WELLS FARGO

Monthly — August 11, 2022

U.S. Economic Outlook: August 2022

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Labor the Point

- While the biggest debate is whether the economy is already in recession, we do not believe broad economic activity is consistent with a downturn yet. We still expect the economy to slip into a mild recession by the beginning of next year as aggressive Fed tightening is required to tame persistently high inflation.
- The strongest argument against the economy currently being in a recession continues to be the strength of the labor market. Employers continue to hire at a robust pace, adding 1.2 million jobs in the second quarter and over half a million jobs in July alone. It's tough to square these robust hiring figures with an economy in recession.
- Admittedly, the labor market is showing initial signs of cooling outside the official hiring data. There is also mounting evidence of an economic slowdown, with one-off volatile factors unable to fully explain away the second quarter contraction in GDP growth.
- The lone bright spot in an otherwise dreary Q2 GDP report was the 1.0% annualized advance in personal consumption expenditures. Households continue to stretch their wallets by putting off saving to fund consumption in the face of persistently high inflation. The staying power of consumers may soon run out, however.
- The slower-than-expected inflation data for July signaled some reprieve in price pressures. While it's too soon to say if the peak is in for inflation, the July data take some pressure off the Fed and open the door for potentially less aggressive tightening.
- We still expect the FOMC will opt to raise the fed funds rate 75 bps at its next policy meeting in September. But there is quite a bit of data to be released before the Fed's next action, and if we get another soft CPI reading for August, the FOMC may instead move forward with a less aggressive hike of 50 bps in September.
- There are still signs that the descent in inflation may be slow, and we believe the Fed will err on the side of caution when it comes to inflation and not take its foot off the pedal until it sees compelling evidence that it is slowing on a sustained basis.
- We forecast the FOMC will continue to hike through the end of the year until the policy rate reaches a range of 3.75%-4.00%. Once the Fed policymakers see inflation easing and the economy buckling early next year, we believe they will opt to ease financial conditions. We expect the FOMC to begin cutting the target range for the fed funds rate in the second half of next year.

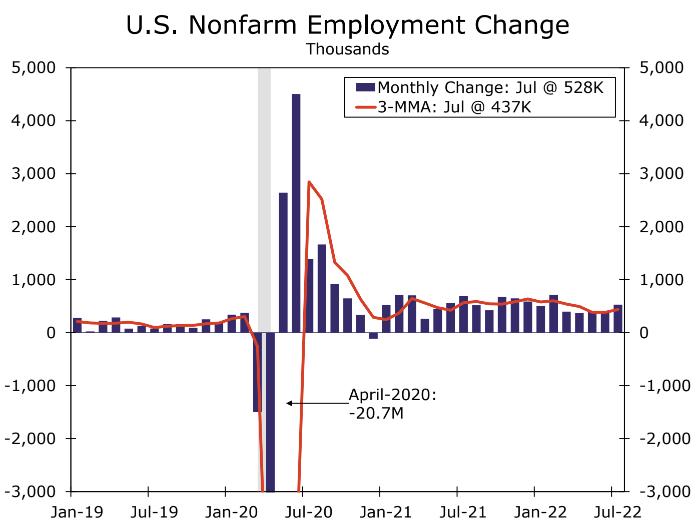
Labor the Point

We still expect the economy to slip into a mild recession by the beginning of next year as aggressive Fed tightening is required to tame persistently high inflation. Nothing has changed over the past month to dissuade us from that baseline expectation. The economic data have come in largely as we anticipated, and we hold similar views of how the economy will perform over the next 18 months as outlined in our June monthly.

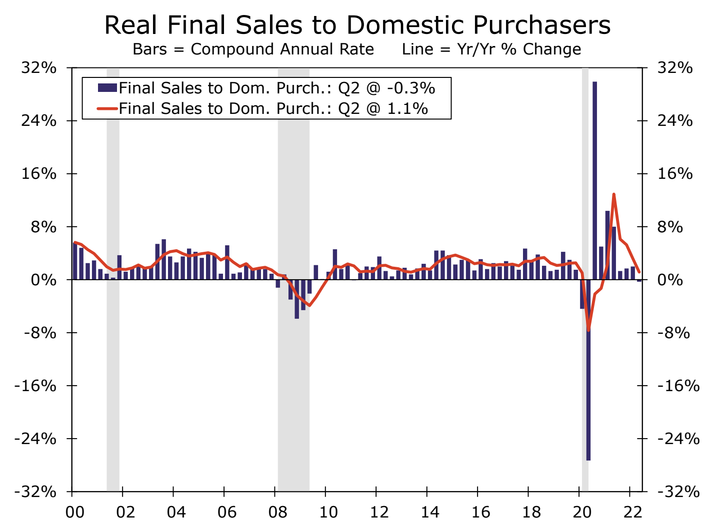
The biggest debate today is whether the economy is already in recession. Economic output contracted for the second consecutive quarter in Q2, sounding the alarm bells. But determining the start of a recession is a tricky task extending beyond duration, and broad economic activity is not yet consistent with a downturn. Specifically, the strongest argument *against* the economy currently being in recession is the strength of the labor market.

Employers continue to hire at a robust pace adding 1.2 million jobs in the second quarter and over half a million jobs in July alone (chart). It's tough to square these robust hiring figures with an economy in recession, and we have bumped up our near-term estimates for job growth as the recent data point to somewhat stronger momentum in hiring over the second half of this year.

Outside the official hiring data, however, the labor market is showing initial signs of cooling. Job openings fell for a third straight month in June as small business hiring plans have rolled over since last year and consumers' perceptions of the jobs market have started to deteriorate. Initial jobless claims are also trending higher, but the only slight uptick in continuing claims for unemployment insurance to date suggests recently laid off workers are still finding it relatively easy to secure new employment. Most measures still exhibit a strong state of the labor market consistent with expansion, but conditions may be deteriorating despite the latest official hiring data.



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



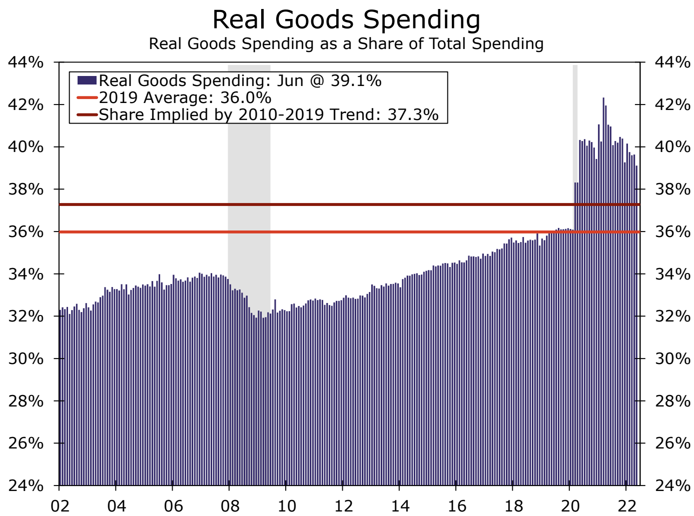
Source: U.S. Department of Commerce and Wells Fargo Economics

Looking beyond the robust job growth, there is mounting evidence of an economic slowdown. The one-off volatile factors responsible for the first quarter decline in GDP growth cannot fully explain away the second quarter's weakness. Real final sales to domestic purchasers, an indication of underlying demand in the economy, contracted at a 0.3% annualized pace during the quarter amid a broad pullback in activity (chart). The largest decline was in residential investment, where activity plunged at an annualized rate of 14% during the quarter. As the housing sector contends with higher interest rates that have sapped activity, we have lowered our expectations for residential investment spending this year and look for investment to contract at a 7.7% pace for the year as a whole, down from 4.5% previously. The lone bright spot, in the otherwise dreary GDP report for the second quarter, came from personal consumption expenditures, which advanced at a 1.0% annualized pace.

