WELLS FARGO

Weekly — August 5, 2022

Weekly Economic & Financial Commentary

United States: **July Jobs Report Squashes Current Recession Fears**

- Employers added over half a million jobs in July, which squashes arguments that the U.S. economy is currently in recession. While other measures of labor market strength have shown more pronounced signs of slowing, the July jobs report puts further pressure on the Fed to act aggressively in its fight against inflation.
- Next week: Productivity (Tues.), CPI (Wed.)

International: **Global Central Banks Deliver Another Round of Rate Hikes**

- The Bank of England stepped up the pace of its monetary tightening, raising its policy rate 50 bps to 1.75% this week, and also notified it would likely begin active sales of its government bond holdings shortly after its September announcement. The Reserve Bank of Australia (RBA) also hiked rates 50 bps but hinted at a more flexible approach moving forward. We expect the RBA to revert to 25 bps increments from September. Brazil's Central Bank raised its Selic Rate 50 bps this week, and we now expect one final 25 bps hike to 14.00% at its September monetary policy announcement.
- Next week: Brazil CPI (Tue.), Mexico Overnight Rate (Thu.), U.K. GDP (Fri.)

Credit Market Insights: **Household Debt Surges in the Second Quarter**

- Total household debt balances rose by $312B in the second quarter of this year, a 2% increase from last quarter. Debt has now surpassed $16T and has increased by over $2T since the start of 2020.

Topic of the Week: **Tension in Taiwan**

- Speaker of the House Nancy Pelosi's visit to Taiwan made one thing clear: U.S.-China tensions are not going anywhere anytime soon and international trade between the two countries continues to hang in the balance.

Wells Fargo U.S. Economic Forecast

	Actual						Forecast		Actual		Forecast	
	2021				2022				2020	2021	2022	2023
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product [1]	6.3	6.7	2.3	6.9	-1.6	-0.9	1.6	0.7	-3.4	5.7	1.8	-0.3
Personal Consumption	11.4	12.0	2.0	2.5	1.8	1.0	2.1	-0.5	-3.8	7.9	2.3	-0.2
Consumer Price Index [2]	1.9	4.8	5.3	6.7	8.0	8.6	8.8	7.8	1.2	4.7	8.3	3.2
"Core" Consumer Price Index [2]	1.4	3.7	4.1	5.0	6.3	6.0	6.4	6.3	1.7	3.6	6.3	4.0
Quarter-End Interest Rates [3]												
Federal Funds Target Rate	0.25	0.25	0.25	0.25	0.50	1.75	3.25	4.00	0.50	0.25	2.38	3.63
Conventional Mortgage Rate	3.17	3.02	2.88	3.11	4.42	5.81	5.30	5.35	3.12	2.95	5.22	4.93
10 Year Note	1.74	1.45	1.52	1.52	2.32	2.98	3.10	3.20	0.89	1.45	2.90	2.91

Forecast as of: July 22, 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

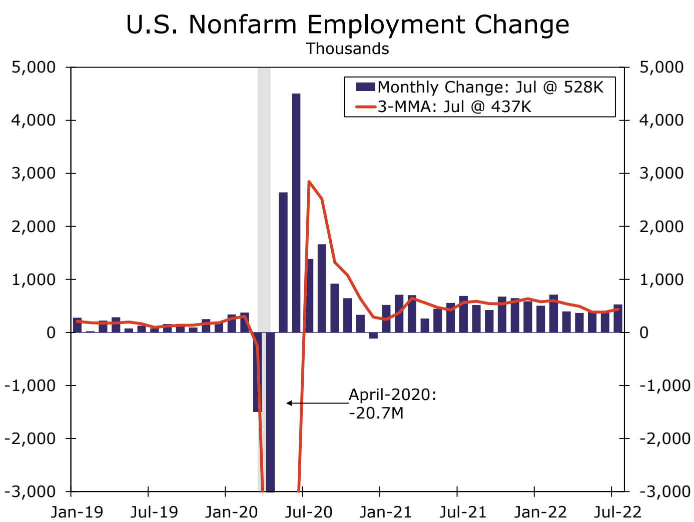
Please see our full U.S. Economic Forecast and our updated Pressure Gauge.

