Weekly — June 9, 2023

Weekly Economic & Financial Commentary

United States: **Calm Before the Storm**

- It was a light calendar of economic data this week. The ISM Services index fell to 50.8, showing that the service sector may be losing momentum. An unexpected spike in jobless claims is a sign that cracks are forming in the labor market. Higher mortgage rates look to be hindering a housing market rebound. Mortgage applications for purchase have now declined for four straight weeks. Net exports are setting up to be substantial drag on Q2 real GDP growth.
- Next week: CPI (Tue), Retail Sales (Thu), Industrial Production (Thu)

International: **Hawkish Hikes from Bank of Canada and Reserve Bank of Australia**

- Bank of Canada policymakers surprised market participants this week, coming out of a pause with a 25 bps rate hike to 4.75%. The BoC indicated that monetary policy was not sufficiently restrictive to bring supply and demand back into balance and return inflation sustainably to target. Elsewhere, the Reserve Bank of Australia also delivered a 25 bps rate hike at its June meeting, bringing the Cash Rate to 4.10%, in line with our expectations but a surprise to many market participants. Similarly to the Bank of Canada, the monetary policy announcement language was hawkish in nature, leading us to believe more monetary tightening is on its way.
- Next week: European Central Bank (Thu), China Activity Data (Thu), Bank of Japan (Fri)

Interest Rate Watch: **The Fed Weighs a Potential Pause at Next Week's Meeting**

- We see the most likely outcome for next week's meeting as the FOMC making no change to its policy rate, but making clear that another hike at its July 26 meeting remains a distinct possibility.

Credit Market Insights: **Student Loan Debt Forgiveness Decision Nearing**

- The Supreme Court of the United States is set to rule on President Biden's plan to forgive student loan debt in coming weeks. But regardless of that ruling, the end to the more than three-year payment pause is coming at the end of August and could provide a headwind to certain households.

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Wells Fargo U.S. Economic Forecast

	Actual 2022				Forecast 2023				Actual		Forecast	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2021	2022	2023	2024
Real Gross Domestic Product [1]	-1.6	-0.6	3.2	2.6	1.3	1.1	1.4	0.4	5.9	2.1	1.6	0.1
Personal Consumption	1.3	2.0	2.3	1.0	3.8	2.0	2.3	1.2	8.3	2.7	2.3	0.4
Consumer Price Index [2]	8.0	8.6	8.3	7.1	5.8	4.0	3.3	3.1	4.7	8.0	4.0	2.6
"Core" Consumer Price Index [2]	6.3	6.0	6.3	6.0	5.6	5.2	4.6	4.2	3.6	6.1	4.9	3.2
Quarter-End Interest Rates [3]												
Federal Funds Target Rate[4]	0.50	1.75	3.25	4.50	5.00	5.25	5.50	5.50	0.25	2.02	5.31	4.13
Conventional Mortgage Rate	4.27	5.58	6.01	6.36	6.54	6.80	6.60	6.35	3.03	5.38	6.57	5.81
10 Year Note	2.32	2.98	3.83	3.88	3.48	3.75	3.65	3.50	1.45	2.95	3.60	3.15

Forecast as of: June 07, 2023 [1] Compound Annual Growth Rate Quarter-over-Quarter [2] Year-over-Year Percentage Change
[3] Quarterly Data - Period End; Annual Data - Annual Averages [4] Upper Bound of the Federal Funds Target Rate

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.

