Monthly — February 8, 2023

U.S. Economic Outlook: February 2023

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Recession Still Likely, but Odds of Soft Landing Rising

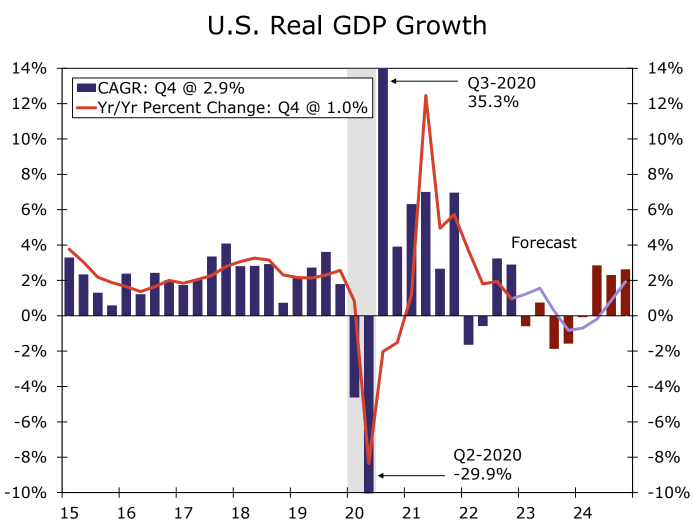
- The U.S. economy looks to be downshifting. While real GDP growth expanded solidly to close 2022, the quarter ended with considerably less momentum than when it began, with monthly economic data pointing to a clear weakening in growth as the year wound down. We expect this loss of momentum to carry over to Q1 and look for a -0.6% annualized drop in real GDP during the quarter.
- At present, real GDP growth looks set to bounce back in Q2-2023 as the Q1 drag stemming from less inventory building reverses. That said, a recession beginning in the second half of the year remains our base case forecast as the lagged effects of inflation and tighter monetary policy result in a pullback in consumer spending, business and residential investment.
- Although a mild recession in the second half of the year remains the most likely outcome, there have been several positive developments recently that, in our view, boost the odds that the economy can avoid a recession.
- The likelihood of a soft landing is rising for several reasons. January's remarkably strong jobs report is evidence that labor market remains robust at present. We have upgraded our labor market forecast and now expect smaller declines in employment this year and next. We also now look for the unemployment rate to crest at a quarterly average of 4.8% in Q1-2024, a lower peak than previously forecast.
- Inflation appears to be receding at a pace that is a bit faster than we had previously anticipated. The annualized run rate of CPI inflation over the previous three months averaged just 1.8%. In addition, there are tentative signs that wage growth, which is an underlying driver of prices in the labor-intensive service sector, is beginning to moderate.
- The recent cooling in wage pressures without a material downgrade in labor market conditions is an encouraging sign that tighter monetary policy is skimming the froth from the punch bowl without removing it entirely.
- Another reason for cautious optimism is that the combination of easing inflation and solid income growth appears to be enhancing consumer purchasing power. Real disposable income growth has been flat or positive in every month since July. Diminished price pressures and relatively stronger employment growth lessen the risk consumer spending halts completely as we currently anticipate.
- The FOMC hiking the federal funds target to a terminal range of 5.00%-5.25% remains our base case. With economic growth downshifting and inflation cooling, however, we now believe the Committee will put even more weight on incoming economic data in order to calibrate monetary policy.

Recession Still Likely, but Odds of Soft Landing Rising

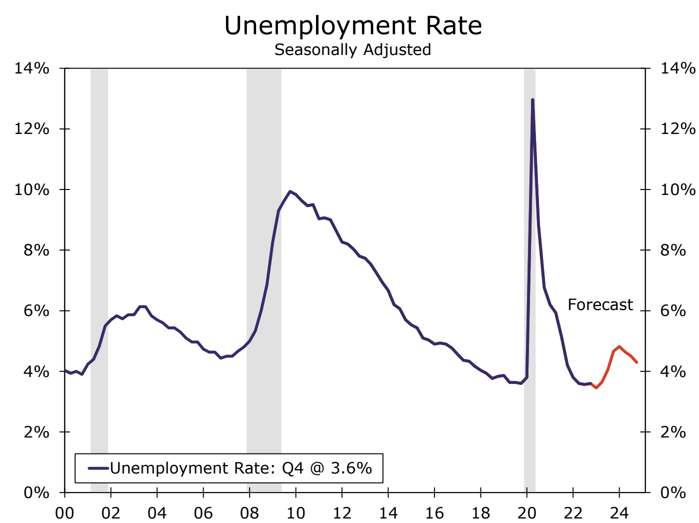
The U.S. economy looks to be downshifting. Real GDP growth ended 2022 with a solid 2.9% quarterly expansion. However, the quarter ended with considerably less momentum than it began, with monthly economic data pointing to a clear weakening in growth as the year wound down to a close. Notably, real consumer spending declined in both November and December. The outright contractions mean consumer spending will be essentially flat in Q1-2023. Despite slightly lower mortgage rates in recent weeks, a continued slide in building permits indicates that residential investment should remain a significant drag on headline growth. Furthermore, after adding to real GDP in Q4-2022, inventory investment is shaping up to subtract from overall economic growth in Q1. All told, we expect real GDP to contract at an annualized rate of 0.6% in Q1.

Should our forecast come to fruition, a quarterly contraction in real GDP growth would reignite concerns that the economy is slipping into recession. However, we would not view a single quarterly decline as evidence of an imminent downturn. At present, real GDP growth looks set to bounce back in Q2-2023 as the Q1 drag stemming from less inventory building reverses. That said, a recession beginning in the second half of the year remains our base case forecast. It is difficult to ignore the nine-month slide in the Leading Economic Index (LEI), which has a strong historical association with a coming recession. The trend decline in the LEI encapsulates ongoing weakness in the residential and manufacturing sectors of the economy, which remain under significant pressure from waning demand and higher interest rates. What's more, we believe that consumer spending is poised to weaken in the second half of the year as the thinning stockpile of savings from last year's run-up in inflation leads consumers to pull back. A downdraft in business investment also still seems likely amid a higher cost environment and heightened economic uncertainty.

Although a mild recession in the second half of the year remains the most likely outcome, there have been several positive developments recently that, in our view, boost the odds that the U.S. economy can avoid a recession. The likelihood of a soft landing is rising for several reasons. For one, the labor market remains remarkably strong at present. The unemployment rate fell to 3.4% in January, a rate that has not been experienced since 1969. Furthermore, while January's blowout jobs report was likely flattered by seasonal factors, the report was delivered with positive revisions to past data that raised the average level of employment over the past few years and showed a stronger pace of hiring in the final months of 2022. Bearing all this in mind, we have upgraded our labor market forecast and now expect smaller declines in employment this year and next. We also now look for the unemployment rate to crest at a quarterly average of 4.8% in Q1-2024, a lower peak than previously forecast.