U.S. Review

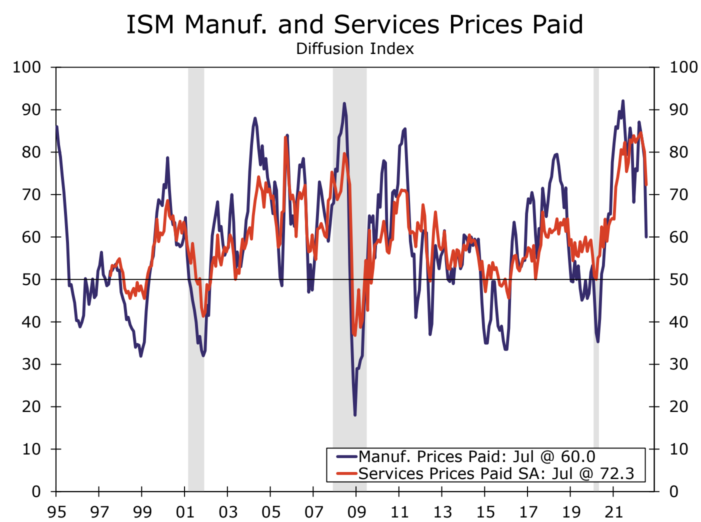
July Jobs Report Squashes Current Recession Fears

The strongest argument against the economy currently being in recession is the strength of the labor market. Employers added a whopping 528K net new jobs in July, lifting hiring to a robust 437K pace over the past three months—that's not consistent with a downturn (chart). The details of the report demonstrate a still strong labor market. Average hourly earnings rose another 0.5% last month, and the unemployment rate slid to match the pre-pandemic low of 3.5%. Supply remains a problem, and despite extraordinary demand for workers, the labor force participation rate declined a tick to 62.1%. Strained supply is consistent with businesses still struggling mightily to fill jobs, with half of independent businesses reporting at least one job opening that is hard to fill.

Even with the better-than-expected hiring report for July, elsewhere there are signs that the labor market is beginning to cool. Job openings fell for the third straight month in June, while postings in July slid further according to data from Indeed. Hiring plans among small businesses have also rolled over since last year, and initial jobless claims are trending higher. It is typical for initial jobless claims to trend higher months before the start of a recession, making the steady rise in claims since early April a worrisome signal for the economy's near-term path. Initial jobless claims edged back up to 260K in the final week of July, bringing the four-week average to its highest level since November. But with continuing claims edging up only slightly, recently laid-off workers do not appear to be having too difficult a time finding new employment, which offers evidence that despite some clear weakening, the labor market remains generally strong.



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



Source: Institute for Supply Management and Wells Fargo Economics

Broader economic activity also looks to have held up through July. The ISM manufacturing and services indices both came in better than expected, though manufacturing activity still expanded at the slowest pace of expansion in two years. There were two important takeaways from the July ISM reports. First, the fever on prices may be beginning to break amid a continued easing of supply chain constraints and the recent move lower in commodity prices. The prices paid component of the ISM manufacturing index plunged 18.5 points, while the same measure for the services index fell 7.8 points (chart). This broad easing is a step in the right direction for price pressure and will be a welcome development for policymakers focused on quelling inflation.

The second major takeaway was added evidence of a cooling labor market. The employment component of both surveys signaled a contraction in hiring for July, remaining below the 50-threshold, though both indices were higher in July than June. In other words, the latest data indicate hiring contracted at a slower pace in July than a month earlier, according to purchasing managers. These data should not be ignored, but when taken in the context of the aforementioned hiring data for July further emphasizes that the labor market is cooling but not rapidly deteriorating as feared. Specifically, service-providers are still finding it necessary to hire amid increased activity, and they added 402K net new jobs last month, marking the largest gain in six months.

There is heightened concern the economy is currently in or about to tip into a recession. The current hiring data is the strongest argument against that. Employment growth of more than half a million jobs per month and a falling unemployment rate are hard to ignore, and we suspect this data will give the FOMC the confidence it needs to push ahead aggressively with its fight against inflation. At least a 50 bps rate hike at the September 20-21 FOMC meeting seems likely at this point in time, and yet another 75 bps hike could be in store if inflation over the next two CPI reports shows no signs of trending lower.(Return to Summary)

U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
9-Aug	Nonfarm Productivity (QoQ)	Q2	-4.5%	-5.0%	-7.3%
9-Aug	Unit Labor Costs (QoQ)	Q2	9.8%	9.8%	12.6%
10-Aug	CPI (MoM)	Jul	0.2%	0.2%	1.3%
10-Aug	CPI (YoY)	Jul	8.7%	8.7%	9.1%
10-Aug	Core CPI (MoM)	Jul	0.5%	0.6%	0.7%
10-Aug	Core CPI (YoY)	Jul	6.1%	6.2%	5.9%
11-Aug	PPI Final Demand (MoM)	Jul	0.3%	0.2%	1.1%
11-Aug	PPI Final Demand (YoY)	Jul	10.3%	10.4%	11.3%