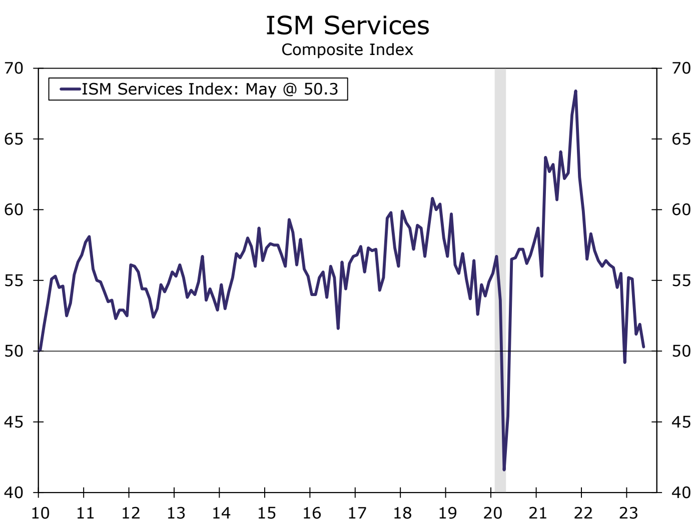
U.S. Review

Calm Before the Storm

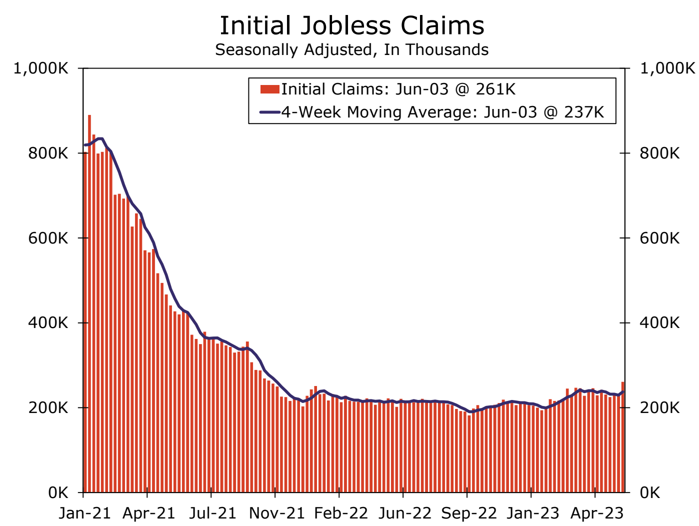
It was relatively quiet on the economic front this week. The FOMC's blackout period is under way, so there was no communication from Federal Reserve officials ahead of next week's meeting and rate decision. Next week will also bring an onslaught of impactful economic data, including the Consumer Price Index (CPI), retail sales, consumer sentiment and industrial production. While the calendar was light, the data released throughout the week showed that, while downshifting, economic growth still looks to be on a positive trajectory.

The service sector is one area that, while remaining afloat, is starting to tread water. The ISM services index declined for the fourth consecutive month in May. Despite the drop, the top-line index is still in expansion territory, although only barely. May's reading of 50.3 was the lowest since the index temporarily dipped below 50 in late 2022. Generally speaking, the service sector has been resilient to persistent inflation and higher interest rates thanks in large part to pent-up demand from the pandemic. However, the recent trend decline in the ISM services index suggests that the sector is running out of steam. The underlying details showed the extent activity is slowing. Aside from the inventory subcomponents, every major subindex moved lower in May. Notably, the backlog of orders fell almost nine points to the lowest reading since the financial crisis in 2009. The decline in the employment index was not quite as large, but the subindex fell to a contraction reading of 49.2 during May, which suggests hiring in the service sector is starting to falter.

The slip in the ISM services employment index arrived on the heels of last week's blowout nonfarm payrolls report, which revealed the U.S. economy added 339,000 net new jobs in May. The surprisingly strong gain is further evidence that, while moderating, the labor market appears to be in solid shape at present. That noted, a potential crack appeared this week. Initial jobless claims unexpectedly jumped to 261K during the week ending June 3. Claims are still relatively low, but rose to the highest level since October 2021. Considering the challenges that come along with seasonally adjusting high frequency data, any single week of data should be taken with a grain of salt. Still, the uptick in claims indicates that more firms may be reducing headcounts, which is another sign the labor market is easing up a bit.



Source: Institute for Supply Management and Wells Fargo Economics



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

So far, the labor market has been surprisingly resilient to higher interest rates. On the other hand, the residential sector continues to serve as a reminder of how increased financing costs are weighing on the economy. After spiking to just over 7% last year, mortgage rates descended slightly and moved closer to 6% to start 2023. The modest dip in mortgage rates was enough to end the slide in housing activity seen over the course of last year, and home buying as well as new construction looks like it has been perking up slightly over the past few months. However, expectations for more restrictive monetary policy alongside stubborn inflation pressures have driven mortgage rates higher in recent weeks, with the average 30-year fixed mortgage rate reaching 6.8% in the week ending June 1. Higher borrowing costs now look to be hindering the nascent recovery in home buying. Mortgage applications for purchase dropped 1.4% during the week ending June 2, the fourth consecutive weekly decline.

Mortgage applications are published weekly and thus also tend to be volatile, but the back-track in purchase applications means a full-fledged housing market recovery is still off in the distance.

Elsewhere, net exports are setting up to be a substantial drag on real GDP growth in the second quarter. The U.S. trade deficit widened by $14.0 billion to $74.6 billion in April, more than reversing the narrowing that occurred in March. Exports declined sharply during April, while imports rose only modestly. These data are consistent with our expectations for net exports to shave 1.4 percentage points off of top-line growth in Q2 GDP. Despite the drag from trade, the totality of the data this published this week lends credence to our estimates for a more moderate but still solid pace of real GDP growth in the second quarter of the year.

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U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
13-Jun	CPI (MoM)	May	0.2%	0.0%	0.4%
13-Jun	Core CPI (MoM)	May	0.4%	0.4%	0.4%
14-Jun	FOMC Rate Decision (Upper Bound)	14-Jun	5.25%	5.25%	5.25%
15-Jun	Retail Sales (MoM)	May	0.0%	0.0%	0.4%
15-Jun	Industrial Production (MoM)	May	0.1%	0.2%	0.5%

