

WELLS  
FARGO

SECURITIES

# Wells Fargo Economics *Monthly Macro Manual*

---

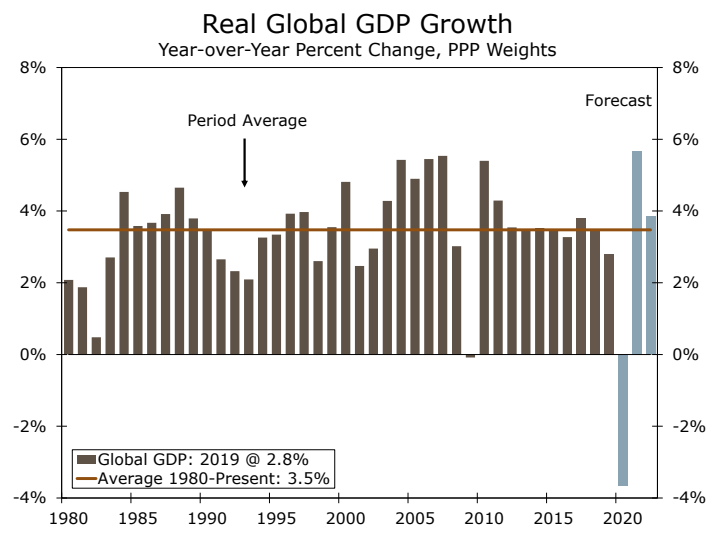
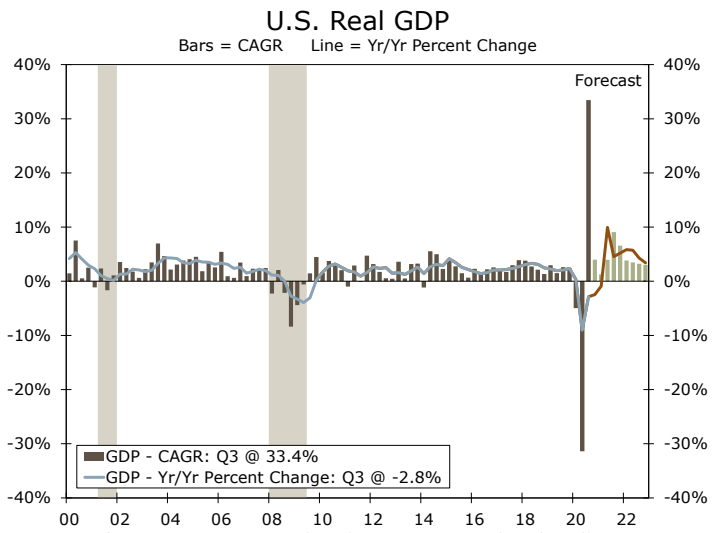
*Your guide to the data and events that will shape the economic outlook and drive financial markets in the month ahead.*

January 13, 2021

# Key Takeaways

## Developments Since Our Annual Economic Outlook

- Our real GDP forecast for the United States is, on trend, higher through the end of 2022. We have downwardly revised our forecast for near-term economic growth given the acceleration in COVID cases and accompanying restrictions over the past month. But, the additional fiscal stimulus enacted at the end of 2020 provides more than a full offset from mid-2021 onward.
- We have upwardly revised our 2021 year-end target for the 10-year Treasury yield to 1.55%.
- We have revised our inflation forecast slightly higher to reflect the additional fiscal stimulus and higher oil prices. Our forecast has the core PCE deflator at 1.8% year-over-year in Q4-2021.
- We continue to expect the FOMC to keep the federal funds rate unchanged through at least the end of 2022.
- Our 2021 global growth forecast, unlike our U.S. forecast, has seen some downward revisions, most notably in the Eurozone, United Kingdom and Brazil. Even Asia, which has generally kept COVID case counts low compared to other countries, has seen outbreaks worsen recently, with growth forecasts moving down modestly in tandem.
- As a result, our forecast for global growth in 2021 is down about two-tenths of a percentage point, partially offset by some upward revisions to growth in 2022.



Source: U.S. Department of Commerce, International Monetary Fund and Wells Fargo Securities

# Monthly Macro Calendar: January 11 - February 5

Monday	Tuesday	Wednesday	Thursday	Friday
<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>
<b>Bostic* (Atlanta Fed)</b> Discusses his 2021 Economic Outlook	<b>Brainard* (Board of Governors)</b> Speaks at Artificial Intelligence Symposium	<b>Brainard* (Board of Governors)</b> Discusses Economic Outlook	<b>Powell* (Fed Chair)</b> Takes part in Princeton Economics Webinar	<b>Retail Sales (MoM)</b> November -1.1%; December 0.0% (W)
<b>Kaplan (Dallas Fed)</b> Discusses the Economy and Monetary Policy	<b>Rosengren, Kaplan &amp; Kashkari</b> Speak at an Event on Racism	<b>Clarida* (Board of Governors)</b> Discusses Fed's New Framework	<b>Bostic* (Atlanta Fed)</b> Moderates Panel on Inclusive Recovery	<b>PPI Final Demand (MoM)</b> November 0.1%; December 0.4% (W)
	<b>JOLTs Job Openings</b> November 6,527K	<b>Consumer Price Index (MoM)</b> November 0.2%; December 0.3% (W)	<b>Rosengren (Boston Fed)</b> Speaks About the Economy in 2021	<b>Industrial Production (MoM)</b> November 0.4%; December 0.3% (W)
		<b>U.S. Federal Reserve Beige Book Released</b>		<b>U.S. Treasury Quarterly Refunding</b>
<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>
<b>Martin Luther King Day</b> [U.S. Bond Markets Closed]		<b>United Kingdom CPI (YoY)</b> November 0.3%	<b>Housing Starts (SAAR)</b> November 1,547K	<b>Existing Home Sales (SAAR)</b> November 6.69M
<b>FOMC Blackout Period Begins</b>		<b>Bank of Canada Rate Decision</b> Previous 0.25%	<b>Japan Natl CPI (YoY)</b> November -0.9%	
<b>China GDP Q4 (YoY)</b> Q3 4.9% (released 01/17)		<b>Central Bank of Brazil Rate Decision</b> Previous 2.00%	<b>European Central Bank Rate Decision</b> Previous -0.50% (Deposit Rate)	
<b>25</b>	<b>26</b>	<b>27</b>	<b>28</b>	<b>29</b>
	<b>Consumer Confidence</b> December 88.6	<b>Durable Goods Orders (MoM)</b> November 1.0%	<b>U.S. GDP Q4 (Annualized, QoQ)</b> Q3 33.4%; Q4 4.0% (W)	<b>Personal Income &amp; Spending (MoM)</b> November -1.1%; -0.4% (Income; Spending)
		<b>FOMC Rate Decision (Upper Bound)</b> Previous 0.25%; January 0.25% (W)	<b>New Home Sales</b> November 841K	<b>Employment Cost Index (QoQ)</b> Q3 0.5%
		<b>Powell* (Fed Chair)</b> Holds Press Conference Following FOMC Meeting		
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>ISM Manufacturing Index</b> December 60.7		<b>ISM Services Index</b> December 57.2	<b>Nonfarm Productivity (QoQ, SAAR)</b> Q3 4.6%	<b>Nonfarm Payrolls</b> December -140K
<b>Reserve Bank of Australia Rate Decision</b> Previous 0.10% (Cash Rate)		<b>Eurozone Consumer Price Index (YoY)</b> December -0.3%		<b>Trade Balance</b> December -\$68.1B
				<b>Reserve Bank of India Rate Decision</b> Previous 3.00% (Cash Reserve Ratio)

Note: (W) = Wells Fargo Estimate, (C) = Consensus Estimate, \* = voting FOMC member in 2021, Red = Market Moving Releases

Source: Bloomberg LP and Wells Fargo Securities

# U.S. Growth Outlook

Real GDP growth forecast for Q4-2020: **4.0%** (seasonally adjusted annualized rate)