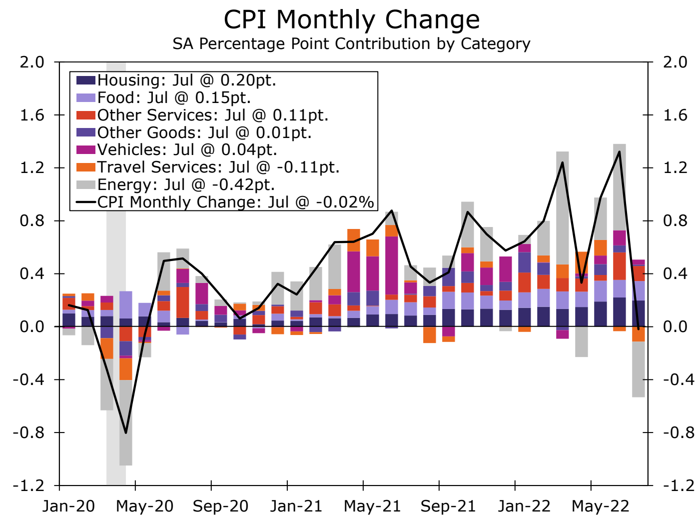
Household spending has proved resilient in the first half of the year despite incomes not keeping pace with inflation. Real personal spending has increased in five of the past six months, while real disposable personal income has moved about 2% lower through June compared to the end of last year. In order to sustain spending, households have had to increasingly stretch their wallets by putting off saving.

At just 5.1% in June, the personal saving rate is now lower than at any point since the 2009 financial crisis. While not sustainable, this is clearly helping carry consumption. Spending today is coming at the expense of a deterioration in household balance sheets, and the longer it lasts, the more risk it poses to the financial health of households.

Our trajectory for personal consumption expenditures has not changed, and we still look for growth to be negative in the final quarter of the year, driven by a pullback in goods purchases specifically. Consumption habits have continued to normalize under the surface. Services spending is gaining wallet share, though the transition has been gradual with an outsized share of real spending still being directed towards goods (chart). We expect the transition to services to continue in the second half of the year and contribute to the easing of supply bottlenecks and descent in goods prices.



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



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

There was some recent reprieve in price pressures, with inflation coming in slower than expected for July. Consumer prices were unchanged from a month earlier as a sizable pullback in energy costs offset gains in food and services prices (chart), and the core measure advanced "just" 0.3% last month, keeping the annual rate of inflation at 5.9%. It's too soon to say if the peak is in for inflation, but the July data take some pressure off the Fed and open the door for potentially less aggressive tightening.

We still expect the FOMC will opt to raise the fed funds rate 75 bps at its next policy meeting in September, but we acknowledge there is quite a bit of data to be released before the Committee's next action. Specifically, if we get another soft CPI reading for August, the FOMC may instead choose to move forward with a less aggressive hike of 50 bps in September. The soft July price data are not enough on their own to call for less aggressive Fed action, as there are still signs the decent in inflation may be slow. Rent growth has only started to cool and labor costs continue to rise at a lofty pace. The rapid rate at which employers continue to hire, and the still-elevated number of small businesses that report plans to raise compensation, suggests there may be further pressure in the pipeline for labor costs. We believe the FOMC will err on the side of caution when it comes to inflation and not take its foot off the pedal until there is compelling evidence that it is slowing on a sustained basis.

Because we forecast that core PCE inflation will still be more than double the Fed's target at 4.3% by the end of the year, we expect the fed funds rate will reach a range of 3.75%-4.00% by December. While the tight stance of policy is likely to tip the economy into a recession, we expect it will help reduce core PCE inflation back to roughly 3% around the middle of next year. As Fed policymakers see inflation easing and the economy buckling, we expect they will opt to ease financial conditions. We forecast the FOMC will begin cutting its target range for the fed funds rate in the second half of next year.