Forecast as of August 05, 2022

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

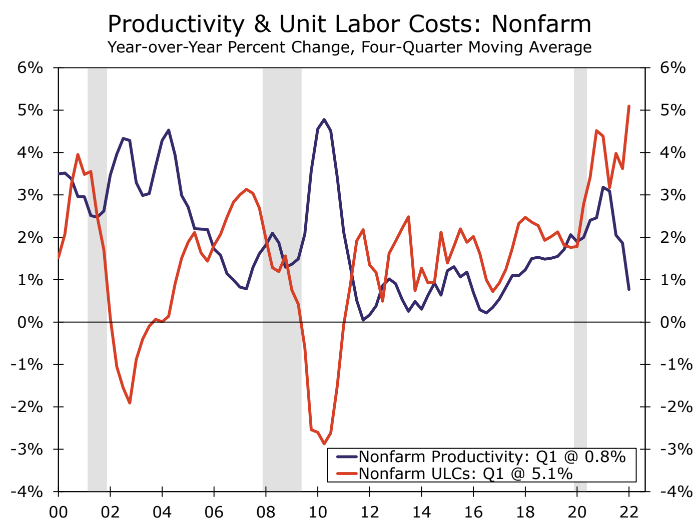
Productivity • Tuesday

A second-straight quarterly decline in GDP has fueled debate about whether the economy has entered a recession. The strongest argument against a recession in Q2 was another quarter of solid hiring. Perhaps one thing all can agree upon is that recession or not, productivity tumbled in Q2.

According to the Q2 GDP report, nonfarm business value added over the quarter *declined* at a 2.1% rate. Yet with 1.2M jobs added and the typical workweek little changed, aggregate hours worked *rose* at a 3.1% pace. We look for nonfarm productivity to have contracted at a 5.0% pace in Q2 as a result.

Productivity for any given quarter should not be read into too deeply, given that output and hours worked can, as evidenced in Q2, grow at wildly different paces in the short run. However, the second quarter's contraction comes on the heels of the sharpest decline in 74 years. Smoothing through the see-saw ride of quarterly productivity growth the past year suggests that productivity growth has worsened compared to prior to the COVID-19 pandemic.

A weaker trend in productivity would make the Fed's challenge to bring down inflation harder. We expect unit labor costs, i.e., the productivity-adjusted cost of labor, to have risen at nearly a double-digit pace again in Q2 as businesses paid workers more to produce less.

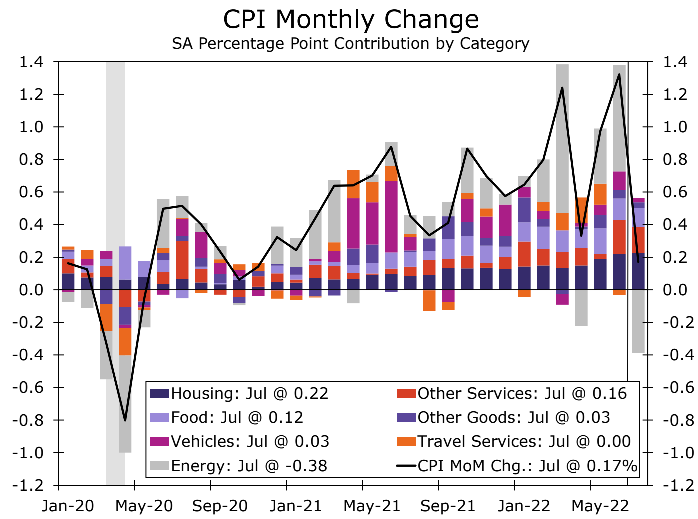


Source: U.S. Department of Labor and Wells Fargo Economics

CPI • Wednesday

Consumers finally look to have gotten a little respite from inflation in July. The Consumer Price Index rose a relatively benign 0.2% by our estimates, after having leaped 1.3% in June. But July's sharp slowdown will mainly be attributable to lower energy prices. The core index, which excludes food and energy, is expected to slow more modestly and rise 0.6% in July versus 0.7% in June and serve as a reminder that inflation is unlikely to go away quietly. While price pressures are generally easing for goods as spending shifts back toward experiences and supply chain strains abate, services inflation shows few signs of slowing. Rent growth has only recently started to cool based on private-sector measures and point to shelter costs as calculated by the CPI delivering further strong gains in the coming months. More broadly, labor costs continue to rise at a lofty pace.

After reaching 9.1% in July, we look for the CPI to ease on a year-ago basis to 8.7%. While the decline is certainly welcome, there remains significant work ahead to reduce inflation back near the Fed's target, let alone keep it there. The difficulty in slowing inflation's momentum is likely to be underscored by the core index picking up to 6.2% year-over-year in July and continuing to climb through the third quarter. In other words, “compelling evidence” that inflation is moving back toward the Fed's target on a sustained basis is quite likely some months away. (Return to Summary)