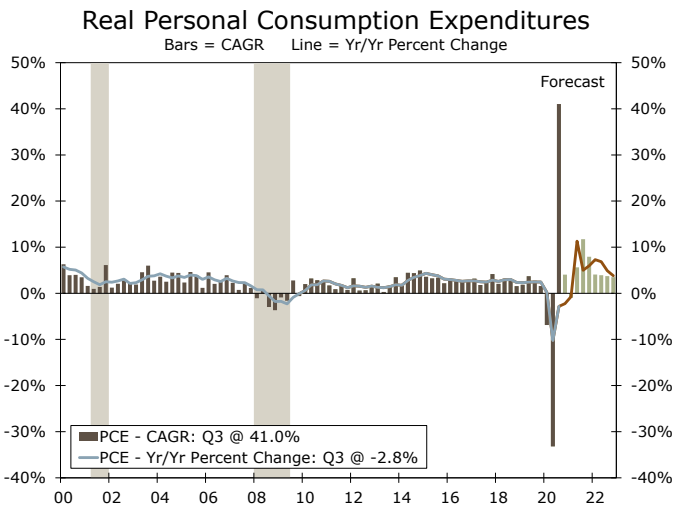
- Change since last forecast: **-1.3 percentage points**
- We have revised lower our fourth quarter real GDP growth estimate due to the acceleration in COVID cases and accompanying restrictions over the past month.** Most impactful to the forecast were pared back expectations for consumer spending amid new business restrictions and diminished consumer confidence.

Real GDP growth forecast for full-year 2021: **4.6%** (year-over-year percent change)

- Change since last forecast: **+0.1 percentage points**
- Despite the near-term moderation in growth and slower-than-expected vaccine deployment, **our forecasts for economic growth in 2021 and 2022 have increased due to the COVID relief package enacted at the end of 2020.** Direct checks and expanded unemployment benefits will boost personal income and savings, while a revamped Paycheck Protection Program will support small businesses and the labor market. **We expect the fiscal stimulus to have a delayed impact on consumer spending** and it will not be until the vaccine is widely distributed that we see a robust pace of spending, particularly on services, take hold in the second and third quarters of 2021.

Real GDP growth forecast for full-year 2022: **4.8%** (year-over-year percent change)

- Change since last forecast: **+0.3 percentage points**



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

## Key Themes and Upside/Downside Scenarios

- Upside scenario:** Vaccine deployment accelerates sharply, and hospitalizations/deaths fall precipitously throughout the spring. U.S. economic growth holds up through the winter months, herd-immunity is reached by the summer and economic activity accelerates amid a waning pandemic and a highly stimulative economic policy backdrop.
- Downside scenario:** The pace of vaccinations remains tepid and/or COVID mutations render the vaccine ineffective. Monetary and fiscal policy responses are not as forthcoming/effective the second time around, and a double-dip recession takes hold.

## Inflation Forecast

- We have revised our inflation forecast slightly higher to reflect the additional fiscal stimulus and higher oil prices.
- Still, we do not expect inflation to meaningfully test the Fed's new, higher tolerance inflation target for some time.

## Labor Market Forecast

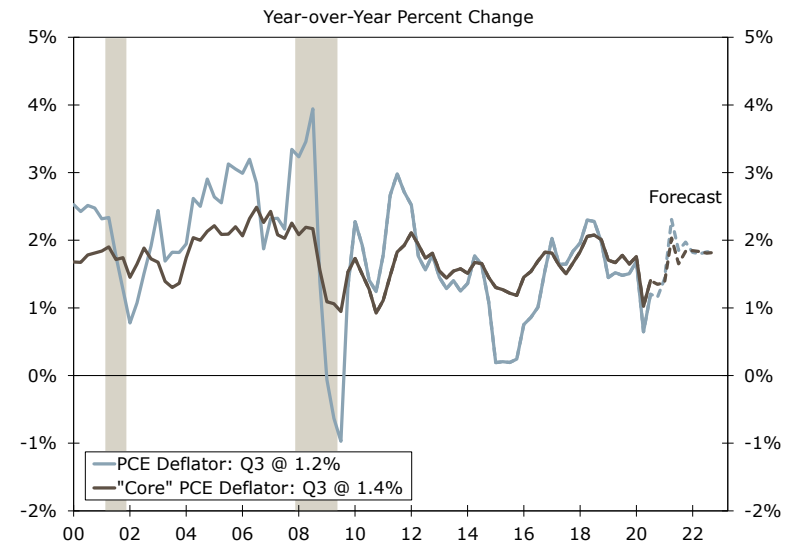
- Similar to our inflation outlook, we have modestly revised higher the number of jobs created in 2021 due to the additional fiscal stimulus passed in December.
- Encouragingly, permanent layoffs appear to have slowed, and may even have halted altogether (bottom chart).
- There are still about 10 million fewer jobs in the United States today than there were in February 2020. About 40% of the decline can be attributed to the leisure & hospitality sector alone.

## Fed Funds Outlook

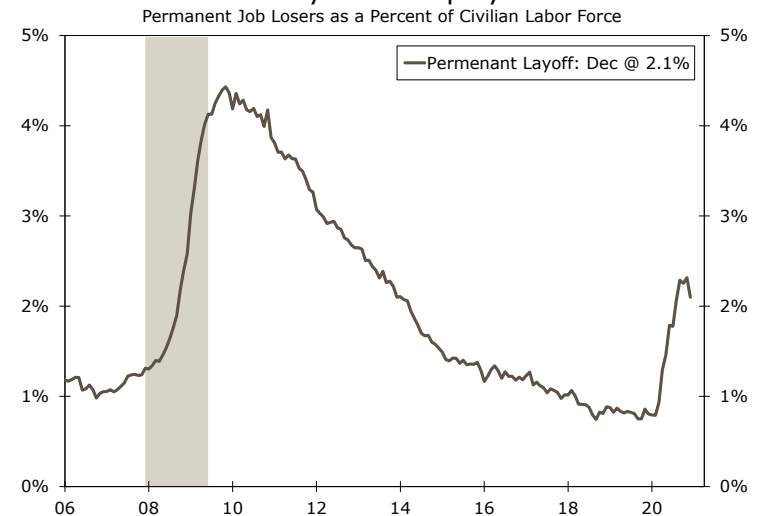
### Fed Funds Forecast for 2020-2022: No change

- We continue to expect the FOMC to keep the federal funds rate unchanged through at least the end of 2022.
- The recently enacted fiscal support should alleviate the near-term need for monetary policy easing. While not our base case, more easing could come in the next few months if the economy takes a major turn for the worse.
- But, if the economy keeps recovering as we expect, the next FOMC move could be to tighten rather than ease, with a taper beginning at the end of 2021/early 2022.

## PCE Deflator & "Core" PCE Deflator



## Permanent Layoff Unemployment Rate



Source: U.S. Department of Commerce, U.S. Department of Labor and Wells Fargo Securities

## The Federal Open Market Committee is composed of 12 members:

7 members of the Board of Governors + the New York Fed President + 4 rotating District Presidents

- **Chairman**  
Serving a renewable 4-year term ending on February 4, 2022
- **Board of Governors**  
Permanent voting seat
- **New York Fed President**  
Vice Chair of FOMC, Permanent voting seat
- **Voting Districts**  
Four voting regional presidents
- **Non-Voting Districts**  
Seven non-voting regional presidents