Forecast as of June 09, 2023

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

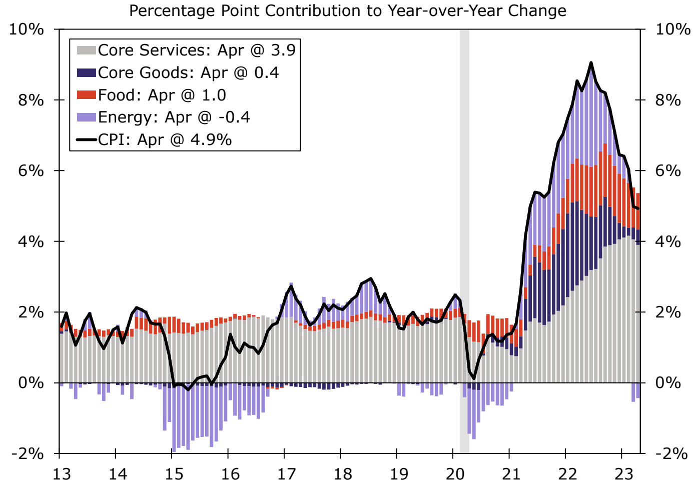
Consumer Price Index • Tuesday

Recent inflation data have come in largely as expected. The Consumer Price Index rose 0.4% in April, bringing the year-ago change down to 4.9%. While April's increase was stronger than March's 0.1% headline gain, declining grocery store and energy services prices have provided some meaningful relief to consumers. Excluding food and energy, the core CPI rose 0.4% in April, matching the prior month's increase. A surge in used vehicle prices boosted core goods' inflation, while a cooling in travel services helped to somewhat offset gains in shelter, recreational and other personal care services.

Overall consumer price inflation likely moderated in May. We forecast the headline CPI was flat during the month, as gasoline prices fell and food prices appeared to hold steady. Core inflation, on the other hand, likely remained firm. Auction data suggest used vehicle prices rose again last month, and we look for ongoing strength in core services. Specifically, we suspect the core CPI rose 0.4% for the third consecutive month, which would leave the year-over-year change little improved at 5.3% in May.

U.S. Consumer Price Index

Percentage Point Contribution to Year-over-Year Change

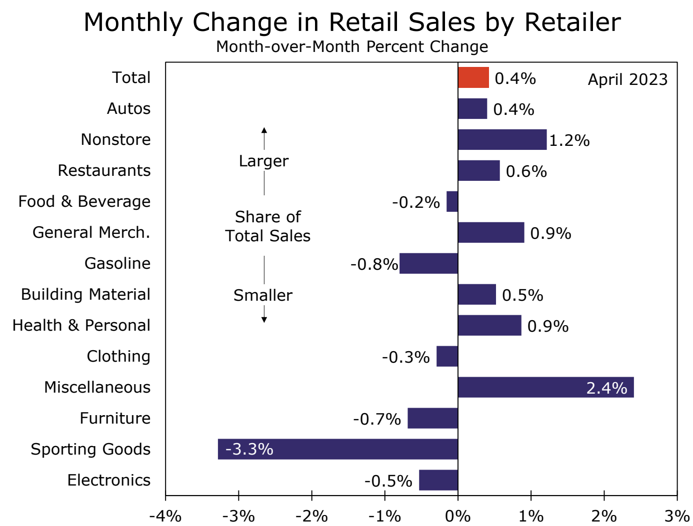


Source: U.S. Department of Labor and Wells Fargo Economics

Retail Sales • Thursday

Consumer spending picked up in April. Retail sales increased 0.4%, although the industry-level details were mixed. Of the 13 retailer categories, six reported month-over-month sales declines, with notable contractions in sporting goods (-3.3%), furniture (-0.7%) and electronics (-0.5%). The pullback in these categories aligns with our expectation for spending on durable goods to falter in the second quarter.

When factoring in inflation, we estimate real retail sales declined in April for the third consecutive month. Consumers still have the capacity to spend, but momentum is starting to fade. Real disposable income growth was essentially flat in April, excess savings built up during the pandemic days are dwindling, and credit conditions are tight. We anticipate these factors will cause spending to gradually slow over the course of the year and materially weigh on spending early next year—see our latest U.S. Economic Outlook for more detail. In the near term, we look for some payback in goods spending, which underpins our call for flat retail sales growth in May.



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

Industrial Production • Thursday

The manufacturing sector has acutely felt the effects of the FOMC's aggressive pace of policy tightening this year. Higher borrowing costs and increased uncertainty about coming economic conditions leave businesses less apt to take on new capital expenditures.

After a weak start to the year, industrial production rose 0.5% in April with the help of an outsized jump in motor vehicle and parts manufacturing. Mining production rose 0.6% and utilities declined 3.1%. Downward revisions to the prior months' data took some pep from production's step, however, leaving the level of overall production essentially flat in April.

Separately reported data from the ISM manufacturing index suggest activity remained under pressure in May. Improving supply chains have helped manufacturers clear backlogs in recent months, yet the pipeline for new orders has thinned. We forecast industrial production rose 0.2% in May.

