Weekly — January 21, 2022

Weekly Economic & Financial Commentary

United States: **The Housing Market Closes Out a Strong Year**

- The state of the housing market was the predominant theme in what was otherwise a quiet week for economic data. Mounting inflation concerns and ongoing supply chain disruptions weighed on homebuilder confidence in January, yet home construction continues to run at a robust pace. The overall shortfall of housing inventories constrained buying activity in December and pulled existing median home prices higher.
- Next week: Q4 Real GDP (Thu.), Durable Goods Orders (Thu.), Personal Income & Spending (Fri.)

International: **China Growth Outperforms in Q4-2021 While U.K. Retail Sales Disappoint**

- While the economy still slowed from the prior quarter, China's economy grew 8.1% in 2021, one of the fastest annual growth rates in years. Data indicate that, month-over-month, U.K. retail sales contracted 3.7%. These data are disappointing no matter how we slice them, but can be possibly explained by households doing holiday shopping early amid concerns of shortages and delivery delays.
- Next week: Eurozone PMIs (Mon.), Bank of Canada Rate (Wed.), Central Bank of Chile Rate (Wed.)

Interest Rate Watch: **No Rate Hikes Yet, but Next Week's FOMC Meeting Should Set the Table**

- All eyes are on the Federal Reserve next week as monetary policymakers conduct the first of the eight planned FOMC meetings for 2022. Interest rates have jumped since the FOMC last met on Dec. 15. The 10-year Treasury yield has risen 29 bps since then, while the two-year Treasury yield has seen a similar move.

Topic of the Week: **A Record Gain in Holiday Sales that Most Retailers Would Like to Forget**

- Holiday sales showed a record increase in 2021, but the holiday shopping season was not without its challenges. Higher prices took some joy out of last year's gain, and December's decline in sales confirmed consumers finished their holiday shopping early amid supply chain concerns.

Wells Fargo U.S. Economic Forecast

	Actual 2021				Forecast 2022				Actual	Forecast		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2020	2021	2022	2023
Real Gross Domestic Product [1]	6.3	6.7	2.3	6.0	2.8	3.7	3.4	3.5	-3.4	5.6	3.9	3.1
Personal Consumption	11.4	12.0	2.0	5.0	2.3	2.5	2.6	2.7	-3.8	8.0	3.4	2.6
Consumer Price Index [2]	1.9	4.8	5.3	6.7	7.0	5.8	5.1	3.7	1.2	4.7	5.4	2.5
"Core" Consumer Price Index [2]	1.4	3.7	4.1	5.0	6.1	5.3	5.0	4.4	1.7	3.6	5.2	2.8
Quarter-End Interest Rates [3]												
Federal Funds Target Rate	0.25	0.25	0.25	0.25	0.50	0.75	1.00	1.25	0.50	0.25	0.88	1.81
Conventional Mortgage Rate	3.08	2.98	2.87	3.10	3.35	3.60	3.70	3.75	3.12	2.95	3.60	3.85
10 Year Note	1.74	1.45	1.52	1.52	1.90	2.05	2.15	2.20	0.89	1.45	2.08	2.30

Forecast as of: January 21, 2022

[1] Compound Annual Growth Rate Quarter-over-Quarter [2] Year-over-Year Percentage Change [3] Annual Numbers Represent Average

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

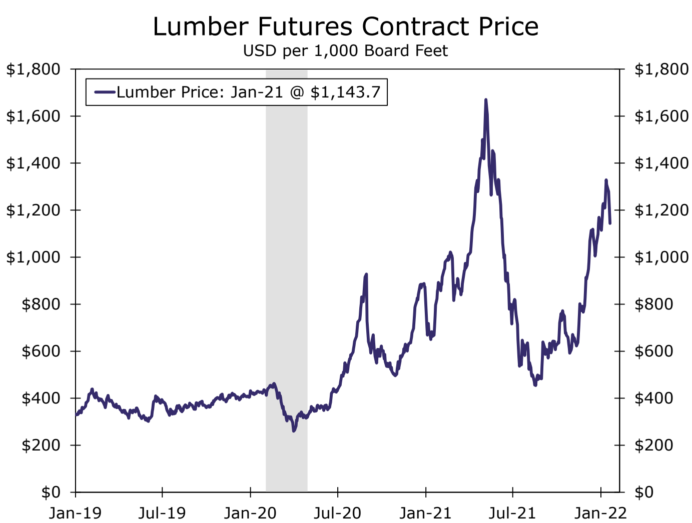
Please see our full U.S. Economic Forecast and our updated Consumer Dashboard and Pressure Gauge.