2021 FOMC

### Board of Governors

**Jerome Powell**  
*Chairman*  
**D**

**Richard Clarida**  
*Vice Chair Board of Governors*  
**D**

**Randal Quarles**  
*Vice Chair for Supervision*  
**N**

**Lael Brainard**  
**N**

**Michelle Bowman**  
**N**

**Christopher Waller**  
**D**

**Vacant Seat**

### Voting Districts

**John Williams**  
*Vice Chair FOMC*  
(New York)  
**N**

**Charles Evans**  
(Chicago)  
**D**

**Thomas Barkin**  
(Richmond)  
**N**

**Raphael Bostic**  
(Atlanta)  
**N**

**Mary Daly**  
(San Francisco)  
**N**

*Presidential Appointment, Senate Confirmation*

### Non-Voting Districts

**Loretta Mester**  
(Cleveland)  
**H**

**Eric Rosengren**  
(Boston)  
**H**

**James Bullard**  
(St. Louis)  
**D**

**Esther George**  
(Kansas City)  
**H**

**Patrick Harker**  
(Philadelphia)  
**N**

**Robert Kaplan**  
(Dallas)  
**N**

**Neel Kashkari**  
(Minneapolis)  
**D**

### Policy Inclination:

Designated by Bloomberg LP as of January 2020

- H = Hawk
- N = Neutral
- D = Dove

### Federal Reserve Voting Districts Rotation:

2021	2022	2023
New York	New York	New York
Chicago	Cleveland	Chicago
Richmond	Boston	Philadelphia
Atlanta	St. Louis	Dallas
San Francisco	Kansas City	Minneapolis

### FOMC Meetings:

\* = FOMC Forecasts Updated

January 26-27, 2021	July 27-28, 2021
March 16-17, 2021*	September 21-22, 2021*
April 27-28, 2021	November 02-03, 2021
June 15-16, 2021*	December 14-15, 2021*

## Wells Fargo Securities U.S. Interest Rate Forecast

	Actual								Forecast							
	2019				2020				2021				2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Quarter End Interest Rates																
Federal Funds Target Rate	2.50	2.50	2.00	1.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
SOFR <sup>1</sup>	2.43	2.43	2.28	1.67	1.23	0.05	0.09	0.09	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBOR	2.60	2.32	2.09	1.91	1.45	0.30	0.23	0.24	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Prime Rate	5.50	5.50	5.00	4.75	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Conventional Mortgage Rate	4.28	3.80	3.61	3.72	3.45	3.16	2.89	2.69	2.95	3.10	3.15	3.25	3.35	3.40	3.45	3.50
3 Month Bill	2.40	2.12	1.88	1.55	0.11	0.16	0.10	0.09	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 Month Bill	2.44	2.09	1.83	1.60	0.15	0.18	0.11	0.09	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
1 Year Bill	2.40	1.92	1.75	1.59	0.17	0.16	0.12	0.10	0.10	0.10	0.10	0.10	0.15	0.15	0.15	0.20
2 Year Note	2.27	1.75	1.63	1.58	0.23	0.16	0.13	0.13	0.15	0.15	0.20	0.20	0.25	0.25	0.30	0.40
5 Year Note	2.23	1.76	1.55	1.69	0.37	0.29	0.28	0.36	0.55	0.65	0.70	0.75	0.80	0.90	0.95	1.05
10 Year Note	2.41	2.00	1.68	1.92	0.70	0.66	0.69	0.93	1.20	1.35	1.45	1.55	1.65	1.70	1.75	1.80
30 Year Bond	2.81	2.52	2.12	2.39	1.35	1.41	1.46	1.65	2.00	2.15	2.30	2.40	2.45	2.45	2.50	2.55

Forecast as of: January 13, 2021

<sup>1</sup> Quarterly Average of Daily Close

Source: Federal Reserve Board and Wells Fargo Securities

## What Are We Watching in the Month Ahead?

- Where are Treasury yields headed from here?
  - After hitting a low of 51 bps on August 4, the 10-year Treasury yield has grinded higher and is currently 1.13%.
  - At the long end of the Treasury curve, we think yields will keep heading higher, but much of the heavy lifting will have to be done by real yields.**
  - Since August 4, about 80% of the move higher in nominal 10-year Treasury yields has been due to higher inflation expectations as measured by breakevens.
    - With 10-year breakevens at 2.1%, we are skeptical inflation expectations can drive another big move up in yields.**
  - COVID has driven an increase in savings and a decline in investment, putting downward pressure on real interest rates.** A reversal of these trends as vaccine distribution continues and the economic recovery accelerates would help keep longer-term Treasury yields moving higher.
  - We do not think yields at the front end of the Treasury curve (2Y and in) will move much in the next few quarters.** Despite the continued economic rebound, a Federal Reserve rate hike remains at best two years away, and more realistically the first hike is still three to four years down the road.

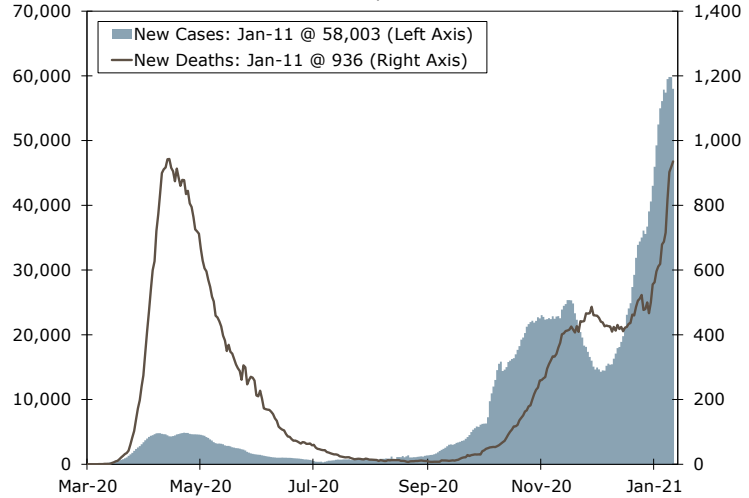
## U.K. in a National Lockdown

- A new variant of COVID has emerged in the United Kingdom that appears to be significantly more transmissible, and **the nation is currently experiencing a crushing wave of COVID spread that led the British government to institute a nationwide lockdown shortly after the start of the year.**
- We anticipate quarter-over-quarter, non-annualized declines in U.K. real GDP of -2.0% in Q4-2020 and -1.5% in Q1-2021. **If realized, British real GDP will have contracted in four of the five quarters from the start of 2020 through the start of 2021.** The U.K. economy remains one of the hardest hit in the world.

## Europe a Bit Better, but Still Struggling

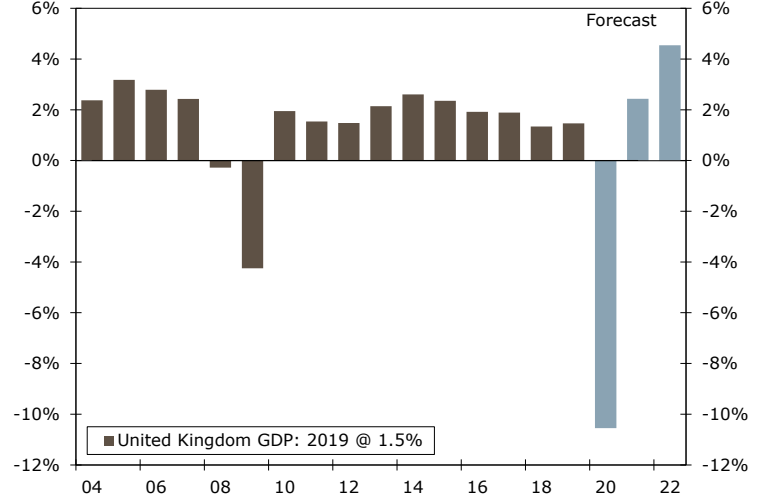
- The Eurozone has fared a bit better recently as confirmed COVID cases are currently not as high in many of Europe's largest countries as they are in the United Kingdom. Still, **several European countries have kept significant restrictions in place to combat further spread of the virus.** Germany recently extended its holiday restrictions through the end of January, and most of France is operating on curfews that kick in between 6 p.m. and 8 p.m. local time.
- **We look for a 3% quarter-over-quarter, non-annualized contraction in Eurozone real GDP in Q4, and then flat economic growth in Q1-2021.**