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

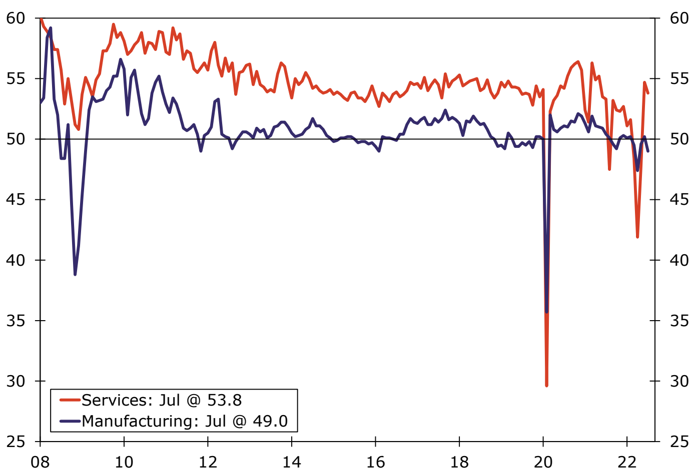
International Review

Two Steps Forward, One Step Back, for China's Economy

China's economy has faced some difficult challenges during the early part of 2022. Authorities have closely adhered to their zero-COVID policy, which has seen multiple widespread restrictions and lockdowns across the country. That has weighed on economic activity, driving China's Q2 GDP to slump 2.6% quarter-over-quarter. That said, as COVID cases receded and restrictions were gradually lifted, China's monthly activity data and confidence surveys pointed to improving momentum by the end of the second quarter. Still, we have previously highlighted that risks to the Chinese outlook remain. Authorities continue to demonstrate a commitment to zero-COVID policies and, with confirmed cases rising again, some restrictions have been reimposed. In addition, concerns surrounding the real estate sector persist.

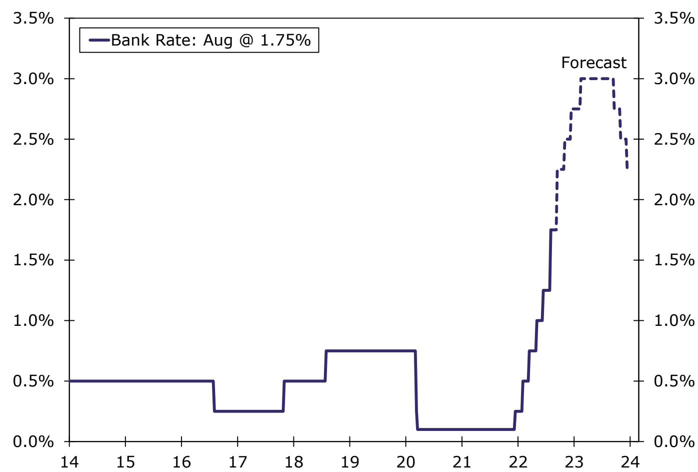
Some of these uncertainties are reflected in China's PMI surveys for July. With respect to the official PMIs, the manufacturing PMI fell more than expected to 49.0, the lowest level since April, while the services PMI also eased to 53.8. Meanwhile, the message from the Caixin PMIs was mixed, as the manufacturing PMI fell to 50.4, but the services PMI rose to 55.5. Although we do expect China's economy to recover over the second half of 2022, we do not expect it to recover all the ground lost during the first half of this year, prompting us to recently downgrade our 2022 Chinese GDP growth forecast to just 3.3%.

Chinese PMI Surveys



Source: Datastream and Wells Fargo Economics

Bank of England Policy Rate



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

Global Central Banks Deliver Another Round of Rate Hikes

The Bank of England (BoE) stepped up the pace of its monetary tightening, acting in a forceful manner at this week's monetary policy announcement. The BoE raised its policy rate by 50 bps to 1.75%, the largest increase since 1995. In addition to the rate hike, the BoE signaled it would likely begin active sales of Gilt holdings shortly after its September monetary policy announcement, subject to appropriate economic and market conditions. BoE policymakers indicated that in the first year of an active sales program, a reduction in total stock of Gilt holdings of around £80B would be appropriate. Factoring in the profile of maturing Gilts, that would imply active sales during that first year of around £40B in total, or around £10B per quarter.

Perhaps the key takeaway from the BoE's monetary policy announcement is a much clearer pivot toward addressing uncomfortably high inflation, and less concern about the near-term outlook for economic growth. The decision to raise interest rates by 50 bps was widely supported by BoE policymakers, with eight votes for the larger increase and only one vote in favor of a smaller 25 bps increment. In the accompanying announcement, policymakers suggested they would be flexible but forceful in their approach to future interest rate increases, saying it will "be particularly alert to indications of more persistent inflationary pressures, and will if necessary act forcefully in response." Indeed, the BoE's continued pledge to act forcefully if needed is particularly noteworthy, set against the backdrop of projections for a higher peak in inflation, but also a protracted U.K. recession.