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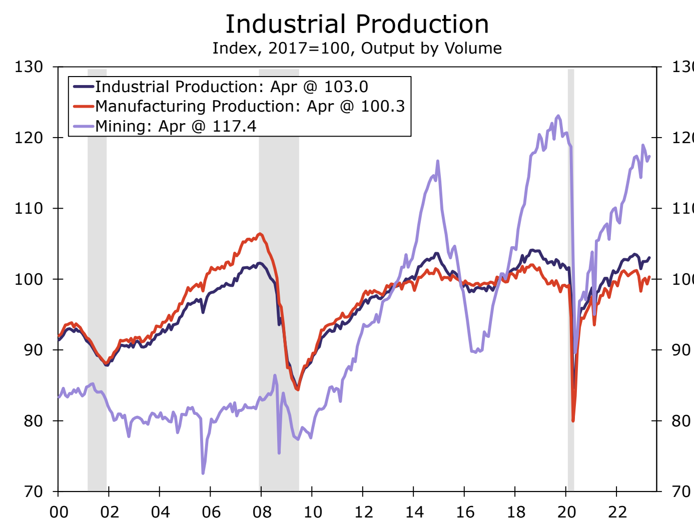


Source: Federal Reserve Board and Wells Fargo Economics

International Review

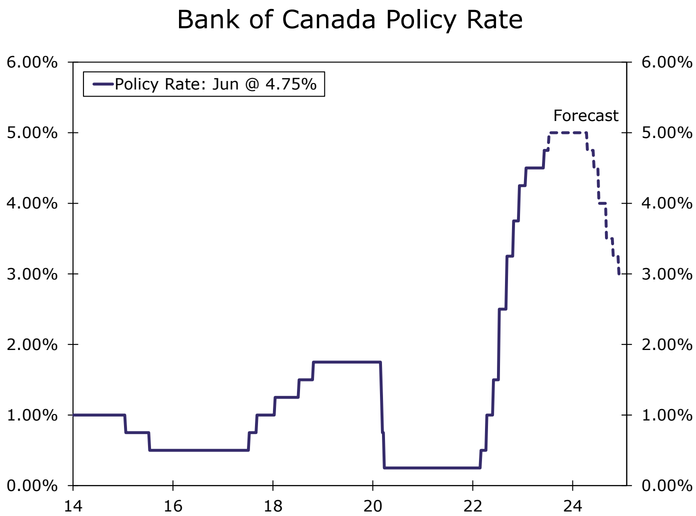
Hawkish Hikes from Bank of Canada and Reserve Bank of Australia

Bank of Canada (BoC) policymakers surprised market participants at this week's monetary policy announcement, lifting the policy interest rate 25 bps to 4.75%. The statement contained some hawkish signals, with policymakers concerned that inflation could get stuck above the 2% target. Given economic data so far, the BoC decided to raise rates, reflecting its view that monetary policy was not sufficiently restrictive to bring supply and demand back into balance and return inflation sustainably to target. Within other details of the announcement, the BoC noted the strength in the Q1 GDP report, saying that consumption growth was surprisingly strong and broad-based, while housing activity has picked up and the labor market remains tight. Overall, the BoC said excess demand in the economy looks to be more persistent than anticipated.

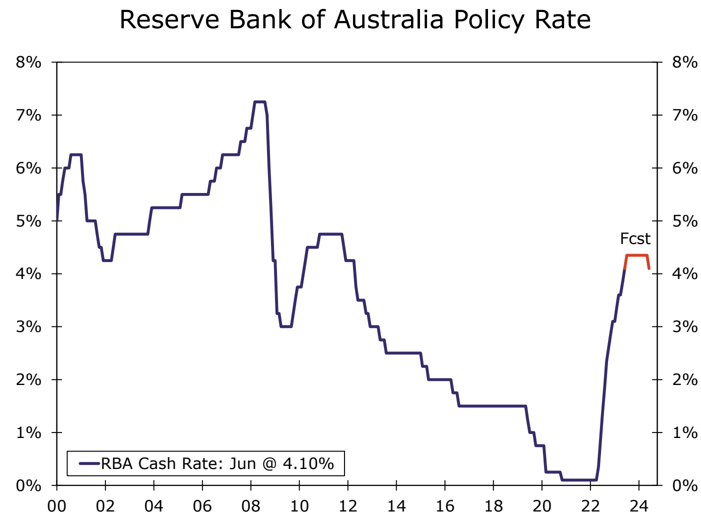
Looking ahead, we believe more monetary tightening is in store for the Bank of Canada. We now believe the central bank will deliver another 25 bps rate hike in July. Concerns about high inflation appear to be the main driver for the Bank of Canada coming off the sidelines. Between now and the July meeting, Canada releases employment reports for May and June, as well as the CPI report for May. Unless job growth slows sharply or inflation surprises significantly to the downside, which we do not view as likely, the same concerns that prompted today's interest rate increase will also likely prompt another 25 bps rate hike in July to 5.00%. Moreover, we suspect that concerns about inflation getting stuck above target will also discourage the Bank of Canada from easing monetary policy prematurely. Combined with our outlook for U.S. economic resilience to persist for longer and the Federal Reserve easing to begin later, we now do not expect the Bank of Canada to begin lowering interest rates until Q2-2024. As Canadian economic growth moderates and inflation moves closer to target, we expect to see 200 bps of rate cuts through the rest of 2024, with the Bank of Canada's policy rate ending next year at 3.00%.