U.S. Forecast Table

Wells Fargo U.S. Economic Forecast

	Actual										Forecast						Actual		Forecast	
	2020				2021				2022				2023				2020	2021	2022	2023
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product (a)	-5.1	-31.2	33.8	4.5	6.3	6.7	2.3	6.9	-1.6	-0.9	2.4	0.0	-0.9	-2.3	-1.5	3.1	-3.4	5.7	1.7	-0.4
Personal Consumption	-6.9	-33.4	41.4	3.4	11.4	12.0	2.0	2.5	1.8	1.0	2.0	-0.6	-1.0	-1.1	0.4	1.3	-3.8	7.9	2.3	-0.1
Business Fixed Investment	-8.1	-30.3	18.7	12.5	12.9	9.2	1.7	2.9	10.0	-0.1	3.7	3.8	1.7	-1.9	-2.7	1.6	-5.3	7.4	4.4	1.0
Equipment	-21.3	-36.2	55.9	26.4	14.1	12.1	-2.3	2.8	14.1	-2.7	4.0	3.8	0.5	-3.2	-4.7	0.5	-8.3	13.1	4.5	-0.1
Intellectual Property Products	3.8	-10.6	8.1	10.2	15.6	12.5	9.1	8.9	11.2	9.2	5.0	4.5	2.6	-1.8	-2.2	2.6	2.8	10.0	9.0	2.2
Structures	-0.9	-46.8	-15.3	-8.2	5.4	-3.0	-4.1	-8.3	-0.9	-11.7	-1.2	1.5	2.7	2.4	2.2	1.9	-12.5	-8.0	-4.9	0.8
Residential Investment	20.4	-30.7	59.9	34.4	13.3	-11.7	-7.7	2.2	0.4	-14.0	-22.0	-14.0	-12.0	-16.0	-8.0	0.0	6.8	9.2	-7.7	-13.5
Government Purchases	3.7	3.9	-2.1	-0.5	4.2	-2.0	0.9	-2.6	-2.9	-1.9	0.4	1.3	1.0	1.1	1.0	1.0	2.5	0.5	-1.5	0.8
Net Exports	-841.9	-774.8	-1021.3	-1132.8	-1226.1	-1244.5	-1316.6	-1350.1	-1544.7	-1474.7	-1459.2	-1447.9	-1432.3	-1420.4	-1408.4	-1406.7	-942.7	-1284.3	-1481.6	-1416.9
Pct. Point Contribution to GDP	-0.1	1.5	-3.3	-1.7	-1.6	-0.2	-1.3	-0.2	-3.2	1.4	0.3	0.2	0.3	0.2	0.2	0.0	-0.2	-1.9	-1.0	0.3
Inventory Change	-30.4	-252.8	25.3	88.8	-88.3	-168.5	-66.8	193.2	188.5	81.6	121.3	115.5	92.4	37.0	-34.7	46.2	-42.3	-32.6	126.7	35.2
Pct. Point Contribution to GDP	-0.5	-4.0	6.8	1.1	-2.6	-1.3	2.2	5.3	-0.4	-2.0	0.8	-0.1	-0.5	-1.1	-1.5	1.7	-0.6	0.1	0.8	-0.5
Nominal GDP (a)	-3.9	-32.4	38.7	6.6	10.9	13.4	8.4	14.5	6.6	7.8	7.2	3.3	1.9	-0.4	0.6	5.6	-2.2	10.1	8.7	2.8
Real Final Sales	-4.6	-27.6	25.9	3.4	9.1	8.1	0.1	1.5	-1.2	1.1	1.6	0.1	-0.4	-1.2	0.0	1.4	-2.9	5.3	1.1	0.3
Retail Sales (b)	1.1	-7.9	4.5	4.4	15.1	32.6	15.2	17.3	12.6	8.1	8.3	4.1	-0.9	-4.6	-5.8	-4.8	0.6	19.7	8.2	-4.0
Inflation Indicators (b)																				
PCE Deflator	1.7	0.6	1.2	1.2	1.8	3.9	4.3	5.5	6.3	6.5	6.2	5.4	4.4	3.1	2.5	2.3	1.2	3.9	6.1	3.1
"Core" PCE Deflator	1.8	1.0	1.5	1.4	1.7	3.4	3.6	4.6	5.2	4.8	4.8	4.5	4.1	3.6	3.1	2.7	1.4	3.3	4.8	3.4
Consumer Price Index	2.1	0.4	1.3	1.2	1.9	4.8	5.3	6.7	8.0	8.6	8.2	7.2	5.6	3.5	2.7	2.4	1.2	4.7	8.0	3.5
"Core" Consumer Price Index	2.3	1.3	1.7	1.6	1.4	3.7	4.1	5.0	6.3	6.0	6.2	6.1	5.4	4.5	3.7	3.1	1.7	3.6	6.2	4.2
Producer Price Index (Final Demand)	1.1	-1.0	0.0	0.7	2.9	6.9	8.4	9.7	10.8	11.0	9.7	8.2	5.6	2.9	2.0	2.0	0.2	7.0	9.9	3.1
Employment Cost Index	2.8	2.7	2.4	2.5	2.6	2.9	3.7	4.0	4.5	5.1	5.0	5.1	4.6	4.1	3.7	3.4	2.6	3.3	4.9	3.9
Real Disposable Income (b)	1.6	12.5	6.9	4.0	15.1	-4.3	-0.9	0.1	-12.0	-4.3	-2.6	-1.0	0.7	1.2	0.8	0.6	6.2	2.3	-5.2	0.8
Nominal Personal Income (b)	3.3	10.9	7.1	4.8	16.1	1.6	5.3	7.5	-2.8	4.6	5.6	6.0	5.2	4.4	3.4	2.9	6.5	7.5	3.3	3.9
Industrial Production (a)	-6.1	-41.6	42.6	6.6	3.1	6.5	3.5	4.8	5.1	6.1	-0.2	-2.4	-4.3	-4.1	2.1	4.4	-7.0	4.9	3.9	-1.4
Capacity Utilization	76.2	66.6	73.0	74.6	75.6	77.2	78.0	78.8	79.5	80.3	80.6	79.9	78.8	77.8	78.0	78.5	72.6	77.4	80.1	78.3
Corporate Profits Before Taxes (b)	-5.6	-18.6	2.3	0.9	17.6	45.1	19.7	21.0	12.6	-0.2	-5.0	-7.5	-7.0	-7.8	-3.0	1.0	-5.2	25.0	-0.4	-4.3
Corporate Profits After Taxes	-3.8	-18.3	2.1	1.1	14.7	43.4	18.2	19.7	8.8	-1.3	-6.3	-8.6	-5.8	-8.2	-3.1	1.2	-4.7	23.2	-2.2	-4.0
Federal Budget Balance (c)	-387	-2001	-388	-573	-1133	-532	-538	-378	-291	153	-285	-395	-540	-64	-301	-372	-3132	-2776	-800	-1300
Trade Weighted Dollar Index (d)	112.7	110.3	106.5	103.3	104.2	102.8	105.3	108.2	109.7	114.9	118.8	120.3	121.5	120.3	118.5	116.8	109.0	104.6	115.9	119.3
Nonfarm Payroll Change (e)	-261	-4449	1324	288	645	422	543	637	539	384	326	150	50	-117	-225	-33	-774	562	350	-81
Unemployment Rate	3.8	13.0	8.8	6.8	6.2	5.9	5.1	4.2	3.8	3.6	3.5	3.6	3.8	4.1	4.6	5.0	8.1	5.4	3.6	4.4
Housing Starts (f)	1.47	1.09	1.45	1.57	1.58	1.59	1.57	1.68	1.72	1.65	1.66	1.61	1.62	1.55	1.51	1.52	1.38	1.60	1.66	1.55
Light Vehicle Sales (g)	15.0	11.3	15.4	16.2	16.8	16.9	13.3	12.9	14.1	13.4	13.7	15.1	15.9	16.2	16.4	16.4	14.5	15.0	14.1	16.2
Crude Oil - Brent - Front Contract (h)	51.0	34.7	43.8	45.5	60.9	68.6	72.5	79.0	95.7	109.8	103.7	99.0	93.3	90.0	87.7	90.0	43.7	70.3	102.1	90.3
Quarter-End Interest Rates (i)																				
Federal Funds Target Rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	1.75	3.25	4.00	4.00	4.00	3.50	3.00	0.50	0.25	2.38	3.63
Secured Overnight Financing Rate	0.01	0.10	0.08	0.07	0.01	0.05	0.05	0.05	0.29	1.50	3.05	3.80	3.85	3.85	3.35	2.85	0.36	0.04	2.16	3.48
3 Month LIBOR	1.45	0.30	0.23	0.24	0.19	0.15	0.13	0.21	0.96	2.29	3.70	4.25	4.20	4.00	3.45	2.90	0.65	0.16	2.80	3.64
Prime Rate	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.50	4.75	6.25	7.00	7.00	7.00	6.50	6.00	3.50	3.25	5.38	6.63
Conventional Mortgage Rate	3.50	3.13	2.90	2.66	3.17	3.02	2.88	3.11	4.42	5.81	5.20	5.25	5.15	4.90	4.70	4.55	3.12	2.95	5.17	4.83
3 Month Bill	0.11	0.16	0.10	0.09	0.03	0.05	0.04	0.06	0.52	1.72	3.25	3.85	3.85	3.65	3.15	2.65	0.36	0.04	2.34	3.33
6 Month Bill	0.15	0.18	0.11	0.09	0.05	0.06	0.05	0.19	1.06	2.51	3.45	3.85	3.85	3.45	2.95	2.55	0.37	0.06	2.72	3.20
1 Year Bill	0.17	0.16	0.12	0.10	0.07	0.07	0.09	0.39	1.63	2.80	3.45	3.70	3.70	3.10	2.75	2.50	0.37	0.10	2.90	3.01
2 Year Note	0.23	0.16	0.13	0.13	0.16	0.25	0.28	0.73	2.28	2.92	3.35	3.55	3.45	2.85	2.60	2.50	0.39	0.27	3.03	2.85
5 Year Note	0.37	0.29	0.28	0.36	0.92	0.87	0.98	1.26	2.42	3.01	3.15	3.30	3.20	2.80	2.65	2.60	0.53	0.86	2.97	2.81
10 Year Note	0.70	0.66	0.69	0.93	1.74	1.45	1.52	1.52	2.32	2.98	3.05	3.15	3.10	2.90	2.75	2.70	0.89	1.45	2.88	2.86
30 Year Bond	1.35	1.41	1.46	1.65	2.41	2.06	2.08	1.90	2.44	3.14	3.25	3.35	3.35	3.20	3.10	3.05	1.56	2.06	3.05	3.18