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



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

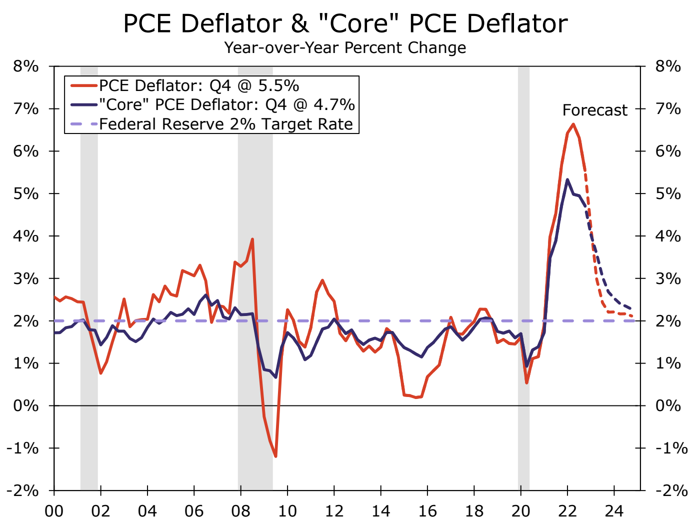
The labor market is holding up while inflation appears to be receding at a pace a bit faster than anticipated. The Consumer Price Index declined in December for the first time since early 2020, and the annualized run rate over the previous three months averaged just 1.8%. Disinflation has arrived in large part due to falling energy and goods prices. Services prices have yet to take the same downward trajectory, but there are signs that wage growth, which is an underlying driver of prices in the labor-intensive service sector, is beginning to moderate.

The Employment Cost Index rose 1.0% in the final quarter of 2022, a slower gain than expected and the third consecutive quarterly moderation. The softer upturn in the ECI was followed by another slowdown in average hourly earnings growth in January. But wage growth is still running at a pace inconsistent with 2% inflation. If recent surveys of consumer confidence are any evidence, however, long-term inflation expectations remain well-anchored, which reduces the danger of inflation becoming entrenched. Our outlook on inflation is little changed in this February update, with the core PCE deflator averaging 2.7% in Q4-2023 and 2.3% in Q4-2024. Still, the recent cooling in wage pressures without a material downgrade in labor market conditions is an encouraging sign that tighter monetary policy is skimming the froth from the punch bowl without removing it entirely.

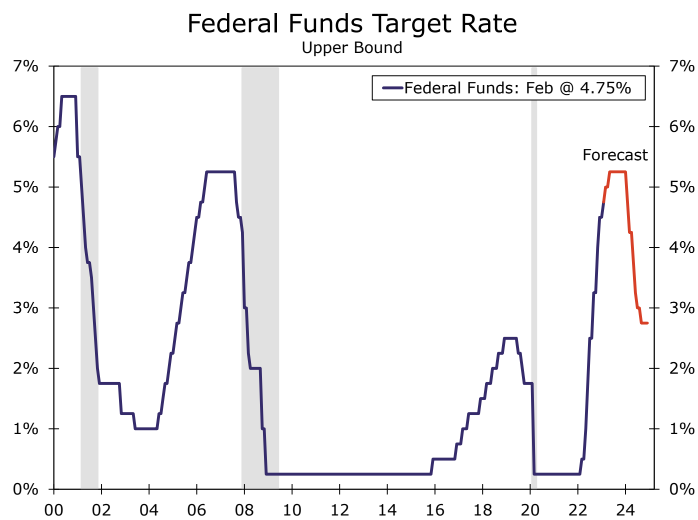
Another reason for cautious optimism is that the combination of easing inflation and solid income growth appears to be enhancing consumer purchasing power. Real disposable income growth has been flat or positive in every month since July. After declining steadily for most of 2022, the saving rate ticked up in November and December. The lagged effects of higher interest rates may lead real disposable personal income to backtrack around the middle of the year. But diminished price pressures and strong employment growth lessen the risk consumer spending halts completely.

The Fed hiking the federal funds target to a terminal range of 5.00%-5.25% has been our base case forecast for the past several months, and we continue to believe this to be the highest probability outcome. In the press conference following the Feb. 1 FOMC meeting in which officials decided to raise the federal funds rate by 25 bps, Chair Powell stressed that the Committee has more work do and that it is too soon to declare victory over inflation.

With economic growth downshifting and inflation cooling, however, we now believe the FOMC will put even more weight on incoming economic data in order to calibrate monetary policy. We still look for the FOMC to hike the federal funds rate by 25 bps at each of its next two policy meetings, although we now have less conviction behind the exact amount of remaining hikes. Where the fed funds rate ultimately ends up is more uncertain, but we hold firm to the viewpoint that the FOMC will not immediately turn to rate cuts at the first sign of economic weakness. In contrast to financial market expectations, we believe the FOMC will hold the fed funds target rate at its peak until inflation pressures durably subside.