Elsewhere, the Reserve Bank of Australia (RBA) delivered a 25 bps rate hike at its June meeting to 4.10%, in line with our expectations, but a surprise to many market participants. Similar to the Bank of Canada, the monetary policy announcement language was hawkish in nature, leading us to believe more monetary tightening is on its way. There was a large focus on inflation dynamics, with the RBA saying that upside risks have increased, and while inflation may have peaked already, 7% is still too high. As such, the 25 bps hike was intended to “provide greater confidence that inflation will return to target within a reasonable timeframe.” In addition, the statement emphasized the negative impact inflation has on households and businesses—if high inflation expectations become entrenched, it would be more costly to reduce later, involving even higher interest rates and more unemployment.

The RBA also acknowledged that Australian economic growth has slowed and some tightness in the labor market has eased a bit. Data released this week revealed Q1 GDP grew only 0.2% quarter-over-quarter and 2.3% year-over-year. However, in encouraging news, final domestic demand rebounded, contributing 0.5 percentage points to growth, after a soft Q4-2022 reading. Since the meeting, RBA Governor Lowe has echoed the hawkish nature of the June announcement. He expressed concern about soft productivity growth in the context of strong wages as well as upside risks to inflation as demand outpaces supply. The RBA continues to believe the path to achieving a soft landing remains a narrow one, and the outlook for household consumption in particular is a significant source of uncertainty. The RBA has signaled that some further tightening of monetary policy may be required to ensure inflation returns to target in a reasonable timeframe, but that will depend upon how the economy and inflation evolve. Household spending, inflation, and labor data should be important focuses for the RBA in the coming months. Given inflation dynamics as of now remain stubbornly high in Australia, we believe the RBA will deliver another 25 bps rate hike at its July meeting to 4.35%.



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



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

Mexico Inflation on a Downward Trend

Mexico's May CPI report showed inflation slowed more than expected last month. The headline CPI slowed to 5.84% in May from 6.25% in April. Within the details, goods inflation (9.04%) remains more elevated than services inflation (5.43%), while energy prices were notably down 5.48% from one year ago. Meanwhile, core inflation decelerated to 7.39%. While inflation is still a ways off from the Central Bank of Mexico's (Banxico) inflation target, restrictive monetary tightening is doing its job to bring price growth lower. As for the Banxico outlook, policymakers have recently signaled that restrictive monetary policy will be in place for an extended period of time, and interest rate cuts may not materialize until 2024. Minutes of the May meeting reinforced this commentary. The minutes pointed to sustained uncertainty regarding inflation trends, as well as a need for the reference rate to remain at its current level for an extended period in order for an "orderly and sustained convergence of headline inflation to the 3% target." In our view, Banxico will keep on hold for the next several quarters, before beginning its easing cycle in Q2-2024.

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International Outlook

Date	Indicator	Period	Consensus	Wells Fargo	Prior
15-Jun	European Central Bank Deposit Rate	15-Jun	3.50%	3.50%	3.25%
15-Jun	China Retail Sales (YoY)	May	13.7%	--	18.4%
15-Jun	China Industrial Production (YoY)	May	3.5%	--	5.6%
16-Jun	Bank of Japan Policy Balance Rate	16-Jun	-0.10%	-0.10%	-0.10%

Weekly International Indicator Forecasts

Forecast as of June 09, 2023

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

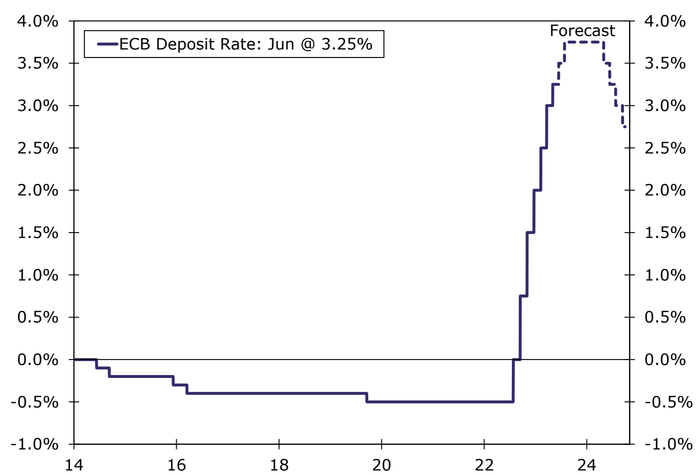
European Central Bank • Thursday

The European Central Bank (ECB) holds its June monetary policy meeting next week, and we expect the central bank to deliver another 25 bps rate hike to 3.50%.

The ECB hiked rates by 25 bps in May and kept its message along the same lines as previous meetings: The "inflation outlook continues to be too high for too long." The ECB said headline inflation has declined over recent months, but underlying price pressures remain strong. Indeed, April's headline CPI ticked up to 7.0% year-over-year and services inflation firmed. In addition, wage pressures are elevated as well, with compensation for employees quickening to 5.0% year-over-year.