U.K. COVID New Cases and Deaths  
7-Day MA



Source: Bloomberg LP, International Monetary Fund and Wells Fargo Securities

United Kingdom GDP Growth  
Year-over-Year Percent Change





## Wells Fargo Central Bank Policy Forecasts

Central Bank	Current Policy Rate	Last Major Policy Change	WF Next Forecasted Policy Change
United States (FOMC)	0.25%	August 2020 <i>Announced it will adopt a flexible form of "average inflation targeting" such that it will aim to "achieve inflation that averages 2% over time"</i>	No change through Q2-2022
Eurozone (ECB)	-0.50% (Deposit Rate)	December 2020 <i>Expanded its Pandemic Emergency Purchase Program (PEPP) purchases by €500B, extended the horizon for PEPP purchases until at least the end of March 2022 and added more long-term loans</i>	No change through Q2-2022
United Kingdom (BoE)	0.10%	November 2020 <i>Announced a £150B increase in its asset purchase target to £895B</i>	No change through Q2-2022
Japan (BoJ)	-0.10%	April 2020 <i>Raised its purchase target for corporate bonds and commercial paper to ¥ 20T</i>	No change through Q2-2022
Canada (BoC)	0.25%	April 2020 <i>Announced two new asset purchases programs, a provincial bond purchase program of C\$50B and corporate bond purchase program of C\$10B</i>	No change through Q2-2022

Forecast as of: January 13, 2021

Source: Bloomberg LP and Wells Fargo Securities

## What Are We Watching in the Month Ahead?

### European Central Bank

- **We do not anticipate any further easing from the ECB**, though we see the risks as skewed toward some type of more accommodative policy.

### Bank of Japan

- **We do not anticipate any further easing from the BoJ**, though we see the risks as skewed toward some type of more accommodative policy.

### Bank of England

- **We do not anticipate any further easing from the BoE**, though we see the risks as skewed toward some type of more accommodative policy.

### Bank of Canada

- **We do not anticipate any further easing from the BoC**, though we see the risks as skewed toward some type of more accommodative policy.

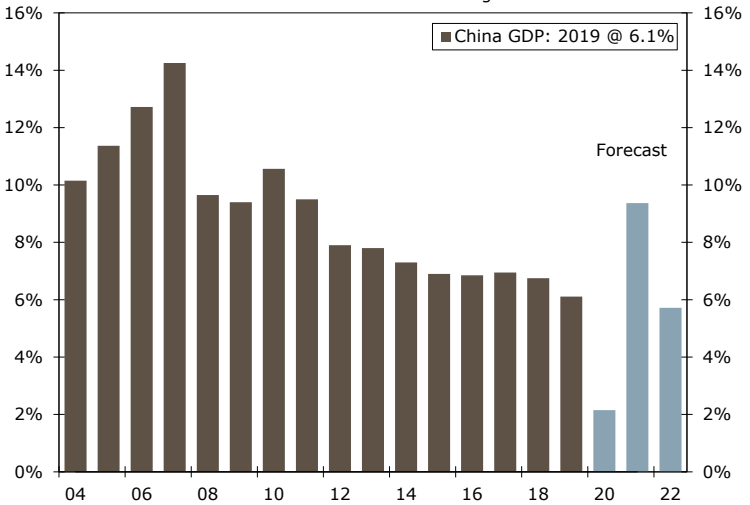
## China Grapples with a COVID Flare-Up

- It is not just the U.K. and Europe that have been dealing with COVID outbreaks—there even have been some cracks in the armor in fortress Asia. **In China, a few hundred positive tests have led to a lockdown of more than 11 million people in the Hebei province near Beijing.**
- We have downwardly revised our 2021 Chinese real GDP growth forecast by two-tenths of a percentage point to reflect these new risks. Further downward revisions could occur if the situation deteriorates. **Note that next week's Q4-2020 GDP data should mostly be unaffected by these developments.**

## Less Fiscal Stimulus in Brazil = Weaker Growth

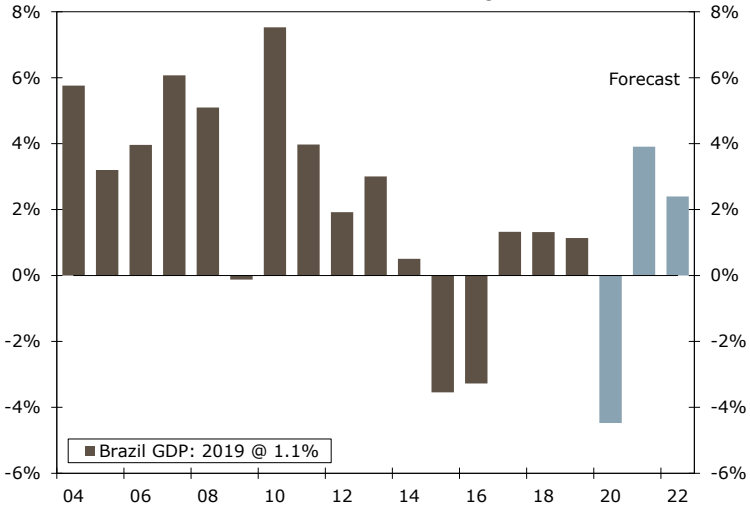
- For most of 2020, Brazil's economy has been supported by significant fiscal support, with the Bolsonaro administration moving forward with stimulus worth over 8% of GDP. However, **COVID-related fiscal stimulus has begun tapering off.**
- Without direct checks and other types of fiscal support, we expect consumer spending in Brazil to decline precipitously in the first half of 2021. **As a result, we have downwardly revised our 2021 real GDP growth forecast for Brazil by nearly a full percentage point.**

China GDP Growth  
Year-over-Year Percent Change



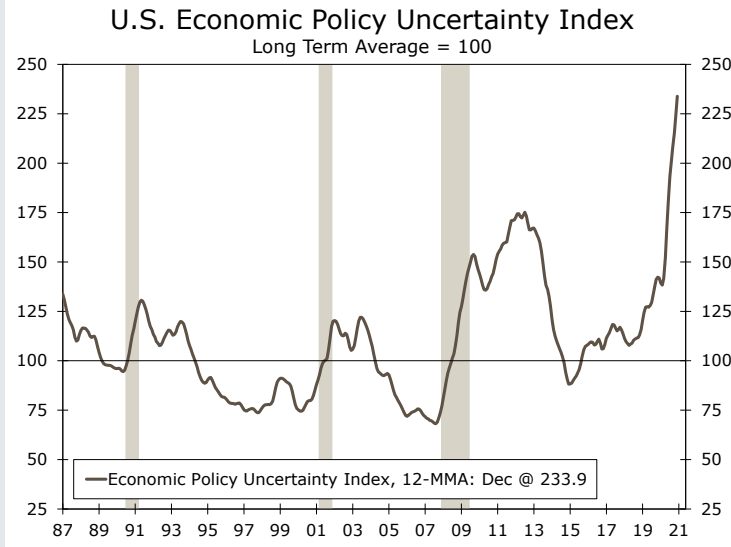
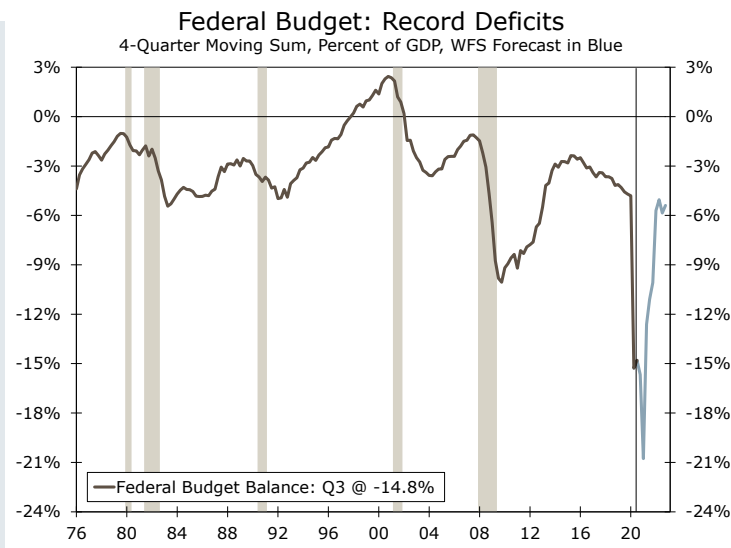
Source: International Monetary Fund, Bloomberg LP and Wells Fargo Securities