U.S. Review

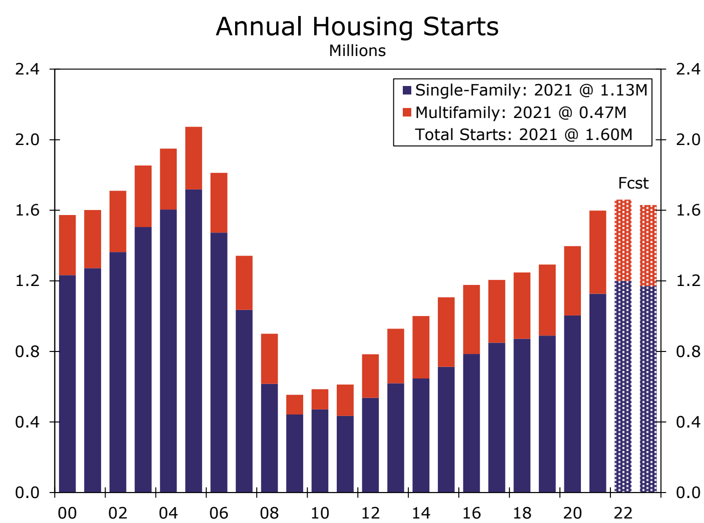
The Housing Market Closes Out a Strong Year

The state of the housing market was the predominant theme in what was otherwise a quiet week for economic data. Kicking off the week was the release of January's NAHB/Wells Fargo Housing Market Index (HMI). The HMI declined one point to a still-elevated 83 in January, ending a four-month streak of gains. Mounting inflation concerns and ongoing supply chain disruptions weighed on expectations for future conditions, even as consumer demand remained relatively robust. Builders' assessment of current single-family sales held steady at 90, while gauges for future sales and traffic of prospective buyers weakened slightly to 83 and 69, respectively. Material shortages and limited labor availability have extended building timelines and constrained the pace of home completions. After falling lower in the second half of 2021, lumber prices are now on the rise again and are up over 120% over the past two months. Supply issues are also significantly pushing up costs. The NAHB estimates the aggregate cost of residential construction materials has increased almost 19% since December 2020.

Despite these supply-related challenges, home building finished 2021 on a strong note. Housing starts rose a stronger-than-expected 1.4% in December, rising to a 1.702 million-unit annual pace. Mild weather during the month allowed more construction to take place in what is usually a seasonally slow period. All of December's gain came from multifamily starts, which surged 13.7%. Multifamily construction has rapidly expanded on the wings of resurgent apartment demand. Nationwide, apartment vacancies have plummeted and rent growth has accelerated markedly. Meanwhile, single-family starts slipped 2.3%. Despite the pullback, the pace of single-family construction continues to be bolstered by the tremendous backlog of new projects, which should keep activity humming in the coming months. In December, building permits shot up 9.1% during the month, which suggests builders are encouraged by strong buyer demand and are pushing through the supply-side headwinds. With December's release, preliminary data for full-year 2021 show construction started on 1,595,100 homes last year, the highest level since 2006. Building permits also had a great year, jumping 17.2% to 1,725,000. The strength in permits suggests that home building is set for another strong year in 2022.



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



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

Another factor keeping builder confidence high is the historic shortfall of existing homes for sale. Existing home sales came in weaker than expected in December, dipping 4.6% to a 6.19 million-unit pace. While it may be tempting to blame the Omicron wave, we suspect the deficit of homes was primarily behind the decline. Total existing home inventories plummeted to a record low of 910,000 homes. Persistently low inventories amid strong demand has led to a dramatic surge in home prices. Home price appreciation cooled off a bit late last year; however, it appears to picking up again. The median price of an existing single-family home rose 16.2% over the year in December, slightly faster than the 14.5% yearly pace registered the month prior.

While sales ended 2021 on a downbeat, several signs suggest home-buying activity will remain strong this year. Mortgage applications picked up over the first few weeks of January, as buyers race to get ahead of rising mortgage rates. According to Freddie Mac, the average 30-year fixed rate mortgage rose to 3.56% during the week ended January 20, the highest since March 2020. Higher mortgage rates will certainly test buyer demand, but rising incomes and solid job growth should provide some support to sales in 2022. As discussed in Interest Rate Watch, although we expect the Fed to hike rates this year and next, mortgage rates should remain historically low in the coming year.

In the labor market, initial claims for unemployment benefits were higher than expected, rising to 286,000 during the week ended January 14. Jobless claims have steadily crept up in recent weeks, reaching their highest level since October. Notably, claims data tend to be volatile week to week, and January is typically a big month for seasonal layoffs across the economy. That said, the magnitude of the Omicron wave should not be ignored. Nearly 8.8 million people reported they could not work during the first few weeks of January, because they were either sick with or taking care of someone sick with COVID, according to the Census Bureau's latest Household Pulse Survey. We expect hiring to moderate this month under the pressure of Omicron, but the hit may not be as bad as many fear. Generally understaffed businesses are hanging onto workers more than usual, which could result in a positive tailwind from seasonal adjustment in January's nonfarm payroll report. (Return to Summary)

U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
27-Jan	GDP Annualized (QoQ)	Q4 A	5.3%	6.0%	2.3%
27-Jan	Durable Goods Orders	Dec P	-0.5%	-0.5%	2.6%
27-Jan	Durables Ex Transportation	Dec P	0.4%	0.4%	0.9%
28-Jan	Personal Income	Dec	0.5%	0.5%	0.4%
28-Jan	Personal Spending	Dec	-0.5%	-0.4%	0.6%
28-Jan	PCE Deflator (MoM)	Dec	0.4%	0.4%	0.6%
28-Jan	PCE Deflator (YoY)	Dec	5.8%	5.8%	5.7%