Looking ahead, given persistently high inflation, we recently added in more monetary tightening into our Deposit Rate forecast, and now expect a higher peak of 3.75%. ECB President Lagarde has stressed that the central bank's future decisions will ensure policy rates will be brought to levels sufficiently restrictive to achieve a timely return of inflation to 2% and will be kept at those levels for as long as necessary. As such, we now don't expect the ECB to begin its easing cycle until Q2-2024.

ECB Deposit Rate



Source: Datastream and Wells Fargo Economics

China Retail Sales & Industrial Production • Thursday

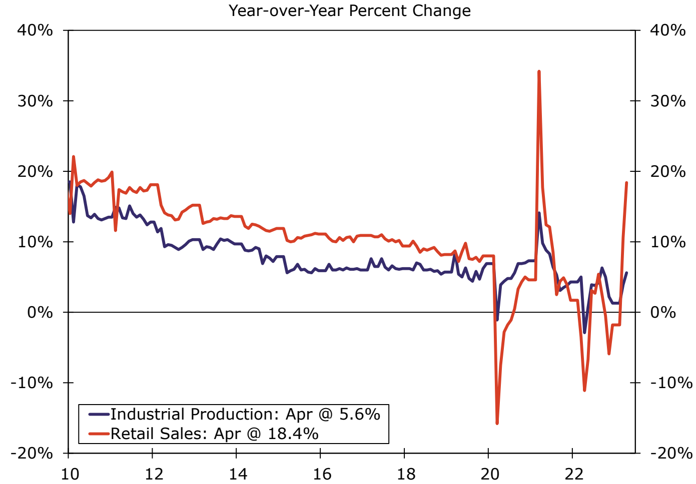
May activity data in China will be released next week, providing new insight into how the economic rebound is unfolding after Zero-COVID restrictions ended last December.

In general, recent data has been in line with a maturing recovery for China, with activity trends slowing more quickly than we would have expected at this time. For the month of May, retail sales and industrial production activity are likely to have slowed relative to April. Specifically, retail sales are expected to be up 13.7% year-over-year, while industrial production is expected to be up a more modest 3.5%.

Our current forecast sees China's economy growing 6% this year, but in our view, risks to China's growth are skewed to the downside given recent data. Should incoming economic indicators continue to point to slowing activity trends, we would likely revise our China growth forecast lower, which given China's influence over the global economy, would likely have negative implications for global growth trends as well.

Chinese Industrial Production & Retail Sales

Year-over-Year Percent Change



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

Bank of Japan • Friday

The Bank of Japan (BoJ) holds its June meeting next week, and market participants will be closely watching to see if the central bank decides to pivot toward tightening after an extended period of easy monetary policy.

Japan's consumer prices are elevated relative to recent history but remain very low compared to most international peers. April's CPI report showed inflation accelerating, with the headline and core CPI firming to 3.5% and 3.4% year-over-year, respectively. While we do not anticipate the BoJ to change monetary policy settings at its June meeting, we do forecast a shift later this year in October, when the global monetary policy and bond yield backdrop may allow for a smoother adjustment. We expect the Bank of Japan's policy adjustment to be a further step toward normalizing Japan's government bond market. Specifically, we expect the BoJ to lift the target for the 10-year Japanese government bond yield to 0.25% from 0% and widen the tolerance band around that target to +/-75 bps. Should this adjustment proceed smoothly, we would view it as a probable precursor to the BoJ fully ending yield curve control, perhaps sometime in 2024.

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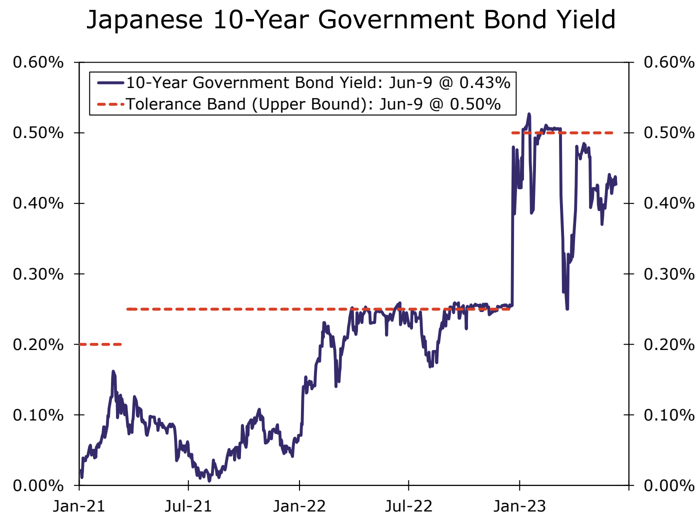