It seems clear that an anticipated or actual U.K. recession may not be enough by itself to dissuade the central bank from hiking rates further. Accordingly, we expect another 50 bps rate increase from the Bank of England at its September meeting, followed by 25 bps increases in October, December and February. Those rate increases would see the Bank of England's policy rate peak at 3.00% by early next year. We expect the policy rate to remain at that peak for an extended period, before the BoE begins lowering interest rates in late 2023.

Elsewhere, in a widely expected move, the Reserve Bank of Australia (RBA) also raised its policy rate 50 bps to 1.85% and signaled that further rate hikes would be needed to bring inflation back toward its target over time. Several aspects of the RBA's announcement were unchanged from prior meetings. The central bank noted a tight labor market and evidence of wage growth, and said that consumer spending is resilient even if there remains some uncertainty around the consumer outlook. The RBA expects CPI inflation to remain elevated, reaching around 7.75% in 2022, a little over 4% in 2023 and around 3% in 2024. There were, however, a couple of notable changes, with the RBA saying that while a further normalization of policy is expected in the months ahead, the central bank is "not on a pre-set path." The RBA also dropped references to "extraordinary monetary support" that had appeared in previous announcements, perhaps suggesting it sees itself as a bit further along its tightening path. These comments offer the first hints of more flexibility from the RBA moving forward. While we do forecast further rate increases, we expect those hikes to be of 25 bps increments at the September, October, November, December and February meetings, which would see the RBA's policy rate peak at 3.10% by early next year.

Finally, Brazil's Central Bank raised its Selic Rate 50 bps to 13.75% and, in an accompanying statement that was perhaps somewhat more hawkish than expected, left the door open for a further rate increase. Central bank policymakers said they "will evaluate the need for a residual adjustment, of lower magnitude, in its next meeting." The central bank also said it will remain vigilant and that future policy steps could be adjusted to ensure the convergence of inflation toward its targets. Of note, Brazil's central bank also raised its CPI inflation forecast for 2023 to 4.6%, from 4.0% previously. Given the somewhat hawkish statement and the higher inflation forecast, we expect one final 25 bps rate increase, which would take the Selic Rate to 14.00%. (Return to Summary)

International Outlook

Weekly International Indicator Forecasts					
Date	Indicator	Period	Consensus	Wells Fargo	Prior
9-Aug	Brazil CPI (YoY)	Jul	--	10.29%	11.89%
11-Aug	Mexico Overnight Rate	11-Aug	8.50%	8.50%	7.75%
12-Aug	U.K. GDP (QoQ)	Q2	-0.1%	-0.2%	0.8%

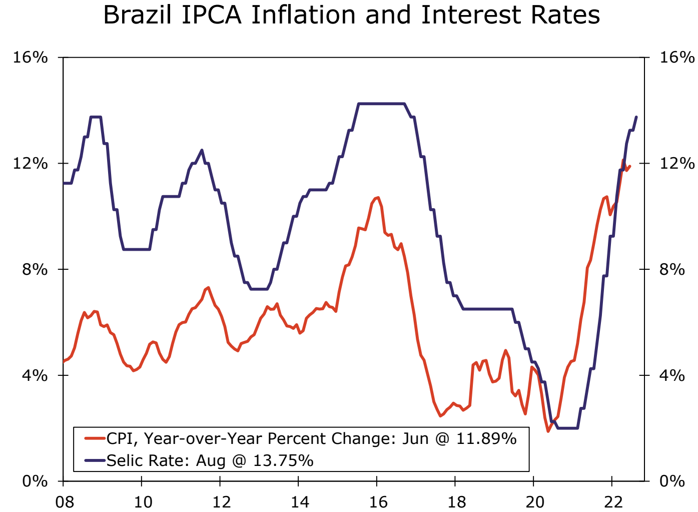
Forecast as of August 05, 2022

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

Brazil CPI • Tuesday

Brazil's July CPI is due next week, and while Brazilian inflation has accelerated dramatically over the past several quarters, there are now hints inflation is close to—or has already—peaked. Brazilian inflation has quickened modestly further in 2022, reaching a high of 12.13% year-over-over in April, and was still running at 11.89% in June. Higher prices for food and beverages, clothing, health and personal care and education have all been drivers of faster inflation this year. Still, with a recent decline in energy prices and softening agricultural prices also in prospect, we expect inflation to begin receding in the months ahead. Indeed, that should be reflected in the July CPI reading, where we forecast for headline inflation to slow to 10.29% year-over-year.

The likelihood of a further slowdown in inflation and a still challenging outlook for economic growth should have a significant influence on the path for Brazilian monetary policy. Brazil's Central Bank raised its Selic Rate 50 bps to 13.75% this week, and its accompanying statement was mildly hawkish in tone. We expect one more rate hike of 25 bps in September. Slowing inflation and subdued activity should then keep Brazil's Central Bank on hold for a time, before it begins to ease monetary policy during 2023.