Forecast as of January 21, 2022

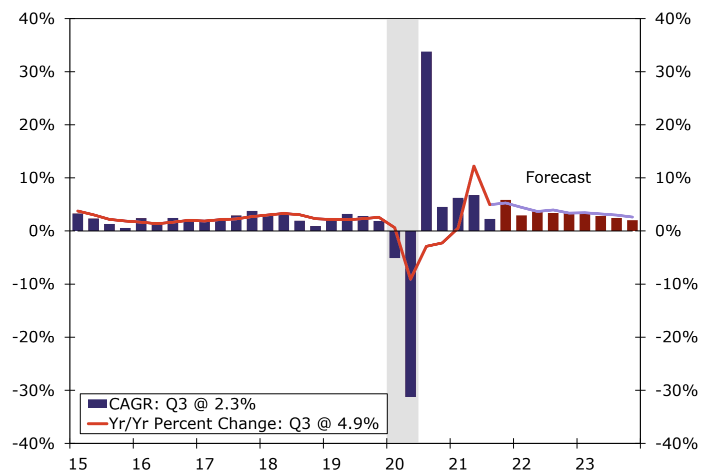
Source: Bloomberg Finance L.P. and Wells Fargo Economics

Q4 Real GDP • Thursday

On Thursday, real GDP data for the fourth quarter are released, and we expect to see that the U.S. economy expanded at a 6.0% annualized pace during the quarter. Growth should be boosted by a solid 5.0% gain in personal consumption expenditures. Business fixed investment spending is shaping up to come in close to 2% (annualized) as weakness in equipment and structures held back activity in the quarter. Residential investment looks to be positive after two consecutive quarterly declines.

Although the data will cover the final three months of last year, attention has already shifted to what's ahead for the economy in 2022. Looking forward, we expect the economy to continue to expand at an above-trend pace this year, although a step down from the growth rates seen over the past year (chart). We forecast the economy to expand 3.9% in 2022, following up our forecasted 5.6% rate of 2021 expansion. The economy is set to face the same problems; a virus that won't go away, severe supply issues and persistent price pressure. Despite these challenges, we see the economy continuing to grow above its natural speed limit through this year amid still-solid demand, a need to replenish severely depleted inventory levels and manufacturers' obligation to meet record levels of backlogged orders.

U.S. Real GDP Growth

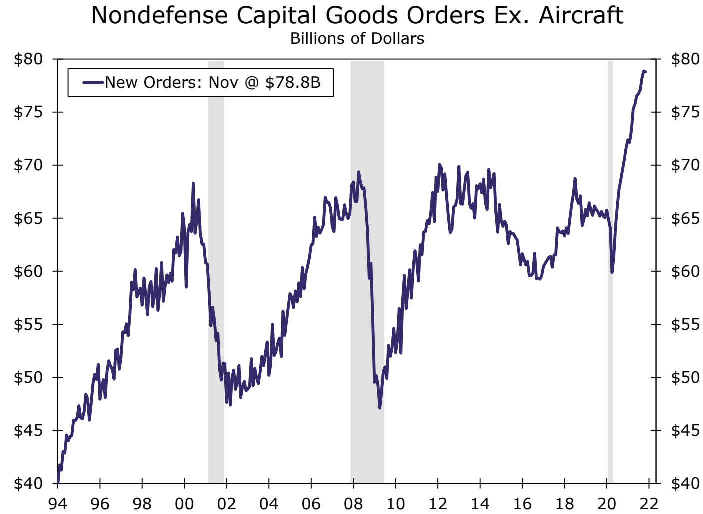


Source: U.S. Department of Commerce and Wells Fargo Economics

Durable Goods Orders • Thursday

Durable goods orders were likely not as weak in December as the headline growth rate suggests when the data are released Thursday. We forecast durable goods orders declined 0.5% during the month, but that is likely to be due almost entirely to a decline in the volatile aircraft component. Excluding aircraft, we expect durable goods orders *advanced* 0.4%. There were 80 new orders for aircraft last month, according to data from Boeing, which is below the volume typically seen in the month of December and a step down from the 109 orders reported a month earlier.

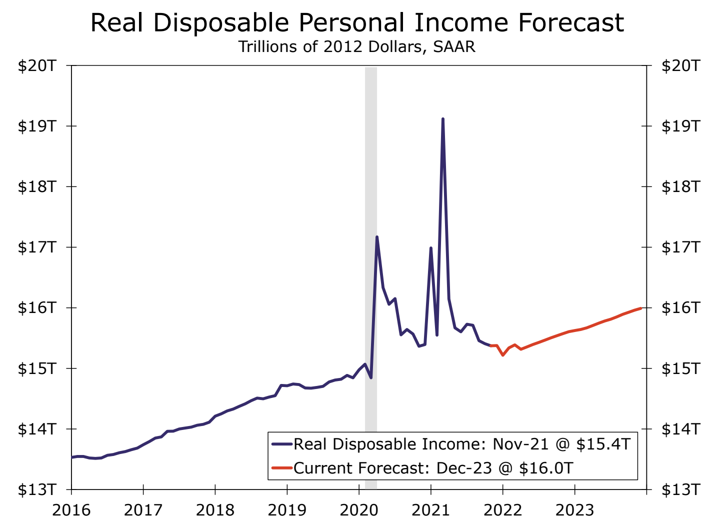
Outside transportation the report should look better amid resilient demand. The trend in core capital goods orders has been clear (chart), but severe supply constraints of physical inputs and the labor to complete the job continue to hold back the overall pace of activity. Manufacturers' backlog of orders has ballooned since the start of the pandemic as a result, with unfilled orders of core capital goods rising for the 21st consecutive month in November. We expect these estimates moved even higher in December. Estimates of unfilled orders are reported in nominal dollars, so the level is also likely receiving a boost from higher prices. Still, the trend in backlog is clear; manufacturers have plenty of work ahead of them



