Monthly — February 8, 2024

U.S. Economic Outlook: February 2024

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Strong Growth Out the Gate

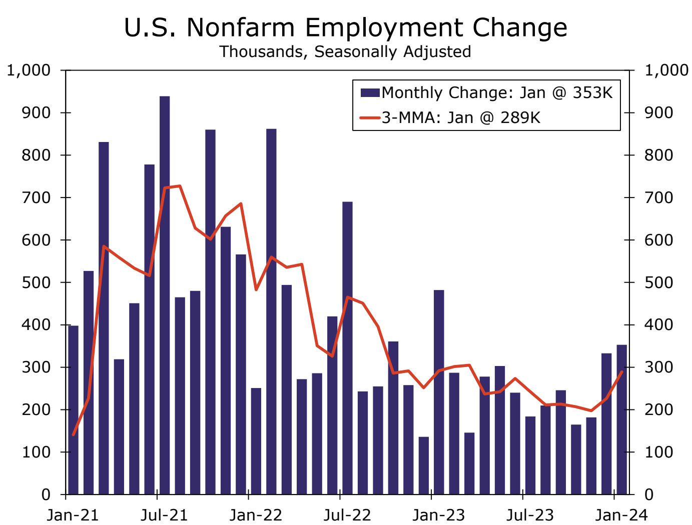
- Prospects are brightening, but the economy is not completely in the clear. We've penciled in a slightly stronger growth trajectory in this update, but it still represents a moderation in growth in 2024 relative to last year. We continue to forecast the first rate cut from the FOMC will come in May.
- Better-than-anticipated real GDP growth in the fourth quarter of last year as well as a blowout January jobs report have led us to upwardly revise our growth forecast this year. We now anticipate real GDP will be about 1.4% higher by the fourth quarter of this year relative to Q4-2023, which is up from a 0.8% gain in our January forecast.
- The upward revisions to our growth forecast are primarily concentrated in stronger consumer spending, as a firmer hiring environment suggests real income growth will remain more of a tailwind to consumption this year than previously thought. A more resilient economic backdrop can risk interrupting the downward trend in inflation, but we anticipate inflation will continue its downward trajectory in coming months, opening the door to Fed easing.
- We have not made any changes to our outlook for monetary policy. We forecast the FOMC will cut rates by 25 bps at its May monetary policy meeting followed by another 100 bps of easing through year-end. If we're off by a meeting, risks are skewed toward June rather than March for the first cut, in our view. We also still anticipate the FOMC will announce a plan to slow QT at the June meeting.
- Economic prospects have brightened in the past month, though storm clouds remain on the horizon. Fed patience will cause economic uncertainty to continue, yet we ultimately anticipate the economy will avoid recession and experience a subdued period of growth this year.

Strong Growth Out the Gate

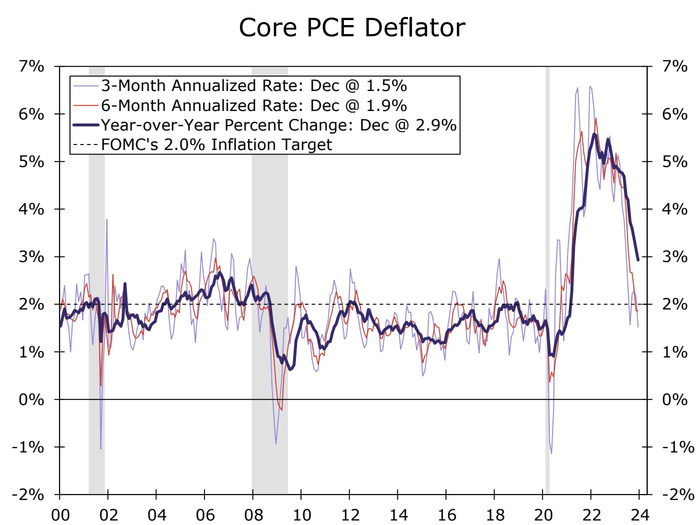
The U.S. economy entered the year with considerable momentum, as the better-than-anticipated outturn for fourth quarter GDP sets the economy up for a strong pace of growth in Q1. Specifically, real personal consumption expenditures (PCE) advanced at a 2.8% annualized pace in Q4. The spending growth was punctuated by a stout December gain of 0.5%. That final-month pop puts first quarter spending on solid footing, but near-term strength in PCE extends beyond merely favorable year-end base-effects. Consumer spending is benefiting from a sturdy labor market backdrop as well. Employers added over 350K net new jobs in January (chart), and average hourly earnings rose 0.6% during the month in a favorable development for aggregate income growth. In light of these developments, we have lifted our near-term consumption forecast and now look for real PCE to rise at close to a 3% annualized pace in Q1 (up from 1.0% in our previous update).

A firmer hiring environment should remain supportive of consumer spending over the course of the year. The January employment report showed large upward revisions to prior data, suggesting stronger momentum in the back half of last year than previously reported. We have lifted our estimates for 2024 job growth accordingly and now look for payrolls to expand above a +100K monthly rate through the third quarter. When coupled with our anticipation for a continued downtrend in inflation, these revisions suggest real income growth will remain more of a tailwind to consumer spending this year than previously thought.