Forecast as of: August 11, 2022

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 Economics

Changes Since the Previous U.S. Economic Outlook

Changes to the Wells Fargo U.S. Economic Forecast

	Actual									Forecast							Actual		Forecast	
	2020				2021				2022				2023				2020	2021	2022	2023
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.16	0.72	-0.67	0.00	-0.03	-0.09	0.31	0.00	0.00	-0.17	-0.11
Personal Consumption	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	-0.06	-0.08	0.11	0.06	0.00	0.00	0.00	0.00	-0.01	0.02
Business Fixed Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2.83	0.01	0.01	-0.03	-0.03	-0.04	-0.03	0.00	0.00	-0.55	-0.19
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.35	-0.11
Intellectual Property Products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.81	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	-0.15	-0.04
Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-7.24	0.00	0.00	-0.20	-0.20	-0.20	-0.20	0.00	0.00	-1.41	-0.63
Residential Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3.48	-14.00	-10.00	-4.50	-9.00	-3.00	3.00	0.00	0.00	-3.17	-7.05
Government Purchases	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.27	-1.18	-0.10	-0.10	0.10	0.19	0.00	0.00	0.00	-0.10	-0.13
Net Exports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.4	48.0	33.0	36.5	40.0	43.6	47.2	0.0	0.0	25.4	41.8
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.42	0.56	-0.30	0.07	0.07	0.07	0.07	0.00	0.00	0.13	0.08
Inventory Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-51.1	-6.1	-3.3	-3.1	3.0	-2.8	3.8	0.0	0.0	-15.1	0.2
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.88	0.92	0.05	0.00	0.12	-0.12	0.14	0.00	0.00	-0.08	0.08
Nominal GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.27	0.18	-0.64	0.70	0.57	0.17	-0.08	0.00	0.00	0.03	0.22
Real Final Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.26	-0.20	-0.72	-0.01	-0.15	0.03	0.17	0.00	0.00	-0.20	-0.08
Retail Sales (b)	0.00	0.00	0.00	0.00	0.00	0.08	0.00	0.00	0.00	0.40	1.19	0.80	1.29	1.53	1.07	1.30	0.00	0.02	0.61	1.29
Inflation Indicators (b)																				
PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	-0.19	-0.17	0.01	0.13	0.41	0.30	0.00	0.00	-0.08	0.22
"Core" PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.11	0.15	0.23	0.26	0.24	0.19	0.00	0.00	0.08	0.23
Consumer Price Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.60	-0.63	-0.32	-0.02	0.71	0.61	0.00	0.00	-0.31	0.26
"Core" Consumer Price Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.21	-0.24	-0.12	0.02	0.32	0.39	0.00	0.00	-0.11	0.16
Producer Price Index (Final Demand)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.37	-0.42	-0.37	-0.35	0.01	0.18	0.00	0.00	-0.20	-0.13
Employment Cost Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.12	0.12	0.17	0.19	0.16	0.08	0.03	0.00	0.00	0.10	0.11
Real Disposable Income (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	0.34	0.41	0.25	0.20	-0.29	-0.24	0.00	0.00	0.17	-0.02
Nominal Personal Income (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.20	0.28	0.28	0.35	0.12	0.06	0.00	0.00	0.12	0.20
Industrial Production (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.07	-2.83	-0.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.65	-0.27
Capacity Utilization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.13	0.00
Corporate Profits Before Taxes (b)	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
Corporate Profits After Taxes	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
Federal Budget Balance (c)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	1.30	-1.74	-0.06	0.54	0.00	0.00	0.00	0.00
Trade Weighted Dollar Index (d)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.50	1.25	1.50	0.75	0.00	0.00	0.13	1.00
Nonfarm Payroll Change (e)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.33	91.00	16.67	46.67	50.00	-71.67	-26.67	0.00	0.00	29.25	-0.42
Unemployment Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.05	-0.01	-0.04	-0.15	-0.09	0.03	0.00	0.00	-0.02	-0.06
Housing Starts (f)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.02	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	0.00	0.00	0.04	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00
Crude Oil - Brent - Front Contract (h)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-6.31	-4.00	-3.67	2.00	-1.33	-3.00	0.00	0.00	-2.58	-1.50
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	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	0.00	0.00	-0.13	-0.25
Secured Overnight Financing Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.30	-0.30	0.00	0.00	-0.13	-0.28
3 Month LIBOR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	0.00	0.00	-0.13	-0.25
Prime Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	0.00	0.00	-0.13	-0.25
Conventional Mortgage Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.15	-0.15	-0.15	-0.15	-0.15	-0.10	0.00	0.00	-0.08	-0.14
3 Month Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	0.00	0.00	-0.13	-0.25
6 Month Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	0.00	0.00	-0.13	-0.25
1 Year Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.20	-0.20	-0.15	-0.15	0.00	0.00	-0.13	-0.18
2 Year Note	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.15	-0.15	-0.15	-0.15	-0.10	0.00	0.00	0.00	-0.08	-0.10
5 Year Note	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.20	-0.15	-0.15	-0.20	-0.10	0.00	0.00	0.00	-0.09	-0.11
10 Year Note	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.10	-0.10	-0.10	-0.10	-0.10	-0.05	0.00	0.00	-0.05	-0.09
30 Year Bond	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.10	-0.05	-0.05	-0.05	-0.05	-0.05	0.00	0.00	-0.04	-0.05

Forecast as of: August 11, 2022

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 Economics

Personal Consumption Expenditures

- The staying power of the consumer is waning. After adjusting for inflation, real personal spending notched an incremental gain of 0.1% month-over-month in June. The consumer is reaching deep to find the means to go on spending in the face of the highest inflation in 40+ years.
- On trend, income is not keeping up with inflation. So in order to keep on spending, households are putting off saving. In fact, the saving rate at 5.1% is as low as it was in 2009 during the financial crisis. We maintain our expectation that increased services outlays will offset below-trend growth and even the occasional decline in goods spending throughout the summer months. But come September we look for outright declines in real consumer spending.
- With unfavorable income dynamics, spending today is coming at the expense of a deterioration in household balance sheets. The longer it lasts the more risk it poses to the household finances.

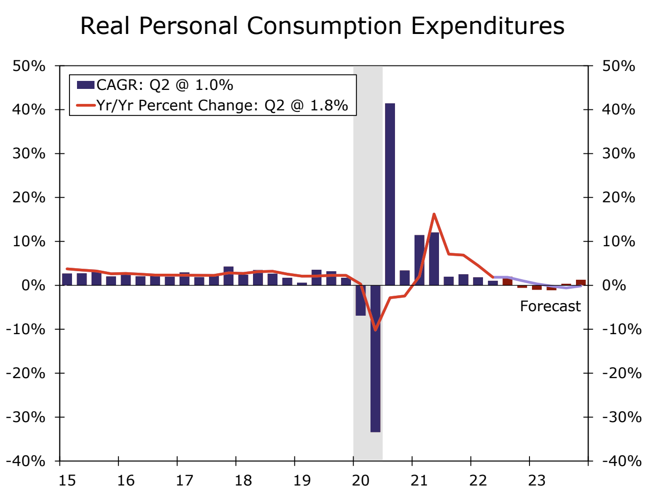
The lone bright spot, in the otherwise dreary GDP report, for the second quarter came from personal consumption expenditures, which advanced at a 1.0% annualized pace, consistent with our forecast. Strength here was driven by higher services activity and demonstrates a theme we expect to continue into Q3. In short, as spending is transitioning away from goods, consumers continue to spend, supporting underlying demand in the household sector...for now.

The hard data are finally showing that inflation is forcing growth in real spending into negative territory. We still think services spending will carry overall consumer spending through the summer, but once Labor Day comes, the boost from services may not be enough to keep overall consumer spending in the black.