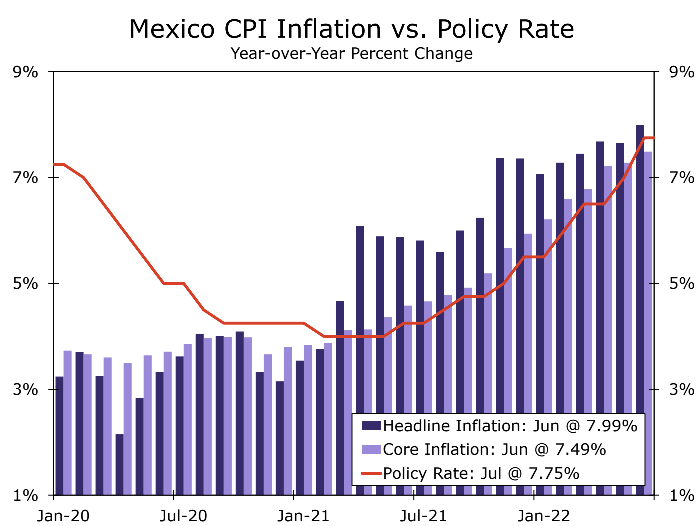


Source: Bloomberg Finance L.P. and Wells Fargo Economics

Mexico Overnight Rate • Thursday

As Mexican inflation has quickened over the past several quarters, Mexico's central bank has picked up the pace of rate hikes since late last year, shifting to 50 bps increments at its December meeting, and most recently raising its policy rate by 75 bps at its June monetary policy announcement. The accelerated pace of rate hikes comes as inflation has risen far above the central bank's inflation target range of 2%-4%, with the latest reading for June showing headline CPI inflation of 7.99% year-over-year and core CPI inflation of 7.49%.

For next week's announcement, our forecast (and the consensus forecast) is for Mexico's central bank to again raise its policy rate by 75 bps to 8.50%, which would match of the most recent increase delivered by the Federal Reserve. While a 75 bps hike is widely expected, the announcement will be scrutinized for whether that increase is supported by a comfortable majority, or whether the vote is closely split. In addition, market participants will also be looking for any clues the central bank could revert to a slower pace of rate hikes going forward. While we believe such a policy signal is highly possible, we also believe Mexico's central bank could emphasize the need for more concrete signs that a slowdown of inflation is under way before shifting toward smaller rate hike increments.

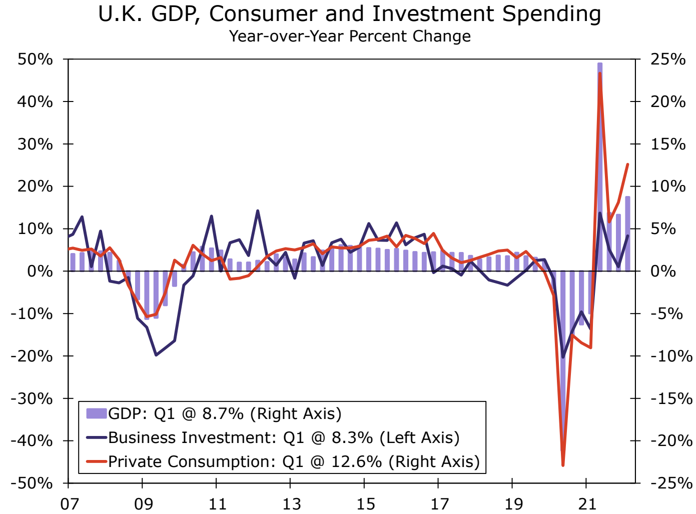


Source: Bloomberg Finance L.P. and Wells Fargo Economics

U.K. GDP • Friday

The initial estimate of U.K. Q2 GDP, releasing next week, should confirm a slowing economy as high energy prices and rapid overall inflation weigh on real incomes and inhibit consumer purchasing power. While the economy displayed resilience at times during Q2, softness in retail sales and PMI surveys suggest the quarter likely ended on a soft note, with the consensus forecast for June GDP to decline by 1.2% month-over-month. More subdued activity in June also suggest the economy contracted for the quarter as a whole. The consensus forecast is that Q2 GDP fell by 0.1% quarter-over-quarter, while we expect the economy contracted by a slightly larger 0.2%. Given weakness in retail sales in recent months, consumer spending is expected to be flat for the quarter, although business investment is expected to rise 1.2%, which would more than reverse its Q1 decline.