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

Personal Income & Spending • Friday

The full personal income and spending report for December will be released on Friday. We expect the data to show that personal income rose 0.5% during the month, while spending declined by 0.4%. Income growth should be supported by solid growth in wages and salaries in December. Average hourly earnings rose 0.6% during the month as wage pressure persists amid a severe shortage of available workers. To date, wages and salaries have risen 10% ahead of their pre-pandemic level, and we expect continued growth in this income component this year amid a continued tightening in the labor market. December marks the last month of the Child Tax Credit being sent to households. The discontinuation of this stimulus benefit will dramatically weigh on income growth in January. After some near-term headwinds (dwindling stimulus, peak inflation), however, we expect real disposable income growth to recover by year-end (chart).



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

In terms of spending, retail sales data revealed a weaker-than-expected 1.9% decline in sales during the month, indicating weakness in consumption. Although the retail sales report mostly comprises goods expenditures, high-frequency data on service sector activity suggest some weakness in services consumption as well. Seated diners, the number of people passing through TSA checkpoints and overall mobility measures moved modestly lower during the month. Our take is that this has more to do with supply problems being exacerbated by the Omicron variant rather than a lack of demand for services.

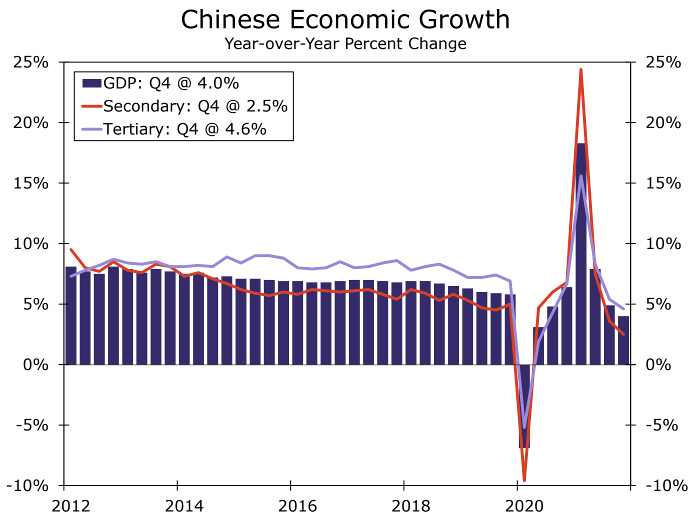
We expect consumer prices continued to rise in December and forecast the PCE deflator rose 0.4%, which translates to an 5.8% annual rate, the highest in nearly 40 years. (Return to Summary)

International Review

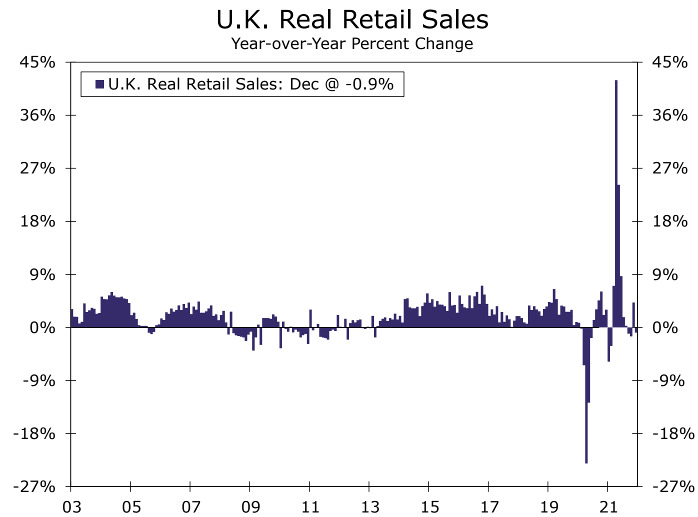
China Growth Outperforms in Q4-2021

China's economy has struggled with many issues over the past few years. Structural imbalances in such an over-leveraged economy and an aging population have stunted growth prospects, while recent regulatory adjustments and authorities' commitment to the "zero-COVID" policy have decelerated growth. These challenges persist, but Q4-2021 GDP data surprised to the upside and helped China's economy grow over 8.1% in 2021. Prior to the data release, we forecast China's economy to grow 1.5% quarter-over-quarter and around 3.5% year-over-year in the fourth quarter of last year. Earlier this week, data reveal the economy experienced sequential growth of 1.6% and year-over-year growth of 4% in Q4-2021. While the economy still slowed from the prior quarter, the upside surprise means China's economy grew 8.1% in 2021, one of the fastest annual growth rates in years. In fairness, the above-trend growth rate experienced last year was mainly due to base effects, and going forward, we believe China's growth prospects will continue to dwindle amid the structural issues mentioned as well as lockdown protocols to prevent the spread of COVID.