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



Source: Federal Reserve Board and Wells Fargo Economics

U.S. Economic Forecast

Wells Fargo U.S. Economic Forecast

	Actual								Forecast								Actual		Forecast	
	2021				2022				2023				2024				2021	2022	2023	2024
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product (a)	6.3	7.0	2.7	7.0	-1.6	-0.6	3.2	2.9	-0.6	0.8	-1.9	-1.6	-0.1	2.9	2.3	2.6	5.9	2.1	0.6	0.5
Personal Consumption	10.8	12.1	3.0	3.1	1.3	2.0	2.3	2.1	0.1	0.8	-1.0	-1.7	0.0	1.7	2.1	2.4	8.3	2.8	0.7	0.3
Business Fixed Investment	8.9	9.9	0.6	1.1	7.9	0.1	6.2	0.7	1.5	1.0	-4.2	-4.9	-2.8	0.9	3.3	4.4	6.4	3.6	0.6	-1.3
Equipment	6.1	14.0	-2.2	1.6	11.4	-2.0	10.6	-3.7	-2.0	0.9	-7.2	-8.8	-5.4	0.4	3.5	4.1	10.3	4.3	-1.4	-3.2
Intellectual Property Products	15.6	12.6	7.4	8.1	10.8	8.9	6.8	5.3	5.0	2.0	-1.8	-1.8	-0.4	2.2	3.8	5.5	9.7	8.7	3.6	0.7
Structures	1.9	-2.5	-6.7	-12.7	-4.3	-12.7	-3.6	0.4	1.3	-1.8	-2.4	-2.6	-2.3	-1.5	1.1	1.5	-6.4	-7.4	-1.7	-1.5
Residential Investment	11.6	-4.9	-5.8	-1.1	-3.1	-17.8	-27.1	-26.7	-11.5	-8.7	-4.5	-2.4	-1.4	3.2	4.4	5.7	10.7	-10.7	-15.5	-0.5
Government Purchases	6.5	-3.0	-0.2	-1.0	-2.3	-1.6	3.7	3.7	2.3	1.8	1.5	1.4	1.2	1.1	1.1	1.0	0.6	-0.6	2.2	1.3
Net Exports	-1164.5	-1203.9	-1267.5	-1297.6	-1488.7	-1430.5	-1268.8	-1232.4	-1211.3	-1234.7	-1223.1	-1187.3	-1159.5	-1154.6	-1157.0	-1163.4	-1233.4	-1355.1	-1214.1	-1158.6
Pct. Point Contribution to GDP	-1.0	-0.6	-1.1	-0.2	-3.1	1.2	2.9	0.6	0.4	-0.5	0.2	0.7	0.6	0.1	0.0	-0.1	-1.7	-0.6	0.7	0.3
Inventory Change	-83.0	-143.6	-48.6	197.6	214.5	110.2	38.7	129.9	61.7	83.7	37.7	10.5	-8.4	47.1	52.3	57.6	-19.4	123.3	48.4	37.1
Pct. Point Contribution to GDP	-2.5	-0.8	2.0	5.0	0.2	-1.9	-1.2	1.5	-1.3	0.4	-0.9	-0.5	-0.4	1.1	0.1	0.1	0.2	0.7	-0.4	-0.1
Nominal GDP (a)	11.7	13.8	9.0	14.3	6.6	8.5	7.7	6.5	2.0	3.2	0.0	0.4	2.0	5.1	4.5	4.8	10.7	9.2	3.8	2.6
Real Final Sales	9.2	7.9	0.7	1.9	-1.8	1.3	4.5	1.4	0.8	0.3	-1.0	-1.0	0.3	1.7	2.2	2.5	5.7	1.4	1.2	0.5
Retail Sales (b)	15.1	32.7	15.2	17.6	12.6	8.4	9.4	6.7	2.3	-1.6	-3.5	-4.5	-3.2	-1.7	0.0	1.3	19.8	9.2	-1.9	-0.9
Inflation Indicators (b)																				
PCE Deflator	1.9	4.0	4.5	5.7	6.4	6.6	6.3	5.5	4.3	3.1	2.5	2.2	2.1	2.0	2.1	2.1	4.0	6.2	3.0	2.1
"Core" PCE Deflator	1.7	3.5	3.9	4.7	5.3	5.0	4.9	4.7	4.1	3.6	3.0	2.7	2.5	2.3	2.3	2.3	3.5	5.0	3.3	2.3
Consumer Price Index	1.9	4.8	5.3	6.7	8.0	8.6	8.3	7.1	5.5	3.5	2.4	2.2	2.1	2.2	2.4	2.5	4.7	8.0	3.4	2.3
"Core" Consumer Price Index	1.4	3.7	4.1	5.0	6.3	6.0	6.3	6.0	5.3	4.3	3.3	2.9	2.7	2.6	2.7	2.7	3.6	6.1	3.9	2.7
Producer Price Index (Final Demand)	2.9	6.9	8.4	9.7	10.8	11.1	8.9	7.2	3.9	1.2	1.1	1.1	1.7	2.0	2.2	2.3	7.0	9.5	1.8	2.1
Employment Cost Index	2.6	2.9	3.7	4.0	4.5	5.1	5.0	5.1	4.8	4.4	3.9	3.8	3.7	3.6	3.5	3.4	3.3	4.9	4.2	3.6
Real Disposable Income (b)	14.5	-4.4	-1.5	-0.4	-12.8	-5.7	-4.3	-2.3	1.9	2.7	2.7	2.0	1.1	1.6	2.2	3.0	1.9	-6.4	2.3	2.0
Nominal Personal Income (b)	16.1	2.1	4.9	6.9	-3.5	3.2	4.1	4.8	5.3	4.6	3.6	2.5	2.0	2.5	3.1	4.0	7.4	2.1	4.0	2.9
Industrial Production (a)	3.1	6.5	3.5	4.8	4.7	5.0	1.8	-1.7	-3.6	-4.2	-5.0	-5.8	-4.7	-1.8	1.2	1.3	4.9	3.9	-2.5	-3.3
Capacity Utilization	75.6	77.2	78.0	78.8	79.4	80.0	80.0	79.4	78.6	77.7	76.8	75.7	74.8	74.4	74.7	74.9	77.4	79.7	77.2	74.7
Corporate Profits Before Taxes (b)	16.1	39.2	15.3	22.3	10.9	7.7	5.5	3.0	1.0	-5.0	-4.0	-2.0	2.0	4.5	4.8	5.0	22.6	6.7	-2.5	4.1
Corporate Profits After Taxes	13.8	37.5	14.0	20.7	6.1	5.0	3.5	1.6	2.8	-4.7	-4.7	-1.6	2.0	4.4	4.9	5.0	20.9	4.0	-2.1	4.1
Federal Budget Balance (c)	-1133	-532	-538	-378	-291	153	-860	-421	-474	-116	-339	-384	-530	-46	-289	-423	-2776	-1375	-1350	-1250
Trade Weighted Dollar Index (d)	104.2	102.8	105.3	108.2	109.7	114.9	121.6	116.7	114.3	113.5	112.5	111.0	109.3	107.8	106.3	104.8	104.6	115.3	112.8	107.0
Nonfarm Payroll Change (e)	618	487	663	655	561	329	423	291	306	75	-40	-162	-133	42	92	142	606	401	45	35
Unemployment Rate	6.2	5.9	5.1	4.2	3.8	3.6	3.6	3.6	3.5	3.6	4.1	4.7	4.8	4.6	4.5	4.3	5.4	3.6	4.0	4.6
Housing Starts (f)	1.58	1.59	1.57	1.68	1.72	1.65	1.45	1.40	1.24	1.28	1.32	1.29	1.24	1.29	1.32	1.36	1.60	1.55	1.28	1.30
Light Vehicle Sales (g)	16.7	16.7	13.3	13.0	14.1	13.3	13.4	14.3	15.1	14.8	14.0	13.6	14.7	15.7	16.3	16.6	14.9	13.8	14.3	15.8
Crude Oil - Brent - Front Contract (h)	60.9	68.6	72.5	79.0	95.7	109.8	95.5	87.9	85.0	87.0	84.0	80.7	78.3	82.0	82.0	81.0	70.3	97.2	84.2	80.8
Quarter-End Interest Rates (i)																				
Federal Funds Target Rate	0.25	0.25	0.25	0.25	0.50	1.75	3.25	4.50	5.00	5.25	5.25	5.25	4.25	3.25	2.75	2.75	0.25	2.02	5.19	3.25
Secured Overnight Financing Rate	0.01	0.05	0.05	0.05	0.29	1.50	2.98	4.30	4.80	5.05	5.10	5.10	4.10	3.10	2.60	2.60	0.04	1.64	5.01	3.10
3 Month LIBOR*	0.19	0.15	0.13	0.21	0.96	2.29	3.75	4.77	5.20	5.30	-	-	-	-	-	-	0.16	2.41	5.25	-
Prime Rate	3.25	3.25	3.25	3.25	3.50	4.75	6.25	7.50	8.00	8.25	8.25	8.25	7.25	6.25	5.75	5.75	3.25	5.02	8.19	6.25
Conventional Mortgage Rate	3.14	3.04	2.98	3.21	4.27	5.58	6.01	6.36	6.30	6.10	5.65	5.40	5.20	5.05	4.90	4.85	3.03	5.38	5.86	5.00
3 Month Bill	0.03	0.05	0.04	0.06	0.52	1.72	3.33	4.42	4.95	5.05	5.05	4.95	3.95	2.95	2.60	2.60	0.04	2.09	5.00	3.03
6 Month Bill	0.05	0.06	0.05	0.19	1.06	2.51	3.92	4.76	5.00	5.05	5.00	4.65	3.65	2.80	2.65	2.65	0.06	2.51	4.93	2.94
1 Year Bill	0.07	0.07	0.09	0.39	1.63	2.80	4.05	4.73	4.95	4.90	4.70	4.10	3.25	2.80	2.70	2.70	0.10	2.80	4.66	2.86
2 Year Note	0.16	0.25	0.28	0.73	2.28	2.92	4.22	4.41	4.45	4.30	3.85	3.25	2.95	2.80	2.75	2.75	0.27	2.99	3.96	2.81
5 Year Note	0.92	0.87	0.98	1.26	2.42	3.01	4.06	3.99	3.85	3.75	3.30	3.05	2.95	2.85	2.80	2.80	0.86	3.00	3.49	2.85
10 Year Note	1.74	1.45	1.52	1.52	2.32	2.98	3.83	3.88	3.70	3.60	3.25	3.10	3.00	2.95	2.90	2.90	1.45	2.95	3.41	2.94
30 Year Bond	2.41	2.06	2.08	1.90	2.44	3.14	3.79	3.97	3.80	3.75	3.50	3.40	3.35	3.30	3.25	3.25	2.06	3.11	3.61	3.29

Forecast as of: February 08, 2023

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
*3 Month LIBOR will no longer be published after June 30, 2023