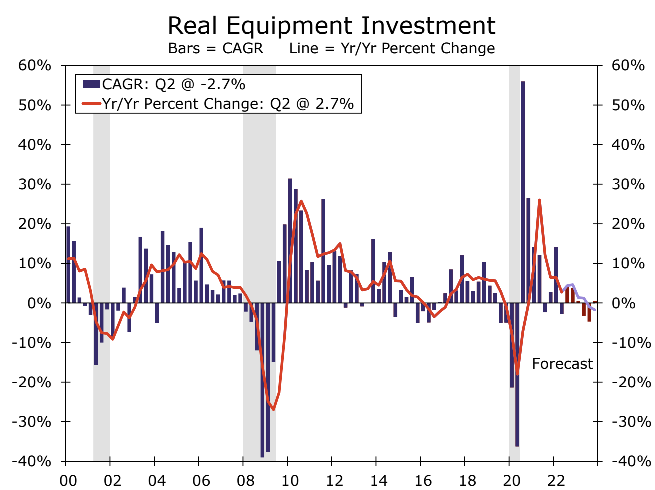
Investment: Equipment, Intellectual Property Products and Inventories

- A trend of slowing growth in core capital goods shipments gave way to an outright decline in equipment spending, which contracted at a 2.7% annualized clip in the second quarter. A full pipeline in terms of backlogged orders may help keep equipment spending going even as other parts of the economy slip into recession early next year, but we expect growth in equipment outlays to turn negative by the second quarter of 2023.
- Inventories lopped off 2.0 percentage points from GDP growth in the second quarter, and this category could continue to be a wildcard in coming quarters. We have an inventory rebuild boosting GDP growth in the third quarter before exerting a drag on headline growth through most of next year as recession fears spook supply managers.

To the extent that there is any good news, there is some gradually mounting evidence that supply chains are functioning again. As businesses are able to source materials and workers they need, there is a case for the manufacturing sector to keep growing even as other parts of the economy, like housing and consumer spending, contract. But we expect equipment spending to slip into the red by the middle of next year.



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



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

Investment: Residential

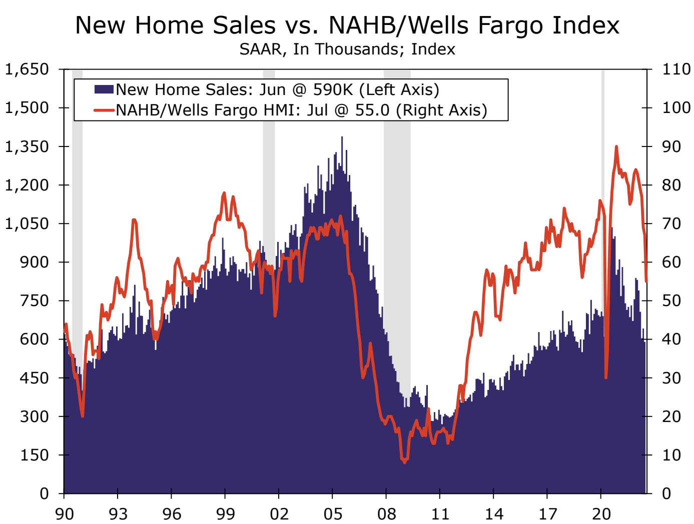
- We significantly reduced our forecast for residential investment in 2022 and 2023 as higher mortgage rates and rising recession risks have weighed on housing activity. This year's rise in financing costs looks to be weighing considerably on home buying. The rapid descent in homebuilder sentiment and new home sales point to a pullback in new residential construction in the months ahead.

The housing market has taken a turn with home sales falling back toward pre-pandemic levels. Existing home sales surprised to the downside in June and have now fallen for five straight months. New home sales fell further in June, the fifth monthly decline over the past six months and further confirmation of the sharp pullback in home builder confidence reported earlier in June. Mortgage rates have reversed course over the past month, with the 30-year fixed average falling back below 5.0%. However, financing costs continue to weigh on home buying activity. The slowdown in sales has allowed inventories to recover, with new home inventories hitting the highest point since May 2010. Home builders have tapped the brakes in response, particularly on single-family projects, which saw starts plunge in June. Spending on single-family homes fell in June, marking the largest one-month drop since May 2020, although multifamily was a touch higher. While mortgage rates have declined recently, they remain elevated compared to recent norms. Home buying is likely to slow further amid slowing job growth and rising recession risks.

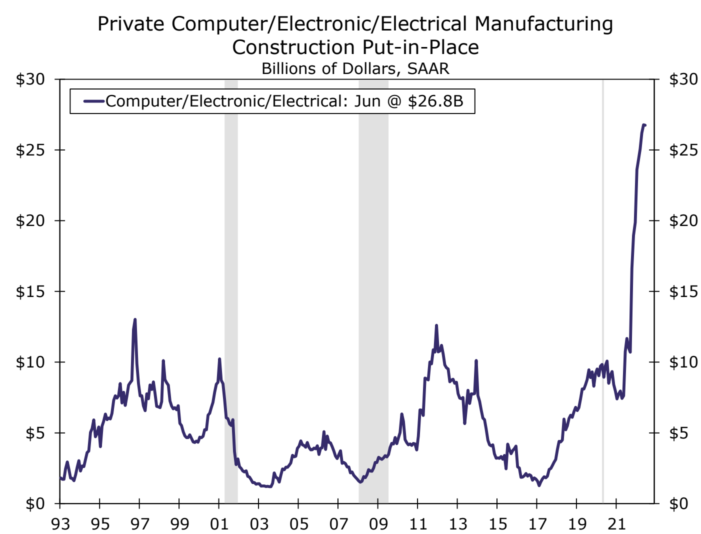
Investment: Nonresidential Structures

- We have not made any major changes to our structures investment outlook. We have slightly lowered our growth estimate in response to our lower oil price forecast.

We have slightly reduced our outlook for nonresidential structures in Q3-2022. Private nonresidential spending slipped further in June and has now fallen for four straight months. Most categories of nonresidential spending fell in June, but most remain in positive growth territory over the year. Higher financing costs and a more pessimistic outlook have begun to weigh on spending. Power projects, in particular, took a dive in June, and spending on new warehousing projects, a category which saw a boom during the pandemic, has slowed in recent months. Manufacturing projects have been resilient, however, and the recent passage of the CHIPS and Science Act, which provides funding and incentives for expanded chip manufacturing facilities, may further buoy spending in this category. Building material costs have moderated somewhat in recent months but remain elevated. Oil prices have moved lower, and we estimate further price declines through next year. As such, we anticipate less investment in oil and gas projects in the future.



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



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

Labor Market

- We have bumped up our near-term estimates for job growth, as the unexpectedly strong July payroll print points to somewhat stronger momentum in hiring over the second half of this year.
- However, with the labor market cooling according to a range of other measures, we continue to look for payroll growth to slow over the months ahead and to turn negative in the spring when tight monetary policy tips the U.S. economy into a recession.

The labor market continues to exhibit strength uncharacteristic of an imminent recession. July's 528K rise in employment massively exceeded expectations and suggests that job growth continues to bear strong momentum heading into the later part of the year. The unemployment rate fell to 3.5% in July, with another drop in the labor force participation rate demonstrating that a meaningful recovery in the labor supply remains elusive. Inflationary pressure from the jobs market remains strong as a result, with average hourly earnings picking up in July and unit labor costs continuing to soar in Q2.