Brazil GDP Growth  
Year-over-Year Percent Change



## Democrats Have Another Strong Showing in Georgia

- Last week's rare double-barreled Senate election in Georgia was a high-stakes contest for control of the U.S. Senate. **As of this writing, the Democrats appear to have won both seats, as the Associated Press has called the two races in favor of Democratic candidates Raphael Warnock and Jon Ossoff.**
- **With these results, Democrats will obtain unified control of the House, Senate and White House for the first time since 2009-2010.** Their majorities in both chambers, however, will be razor thin. In the House, Democrats would hold just a four-seat majority, while in the Senate it would be 50-50, with the tie broken by Vice President Kamala Harris.
- **Does this mean that Biden's policy platform would be enacted verbatim? Probably not.** First, intraparty squabbles can squash legislation, as was the case when Republicans failed to fully repeal the Affordable Care Act in 2017.
- Second, **the 60-vote filibuster threshold in the Senate looms large.** As an example, another COVID fiscal relief deal would require 10 Republicans to join the 50 Democrats to end a filibuster. This is of course possible, but the need to attract members from the other side of the aisle could limit the size of the bill, particularly given that a roughly \$900 billion package was just enacted at the end of 2020.
- **Bottom line: Democrats securing both Georgia Senate seats creates the circumstances under which some of Biden's economic policy platform could become law, but it will likely be a significantly scaled-back version.**
- For further reading, see our recent report "[Senate Control within Reach for the Democrats.](#)"



Source: U.S. Department of the Treasury, Baker, Bloom & Davis and Wells Fargo Securities

## Wells Fargo Securities U.S. Economic Forecast

	Actual								Forecast								Actual		Forecast	
	2019				2020				2021				2022				2019	2020	2021	2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product (a)	2.9	1.5	2.6	2.4	-5.0	-31.4	33.4	4.0	1.3	4.0	9.1	6.6	3.8	3.5	3.2	3.0	2.2	-3.5	4.6	4.8
Personal Consumption	1.8	3.7	2.7	1.6	-6.9	-33.2	41.0	4.0	-1.0	5.6	11.7	7.9	4.1	3.9	3.7	3.5	2.4	-3.8	5.2	5.7
Business Fixed Investment	4.2	0.0	1.9	-0.3	-6.7	-27.2	22.9	14.0	2.6	2.2	4.1	5.9	5.7	4.9	4.6	4.3	2.9	-4.0	5.0	4.9
Equipment	2.0	-3.8	-1.7	-1.7	-15.2	-35.9	68.2	18.9	1.9	1.3	3.9	7.1	6.9	5.3	5.0	4.4	2.1	-5.3	8.7	5.5
Intellectual Property Products	4.5	4.1	5.3	4.6	2.4	-11.4	8.4	7.5	4.0	5.2	6.9	6.3	6.0	5.6	5.1	4.9	6.4	1.6	4.9	5.8
Structures	8.2	1.6	3.6	-5.3	-3.7	-33.6	-17.4	3.5	1.5	-1.5	-1.1	1.5	1.9	2.1	2.5	2.8	-0.6	-10.5	-4.3	1.4
Residential Investment	-1.7	-2.1	4.6	5.8	19.0	-35.6	63.0	26.0	7.5	7.5	14.0	12.0	9.0	7.0	6.5	6.5	-1.7	5.5	13.9	9.2
Government Purchases	2.5	5.0	2.1	2.4	1.3	2.5	-4.8	-3.2	3.5	-2.8	1.9	1.1	0.8	0.5	0.5	0.5	2.3	1.0	-0.5	0.6
Net Exports	-907.4	-951.4	-950.2	-861.5	-788.0	-775.1	-1019.0	-1093.0	-1093.3	-1083.0	-1093.7	-1108.2	-1123.3	-1138.6	-1158.0	-1177.7	-917.6	-918.8	-1094.5	-1149.4
Pct. Point Contribution to GDP	0.6	-0.8	0.0	1.5	1.1	0.6	-3.2	-1.6	0.0	0.2	-0.2	-0.3	-0.3	-0.3	-0.4	-0.4	-0.2	0.0	-1.0	-0.3
Inventory Change	101.7	49.4	44.0	-1.1	-80.9	-287.0	-3.7	60.0	95.0	85.0	75.0	70.0	70.0	70.0	70.0	70.0	48.5	-77.9	81.3	70.0
Pct. Point Contribution to GDP	0.2	-1.0	-0.1	-0.8	-1.3	-3.5	6.6	1.4	0.7	-0.2	-0.2	-0.1	0.0	0.0	0.0	0.0	0.0	-0.7	0.9	-0.1
Nominal GDP (a)	4.0	4.1	4.0	3.9	-3.4	-32.8	38.3	5.4	3.7	5.9	11.1	8.6	5.7	5.3	5.2	5.0	4.0	-2.4	6.5	6.7
Real Final Sales	2.7	2.5	2.7	3.2	-3.6	-28.1	25.9	3.0	0.5	4.2	9.4	6.7	3.9	3.5	3.2	3.0	2.2	-2.9	3.9	4.9
Retail Sales (b)	2.7	3.4	3.9	4.0	1.2	-7.7	4.1	4.5	6.5	15.2	1.4	1.2	2.6	3.5	4.2	4.8	3.5	0.6	5.8	3.8
Inflation Indicators (b)																				
PCE Deflator	1.4	1.5	1.5	1.5	1.7	0.6	1.2	1.2	1.4	2.3	1.9	2.0	1.8	1.8	1.8	1.8	1.5	1.2	1.9	1.8
"Core" PCE Deflator	1.7	1.7	1.8	1.6	1.8	1.0	1.4	1.3	1.4	2.0	1.7	1.8	1.8	1.8	1.8	1.8	1.7	1.4	1.7	1.8
Consumer Price Index	1.6	1.8	1.8	2.0	2.1	0.4	1.3	1.2	1.6	2.9	2.1	2.1	2.1	2.2	2.2	2.2	1.8	1.2	2.2	2.2
"Core" Consumer Price Index	2.1	2.1	2.3	2.3	2.2	1.3	1.7	1.6	1.6	2.4	1.9	2.0	2.1	2.2	2.2	2.2	2.2	1.7	2.0	2.2
Producer Price Index (Final Demand)	1.9	2.0	1.6	1.1	1.1	-1.0	0.0	0.6	1.3	3.2	2.6	2.3	2.2	2.3	2.3	2.3	1.7	0.2	2.4	2.3
Employment Cost Index	2.8	2.7	2.8	2.7	2.8	2.7	2.4	2.2	1.8	1.7	1.7	1.8	2.0	2.1	2.2	2.2	2.7	2.5	1.8	2.1
Real Disposable Income (b)	3.2	2.1	1.8	1.6	1.4	12.2	6.8	3.9	7.6	-6.9	-3.1	-0.3	-3.5	1.8	3.1	3.0	2.2	6.1	-0.9	1.1
Nominal Personal Income (b)	4.7	4.1	3.5	3.5	3.2	10.7	7.1	4.4	8.1	-3.9	-1.4	1.4	-1.7	3.6	4.9	4.9	3.9	6.3	0.9	2.9
Industrial Production (a)	-1.9	-2.3	1.1	0.4	-6.8	-42.6	42.5	6.4	4.8	4.7	5.3	5.5	5.1	4.6	4.4	4.1	0.9	-6.9	5.1	4.9
Capacity Utilization	78.6	77.8	77.6	77.2	75.8	66.0	72.1	73.3	74.4	75.2	76.2	77.2	78.1	79.0	79.8	80.6	77.8	71.8	75.8	79.4
Corporate Profits Before Taxes (b)	-1.1	1.7	-0.5	1.3	-6.7	-19.3	3.5	2.5	15.0	30.0	5.0	3.0	6.0	6.0	3.0	3.0	0.3	-5.0	12.2	4.5
Corporate Profits After Taxes	-3.3	0.5	-0.3	1.3	-5.7	-18.8	2.8	3.2	14.4	29.9	5.3	2.9	6.0	6.0	3.0	3.0	-0.4	-4.6	12.1	4.5
Federal Budget Balance (c)	-372	-56	-237	-357	-387	-2001	-388	-585	-1522	-274	-118	-406	-531	-135	-327	-314	-984	-3132	-2500	-1400
Trade Weighted Dollar Index (d)	109.8	109.7	111.0	109.8	112.7	110.3	106.6	103.3	102.1	101.5	101.0	100.5	100.0	99.4	99.0	98.5	110.1	109.0	101.3	99.2
Nonfarm Payroll Change (e)	139	159	203	210	-303	-4427	1322	283	233	600	683	392	300	247	230	215	178	-781	477	248
Unemployment Rate	3.9	3.7	3.6	3.6	3.8	13.1	8.8	6.8	6.6	6.4	6.0	5.7	5.4	5.1	4.8	4.5	3.7	8.1	6.2	5.0
Housing Starts (f)	1.20	1.26	1.29	1.43	1.48	1.08	1.43	1.56	1.40	1.42	1.47	1.48	1.48	1.49	1.50	1.51	1.29	1.39	1.44	1.49
Light Vehicle Sales (g)	16.9	17.0	17.0	16.8	15.0	11.3	15.3	16.1	15.6	15.7	15.7	16.1	16.1	16.8	16.7	17.1	17.0	14.4	15.8	16.7
Crude Oil - Brent - Front Contract (h)	63.8	67.6	61.5	61.7	51.0	34.7	43.8	45.5	52.0	52.0	50.0	52.0	53.0	55.0	57.0	55.0	63.6	43.7	51.5	55.0
Quarter-End Interest Rates (i)																				
Federal Funds Target Rate	2.50	2.50	2.00	1.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	2.25	0.50	0.25	0.25
Secured Overnight Financing Rate (h)	2.43	2.43	2.28	1.67	1.23	0.05	0.09	0.09	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	2.20	0.36	0.10	0.10
3 Month LIBOR	2.60	2.32	2.09	1.91	1.45	0.30	0.23	0.24	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	2.33	0.65	0.25	0.25
Prime Rate	5.50	5.50	5.00	4.75	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	5.25	3.50	3.25	3.25
Conventional Mortgage Rate	4.28	3.80	3.61	3.72	3.45	3.16	2.89	2.69	2.95	3.10	3.15	3.25	3.35	3.40	3.45	3.50	3.94	3.12	3.11	3.43
3 Month Bill	2.40	2.12	1.88	1.55	0.11	0.16	0.10	0.09	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	2.11	0.36	0.10	0.10
6 Month Bill	2.44	2.09	1.83	1.60	0.15	0.18	0.11	0.09	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	2.11	0.37	0.10	0.10
1 Year Bill	2.40	1.92	1.75	1.59	0.17	0.16	0.12	0.10	0.10	0.10	0.10	0.10	0.15	0.15	0.15	0.20	2.05	0.37	0.10	0.16
2 Year Note	2.27	1.75	1.63	1.58	0.23	0.16	0.13	0.13	0.15	0.15	0.20	0.20	0.25	0.25	0.30	0.40	1.97	0.39	0.18	0.30
5 Year Note	2.23	1.76	1.55	1.69	0.37	0.29	0.28	0.36	0.55	0.65	0.70	0.75	0.80	0.90	0.95	1.05	1.95	0.53	0.66	0.93
10 Year Note	2.41	2.00	1.68	1.92	0.70	0.66	0.69	0.93	1.20	1.35	1.45	1.55	1.65	1.70	1.75	1.80	2.14	0.89	1.39	1.73
30 Year Bond	2.81	2.52	2.12	2.39	1.35	1.41	1.46	1.65	2.00	2.15	2.30	2.40	2.45	2.45	2.50	2.55	2.58	1.56	2.21	2.49