To that point, Chinese authorities have locked down multiple cities over the past few weeks to contain locally transmitted Omicron cases. As a result, local ports and shipping capabilities have interrupted, which is likely to weigh on China's export sector over the course of Q1-2022. In addition, the cities under lockdown are heavily populated, and restrictions have affected close to 50 million people. As a result, we expect consumer activity to come under pressure in the first quarter and for China's economy to get off to a rocky start in 2022. Speaking of new year, the population will also be celebrating the Chinese New Year in a few weeks. Data surrounding the New Year could be difficult to interpret; however, should data indicate consumer spending dipped during the holidays, we would likely revise our annual 2022 GDP forecast lower.



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



Source: Datastream and Wells Fargo Economics

U.K. Retail Sales Disappoint

Any way one looks at U.K. retail sales data for December, the interpretation should be that these data are very underwhelming. On a year-over-year basis, consensus forecasts expected retail sales to rise 3.4% year-over-year; however, in a bit of a shock, retail sales actually declined 0.9%. On a monthly basis, the underperformance is also pretty stark. Consensus economists expected retail sales to decline 0.6% over the month. Actual data indicate that, month-over-month, U.K. retail sales contracted 3.7%. These data are disappointing no matter how we slice them, but can be possibly explained by households doing holiday shopping early amid concerns of shortages and delivery delays. We can also point to the government's newly imposed restrictions around the holidays as well as consumer caution around the sharp rise in Omicron cases in November and December.

The U.K. has been hit hard by the spread of Omicron, and while we may be turning a corner, we expect the U.K. economy to struggle for momentum in the coming months. Restrictions will be lifted in the near future; however, consumer caution may persist for the time being as infection rates remain high.

We also note that the U.K. is a few months away from having a "cost-of-living crisis." Rising energy and electricity prices will stretch household budgets, especially at a time when inflation is already running hot. In addition, the U.K. government is planning to raise taxes, which should also contribute to stretching household and company budgets. This combination should hit in April and is set to weigh on consumer activity later in the year. As a result, we expect U.K. economic prospects to be sluggish going forward and is one of the main reasons we expect the U.K. economy to lag relative to most G10 countries. (Return to Summary)

International Outlook

Weekly International Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
24-Jan	Markit Eurozone Manufacturing PMI	Jan P	57.5	--	58.0
24-Jan	Markit Eurozone Services PMI	Jan P	52.0	--	53.1
26-Jan	Bank of Canada Rate Decision	26-Jan	0.25%	0.25%	0.25%
26-Jan	Chile Overnight Rate Target	26-Jan	--	5.00%	4.00%

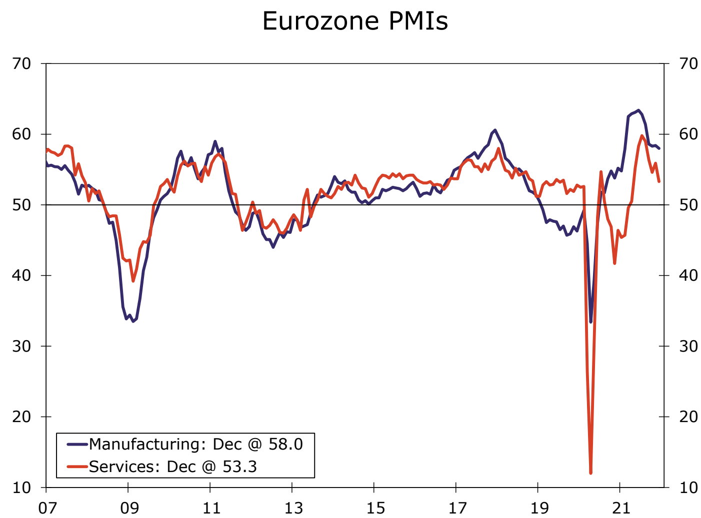
Forecast as of January 21, 2022

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

Eurozone PMIs • Monday

The Eurozone economy enjoyed solid economic growth during Q2-2021 and Q3-2021, but there were signs of slowing momentum as Q4 progressed. However, as the Omicron variant became more widespread during December, survey data pointed to slower growth. Next week, we will get additional evidence of just how sharp the slowdown across the Eurozone was in Q4, and in December more specifically, when the manufacturing and services PMIs are released. As far as the manufacturing sector, consensus forecasts expect the industry to hold somewhat steady. Due to restrictions and stay-at-home guidance, the services sector PMI is expected to dip in December.

Both the manufacturing and services PMIs are expected to remain in expansion territory; however, the slowdown across the Eurozone is likely to continue in early 2022. Omicron cases picked up pace in January and likely led to reduced mobility across the region. We would expect the PMIs to dip yet again in January, which would be further evidence, and possible rationale to revise our 2022 annual GDP forecast lower.