While it is possible the U.K. could eke out very modest overall GDP growth during the second half of the year, we expect high energy prices to continue to weigh on the economy, and see the U.K. fall into recession by early next year. For full-year 2022, we expect U.K. GDP to rise 3.5%, but for 2023, we expect the economy to contract very slightly, by 0.1%. (Return to Summary)



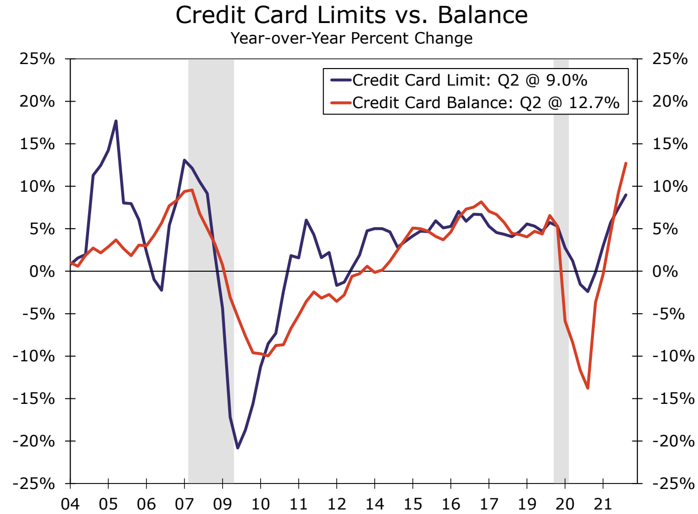
Source: Datastream and Wells Fargo Economics

Credit Market Insights

Household Debt Surges in the Second Quarter

Total household debt balances rose by $312B in the second quarter of this year, a 2% increase from last quarter. Debt has now surpassed $16T and has increased by over $2T since the start of 2020. All debt types except for student loans saw sizable increases, but most of the gain was driven by mortgage balances, which rose by $207B since last quarter. Credit card balances and auto loans also saw significant upticks, surging by $46B and $33B, respectively. Student loans remained roughly unchanged and still stand at $1.59T. Overall, the broad-based growth in debt reflects consumers' need to borrow to maintain their spending, while higher prices continue to hurt their purchasing power.

The housing market is one of the most interest-rate sensitive parts of the economy. Between the Fed's recent rate hikes and the likelihood of recession next year, mortgage rates have turned increasingly volatile. As of August 4, the average 30-year mortgage rate is 4.99%, according to Freddie Mac, up 2.22% from one year ago. Significantly higher rates have raised the costs of obtaining a mortgage, and in the second quarter, there was $758B in newly originated mortgage debt. Mortgage balances increased by $207B this quarter and stood at $11.39T, up 9% from last year. Although foreclosures have been low due to the moratoria on new foreclosures and mortgage forbearances, they increased by 46% quarter-over-quarter to 35,000 people; this suggests the beginning of a return to normal after the culmination of low mortgage rates, pandemic-induced stimulus and greater housing demand seen the past two years. We forecast that the Fed will continue to hike interest rates through the end of this year; this in turn will likely adversely affect the housing market, and we can expect mortgage debt to continue to increase.



Source: New York Federal Reserve and Wells Fargo Economics

In the face of a 40-year high in inflation, some consumers have been forced to increase their level of borrowing to maintain their spending, seen in the $46B increase in credit card balances this quarter. Higher prices have also led consumers to increase their credit card limits: Aggregate limits were raised by $100B in the second quarter, the largest increase in over 10 years. Revolving credit, which mainly comes from credit card use, rose 8.1% year-over-year in May. We forecast inflation to remain elevated through the end of this year and into 2023, which may continue to drive credit growth, at least in the near term.

Student loans remained relatively the same in the second quarter at $1.59T. This is largely in part due the student loan forgiveness that has been set in place for the past 30 months. Should this pause not be extended past August 31 (the current deadline), total household debt balances are likely to increase as over 40 million borrowers begin to face interest accrual once more. In contrast, auto loan balances increased by $33B and are likely to increase as consumers face higher auto-loan payments due to the onset of increased rates.

The large increases in debt levels seen in the second quarter solidified personal consumption expenditures and bolstered GDP as consumers borrowed more to maintain their consumption levels. However, this growing household leveraging will eventually hit a stopping point as consumers recoil from inflation, a weak economic outlook, or both. (Return to Summary)

Topic of the Week

Tension in Taiwan

Speaker of the House Nancy Pelosi's visit to Taiwan made headlines this week. It was the first time in 25 years that such a high-ranking U.S. official visited the region, and it has heightened U.S.-China geopolitical tensions. China warned against the visit, and just before her arrival China's foreign ministry said the U.S. would "pay the price" for the interaction. Once Pelosi arrived, China announced live-fire drills would be taking place around Taiwan for several days, and on Thursday, the Chinese military was deployed in the Pacific around the island, using targets that are notably closer to the main island than normal. On Friday, China acted more aggressively, sending warships over a rarely-crossed median line in the Taiwan Strait and suspending defense talks with the United States. Shipping routes were also interrupted as the exercises have disrupted key waterways. The purpose of Pelosi's visit was to meet with Taiwanese officials to discuss economic and governmental matters, but China's retaliation has put the spotlight on China's position of unification and sovereignty over Taiwan.