Cracks in the labor market, however, are beginning to show. Initial jobless claims have been rising steadily since early April, job openings have rolled over, and the employment components of a range of purchasing managers' indices have eased. As growth weakens ahead and businesses are forced to rein in costs, we look for job growth to slow and for payrolls to eventually contract in 2023, sending the unemployment rate up to 5.0% late next year.

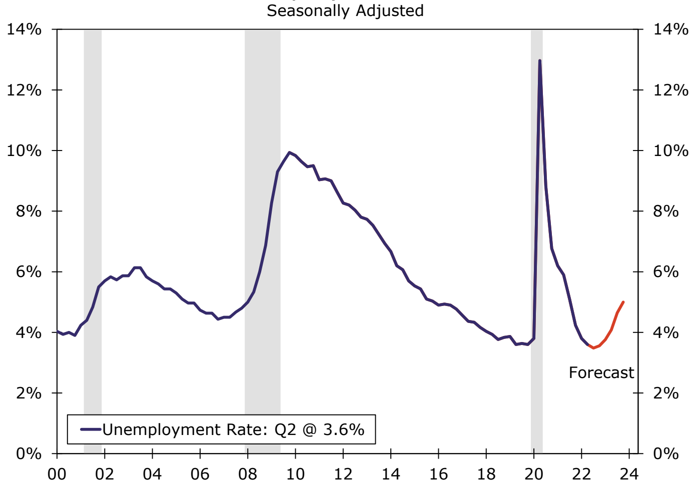
Inflation

- Relative to our July U.S. Economic Outlook, our forecast for headline inflation has fallen on the back of lower energy prices, but our forecast for core inflation over the next year is more or less unchanged.

Headline CPI inflation cooled in July, slowing from 1.3% in June to almost no change in prices in July. Energy prices were the primary contributor to lower inflation, with gasoline prices down 7.7% in July, on a seasonally adjusted basis. The recent decline in gasoline prices is certainly welcome, but core inflation continues to run well above the Fed's 2% target. The core CPI increased 0.3% in July but has increased at a 6.8% annualized pace over the past three months. Services inflation continues to grind higher on a year-over-year basis, while core goods inflation has not seen as sharp of a decline as many expected 6-12 months ago. Although we expect price growth to ease more meaningfully in the months ahead as demand cools, inflation is likely to remain unacceptably high. We look for core CPI and core PCE inflation to be 6.1% and 4.5%, respectively, on a year-over-year basis in Q4-2022.

Unemployment Rate

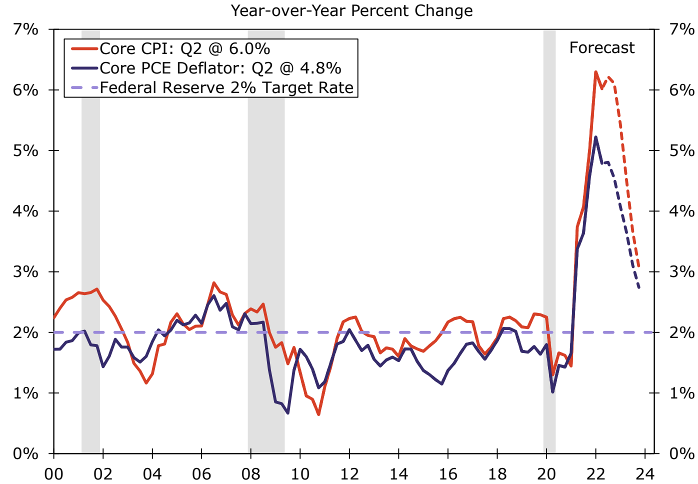
Seasonally Adjusted



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

Core CPI & Core PCE Deflator

Year-over-Year Percent Change



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

Fiscal Policy

- We have made no changes to our forecast for the federal budget deficit this year and next.
- It appears likely the Inflation Reduction Act will eventually become law, but we doubt it will have a material impact on the macro outlook for the U.S. economy over the next year or two.

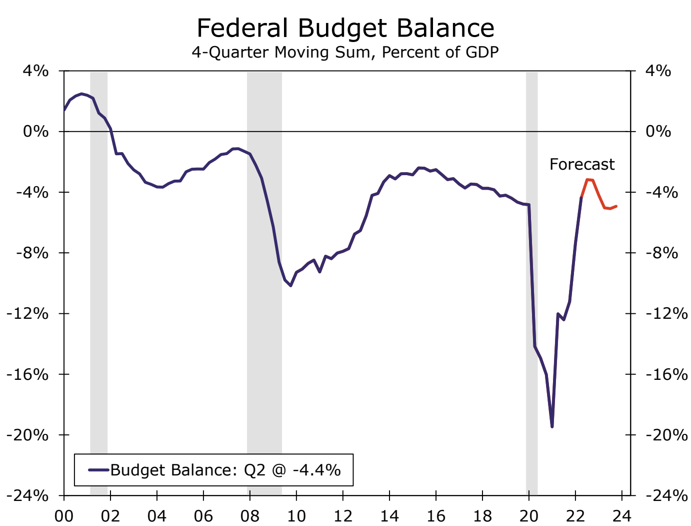
This past weekend the Senate passed the Inflation Reduction Act (IRA), a partisan budget reconciliation bill that was created from the remains of the Build Back Better plan that was debated last year. The highlights of the bill include a corporate minimum tax on book income, an excise tax on stock buybacks, more funding for IRS enforcement, more generous Affordable Care Act subsidies for the next three years, changes to prescription drug pricing through Medicare and a slew of new tax credits and other measures to promote the production and consumption of clean energy.

The Congressional Budget Office described the bill's estimated impact on inflation in 2022 and 2023 as "negligible," and we largely agree with this assessment. The IRA is significantly scaled-down from earlier versions of the Build Back Better Act, with roughly $500 billion of new spending/tax credits over a 10-year period. Furthermore, this fiscal expansion is more than offset by $800 billion of new tax increases/spending cuts over the same period. If it becomes law, the bill will certainly have important micro implications for specific industries, but at the macro level we do not anticipate the IRA leading us to make any major changes to our outlook for inflation or monetary policy over the next 18 months.

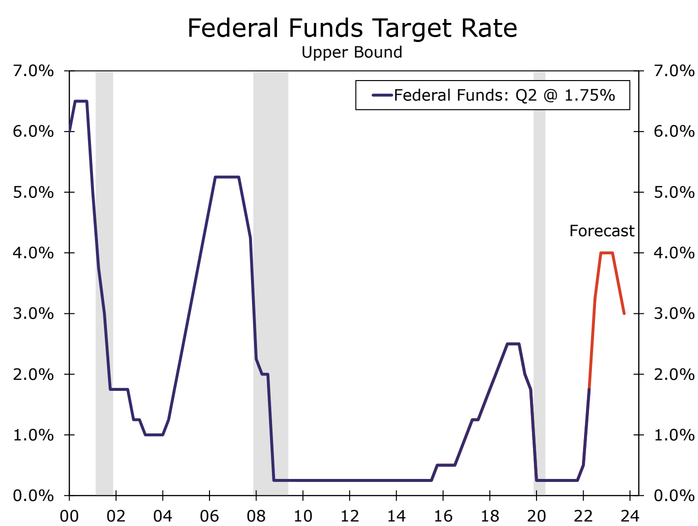
Monetary Policy & Interest Rates

- We look for the federal funds target range to peak at 3.75%-4.00% at the end of this year and remain at that level until the second half of 2023. Our latest forecast contains 25 bps less tightening than the forecast published in our July U.S. Economic Outlook.
- Our 2022 year-end forecast for the 10-year Treasury yield is 3.15%. Our 2023 year-end forecast for the 10-year Treasury yield is 2.70%.