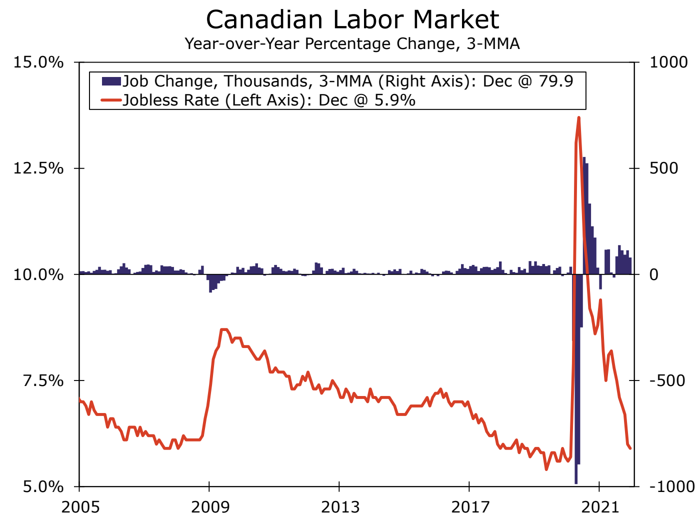


Source: Datastream and Wells Fargo Economics

Bank of Canada • Wednesday

After a bumpy path earlier in 2021, the Canadian economy enjoyed a solid rebound late last year. The recovery was highlighted by strong labor market trends, with seven consecutive months of job gains, including a 54,700 increase in employment for December. The unemployment rate fell almost two percentage points over the second half of last year, to 5.9%. However, it was not just the labor market that showed sturdy trends; retail sales, manufacturing sales and overall GDP registered solid gains as well. Still even with Canada's rebound, it's not clear that will lead to immediate rate hikes from the Bank of Canada (BoC).

BoC policymakers recently highlighted uncertainties tied to the Omicron variant as well as natural disasters. They also indicated that the Canadian economy still requires considerable monetary policy support. In that sense, and even as inflation continues to move higher, we do not expect a rate increase at the Bank of Canada's January monetary policy meeting. Indeed, with the central bank perhaps wanting to monitor the impact (or perhaps lack of impact) from the Omicron variant in the coming months, our view remains the Bank of Canada will deliver an initial rate increase at its April meeting.

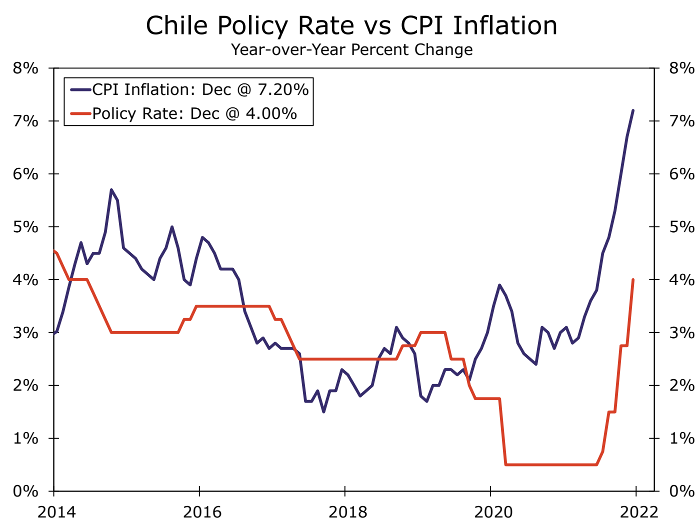


Source: Datastream and Wells Fargo Economics

Central Bank of Chile • Wednesday

Chile's economy has been one of the standout performers within the emerging markets. The economy grew close to 12% in 2021, with that momentum likely to carry forward into 2022. Over the course of the pandemic, the Chilean economy has been supported by aggressive fiscal and monetary stimulus. On the monetary side, the central bank cut interest rates significantly to support activity during the depths of the COVID crisis. And on the fiscal side, policymakers moved ahead with large fiscal support such as cash transfers, tax breaks and allowed early access to pension funds to also spark economic activity. The results of such aggressive stimulus has been a sharp rise in inflation. Just recently, the CPI hit 7.2%, well above the central bank's target range. In an effort to contain price growth and protect the economy from overheating, the Central Bank of Chile has reversed course on monetary policy and has lifted rates quickly.

Next week, we expect monetary tightening to continue. Policymakers have suggested policy rates will be lifted into restrictive territory to mitigate inflation as well as cool off the economy. We expect policy rates to be lifted as much as 100 bps, which would take Chile's overnight rate to 5%. Over the course of Chile's tightening cycle, we expect policy rates to be lifted as high as 7% as inflationary pressures continue for the time being. (Return to Summary)



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

Interest Rate Watch

No Rate Hikes Yet, but Next Week's FOMC Meeting Should Set the Table

All eyes are on the Federal Reserve next week as monetary policymakers conduct the first of the eight planned FOMC meetings for 2022. Interest rates have jumped since the FOMC last met on Dec. 14-15. The 10-year Treasury yield has risen29 bps since then, while the two-year Treasury yield has seen a similar move.