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

Changes Since Previous U.S. Economic Outlook

Changes to the Wells Fargo U.S. Economic Forecast

	Actual								Forecast								Actual		Forecast	
	2021				2022				2023				2024				2021	2022	2023	2024
	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	-0.26	-1.53	0.42	0.79	0.35	-0.06	0.06	0.00	0.24	0.00	-0.02	-0.23	0.21
Personal Consumption	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.33	-0.96	0.06	0.43	0.58	0.85	0.42	0.02	0.35	0.00	-0.08	-0.38	0.49
Business Fixed Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-5.20	-0.58	0.00	0.08	0.08	0.04	0.00	-0.06	-0.04	0.00	-0.33	-1.08	0.03
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-9.73	-3.45	-0.01	0.08	0.05	0.03	-0.03	-0.13	-0.11	0.00	-0.64	-2.65	0.00
Intellectual Property Products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.67	2.15	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	0.00	-0.11	0.23	0.00
Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.12	-0.38	0.00
Residential Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3.75	4.90	2.60	1.00	1.00	0.00	0.00	0.00	0.00	0.00	-0.25	1.00	0.51
Government Purchases	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.42	0.55	0.20	0.01	0.00	0.01	0.00	0.00	0.00	0.00	0.15	0.63	0.02
Net Exports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	47.0	77.0	78.0	94.5	84.3	47.6	43.1	43.9	45.2	0.0	11.7	83.5	44.9
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.77	0.60	0.02	0.33	-0.20	-0.74	-0.09	0.02	0.02	0.00	0.06	0.36	-0.19
Inventory Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	59.8	-22.3	-9.7	-4.4	-1.2	1.0	-5.5	-6.1	-6.7	0.0	15.0	-9.4	-4.3
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.83	-1.62	0.25	0.10	0.06	0.04	-0.13	-0.01	-0.01	0.00	0.08	-0.12	0.03
Nominal GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.12	-1.15	0.43	0.60	0.19	-0.14	0.06	0.08	0.40	0.00	0.01	-0.10	0.15
Real Final Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.10	0.09	0.17	0.69	0.29	-0.10	0.19	0.02	0.26	0.00	-0.15	-0.05	0.18
Retail Sales (b)	0.00	0.00	0.00	0.18	0.00	0.00	0.00	-0.94	-1.34	-1.29	-1.03	0.09	1.03	1.19	1.12	0.83	0.05	-0.24	-0.88	1.05
Inflation Indicators (b)																				
PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.12	0.12	0.07	0.02	-0.11	-0.12	-0.05	0.03	0.00	0.00	0.08	-0.06
"Core" PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	-0.02	-0.05	-0.08	-0.09	-0.08	-0.04	0.00	0.00	0.00	-0.04	-0.05
Consumer Price Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.22	0.22	0.12	0.06	-0.17	-0.16	-0.02	0.10	0.00	0.00	0.15	-0.06
"Core" Consumer Price Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.03	-0.05	-0.11	-0.17	-0.18	-0.10	-0.02	0.00	0.00	-0.02	-0.12
Producer Price Index (Final Demand)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.13	-0.36	-0.47	-0.47	-0.35	-0.12	0.00	0.00	0.00	0.00	-0.03	-0.42	-0.03
Employment Cost Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.05	0.16	0.10	0.03	0.01	0.02	0.00	0.01	0.02	0.00	-0.01	0.07	0.01
Real Disposable Income (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.12	0.00	0.08	0.08	0.09	0.50	0.62	0.63	0.46	0.00	0.03	0.06	0.55
Nominal Personal Income (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.13	0.21	0.15	0.26	0.39	0.51	0.59	0.50	0.00	0.00	0.19	0.50
Industrial Production (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.09	-1.82	-3.83	-0.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.11	-1.45	-0.06
Capacity Utilization	0.00	0.00	0.00	0.00	0.00	0.00	0.02	-0.44	-1.18	-1.04	-0.73	-0.43	-0.13	0.16	0.44	0.73	0.00	-0.10	-0.84	0.30
Corporate Profits Before Taxes (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00	5.00	1.00	0.00	-5.00	-4.00	-0.50	-1.20	-3.00	0.00	1.29	0.29	-2.19
Corporate Profits After Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.93	5.09	1.00	0.00	-5.02	-3.99	-0.50	-1.20	-3.00	0.00	1.26	0.29	-2.19
Federal Budget Balance (c)	0.00	0.00	0.00	0.00	0.00	0.00	-0.05	-3.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.05	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	-5.25	-4.75	-4.25	-4.00	-3.50	-3.50	-3.50	-3.50	0.00	0.00	-4.56	-3.50
Nonfarm Payroll Change (e)	-27.00	64.67	119.67	17.33	22.00	-19.67	57.33	44.00	140.67	11.67	-6.67	13.33	108.33	141.67	41.67	0.00	43.67	25.92	39.75	72.92
Unemployment Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.11	-0.09	-0.08	-0.12	-0.41	-0.64	-0.66	-0.57	0.00	0.00	-0.10	-0.57
Housing Starts (f)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00
Light Vehicle Sales (g)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08	-0.33	-1.03	-2.10	-2.50	-1.97	-1.03	-0.80	-0.43	0.00	0.02	-1.49	-1.06
Crude Oil - Brent - Front Contract (h)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.33	2.00	2.00	2.67	2.33	2.00	2.00	3.00	0.00	0.00	2.50	2.33
Quarter-End Interest Rates (i)																				
Federal Funds Target Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Secured Overnight Financing Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3 Month LIBOR*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.05	-0.05	-	-	-	-	-	-	0.00	0.00	-0.05	-
Prime Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Conventional Mortgage Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.30	-0.25	-0.20	-0.15	-0.10	-0.10	-0.10	-0.05	0.00	0.00	-0.22	-0.09
3 Month Bill	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
6 Month Bill	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
1 Year Bill	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
2 Year Note	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
5 Year Note	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.05	-0.05	-0.05	-0.05	0.00	0.00	0.00	0.00	0.00	0.00	-0.05	0.00
10 Year Note	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.15	-0.15	-0.10	-0.05	0.00	0.00	0.00	0.00	0.00	0.00	-0.11	0.00
30 Year Bond	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.15	-0.15	-0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.10	0.00

Forecast as of: February 08, 2023

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
*3 Month LIBOR will no longer be published after June 30, 2023

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

Personal Consumption Expenditures

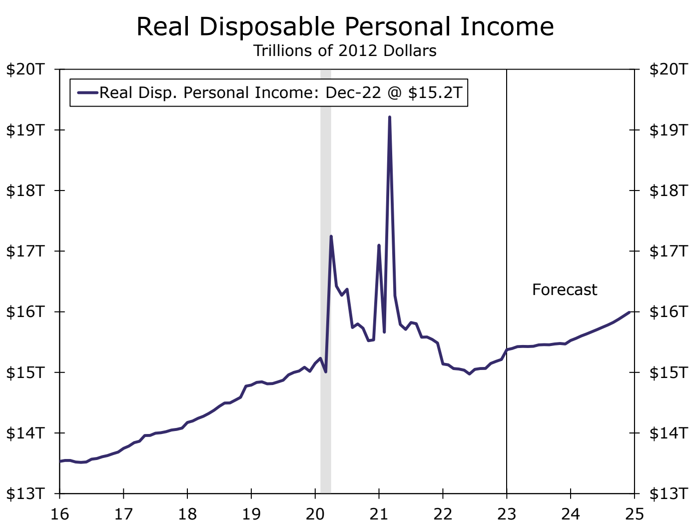
- Back-to-back declines in real personal spending in the final two months of 2022 positions real PCE to be more or less flat in Q1-2023.
- We have also pared back the eventual contraction we are forecasting in coming quarters due to stronger growth in real disposable personal income providing support to spending.