Forecast as of: January 13, 2021

Notes: (a) Compound Annual Growth Rate Quarter-over-Quarter

(b) Year-over-Year Percentage Change

(c) Quarterly Sum - Billions USD; Annual Data Represents Fiscal Yr.

(d) Federal Reserve Advanced Foreign Economies Index, 2006=100 - Quarter End

(e) Average Monthly Change

(f) Millions of Units - Annual Data - Not Seasonally Adjusted

(g) Quarterly Data - Average Monthly SAAR; Annual Data - Actual Total Vehicles Sold

(h) Quarterly Average of Daily Close

(i) Annual Numbers Represent Averages

Source: U.S. Department of Commerce, U.S. Department of Labor, IHS Markit, Federal Reserve Board and Wells Fargo Securities

# U.S. Economic Forecast: Change Since December 10, 2020

## Changes to the Wells Fargo Securities U.S. Economic Forecast

	Actual																Forecast							
	2019				2020				2021				2022				Actual	Forecast						
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2019	2020	2021	2022				
Real Gross Domestic Product (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.37	-1.32	0.12	0.65	0.89	0.45	0.24	0.08	0.09	0.11	0.00	-0.04	0.08	0.32				
Personal Consumption	0.00	0.00	0.00	0.00	0.00	0.00	0.39	-0.83	0.00	1.89	0.91	0.31	0.00	0.00	0.00	0.00	0.00	-0.02	0.37	0.28				
Business Fixed Investment	0.00	0.00	0.00	0.00	0.00	0.00	1.03	0.12	0.64	-0.01	0.19	0.69	0.46	0.06	0.03	0.00	0.00	0.11	0.36	0.28				
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	1.65	0.90	1.37	-0.03	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.17	0.64	-0.01				
Intellectual Property Products	0.00	0.00	0.00	0.00	0.00	0.00	2.35	-0.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.22	0.11	0.00				
Structures	0.00	0.00	0.00	0.00	0.00	0.00	-1.63	0.00	0.00	0.00	1.10	3.90	2.70	0.40	0.20	0.00	0.00	-0.21	0.12	1.65				
Residential Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.67	5.00	1.00	-3.50	5.00	4.00	2.00	0.50	0.00	0.50	0.00	0.34	1.39	1.74				
Government Purchases	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.30	3.97	-2.79	0.30	-0.30	0.60	0.30	0.00	0.00	0.00	0.02	0.52	0.01				
Net Exports	0.0	0.0	0.0	0.0	0.0	0.1	-2.6	-46.1	-79.3	-80.7	-82.2	-81.8	-82.85	-83.95	-80.45	-76.87	0.00	-12.17	-80.99	-81.03				
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.93	-0.71	-0.03	-0.03	0.01	-0.02	-0.02	0.07	0.07	0.00	-0.06	-0.37	0.00				
Inventory Change	0.00	0.00	0.00	0.00	0.00	0.00	0.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.15	0.00	0.00				
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.02	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
Nominal GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.34	-1.28	1.03	0.94	0.91	0.45	0.25	0.08	0.19	0.26	0.00	-0.04	0.38	0.37				
Real Final Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.34	-1.30	0.11	0.65	0.90	0.45	0.24	0.08	0.09	0.11	0.00	-0.04	0.08	0.32				
Retail Sales (b)	0.00	0.00	0.00	0.01	0.00	0.00	0.05	-0.64	0.24	0.35	0.19	0.75	-0.09	-0.17	-0.10	0.00	0.00	-0.15	0.39	-0.09				
Inflation Indicators (b)																								
PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	0.00	0.22	0.29	0.31	0.29	0.07	0.00	0.02	0.06	0.00	0.00	0.28	0.04				
"Core" PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	-0.08	-0.09	0.00	0.09	0.19	0.18	0.13	0.10	0.12	0.00	-0.03	0.05	0.13				
Consumer Price Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.12	0.38	0.40	0.40	0.27	0.01	0.06	0.14	0.15	0.00	0.03	0.36	0.09				
"Core" Consumer Price Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.06	0.07	0.12	0.14	0.16	0.22	0.25	0.29	0.00	0.01	0.10	0.23				
Producer Price Index (Final Demand)	0.00	0.00	0.00	0.00	0.00	0.00	0.06	-0.02	0.06	0.09	0.06	0.17	0.12	0.13	0.13	0.13	0.00	0.01	0.10	0.13				
Employment Cost Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
Real Disposable Income (b)	0.00	0.00	0.00	0.00	0.00	0.00	-0.09	-1.33	3.38	-1.48	-2.13	-1.05	-5.32	-0.56	0.15	0.21	0.00	-0.36	-0.38	-1.43				
Nominal Personal Income (b)	0.00	0.00	0.00	0.00	0.00	0.00	-0.06	-1.18	3.61	-1.25	-1.91	-0.93	-5.34	-0.57	0.18	0.28	0.00	-0.31	-0.17	-1.41				
Industrial Production (a)	0.00	0.00	0.00	0.00	0.00	0.16	1.11	-1.34	-1.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	-0.44	0.00				
Capacity Utilization	0.00	0.00	0.00	0.00	0.00	0.05	0.19	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.00	0.00				
Corporate Profits Before Taxes (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.19	0.50	3.00	5.00	0.00	0.50	0.00	0.00	1.00	0.00	0.00	0.18	1.91	0.28				
Corporate Profits After Taxes	0.00	0.00	0.00	0.00	0.00	0.00	-0.44	0.30	2.70	4.60	0.40	0.40	-0.10	0.00	1.00	0.00	0.00	-0.03	1.85	0.25				
Federal Budget Balance (c)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-90.41	-910.96	-4.07	305.44	-1.83	-4.76	6.36	0.23	22.47	0.00	0.00	-700.00	0.00				