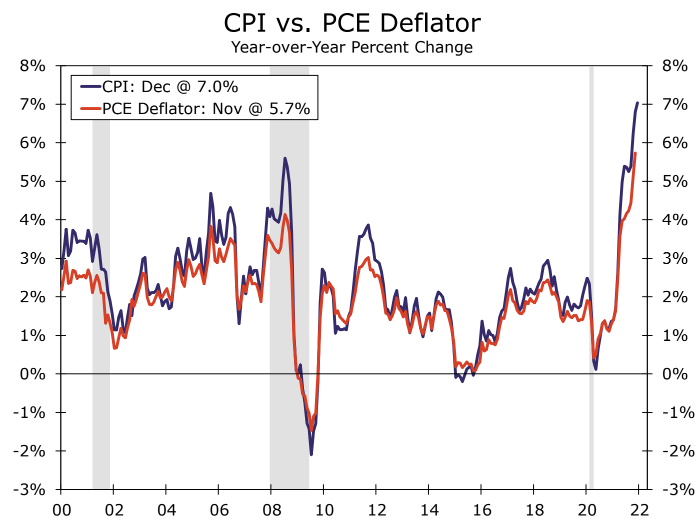
This move in U.S. rates has come as markets and Fed watchers have ratcheted up their expectations for tighter monetary policy in 2022. At the conclusion of the Dec. 15 FOMC meeting, financial markets were priced for roughly two and a half 25-bp increases in the fed funds rate in 2022. Since then, market pricing has shifted to four, 25-bp rate hikes in 2022. Our own forecast shifted from two rate hikes this year in our December outlook to four rate hikes in our latest forecast update.

The economic data have played a part in this more hawkish market pricing. Since the FOMC's December meeting, inflation has gotten further offsides. December's CPI report showed prices rising 7.0% over the past year, the largest increase in nearly four decades. The labor market also continues to barrel toward "maximum employment," with the unemployment rate tumbling to 3.9% in December.

We highly doubt the FOMC will start the tightening process at its meeting that concludes next Wednesday, and there will not be an update to the summary of economic projections. Instead, we expect Chair Powell to use the meeting to signal the fed funds rate could be lifted at its next meeting on March 15-16. Such a hint could come by indicating that the labor market is close to maximum employment, the remaining criteria the Committee has laid out for liftoff. We expect the statement and Chair Powell in his press conference to downplay the temporary slowdown in growth due to the most recent wave of the virus and highlight the overall strength of the labor market.

Following a rate increase in March, we look for the FOMC to raise rates 25 bps per quarter through the third quarter of 2023, bringing the fed funds rate to 1.75%-2.00%. We also look for the FOMC to announce a reduction in its balance sheet at its September meeting, with runoff beginning in October. Any new clues regarding the details of balance sheet runoff will be important since several open questions remain regarding the timing, pace, and composition of the Fed's intended balance sheet reductions. The meeting minutes to be released on February 17 may also hold important information on this topic.

For further reading about next week's FOMC meeting, see our recent special report. (Return to Summary)



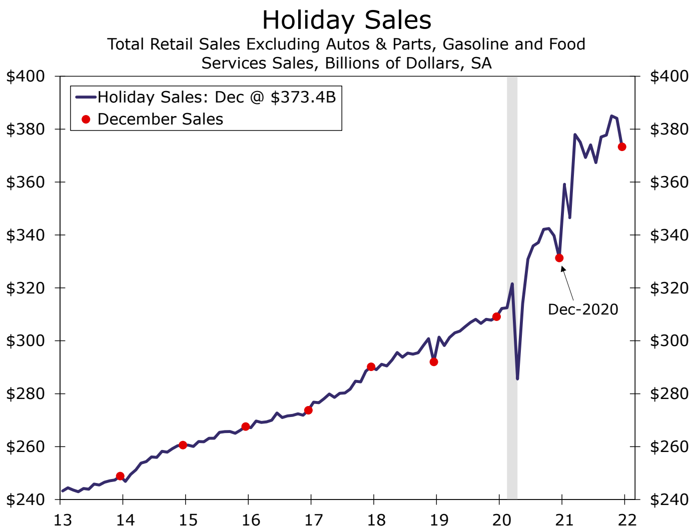
Source: U.S. Department of Labor, U.S. Department of Commerce and Wells Fargo Economics

Topic of the Week

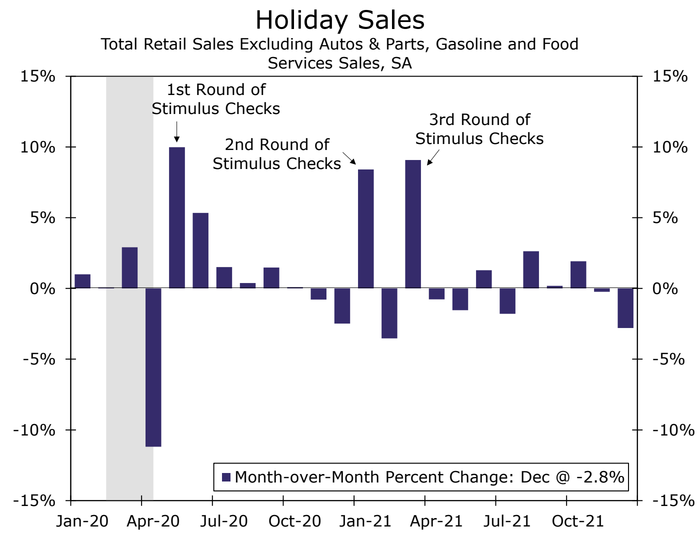
A Record Gain in Holiday Sales that Most Retailers Would Like to Forget

Holiday sales ended last year with a record 12.9% increase over 2020 levels, which is one-and-a-half times the former record. The gain was at the top of our original 10%-13% forecast, which we published in September. But holiday shopping had a weak ending, as December sales slid and backtracked to where they were six months ago. A review of the year shows two themes that led to a tough finish: consumers shopping early amid supply chain concerns and higher prices weighing on wallet share.