Tensions between China and Taiwan have endured for decades, with a focal point being China's *One China* principle. The principle posits that Taiwan is a part of the People's Republic of China. Since the early 1970s, the United States has acknowledged this relationship and officially abides by the *One China* policy. The U.S. also has less-official ties with Taiwan through the *Taiwan Relations Act of 1979*, which obligates the country to send Taiwan weapons for self-defense, but does not bind the former to defend the latter in case of attack. Pelosi's visit has been seen as a potential threat to the "strategic ambiguity" the U.S. attempts to embody in its relations with Taiwan.

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

Given that Taiwan and China have a complicated relationship, Pelosi's visit also pushed U.S.-China relations to the center stage this week. The United States and China are the world's two largest economies, with nominal GDP levels of around $23T and $18T in 2021, respectively. These two countries are quite economically intertwined, as China is one of America's top trading partners. This June, the United States' exports to mainland China totaled nearly $12B. The same month, American imports of Chinese goods came in at over $48B. The U.S. has a trade deficit with China that has generally widened since 1990. Tensions between the two countries have had major economic consequences over the past several years, the ongoing trade war chief among these, and Pelosi's visit introduces the potential for more conflict.

U.S.-China relations have continued to sour over the past couple of years. Former President Trump levied massive tariffs on Chinese imports in 2018, which was met by swift retaliation by China. Escalation of this kind continued through 2019, with the brakes not tapped until early 2020 when the *Phase-One* trade agreement was signed. At the end of 2020, President Biden remarked that he did not plan on making major changes to the tariffs imposed by his predecessor. It then became clear that China was not adhering to the part of the agreement that stipulated the country's purchase of a certain amount of American goods; having only purchased roughly two-thirds of the amount it had agreed to. However, the past several months have welcomed some discussion of alleviating tariffs as a potential measure for combating inflation. As it stands, no major changes have been made in U.S.-China trade policy, but Pelosi's visit is a reminder that tension between the countries is not going anywhere, and international trade continues to hang in the balance. (Return to Summary)

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 8/5/2022	1 Week Ago	1 Year Ago
SOFR	2.29	2.28	0.05
3-Month LIBOR	2.86	2.78	0.12
3-Month T-Bill	2.46	2.32	0.05
1-Year Treasury	2.93	2.68	0.03
2-Year Treasury	3.24	2.88	0.20
5-Year Treasury	2.97	2.68	0.72
10-Year Treasury	2.85	2.65	1.22
30-Year Treasury	3.09	3.01	1.86
Bond Buyer Index	3.21	3.27	2.04

Foreign Exchange Rates

	Friday 8/5/2022	1 Week Ago	1 Year Ago
Euro ($/€)	1.017	1.022	1.183
British Pound ($/£)	1.206	1.217	1.393
British Pound (£/€)	0.843	0.839	0.849
Japanese Yen (¥/$)	135.300	133.270	109.770
Canadian Dollar (C$/$)	1.294	1.280	1.251
Swiss Franc (CHF/$)	0.963	0.952	0.907
Australian Dollar (US$/A$)	0.690	0.699	0.741
Mexican Peso (MXN/$)	20.375	20.367	19.934
Chinese Yuan (CNY/$)	6.762	6.745	6.462
Indian Rupee (INR/$)	79.249	79.269	74.175
Brazilian Real (BRL/$)	5.196	5.173	5.249
U.S. Dollar Index	106.729	105.903	92.244

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

Foreign Interest Rates

	Friday 8/5/2022	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.58	-0.59	-0.57
3-Month Sterling LIBOR	2.02	1.95	0.07
3-Month Canada Banker's Acceptance	3.54	3.49	0.44
3-Month Yen LIBOR	-0.01	-0.01	-0.10
2-Year German	0.48	0.28	-0.78
2-Year U.K.	1.97	1.71	0.09
2-Year Canadian	3.26	2.96	0.47
2-Year Japanese	-0.10	-0.08	-0.13
10-Year German	0.96	0.82	-0.50
10-Year U.K.	2.05	1.86	0.52
10-Year Canadian	2.78	2.61	1.17
10-Year Japanese	0.17	0.19	0.01

Commodity Prices

	Friday 8/5/2022	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	89.72	98.62	69.09
Brent Crude ($/Barrel)	95.50	110.01	71.29
Gold ($/Ounce)	1772.84	1765.94	1804.41
Hot-Rolled Steel ($/S.Ton)	815.00	855.00	1870.00
Copper (¢/Pound)	354.70	357.35	434.80
Soybeans ($/Bushel)	15.81	16.70	13.71
Natural Gas ($/MMBTU)	8.14	8.23	4.14
Nickel ($/Metric Ton)	22,137	21,883	19,235
CRB Spot Inds.	603.58	601.87	619.85

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Required Disclosures