Relative to one month ago, the general contours of our forecast for U.S. monetary policy remain unchanged. Nonfarm payrolls continue to grow at a rapid clip, and core inflation is still running well in excess of the Fed's 2% inflation target. Against that backdrop, we look for the FOMC to hike rates by another 75 bps at its September 20-21 meeting. However, we believe the risks are skewed towards a smaller rather than a larger hike (i.e. 50 bps is more likely than 100 bps). August nonfarm payrolls and CPI will be released before the September meeting, and if job growth and/or inflation come in much softer than expected, we would not be surprised by "just" a 50 bps rate hike. Past September, we look for the pace of tightening to slow and eventually stop around the turn of the year as employment and prices both decelerate. That said, we think the bar for rate *cuts* is quite high, and we think a recession will take hold before the FOMC begins outright easing policy in the second half of 2023.



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



Source: Federal Reserve Board and Wells Fargo Economics

Net Exports

- We forecast net exports to exert a 1.0 percentage point drag on headline GDP growth this year, but will be a more neutral force on the headline rate of growth next year, adding 0.3 percentage points.

For the first time in seven quarters, net exports provided a boost to headline GDP growth in Q2, and a sizable one at that. The rebound in exports during the quarter caused net exports to boost headline GDP growth by 1.4 percentage points. Slower domestic demand has begun to weigh on import growth and give way to a reversal from a sharp widening to a gradual narrowing in the U.S. trade deficit. Export growth is also higher, advancing for the fifth consecutive month in June as the United States supplied more commodities to Europe as the Russia-Ukraine war continued. We expect these dynamics to continue in the third quarter.

International Developments & The U.S. Dollar

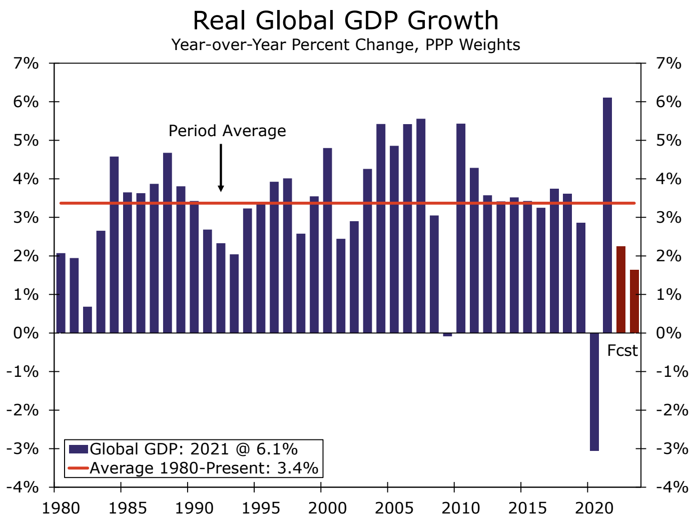
- The global economic outlook continues to dim. We now expect an earlier and more pronounced recession in the United States, which should also see some key economies to experience downturns as well. Against this backdrop, we have revised our global GDP forecast down to just 2.3% in 2022, before slowing to 1.6% in 2023. Meanwhile, we forecast inflation to reach 7.1% this year and 4.6% next year.
- In addition to recession in the United States, we now also forecast the Eurozone economy to fall into recession by early 2023, and maintain our previous recession calls for Brazil and Mexico, as well as project a deeper than previously forecast downturn for the United Kingdom. In addition, given significant economic turbulence earlier this year, we have also lowered our forecast for China's GDP growth to just 3.3% for 2022.
- We continue to expect broad dollar strength through and until early 2023, when we believe the greenback will peak, before the U.S. dollar softens against many G10 and EM currencies for the remainder of 2023. A shorter and sharper Federal Reserve rate hike cycle and a U.S. recession reinforce the case for the dollar's peak in Q1-2023. Moreover, given our forecast for a Eurozone recession, we expect a weaker euro than previously.
- For further reading on the global economy, please see our most recent International Economic Outlook.

Our outlook for the global economy has become more pessimistic, and we have once again revised our global GDP forecast lower. We now expect global GDP growth to average just 2.3% in 2022, before slowing to 1.6% in 2023. Meanwhile, we forecast inflation to reach 7.1% this year and 4.6% next year. We expect inflation will continue to weigh on consumer purchasing power, but also prompt additional central bank tightening. As growth slows and the outlook continues to dim, we now expect an earlier and more pronounced recession in the United States, which could push a few key economies into economic contraction. In addition to our previous forecasts for recessions in the United States, Brazil and Mexico, we now see a deeper downturn than previously forecast for the United Kingdom. We now also expect the Eurozone economy to fall into recession early next year, led by high inflation, diminished purchasing power, energy supply disruptions and central bank tightening. Overall, we expect the Eurozone economy to contract by 0.2% in 2023. While we expect a downturn, we believe a starting point of solid consumer fundamentals and household saving rates mean a Eurozone recession could potentially occur later and/or be more shallow than in the United States. In emerging markets, we also downgraded our China growth forecast to just 3.3% this year, as the economy experienced a quarterly contraction in Q2. Much of the downward pressure on growth is a result of China's Zero-COVID policy, as well as regulatory changes and a slowdown in the real estate sector. When we factor in weaker growth for China, we see overall global GDP coming in softer than previously forecast.

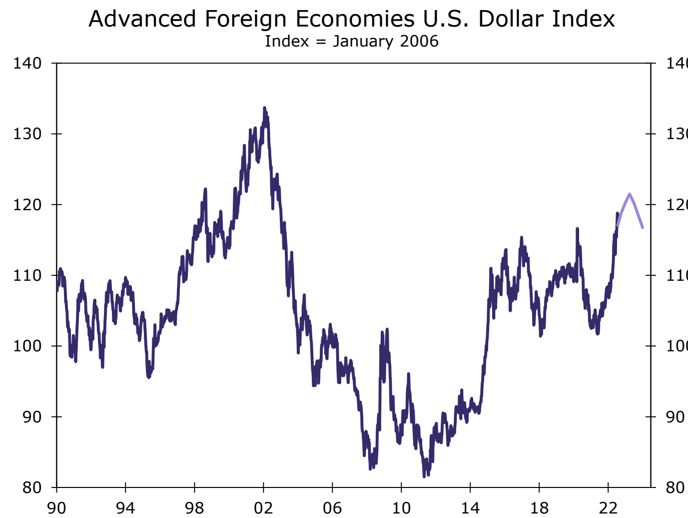
Taking a look at global central bank activity, the European Central Bank initiated its rate hike cycle in July with a 50 bps increase in its Deposit Rate. In response to the European Central Bank's actions and outlook, we have adjusted our forecast to include a shorter, sharper rate hike cycle. Although we foresee a recession by early 2023, we believe that the combination of a resilient Q2-2022 GDP figure as well as a record high July CPI print will support the case for another 50 bps increase in the Deposit Rate in September. In the United Kingdom, we have become more hawkish on Bank of England policy due to ongoing surges in energy prices. Against a backdrop of higher energy prices, we have lifted our

CPI inflation forecasts to show inflation elevated for a longer period of time. As a result, we expect more central bank tightening, as well as a more protracted U.K. recession compared to previously.