Trade Weighted Dollar Index (d)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.69	-1.18	-0.99	-0.99	-1.02	-1.03	-1.06	-1.00	-1.50	0.00	0.59	-1.05	-1.15				
Nonfarm Payroll Change (e)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.67	100.00	50.00	33.33	16.67	0.00	0.00	0.00	0.00	0.00	-0.42	50.00	0.00				
Unemployment Rate	0.00	0.03	-0.03	0.07	-0.03	0.03	-0.03	-0.03	-0.10	-0.13	-0.20	-0.20	-0.20	-0.20	-0.20	-0.20	0.02	-0.02	-0.16	-0.20				
Housing Starts (f)	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
Light Vehicle Sales (g)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.00	0.00				
Crude Oil - Brent - Front Contract (h)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.48	5.00	3.00	3.00	2.00	0.00	0.00	0.00	0.00	0.00	0.12	3.25	0.00				
Quarter-End Interest Rates (i)																								
Federal Funds Target Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.00	0.00				
Secured Overnight Financing Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	0.00				
3 Month LIBOR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.00	0.00				
Prime Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.00	0.00				
Conventional Mortgage Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.00	0.06	0.15	0.15				
3 Month Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.24	0.00	0.00				
2 Year Note	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	0.00	-0.05	0.00	-0.05	0.00	-0.05	-0.10	-0.10	0.00	0.22	-0.03	-0.06				
5 Year Note	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.04	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.00	0.20	0.05	0.05				
10 Year Note	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.00	0.15	0.15	0.15				
30 Year Bond	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.05	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.00	0.08	0.15	0.15				

Forecast as of: January 13, 2021

Notes: (a) Compound Annual Growth Rate (f) Millions of Units - Annual Data - Not Seasonally Adjusted

(b) Year-over-Year Percentage Change (g) Quarterly Data - Average Monthly SAAR; Annual Data - Actual Total Vehicles Sold

(c) Quarterly Sum - Billions USD; Annual (h) Quarterly Average of Daily Close

(d) Federal Reserve Advanced Foreign Eco (i) Annual Numbers Represent Averages

(e) Average Monthly Change

Source: U.S. Department of Commerce, U.S. Department of Labor, IHS Markit, Federal Reserve Board and Wells Fargo Securities

## Wells Fargo International Economic Forecast

(Year-over-Year Percent Change)

	GDP				CPI			
	2019	2020	2021	2022	2019	2020	2021	2022
Global (PPP Weights)	2.8%	-3.7%	5.7%	3.9%	3.5%	3.2%	3.1%	3.4%
Advanced Economies <sup>1</sup>	1.7%	-5.1%	4.0%	4.1%	1.4%	0.8%	1.5%	1.8%
United States	2.2%	-3.5%	4.6%	4.8%	1.8%	1.2%	2.2%	2.2%
Eurozone	1.3%	-7.4%	3.2%	3.5%	1.2%	0.3%	0.8%	1.2%
United Kingdom	1.5%	-10.5%	2.4%	4.5%	1.8%	0.9%	1.4%	1.8%
Japan	0.7%	-5.2%	3.2%	2.0%	0.5%	0.0%	-0.1%	0.6%
Canada	1.7%	-5.6%	4.1%	3.1%	1.9%	0.7%	1.9%	1.8%
Switzerland	1.2%	-3.1%	3.5%	2.3%	0.4%	-0.7%	0.1%	0.5%
Australia	1.8%	-3.0%	3.5%	3.4%	1.6%	0.7%	1.6%	1.8%
New Zealand	2.2%	-2.6%	5.7%	3.2%	1.6%	1.5%	1.4%	1.6%
Sweden	1.3%	-3.0%	3.1%	3.0%	1.6%	0.6%	1.2%	1.4%
Norway	1.2%	-3.5%	3.6%	2.7%	2.2%	1.4%	2.4%	2.0%
Developing Economies <sup>1</sup>	3.7%	-2.5%	7.0%	3.7%	5.1%	5.0%	4.4%	4.6%
China	6.1%	2.2%	9.4%	5.7%	2.9%	2.6%	2.0%	2.3%
India	4.2%	-7.4%	10.4%	4.4%	4.8%	6.7%	4.4%	4.5%
Mexico	-0.3%	-9.1%	3.4%	2.8%	3.6%	3.4%	3.1%	3.5%
Brazil	1.1%	-4.5%	3.9%	2.4%	3.7%	2.6%	3.0%	3.4%

Forecast as of: January 13, 2021

<sup>1</sup>Aggregated Using PPP Weights

Source: International Monetary Fund and Wells Fargo Securities

## Changes to the Wells Fargo International Economic Forecast

	GDP				CPI			
	2019	2020	2021	2022	2019	2020	2021	2022
Global (PPP Weights)	0.00%	0.04%	-0.20%	0.10%	0.00%	-0.02%	0.06%	0.03%
Advanced Economies <sup>1</sup>	0.00%	0.05%	-0.12%	0.43%	0.00%	0.00%	0.19%	0.06%
United States	0.00%	-0.04%	0.08%	0.32%	0.00%	0.03%	0.36%	0.09%
Eurozone	0.00%	0.07%	-0.40%	0.61%	0.00%	0.01%	0.08%	0.00%
United Kingdom	0.00%	0.61%	-0.66%	1.42%	0.00%	-0.04%	-0.04%	0.19%
Japan	0.00%	0.05%	0.13%	0.00%	0.00%	-0.04%	-0.19%	-0.13%
Canada	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.09%	-0.17%
Switzerland	0.00%	0.00%	0.00%	0.25%	0.00%	0.00%	0.00%	0.00%
Australia	0.00%	-0.02%	0.15%	-0.03%	0.00%	0.00%	0.00%	0.00%
New Zealand	0.00%	1.66%	-0.05%	-0.10%	0.00%	0.00%	0.00%	0.00%
Sweden	0.00%	-0.02%	-0.18%	0.00%	0.00%	0.00%	0.00%	0.00%
Norway	0.00%	-0.02%	0.05%	0.13%	0.00%	0.00%	0.10%	0.00%
Developing Economies <sup>1</sup>	0.00%	0.03%	-0.27%	-0.16%	0.00%	-0.04%	-0.04%	0.00%
China	0.00%	0.00%	-0.19%	-0.02%	0.00%	-0.15%	0.00%	0.00%
India	0.00%	0.13%	-0.49%	-0.60%	0.00%	0.17%	0.00%	0.00%
Mexico	0.00%	0.00%	0.00%	0.00%	0.00%	-0.14%	-0.75%	0.00%
Brazil	0.00%	0.00%	-0.91%	-0.28%	0.00%	0.00%	0.00%	0.00%