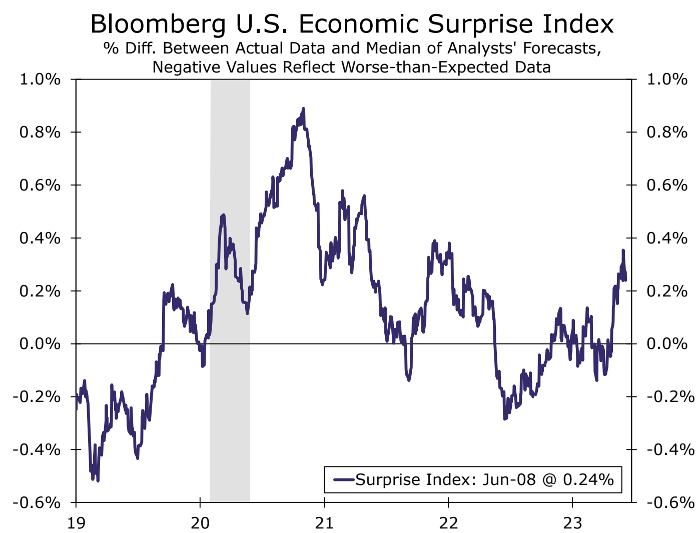
Source: Bloomberg Finance L.P. and Wells Fargo Economics

Interest Rate Watch

The Fed Weighs a Potential Pause at Next Week's Meeting

At the conclusion of the Federal Reserve Open Market Committee (FOMC)'s meeting on May 3, there were signs that the most aggressive tightening cycle since the 1980s was nearing its end (chart). Policymakers voted unanimously to raise the fed funds rate by 25 bps to 5.00%-5.25%, a 15-year-high. Yet, the Committee was careful to keep its options open about additional rate hikes. Rather than noting that it anticipated "ongoing increases" or even "some additional policy firming," the post-meeting statement merely laid out the factors the FOMC would consider in determining how much additional tightening "*may* be appropriate" (emphasis ours). Monetary policy works with a lag, and with 500 bps of policy rate hikes behind us, the Fed may take the chance to wait and see, at least for another month.

Because of these uncertain lags, the FOMC remains dependent on incoming data to guide its next steps. Since the FOMC's most recent meeting, the economic data have come in stronger than expected, driving the Bloomberg U.S. Economic Surprise Index to a 17-month high. The corollary to resilient activity, however, is sticky inflation. The trend in inflation has yet to convincingly bend. The core Consumer Price Index has advanced 0.4% or more for five consecutive months, while April's above-consensus increase in the core PCE deflator keeps the Fed's preferred inflation gauge running two-times higher than the Committee's target when measured on a three-month annualized or 12-month basis.



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

We see the most likely outcome for next week's meeting as the FOMC making no change to its policy rate but making clear that another hike at its July 26 meeting remains a distinct possibility. This would allow a compromise between officials who believe further tightening is necessary and those who believe it is time to be patient and let the medicine of the past year fully take hold. We think this balanced approach will be enough to stave off any dissenting votes, but the uncertain outlook and increasingly fractured views within the FOMC have increased the odds that one or more dissents could occur at one of the upcoming meetings.

If the Committee does decide to leave the fed funds rate unchanged, we would expect the statement to emphasize the significant amount of policy tightening undertaken in a little over a year and to keep the door open to potentially more tightening. The clearest indication that FOMC participants believe some further tightening is more likely than not probably will come from the Summary of Economic Projections (SEP). We think the median "dot" for year-end 2023 will shift up by 25 bps relative to the March SEP. If so, then most FOMC members would be indicating that the target range for the federal funds rate needs to go at least 25 bps higher from its current setting of 5.00%-5.25%. We think the median dots for 2024 and 2025 will also rise by 25 bps each to reflect a similar pace of eventual policy easing as was the case in the March projections.

For more information on the upcoming FOMC meeting, please see our monthly economic outlook and our Fed flashlight.

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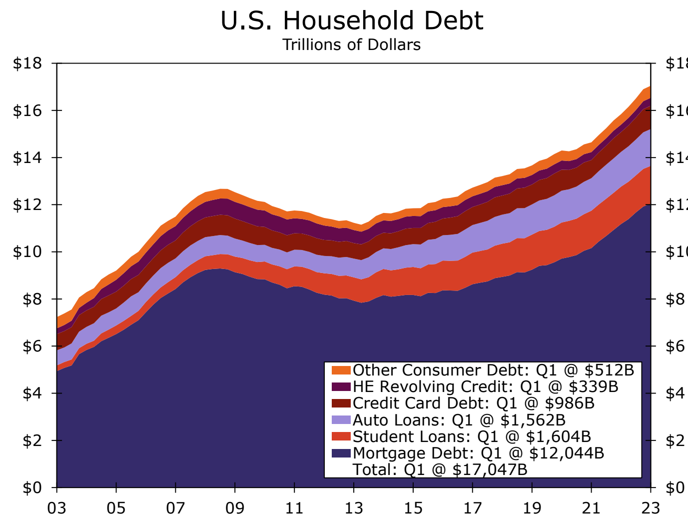
Credit Market Insights

Student Loan Debt Forgiveness Decision Nearing

The Supreme Court of the United States (SCOTUS) is set to rule on President Biden's plan to forgive student loan debt in the coming weeks. Oral arguments on the case took place in February and the SCOTUS can technically release its decision any day, but it is likely to come toward the end of June, given the case's complexity and divided opinions. As a reminder, President Biden's forgiveness plan included forgiving up to $10,000 in student loan debt for individuals making less than $125,000 a year (couples making less than $250,000), and total forgiveness is doubled ($20,000) for those who received a Pell Grant during their studies.