We expected the homestretch could disappoint and saw some year-end softness. Sales had already exceeded above their previous record before the "traditional" holiday shopping season began. Much of the boost came in Q1-2021, as stimulus led goods spending to surge. Holiday sales shot up in January and March by more than 8% and 9%, respectively, which could rival a typical full year's increase. However, it wasn't just that consumers had the means to shop early, but also that they were being encouraged by retailers. Stores weren't shy about advertising shortages and delays from the supply chain crisis, which caused many consumers to heed their advice. While November and December holiday sales fell, sales surged 1.9% in October. It's possible that supply chain stressors encouraged consumers to buy more gift cards, but these purchases will not register in retail sales figures until the time of redemption, which may have weighed on the year's end and instead boost January numbers.



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



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

Everyone got higher inflation this year. Gas prices this season were the highest in nine years, and December's CPI reached a 40-year high. High inflation means paying more for essentials, which steals holiday spending wallet share. Retail sales are released on a nominal, not inflation adjusted, basis, so higher prices *boost* estimates. Including upward price pressure suggests real holiday sales rose at just an 8.2% annual rate in 2021, which suggests prices sliced off nearly five percentage points, and puts the gain below 2020. For now, we view inflation as the biggest threat to consumer spending. Prices are not only sky-high, but pressures are broadening out and services inflation is gaining steam. Even with decent wage increases, inflation is still outpacing income gains, and purchasing power may fall further as dwindling stimulus weighs on the January estimates. Similar themes apply to individual retailers. The largest holiday sales gains were in clothing & accessory, miscellaneous and sporting, book & hobby stores. But, apparel prices, were up 5.8% over the past year, while sporting goods prices exceeded 6%.

2022 differs from the past two years. Holiday sales won't benefit from the pandemic mindset, during which goods spending exploded and purchasing power climbed due to fiscal support. Instead, we see real disposable income struggling to keep up with inflation and services driving spending. Retailers may see some normalization from a pivot back to the services, should the pandemic turns endemic this year, and the resulting slower goods spending growth could depressurize supply chains. Along with sustained labor market improvement, this suggests next holiday season isn't likely to have a record gain, even with help from inflation. After 2021's tough finish, that is a trade many retailers may prefer. For more information, please read our recent special report. (Return to Summary)

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 1/21/2022	1 Week Ago	1 Year Ago
SOFR	0.04	0.05	0.06
3-Month LIBOR	0.26	0.24	0.22
3-Month T-Bill	0.16	0.11	0.07
1-Year Treasury	0.46	0.38	0.06
2-Year Treasury	1.00	0.97	0.12
5-Year Treasury	1.55	1.56	0.45
10-Year Treasury	1.76	1.78	1.11
30-Year Treasury	2.08	2.12	1.87
Bond Buyer Index	2.25	2.19	2.21

Foreign Exchange Rates

	Friday 1/21/2022	1 Week Ago	1 Year Ago
Euro ($/€)	1.134	1.141	1.216
British Pound ($/£)	1.356	1.368	1.373
British Pound (£/€)	0.837	0.835	0.886
Japanese Yen (¥/$)	113.770	114.190	103.500
Canadian Dollar (C$/$)	1.254	1.255	1.264
Swiss Franc (CHF/$)	0.912	0.914	0.885
Australian Dollar (US$/A$)	0.719	0.721	0.776
Mexican Peso (MXN/$)	20.486	20.308	19.731
Chinese Yuan (CNY/$)	6.337	6.353	6.462
Indian Rupee (INR/$)	74.428	74.154	72.998
Brazilian Real (BRL/$)	5.421	5.528	5.361
U.S. Dollar Index	95.524	94.790	90.131

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

Foreign Interest Rates

	Friday 1/21/2022	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.58	-0.59	-0.57
3-Month Sterling LIBOR	0.56	0.51	0.03
3-Month Canada Banker's Acceptance	0.75	0.56	0.44
3-Month Yen LIBOR	-0.02	-0.02	-0.07
2-Year German	-0.62	-0.58	-0.70
2-Year U.K.	0.88	0.80	-0.11
2-Year Canadian	1.23	1.16	0.18
2-Year Japanese	-0.07	-0.07	-0.12
10-Year German	-0.08	-0.05	-0.50
10-Year U.K.	1.16	1.15	0.33
10-Year Canadian	1.79	1.77	0.87
10-Year Japanese	0.14	0.14	0.04

Commodity Prices

	Friday 1/21/2022	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	84.78	82.12	53.13
Brent Crude ($/Barrel)	87.56	86.06	56.10
Gold ($/Ounce)	1840.37	1817.94	1870.02
Hot-Rolled Steel ($/S.Ton)	1215.00	1260.00	1153.00
Copper (¢/Pound)	457.35	453.90	365.00
Soybeans ($/Bushel)	14.16	13.62	13.75
Natural Gas ($/MMBTU)	3.90	4.27	2.49
Nickel ($/Metric Ton)	24,076	22,417	18,172
CRB Spot Inds.	646.66	651.19	531.29

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Required Disclosures