Personal consumption expenditures (PCE) expanded at a 2.1% annualized pace in the fourth quarter of last year, but back-to-back declines in real spending in the final two months of the year has set up the first quarter for some tough base comparisons. As such, we now expect real PCE to be more or less flat in the first quarter of 2023. Beyond the first quarter adjustment, we have also pared back the eventual contraction we are forecasting and now look for the peak-to-trough decline in real PCE to be around -0.7%, up from -1.1% previously. This upward revision reflects the fact that we now forecast households to have more disposable income this year as we have pared back our expectations around job losses—see our *Labor Market* section below. Stronger income growth should shoulder up dwindling savings and help support spending. We still expect a pullback in durable goods purchases will be the main factor behind the contraction in real spending, as demand has largely been pulled forward for many goods and higher interest rates increase borrowing costs.

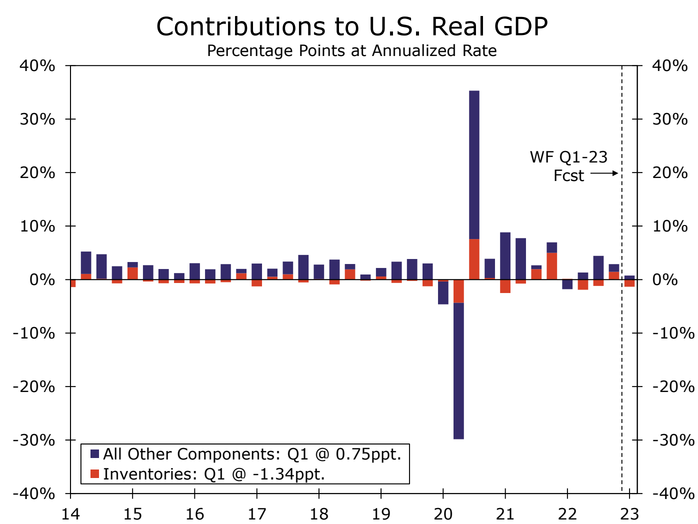
Investment: Equipment, Intellectual Property Products and Inventories

- We've pared back our expectations for first quarter capex spending as the manufacturing sector continues to gradually loose momentum. Conditions for new capex continue to grow less favorable.
- Inventories may be a large swing factor in Q1 GDP. The $62 billion build we currently have penciled into the forecast would shave 1.3 percentage points off headline GDP growth.

Business fixed investment (BFI) spending continues to slow, and we have pared back our expectations for first quarter BFI growth accordingly. We now expect equipment spending to decline at a 2.0% annualized pace in the first quarter. Nondefense capital goods shipments fell in the final two months of the year, and the component in the ISM manufacturing index that measures new orders has been in contraction territory for the past five consecutive months. Industrial production has also rolled over as demand slows. Conditions continue to grow less favorable for new capex investment amid the march higher in interest rates and uncertainty around the outlook. A larger-than-expected build in fourth quarter inventories (+$130 billion) combined with weaker consumer and business investment spending has led us to pare back our expectations for first quarter inventories modestly to a rise of $62 billion. If realized, this inventory swing would be enough to shave 1.3 percentage points off headline GDP growth.



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



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

Investment: Residential

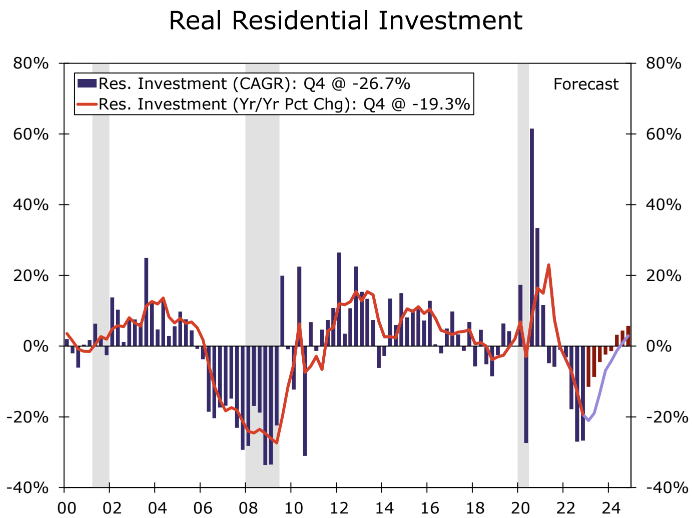
- We have slightly taken up our forecast for residential investment in light of our expectations for lower mortgage rates. That said, we still expect declines in residential investment will persist into the beginning of 2024, driven by still-elevated financing costs and relative weakness in buyer demand resulting from a recession.

The run-up in mortgage rates continues to deal a blow to the residential sector. Residential investment has tumbled for seven consecutive quarters, a trend we expect to persist throughout 2023. Much of this weakness materialized in single-family construction, which has fallen for seven consecutive months alongside nearly a year of retreating home sales. Yet the recent dip in mortgage rates appears to have brought some buyers back from the sidelines, prompting an increase in new home sales in December and a softer-than-expected drop in existing home sales. Home improvement outlays also ended the year with three consecutive monthly increases. These developments led us to lessen the steep declines previously forecast. That said, the persistent slide in single family building permits and newfound weakening in multifamily permits is an indication that residential construction is likely to trend lower for the foreseeable future.

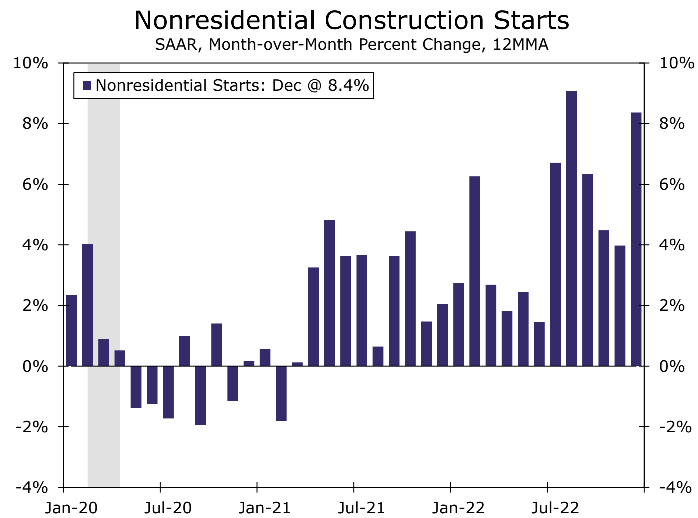
Investment: Nonresidential Structures

- We have not made any major changes to our nonresidential investment outlook. Higher interest rates and a weak macroeconomic backdrop should lead to a downshift in nonresidential construction throughout this year and next.

Rising interest rates now appear to be making their mark on nonresidential construction. Nonresidential construction spending lost momentum in December, declining on a monthly basis for the first time since May 2022. The dip was driven largely by a pullback in spending on manufacturing projects; however, manufacturing outlays remain historically elevated. The forward-looking Architecture Billings Index (ABI) improved slightly to 47.5 in December but remains in contraction territory for the third straight month. Backlogs remain relatively strong but have declined to 6.7 months from their September 2022 peak of 7.0 months. Contrasting the slowdown in nonresidential spending, total nonresidential starts jumped 51% in December led by a massive 596% rise in manufacturing project starts. The pipeline of projects should help support total nonresidential spending in the near term, but the difficult economic backdrop will likely lead to weakening by mid-2023.