Forecast as of: January 13, 2021

<sup>1</sup>Aggregated Using PPP Weights

Source: International Monetary Fund and Wells Fargo Securities

## Wells Fargo International Interest Rate Forecast

(End of Quarter Rates)

	Central Bank Key Policy Rate					
	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
United States	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Eurozone <sup>1</sup>	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%
United Kingdom	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Japan	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%
Canada	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
	2-Year Note					
	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
United States	0.15%	0.15%	0.20%	0.20%	0.25%	0.25%
Eurozone <sup>2</sup>	-0.70%	-0.65%	-0.60%	-0.50%	-0.45%	-0.40%
United Kingdom	-0.10%	-0.10%	-0.05%	-0.05%	0.00%	0.05%
Japan	-0.10%	-0.05%	-0.05%	0.00%	0.00%	0.00%
Canada	0.20%	0.25%	0.25%	0.30%	0.30%	0.35%
	10-Year Note					
	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
United States	1.20%	1.35%	1.45%	1.55%	1.65%	1.70%
Eurozone <sup>2</sup>	-0.40%	-0.30%	-0.25%	-0.20%	-0.15%	-0.05%
United Kingdom	0.35%	0.45%	0.50%	0.55%	0.60%	0.65%
Japan	0.10%	0.10%	0.10%	0.15%	0.15%	0.15%
Canada	0.90%	1.00%	1.05%	1.15%	1.20%	1.30%

Forecast as of: January 13, 2021

<sup>1</sup> ECB Deposit Rate <sup>2</sup> German Government Bond Yield

Source: International Monetary Fund and Wells Fargo Securities



## Wells Fargo International Interest Rate Forecast

(End of Quarter Rates)

	Central Bank Key Policy Rate					
	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
United States	0.00%	0.00%	0.00%	0.00%	0.00%	
Eurozone <sup>1</sup>	0.00%	0.00%	0.00%	0.00%	0.00%	
United Kingdom	0.00%	0.00%	0.00%	0.00%	0.00%	
Japan	0.00%	0.00%	0.00%	0.00%	0.00%	
Canada	0.00%	0.00%	0.00%	0.00%	0.00%	
	2-Year Note					
	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
United States	0.00%	-0.05%	0.00%	-0.05%	0.00%	
Eurozone <sup>2</sup>	0.00%	0.00%	0.00%	0.00%	0.00%	
United Kingdom	-0.10%	-0.15%	-0.15%	-0.20%	-0.15%	
Japan	-0.05%	-0.05%	-0.10%	-0.05%	-0.05%	
Canada	-0.15%	-0.10%	-0.10%	-0.10%	-0.10%	
	10-Year Note					
	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
United States	0.15%	0.15%	0.15%	0.15%	0.15%	
Eurozone <sup>2</sup>	0.00%	0.00%	-0.05%	-0.05%	-0.05%	
United Kingdom	-0.05%	0.00%	0.00%	0.00%	0.00%	
Japan	0.00%	0.00%	-0.05%	0.00%	0.00%	
Canada	0.00%	0.00%	0.00%	0.00%	0.00%	

Forecast as of: January 13, 2021

<sup>1</sup> ECB Deposit Rate <sup>2</sup> German Government Bond Yield

Source: International Monetary Fund and Wells Fargo Securities

## Economists

Jay H. Bryson, Chief Economist	<a href="mailto:jay.bryson@wellsfargo.com">jay.bryson@wellsfargo.com</a>
Mark Vitner, Senior Economist	<a href="mailto:mark.vitner@wellsfargo.com">mark.vitner@wellsfargo.com</a>
Sam Bullard, Senior Economist	<a href="mailto:sam.bullard@wellsfargo.com">sam.bullard@wellsfargo.com</a>
Nick Bennenbroek, International Economist	<a href="mailto:nicholas.bennenbroek@wellsfargo.com">nicholas.bennenbroek@wellsfargo.com</a>
Tim Quinlan, Senior Economist	<a href="mailto:tim.quinlan@wellsfargo.com">tim.quinlan@wellsfargo.com</a>
Azhar Iqbal, Econometrician	<a href="mailto:azhar.iqbal@wellsfargo.com">azhar.iqbal@wellsfargo.com</a>
Sarah House, Senior Economist	<a href="mailto:sarah.house@wellsfargo.com">sarah.house@wellsfargo.com</a>
Charlie Dougherty, Economist	<a href="mailto:charles.dougherty@wellsfargo.com">charles.dougherty@wellsfargo.com</a>
Michael Pugliese, Economist	<a href="mailto:michael.d.pugliese@wellsfargo.com">michael.d.pugliese@wellsfargo.com</a>
Brendan McKenna, International Economist	<a href="mailto:brendan.mckenna@wellsfargo.com">brendan.mckenna@wellsfargo.com</a>
Shannon Seery, Economist	<a href="mailto:shannon.seery@wellsfargo.com">shannon.seery@wellsfargo.com</a>

## Economic Analysts

Jen Licis, Economic Analyst	<a href="mailto:jennifer.licis@wellsfargo.com">jennifer.licis@wellsfargo.com</a>
Hop Mathews, Economic Analyst	<a href="mailto:hop.mathews@wellsfargo.com">hop.mathews@wellsfargo.com</a>
Nicole Cervi, Economic Analyst	<a href="mailto:nicole.cervi@wellsfargo.com">nicole.cervi@wellsfargo.com</a>
Sara Cotsakis, Economic Analyst	<a href="mailto:sara.cotsakis@wellsfargo.com">sara.cotsakis@wellsfargo.com</a>

## Administrative Assistants

Coren Burton, Administrative Assistant	<a href="mailto:coren.burton@wellsfargo.com">coren.burton@wellsfargo.com</a>
--	--

Wells Fargo Securities Economics Group publications are produced by Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the Securities Investor Protection Corp. Wells Fargo Securities, LLC, distributes these publications directly and through subsidiaries including, but not limited to, Wells Fargo & Company, Wells Fargo Bank N.A., Wells Fargo Clearing Services, LLC, Wells Fargo Securities International Limited, Wells Fargo Securities Canada, Ltd., Wells Fargo Securities Asia Limited and Wells Fargo Securities (Japan) Co. Limited. Wells Fargo Securities, LLC is registered with the Commodities Futures Trading Commission as a futures commission merchant and is a member in good standing of the National Futures Association. Wells Fargo Bank, N.A. is registered with the Commodities Futures Trading Commission as a swap dealer and is a member in good standing of the National Futures Association. Wells Fargo Securities, LLC and Wells Fargo Bank, N.A. are generally engaged in the trading of futures and derivative products, any of which may be discussed within this publication. Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm which includes, but is not limited to investment banking revenue. The information and opinions herein are for general information use only. Wells Fargo Securities, LLC does not guarantee their accuracy or completeness, nor does Wells Fargo Securities, LLC assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice, are for general information only and are not intended as an offer or solicitation with respect to the purchase or sales of any security or as personalized investment advice. Wells Fargo Securities, LLC is a separate legal entity and distinct from affiliated banks and is a wholly owned subsidiary of Wells Fargo & Company © 2021 Wells Fargo Securities, LLC.

### Important Information for Non-U.S. Recipients

For recipients in the EEA, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a U.K. incorporated investment firm authorized and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 ("the Act"), the content of this report has been approved by WFSIL, an authorized person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients.

SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE