.-born residents were "working age"—between 25-54—compared to 55% of immigrant residents. With the U.S. birth rate consistently below replacement level, the Congressional Budget Office (CBO) projects that, absent immigration, the U.S. population will start shrinking in 2033.

A recent pullback in immigrant workers appears to be weighing on labor force growth. The number of foreign-born workforce participants declined by an average of 150K per month over the past four months, compared to an average increase of 186K from February to May of last year. We estimate that year-over-year labor force growth slowed to just 0.5% in May when accounting for population control adjustments. While slower labor force growth mechanically prevents a substantial rise in the unemployment rate, it also restricts the potential for nonfarm payroll gains this year. The "breakeven" pace of job growth, i.e., the minimum job gain required to prevent an uptick in the unemployment rate, currently lies at around 150K per month according to CBO. But if population growth were to return to a pace similar to the last time that the number of temporary foreign-born workers in the United States declined, this breakeven pace would fall to about 90K.

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## Market Data • Mid-Day Friday

### U.S. Interest Rates

| | Friday 6/13/2025 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| SOFR | 4.28 | 4.29 | 5.31 |
| Effective Fed Funds Rate | 4.33 | 4.33 | 5.33 |
| 3-Month T-Bill | 4.36 | 4.34 | 5.38 |
| 1-Year Treasury | 3.85 | 3.85 | 5.24 |
| 2-Year Treasury | 3.97 | 4.04 | 4.70 |
| 5-Year Treasury | 4.03 | 4.12 | 4.24 |
| 10-Year Treasury | 4.42 | 4.51 | 4.24 |
| 30-Year Treasury | 4.90 | 4.97 | 4.40 |
| Bond Buyer Index | 5.27 | 5.27 | 3.94 |

### Foreign Exchange Rates

| | Friday 6/13/2025 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| Euro ($/€) | 1.156 | 1.140 | 1.074 |
| British Pound ($/£) | 1.359 | 1.353 | 1.276 |
| British Pound (£/€) | 0.851 | 0.842 | 0.841 |
| Japanese Yen (¥/$) | 143.990 | 144.850 | 157.030 |
| Canadian Dollar (C$/$) | 1.358 | 1.370 | 1.374 |
| Swiss Franc (CHF/$) | 0.812 | 0.822 | 0.894 |
| Australian Dollar (US$/A$) | 0.651 | 0.649 | 0.664 |
| Mexican Peso (MXN/$) | 18.894 | 19.113 | 18.382 |
| Chinese Yuan (CNY/$) | 7.181 | 7.193 | 7.253 |
| Indian Rupee (INR/$) | 86.091 | 85.635 | 83.548 |
| Brazilian Real (BRL/$) | 5.542 | 5.560 | 5.364 |
| U.S. Dollar Index | 98.100 | 99.190 | 105.196 |

Source: Bloomberg Finance L.P. and Wells Fargo Economics

### Foreign Interest Rates

| | Friday 6/13/2025 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| 3-Month German Govt Bill Yield | 1.71 | 1.76 | 3.53 |
| 3-Month U.K. Govt Bill Yield | 4.24 | 4.28 | 5.23 |
| 3-Month Canadian Govt Bill Yield | 2.67 | 2.67 | 4.66 |
| 3-Month Japanese Govt Bill Yield | 0.44 | 0.45 | 0.04 |
| 2-Year German Note Yield | 1.86 | 1.88 | 2.87 |
| 2-Year U.K. Note Yield | 3.94 | 4.01 | 4.22 |
| 2-Year Canadian Note Yield | 2.71 | 2.70 | 3.87 |
| 2-Year Japanese Note Yield | 0.74 | 0.76 | 0.33 |
| 10-Year German Bond Yield | 2.54 | 2.58 | 2.47 |
| 10-Year U.K. Bond Yield | 4.55 | 4.64 | 4.12 |
| 10-Year Canadian Bond Yield | 3.38 | 3.34 | 3.33 |
| 10-Year Japanese Bond Yield | 1.41 | 1.46 | 0.98 |

### Commodity Prices

| | Friday 6/13/2025 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| WTI Crude ($/Barrel) | 72.49 | 64.58 | 78.62 |
| Brent Crude ($/Barrel) | 73.76 | 66.47 | 82.75 |
| Gold ($/Ounce) | 3426.44 | 3310.42 | 2304.21 |
| Hot-Rolled Steel ($/S.Ton) | 862.00 | 878.00 | 733.00 |
| Copper (¢/Pound) | 479.80 | 484.80 | 448.15 |
| Soybeans ($/Bushel) | 10.16 | 10.73 | 11.93 |
| Natural Gas ($/MMBTU) | 3.58 | 3.78 | 2.96 |
| Nickel ($/Metric Ton) | 14,950 | 15,341 | 17,809 |
| CRB Spot Inds. | 561.99 | 564.04 | 552.30 |

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| | | | |
|---|---|---|---|
| Jay H. Bryson, Ph.D. | Chief Economist | 704-410-3274 | Jay.Bryson@wellsfargo.com |
| Sam Bullard | Senior Economist | 704-410-3280 | Sam.Bullard@wellsfargo.com |
| Nick Bennenbroek | International Economist | 212-214-5636 | Nicholas.Bennenbroek@wellsfargo.com |
| Tim Quinlan | Senior Economist | 704-410-3283 | Tim.Quinlan@wellsfargo.com |
| Sarah House | Senior Economist | 704-410-3282 | Sarah.House@wellsfargo.com |
| Azhar Iqbal | Econometrician | 212-214-2029 | Azhar.Iqbal@wellsfargo.com |
| Charlie Dougherty | Senior Economist | 212-214-8984 | Charles.Dougherty@wellsfargo.com |
| Michael Pugliese | Senior Economist | 212-214-5058 | Michael.D.Pugliese@wellsfargo.com |
| Brendan McKenna | International Economist | 212-214-5637 | Brendan.Mckenna@wellsfargo.com |
| Jackie Benson | Economist | 704-410-4468 | Jackie.Benson@wellsfargo.com |
| Shannon Grein | Economist | 704-410-0369 | Shannon.Grein@wellsfargo.com |
| Nicole Cervi | Economist | 704-410-3059 | Nicole.Cervi@wellsfargo.com |
| Jeremiah Kohl | Economic Analyst | 212-214-1164 | Jeremiah.J.Kohl@wellsfargo.com |
| Aubrey Woessner | Economic Analyst | 704-410-2911 | Aubrey.B.Woessner@wellsfargo.com |
| Delaney Conner | Economic Analyst | 704-374-2150 | Delaney.Conner@wellsfargo.com |
| Anna Stein | Economic Analyst | 212-214-1063 | Anna.H.Stein@wellsfargo.com |
| Ali Hajibeigi | Economic Analyst | 212-214-8253 | Ali.Hajibeigi@wellsfargo.com |
| Azhin Abdulkarim | Economic Analyst | 212-214-5154 | Azhin.Abdulkarim@wellsfargo.com |
| Coren Miller | Administrative Assistant | 704-410-6010 | Coren.Miller@wellsfargo.com |

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