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



Source: Dodge Data & Analytics and Wells Fargo Economics

Labor Market

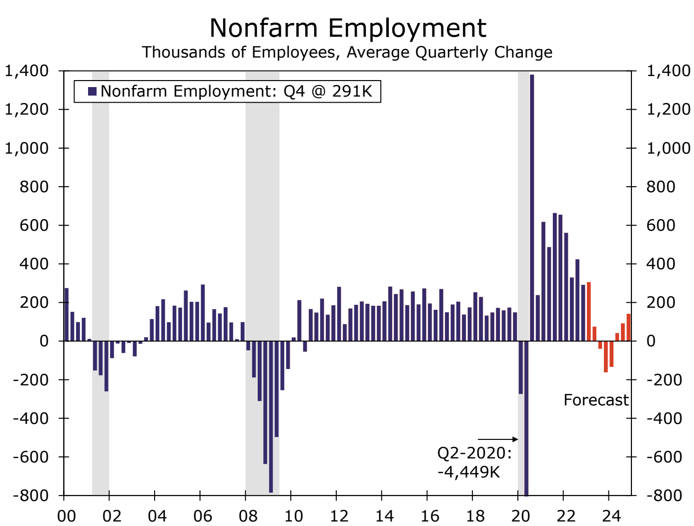
- The unyielding momentum in hiring has led us to take a more conservative view on job losses later this year. We expect to see nonfarm payrolls continue to grow over the first half of this year, before declining more modestly through early 2024.
- We now look for the unemployment rate to peak at just under 5% in early 2024 compared to 5.3% in our prior forecast.

January's surge in hiring and decline in the unemployment rate to a 53-year low bucked the trend of other recent labor market data pointing to a gradual deterioration in the jobs market. January's jump of 517K in payrolls was exaggerated by flattering seasonal factors, but reflected the lack of widespread layoffs and stronger hiring momentum at the end of last year revealed by the annual revisions. The labor market, however, cannot remain immune from the restrictive pressures of Fed policy forever, and we expect to see the slowdown in employment growth to resume. But the still-solid momentum in payroll growth, along with our expectations that the pullback in spending and investment this year will not be quite as sharp as previously expected, has led us to pare back our estimates for how steep job losses will likely be in late 2023 and early 2024.

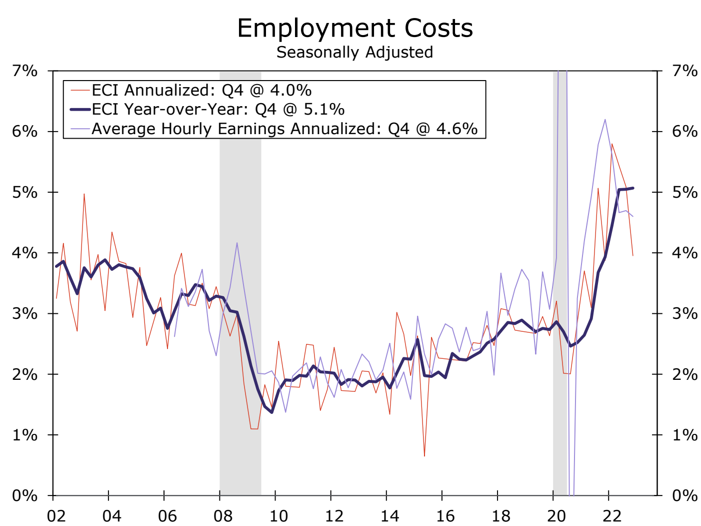
Inflation

- Since our last U.S. Economic Outlook a month ago, inflation pressures have eased further. Labor cost growth is slowing according to the most recent Employment Cost Index, while higher inventories and weaker demand are keeping core goods inflation on a downward path.
- We have not made any material changes to our inflation outlook this month. Although employment costs have slowed, they remain elevated and suggest core PCE inflation remains unlikely to return to the FOMC's target by the end of this year.

The rise in gasoline prices since the start of the year has led us to bump up our near-term estimates for inflation, but our expectation for inflation to trend lower this year remains intact. Falling prices for natural gas and food-related commodities suggest that, beyond energy goods, non-core elements of inflation are easing. Meanwhile, core goods prices look poised to fall further over the next few months as softening demand for goods combined with higher inventory levels reduces pricing power, especially for vehicles where higher interest rates are also weighing on transaction prices. Among core services, pricing pressures show signs of abating, with employment costs decelerating for a third consecutive quarter in Q4. Yet, labor costs are still running too hot to be consistent with the FOMC's goal, keeping a sustained return to 2% out of reach this year.



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



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

Fiscal Policy

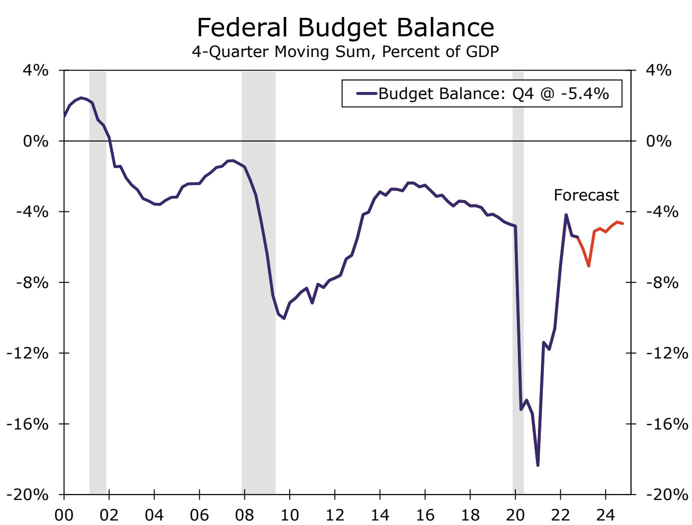
- There have been no major developments on the federal fiscal policy front over the past month.
- Negotiations over an increase in the debt ceiling or an outright suspension of it are still in the very early stages. In the meantime, the Treasury has resorted to "extraordinary measures" to continue meeting all obligations in time and in full.

Congress has settled in after a tumultuous start to the new year, but a debt ceiling resolution still appears a ways off. The Treasury began utilizing extraordinary measures on Jan. 19 to remain compliant with the debt ceiling. How long these measures last will depend on a variety of factors, especially the performance of the U.S. economy over the coming months. Our base case remains that the "X date", or the date on which the Treasury would be unable to meet all of its obligations on time, lies around the beginning of August. So far, there do not appear to have been any major breakthroughs between the two parties on a path forward. We will be monitoring developments closely in the coming months and will keep our readers updated.

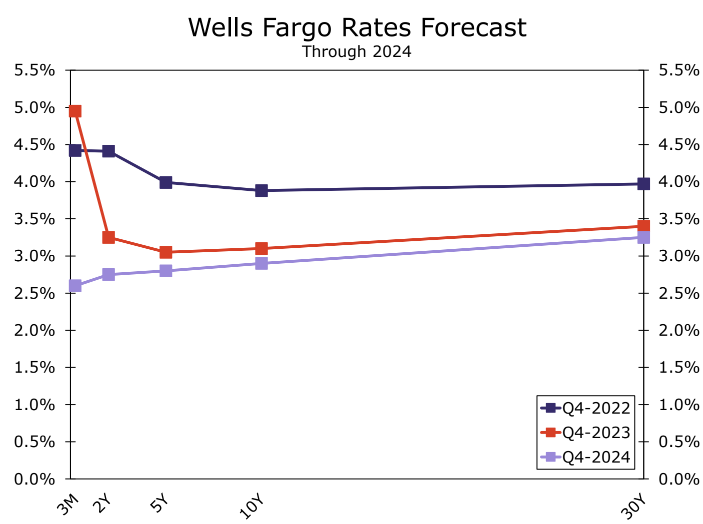
Monetary Policy & Interest Rates

- Our forecast for the federal funds rate is unchanged compared to last month's update. We still expect the target range for the fed funds rate to peak at 5.00%-5.25% and remain there through year-end.
- Our forecast for the yield on the 10-year Treasury note at year-end 2023 is down slightly to 3.10%.