We maintain our view for moderate dollar strength against most G10 and EM currencies through early 2023. We see a dollar peak in Q1-2023 as, by that point, U.S. inflation could show more noticeable signs of slowing and the Fed begins to wind down monetary tightening. A sharper Federal Reserve rate hike cycle with eventual rate cuts in the second half of 2023, in combination with a U.S. recession, should also support the case for the greenback peaking early next year, before the U.S. dollar softens through much of 2023. Additionally, given our forecast now calls for a Eurozone recession, we also expect a weaker euro than previously.



Source: International Monetary Fund and Wells Fargo Economics



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

Wells Fargo International Economic Forecast

	GDP 2020	GDP 2021	GDP 2022	GDP 2023	CPI 2020	CPI 2021	CPI 2022	CPI 2023
Global (PPP Weights)	-3.1%	6.1%	2.3%	1.6%	3.2%	4.7%	7.1%	4.6%
Advanced Economies[1]	-4.5%	5.2%	2.5%	0.2%	0.7%	3.1%	7.7%	3.7%
United States	-3.4%	5.7%	1.7%	-0.4%	1.2%	4.7%	8.0%	3.5%
Eurozone	-6.3%	5.4%	3.1%	-0.2%	0.3%	2.6%	7.7%	3.4%
United Kingdom	-9.3%	7.4%	3.5%	-0.9%	0.9%	2.6%	9.6%	8.2%
Japan	-4.5%	1.7%	1.4%	1.6%	0.0%	-0.3%	2.1%	1.0%
Canada	-5.2%	4.5%	3.6%	1.0%	0.7%	3.4%	7.0%	3.5%
Switzerland	-2.5%	3.7%	2.5%	1.0%	-0.7%	0.6%	2.5%	1.3%
Australia	-2.2%	4.7%	4.1%	1.8%	0.9%	2.8%	4.9%	3.1%
New Zealand	-2.1%	5.6%	2.9%	2.0%	1.7%	3.9%	6.2%	3.3%
Sweden	-2.9%	4.8%	2.3%	1.1%	0.7%	2.7%	6.3%	2.4%
Norway	-0.7%	3.9%	3.0%	1.4%	1.3%	3.5%	3.8%	2.3%
Developing Economies[1]	-2.0%	6.8%	2.1%	2.7%	5.2%	5.9%	6.6%	5.3%
China	2.2%	8.1%	3.3%	5.1%	2.4%	0.9%	2.2%	2.3%
India	-6.6%	8.7%	7.4%	5.3%	6.2%	5.5%	6.9%	4.9%
Mexico	-8.1%	4.8%	1.9%	0.4%	3.4%	5.7%	7.3%	4.7%
Brazil	-3.9%	4.6%	1.5%	0.4%	3.2%	8.3%	9.0%	5.5%

Forecast as of: August 11, 2022

[1]Aggregated Using PPP Weights

Source: International Monetary Fund and Wells Fargo Economics

Wells Fargo International Interest Rate Forecast

(End of Quarter Rates)

Central Bank Key Policy Rate	Current	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
United States	2.50%	3.25%	4.00%	4.00%	4.00%	3.50%	3.00%
Eurozone[1]	0.00%	0.50%	1.00%	1.00%	1.00%	1.00%	1.00%
United Kingdom	1.75%	2.25%	2.75%	3.00%	3.00%	2.75%	2.25%
Japan	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%
Canada	2.50%	3.00%	3.50%	3.50%	3.50%	3.25%	3.00%
Switzerland	-0.25%	0.00%	0.25%	0.50%	0.50%	0.50%	0.50%
Australia	1.85%	2.10%	2.85%	3.10%	3.10%	3.10%	3.10%
New Zealand	2.50%	3.00%	3.50%	3.50%	3.50%	3.50%	3.50%
Sweden	0.75%	1.25%	1.75%	1.75%	1.75%	1.75%	1.75%
Norway	1.25%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%
China[3]	11.25%	11.25%	11.25%	10.75%	10.75%	10.75%	10.25%
India	5.40%	5.90%	6.40%	6.90%	6.90%	6.90%	6.40%
Mexico	7.75%	9.00%	9.75%	10.00%	10.00%	9.50%	9.00%
Brazil	13.75%	13.75%	13.75%	13.25%	12.75%	12.25%	11.75%

2-Year Note	Current	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
United States	3.28%	3.35%	3.55%	3.45%	2.85%	2.60%	2.50%
Eurozone[2]	0.61%	0.65%	0.75%	0.85%	0.85%	0.80%	0.75%
United Kingdom	1.88%	2.10%	2.50%	2.65%	2.50%	2.25%	2.00%
Japan	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%
Canada	3.28%	3.35%	3.45%	3.35%	3.00%	2.80%	2.70%

10-Year Note	Current	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
United States	2.81%	3.05%	3.15%	3.10%	2.90%	2.75%	2.70%
Eurozone[2]	0.95%	1.20%	1.30%	1.35%	1.30%	1.20%	1.15%
United Kingdom	1.99%	2.20%	2.30%	2.30%	2.20%	2.00%	1.90%
Japan	0.16%	0.20%	0.25%	0.25%	0.20%	0.20%	0.20%
Canada	2.74%	3.00%	3.05%	3.05%	2.90%	2.75%	2.70%

Forecast as of: August 11, 2022

[1] ECB Deposit Rate [2] German Government Bond Yield [3] Reserve Requirement Ratio Major Banks

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

This Month's Economic Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
8	**9**	**10**	**11**	**12**
	NFIB Small Business Optimism July 89.9 **China CPI (SA, MoM)** July 2.7%	**CPI (YoY)** July 8.5% **Core CPI (YoY)** July 5.9%	**PPI Final Demand (YoY)** June 11.3%; July 10.4% (W) **Bank of Mexico Rate Decision** July 7.75%	**Import Price Index (MoM)** June 0.2%; July -0.9% (W) **Consumer Sentiment** July 51.5; August 52.5 (C) **Eurozone GDP (SA, QoQ)** Q1 0.8%
15	**16**	**17**	**18**	**19**
	Housing Starts (SAAR) June 1559K **Industrial Production (MoM)** June -0.2% **Canada CPI (NSA, MoM)** June 0.7%	**Retail Sales (MoM)** June 1.0% **Eurozone GDP (SA, QoQ)** Q2 0.7% **United Kingdom CPI (SA, MoM)** June 0.8% ***FOMC Minutes***	**Existing Home Sales (SAAR)** June 5.12M **Leading Economic Index** June -0.8% ***George (Kansas City) speaks***	
22	**23**	**24**	**25**	**26**
	New Home Sales (SAAR) June 590K	**Durable Goods Orders (MoM)** June 2.0%	**GDP (QoQ, Annualized)** Q2 -0.9% ***Fed's Jackson Hole Forum***	**Personal Income & Spending (MoM)** June 0.6%; 0.1% (Income; Spending) ***Fed's Jackson Hole Forum***
29	**30**	**31**	**September 1**	**2**
	S&P CoreLogic C-S National HPI (YoY) May 19.8% **Consumer Confidence** July 95.7 **JOLTS Job Openings** June 10.7M	**Canada GDP (SAAR)** Q1 3.1% **Eurozone CPI (YoY)** July 8.6%	**Construction Spending (MoM)** June -1.1% **ISM Manufacturing** July 52.8	**Nonfarm Payrolls** July 528K

Note: (W) = Wells Fargo Estimate, (C) = Consensus Estimate, * = voting FOMC member in 2022, Purple = Market Moving Releases

Source: Bloomberg Finance L.P., Federal Reserve System, U.S. Deparment of Labor, U.S. Department of Commerce, Institute for Supply Management, Conference Board and Wells Fargo Economics

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Required Disclosures