Regardless of the SCOTUS decision regarding forgiveness, the end to the student loan moratorium that first paused student loan payments in March 2020 is set to come to an end in August. This end to the more than three-year payment pause came as part of the recent debt ceiling agreement, which codified the end of the student loan payment moratorium 60 days after June 30, ensuring another extension will not occur without an act of Congress. Student loan payments are thus set to start again in late August/early September and may serve as a headwind to households.

The moratorium has provided a somewhat stimulating effect on the economy the past three+ years as households have redirected monthly funds elsewhere instead of toward debt payments. When the payment pause ends, we may see a bit of a pullback from particular households, but we do not expect it to break the back of today's consumer. The moratorium has reduced household interest payments by approximately $3.2 billion per month, amounting to just 0.2% of households' disposable income. Personal interest payments will rise, and certain debt-strapped households will be effected from the payment restart, but when considering the debt's composition, we do not think it will meaningfully dent the U.S. consumer.



Source: New York Fed Consumer Credit Panel/Equifax and Wells Fargo Economics

U.S. households had approximately $1.6 trillion of student loans as of the first quarter, amounting to just under 10% of total household debt outstanding, second in size only to mortgages. But balances are relatively concentrated with nearly 60% of borrowers owing $25K or less in student debt as of the fourth quarter. Holders of student debt also skew younger, with more than 60% of borrowers under 40 years old. Student loan debt has become an increasing burden for many U.S. households over the past decade, and any changes could be impactful for consumers.

Furthermore, the Supreme Court is only considering the legality of Biden's one-time forgiveness plan. Other portions of the Biden administration's student loan reform are not facing Supreme Court legal challenges, and could reduce households interest payments dramatically. These include the Income Driven Repayment (IDR) Account Adjustment and an overhaul of the IDR more generally, all of which set to reform monthly payment caps on loans, with the goal of reducing households' monthly liabilities. The Department of Education has identified late this year as a possible time frame that some of this reform may be implemented.

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Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 6/9/2023	1 Week Ago	1 Year Ago
SOFR	5.05	5.08	0.76
3-Month LIBOR	5.54	5.50	1.69
3-Month T-Bill	5.21	5.35	1.25
1-Year Treasury	4.94	4.87	2.11
2-Year Treasury	4.59	4.50	2.81
5-Year Treasury	3.91	3.84	3.06
10-Year Treasury	3.74	3.69	3.04
30-Year Treasury	3.88	3.89	3.16
Bond Buyer Index	3.67	3.67	3.16

Foreign Exchange Rates

	Friday 6/9/2023	1 Week Ago	1 Year Ago
Euro ($/€)	1.075	1.071	1.062
British Pound ($/£)	1.258	1.245	1.249
British Pound (£/€)	0.855	0.860	0.850
Japanese Yen (¥/$)	139.300	139.920	134.360
Canadian Dollar (C$/$)	1.332	1.343	1.270
Swiss Franc (CHF/$)	0.902	0.909	0.980
Australian Dollar (US$/A$)	0.674	0.661	0.710
Mexican Peso (MXN/$)	17.331	17.556	19.673
Chinese Yuan (CNY/$)	7.129	7.099	6.693
Indian Rupee (INR/$)	82.465	82.301	77.765
Brazilian Real (BRL/$)	4.879	4.959	4.907
U.S. Dollar Index	103.492	104.015	103.223

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

Foreign Interest Rates

	Friday 6/9/2023	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.58	-0.59	-0.57
3-Month Sterling LIBOR	4.92	4.88	1.47
3-Month Canada Banker's Acceptance	5.25	5.09	2.26
3-Month Yen LIBOR	-0.03	-0.03	-0.08
2-Year German	2.91	2.80	0.84
2-Year U.K.	4.52	4.36	1.86
2-Year Canadian	4.51	4.30	3.07
2-Year Japanese	-0.06	-0.07	-0.07
10-Year German	2.38	2.31	1.43
10-Year U.K.	4.23	4.16	2.32
10-Year Canadian	3.39	3.23	3.23
10-Year Japanese	0.43	0.41	0.25

Commodity Prices

	Friday 6/9/2023	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	71.74	71.74	121.51
Brent Crude ($/Barrel)	76.52	76.13	123.07
Gold ($/Ounce)	1964.99	1947.97	1847.95
Hot-Rolled Steel ($/S.Ton)	928.00	940.00	1150.00
Copper (¢/Pound)	381.30	372.75	438.10
Soybeans ($/Bushel)	13.86	13.53	17.78
Natural Gas ($/MMBTU)	2.31	2.17	8.96
Nickel ($/Metric Ton)	21,011	21,185	28,776
CRB Spot Inds.	550.82	550.22	664.93

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