We have not made any major changes to our forecasts for U.S. monetary policy and interest rates. We expect the FOMC to press ahead with 25 bps rate hikes at each of its next two meetings amid inflation that is still above target and a labor market that remains especially tight. We also look for the Federal Reserve to continue passively reducing its balance sheet by up to $95 billion per month through the third quarter of this year. Accordingly, we have made only small changes to our forecasts for U.S. Treasury yields. We have tamped down modestly our forecasts for medium- and longer-term interest rates, and we look for the 10-year Treasury yield to finish the year at 3.10%.



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 now project net exports to be a modest boost to headline real GDP growth in the first quarter.

Net exports added 0.6 percentage points to headline GDP growth in Q4-2022 as real imports fell more than real exports. Without much hard data yet for the first quarter, we currently estimate exports to contract around 2% and imports to slip a larger 3%, which would cause net exports to boost growth by around 0.4 percentage points. We've revised up our expectations for export growth amid a slightly less weak economic growth profile abroad (see *International Developments* section below). Import growth likely will remain under pressure from slowing domestic demand, but our forecast for import growth is also marginally higher than last month amid upward revisions to consumer spending.

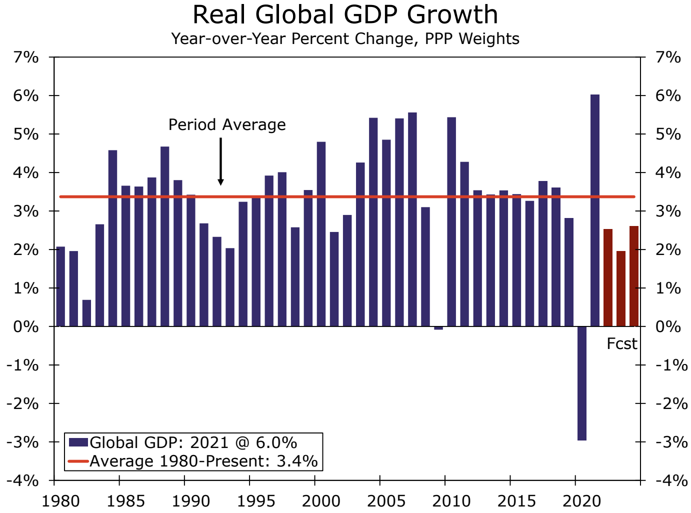
International Developments & the U.S. Dollar

- We have continued to revise our forecast for global growth modestly higher, including a more resilient outlook for the economies of the Eurozone, China and the United Kingdom. We now forecast global GDP growth of 2.0% in 2023 and 2.6% in 2024.
- We have also made moderate, and somewhat mixed, adjustments to our policy rate forecasts, and still believe the global monetary tightening cycle is approaching an end during the first half of 2023. We forecast a slightly higher peak in policy rates in the United Kingdom, Australia and Sweden than previously. Later this year, we expect Mexico's central bank to begin cutting interest rates earlier than we previously forecast.
- We forecast a softer greenback than previously, and believe the U.S. dollar has already embarked upon a prolonged period of depreciation.
- For further reading on the global economy, please see our most recent International Economic Outlook.

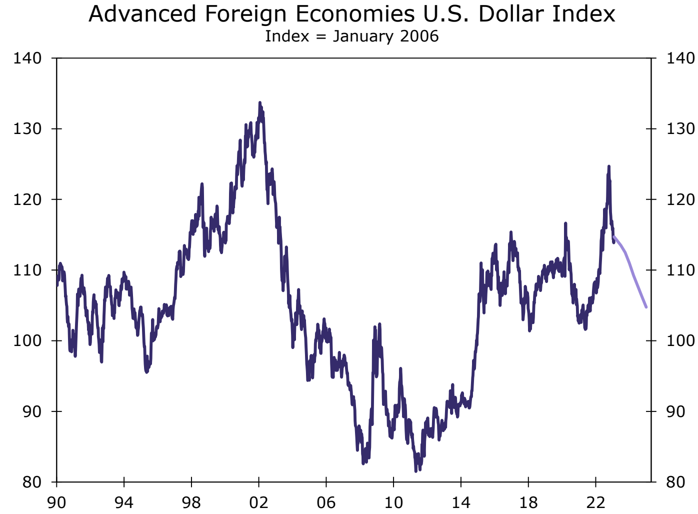
The most notable theme this month has been a continued, albeit modest, improvement in the global growth outlook for 2023, in what is nonetheless likely to remain a very challenging year for the global economy. We now forecast global GDP growth of 2.0% this year, up from 1.8% a month ago. Among the most notable changes are an improved outlook for the major European economies, and a stronger growth forecast for China. For the Eurozone, benchmark natural gas prices have plunged and oil prices have fallen sharply. Nosediving energy prices allowed Eurozone GDP to avoid contraction in Q4 and have also contributed to firmer business sentiment. Although we still forecast Eurozone recession, it should be short and shallow, and for 2023 as a whole, we expect Eurozone GDP to edge up 0.1%. In the U.K., falling energy prices and slowing inflation should also prove to be less of a drag on real household incomes than previously anticipated, while the economy has shown a degree of resilience in recent months. We expect U.K. GDP to contract by 0.6% in 2023, a much smaller decline than our forecast of a month ago. Finally, the reopening of China's economy and lifting of restrictions should lead to stronger activity as this year progresses. With zero-COVID now fully abandoned much earlier than we initially expected, we forecast China's economy to grow 5.2% in 2023.

Despite the more resilient growth outlook, we have made only modest changes to our forecast for global monetary policy. The Bank of England raised its policy rate 50 bps to 4.00% this month and delivered relatively balanced accompanying commentary. With the central bank citing upside risks to inflation and wanting to ensure inflation returns sustainably toward target over time, we forecast a final 25 bp rate hike to 4.25% in March. In Sweden, given rapid inflation and despite softer growth we now see a peak policy rate of 3.25%, higher than previously expected, while in Australia a February rate hike and hawkish central bank comment means we now forecast a higher peak in the policy rate of 3.85%. The European Central Bank (ECB) raised its policy rate 50 bps in February and offered a relatively determined message to continue along its monetary tightening path, and our view remains for a peak in the ECB's policy rate at 3.25% by May. Meanwhile, in Mexico we expect the central bank to dovishly decouple from the Fed in the months and quarters ahead. We forecast that the policy interest rate in Mexico will peak in March (earlier than the Fed) at 11.00%, and also forecast earlier easing than the Fed, with 75 bps of rate cuts anticipated from Mexico before the end of this year.

Finally, given more resilient growth internationally and a hawkish shift by some foreign central banks in recent months (notably the European Central Bank and Bank of Japan), we believe the U.S. dollar has embarked upon a prolonged period of depreciation. In the short term, we expect U.S. dollar depreciation to be gradual as the U.S. economy falls into recession, while the Fed hesitates to lower interest rates prematurely. We expect the U.S. dollar's depreciation to gather pace in 2024 as we believe the Fed will start cutting interest rates quicker than foreign central banks.



Source: International Monetary Fund and Wells Fargo Economics



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

Wells Fargo International Economic Forecast

	GDP				CPI			
	2021	2022	2023	2024	2021	2022	2023	2024
Global (PPP Weights)	6.2%	2.5%	2.0%	2.6%	4.7%	7.1%	4.9%	3.6%
Advanced Economies[1]	5.4%	2.9%	0.7%	1.3%	3.1%	7.9%	4.5%	2.2%
United States	5.9%	2.1%	0.6%	0.5%	4.7%	8.0%	3.4%	2.3%
Eurozone	5.5%	3.5%	0.1%	1.6%	2.6%	8.4%	5.6%	2.1%
United Kingdom	7.6%	4.1%	-0.6%	1.5%	2.6%	9.1%	6.5%	2.6%
Japan	2.1%	1.2%	1.3%	1.5%	-0.2%	2.5%	2.1%	1.0%
Canada	5.0%	3.6%	0.7%	1.7%	3.4%	6.8%	3.7%	2.2%
Switzerland	4.2%	2.0%	0.1%	2.2%	0.6%	2.8%	1.8%	1.2%
Australia	5.2%	3.6%	1.5%	2.4%	2.8%	6.6%	4.3%	2.9%
New Zealand	5.6%	2.8%	1.1%	1.3%	3.9%	7.2%	4.2%	2.5%
Sweden	5.1%	2.8%	0.2%	2.1%	2.7%	8.0%	5.6%	1.9%
Norway	3.9%	3.5%	0.3%	0.8%	3.5%	5.8%	4.1%	2.5%
Developing Economies[1]	6.7%	2.3%	2.9%	3.6%	5.9%	6.5%	5.2%	4.7%
China	8.4%	3.0%	5.2%	4.9%	0.9%	2.0%	2.3%	2.2%
India	8.7%	6.5%	5.7%	6.5%	5.5%	6.7%	4.5%	5.0%
Mexico	4.7%	3.1%	1.1%	2.2%	5.7%	7.9%	5.4%	3.6%
Brazil	5.0%	3.1%	0.7%	2.2%	8.3%	9.0%	5.0%	4.0%

Forecast as of: February 08, 2023

[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						
		2023				2024	
	Current	Q1	Q2	Q3	Q4	Q1	Q2
United States	4.75%	5.00%	5.25%	5.25%	5.25%	4.25%	3.25%
Eurozone[1]	2.50%	3.00%	3.25%	3.25%	3.25%	3.25%	3.00%
United Kingdom	4.00%	4.25%	4.25%	4.25%	3.75%	3.25%	2.75%
Japan	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%
Canada	4.50%	4.50%	4.50%	4.50%	4.00%	3.50%	3.00%
Switzerland	1.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Australia	3.35%	3.60%	3.85%	3.85%	3.85%	3.85%	3.85%
New Zealand	4.25%	4.75%	5.25%	5.25%	5.25%	5.25%	5.00%
Sweden	2.50%	3.00%	3.25%	3.25%	3.25%	3.25%	3.00%
Norway	2.75%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
China[3]	11.00%	10.75%	10.75%	10.75%	10.75%	10.50%	10.50%
India	6.25%	6.50%	6.50%	6.50%	6.25%	6.00%	5.50%
Mexico	10.50%	11.00%	11.00%	10.75%	10.25%	9.25%	8.25%
Brazil	13.75%	13.75%	13.75%	13.25%	12.75%	12.25%	11.75%

	2-Year Note						
		2023				2024	
	Current	Q1	Q2	Q3	Q4	Q1	Q2
United States	4.45%	4.45%	4.30%	3.85%	3.25%	2.95%	2.80%
Eurozone[2]	2.63%	2.65%	2.60%	2.55%	2.50%	2.40%	2.25%
United Kingdom	3.52%	3.45%	3.35%	3.05%	2.75%	2.65%	2.60%
Japan	-0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Canada	3.96%	3.95%	3.75%	3.30%	3.00%	2.85%	2.75%

	10-Year Note						
		2023				2024	
	Current	Q1	Q2	Q3	Q4	Q1	Q2
United States	3.65%	3.70%	3.60%	3.25%	3.10%	3.00%	2.95%
Eurozone[2]	2.33%	2.35%	2.25%	2.20%	2.15%	2.10%	2.05%
United Kingdom	3.32%	3.35%	3.30%	3.20%	2.90%	2.80%	2.75%
Japan	0.50%	0.50%	0.50%	0.45%	0.40%	0.35%	0.35%
Canada	3.07%	3.05%	3.00%	2.90%	2.75%	2.70%	2.65%

Forecast as of: February 08, 2023

[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
February 6	**7**	**8**	**9**	**10**
Reserve Bank of Australia Cash Rate Target February 3.35%	**Trade Balance** December -$67.4B **Reserve Bank of India Repurchase Rate** Previous 6.25% Powell* (Chair) Speaks Barr* (Governor) Speaks	Williams* (New York Fed) Speaks Cook* (Governor) Speaks Barr* & Bostic (Governor, Atlanta Fed) Speak Kashkari* (Minneapolis Fed) Speaks Waller* (Governor) Speaks	**China CPI (YoY)** December 1.8% **Bank of Mexico Rate Decision** Previous 10.50%	**United Kingdom GDP (QoQ)** Q3 -0.3% Waller* (Governor) Speaks Harker* (Philadelphia Fed) Speaks
13	**14**	**15**	**16**	**17**
Japan GDP (SA, QoQ) Q3 -0.2%	**CPI (MoM)** December -0.1% **Core CPI (MoM)** December 0.3% Logan* (Dallas Fed) Speaks Williams* (New York Fed) Speaks	**Retail Sales (MoM)** December -1.1% **Industrial Production (MoM)** December -0.7% **United Kingdom CPI (YoY)** December 10.5%	**Housing Starts (SAAR)** December 1,382K **PPI Final Demand (MoM)** December -0.5% Mester (Cleveland Fed) Speaks Bullard (St. Louis Fed) Speaks	**Import Price Index (MoM)** December 0.4% **Leading Economic Index (MoM)** December -0.8% Barkin (Richmond Fed) Speaks
20	**21**	**22**	**23**	**24**
President's Day **[U.S. Markets Closed]**	**Existing Home Sales (SAAR)** December 4.02M **Canada CPI (YoY)** December 6.3%	FOMC Meeting Minutes	**Japan National CPI (YoY)** December 4.0% Bostic (Atlanta Fed) Speaks	**Personal Income & Spending (MoM)** December 0.2%; -0.2% (Income; Spending) **New Home Sales (SAAR)** December 616K
27	**28**	**March 1**	**2**	**3**
Durable Goods (MoM) December 5.6%	**Consumer Confidence** January 107.1 **Canada GDP (Quarterly Annualized)** Q3 2.9%	**ISM Manufacturing** January 47.4	**Eurozone CPI (YoY)** January 9.2%	**ISM Services** January 55.2 Bostic (Atlanta Fed) Speaks
6	**7**	**8**	**9**	**10**
Reserve Bank of Australia Cash Rate Target Previous 3.35%		**Trade Balance** December -$67.4B **JOLTS Job Openings** December 11,012K **Bank of Canada Rate Decision** Previous 4.50% Fed Beige Book	**China CPI (YoY)** December 1.8% **Bank of Japan Policy Balance Rate** Previous -0.10%	**Nonfarm Payrolls** January 517K

Note: (W) = Wells Fargo Estimate, (C) = Consensus Estimate, * = voting FOMC member in 2023, Purple = Market Moving Releases

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

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Required Disclosures