Prospects are brightening, but the economy is not completely in the clear. Recession looks even less likely now, though we would be remiss not to highlight the risk of recession is still elevated. Even though we are penciling in this slightly stronger growth trajectory, it still represents a moderation in growth in 2024 relative to 2023. We now forecast real GDP will be about 1.4% higher by the fourth quarter of this year relative to Q4-2023, which is up from a 0.8% gain in our January forecast.



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



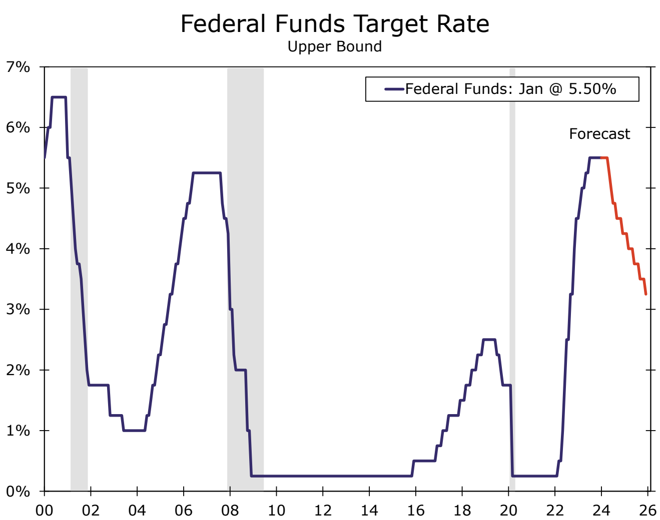
Source: U.S. Department of Commerce and Wells Fargo Economics

Just a few months ago, our primary concern was whether Fed policymakers could achieve a soft landing. In light of the upward revisions to prior data and increased momentum in both the labor market and consumer spending, the greater concern today may be to what extent rate cuts signaled by policymakers will be possible if the economic data continue to surprise to the upside. Call it the paradox of resilience. Continued gains in real income are a boon for consumer spending, but stronger aggregate demand runs the risk of interrupting the downward trend in inflation.

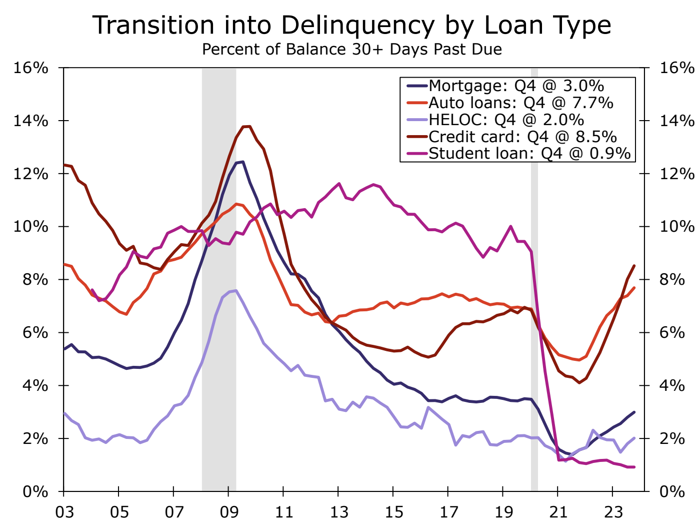
The timing of rate cuts has thus dominated the economic discussion over the past month, and for good reason. The recent trend in inflation has been promising, with the year-ago rate of the core PCE deflator dropping below 3% in December for the first time in two-and-a-half years. The Fed's 2% inflation target refers to the *annual* pace of inflation, yet annualizing more recent data suggest continued downward momentum. The annualized rates of core inflation over the past three and six months both fell *below* 2% in December (chart). Yet, strong wage gains and robust consumer spending risk disrupting that recent improvement, hence the message from Fed Chair Powell's recent commentary pushing for patience regarding the timing of rate cuts.

The FOMC wants to ensure that inflation is on a *sustained* trajectory toward target before it acts to loosen policy. Some recent data favor a more imminent move lower in rates, such as the employment cost index (ECI), which on an annualized basis in Q4 is back within the range consistent with the Fed's 2% inflation target when factoring in the recent firming in productivity growth. But other data are not as supportive, such as the leap in the prices-paid components of the January ISM manufacturing and services indices and the previously mentioned blockbuster January jobs report, which showed a jump in wages. The less-supportive data do not change the course of Fed policy, but they do tilt the scales in favor of easing later rather than sooner.

We ultimately expect inflation to continue its downward trajectory in the coming months and have not yet made changes to our expectations for Fed policy. We still anticipate the first rate cut to come in May; though if we are off by a meeting, risks are skewed toward June rather than March, in our view. The path of policy will ultimately depend on how the data evolve in the next few months. If our forecast for a continued downtrend in inflation materializes, where the core PCE deflator is running *below* a 2.5% annual pace in just a few months' time, then we anticipate a fairly aggressive easing cycle from the Fed and look for it to cut rates a total of 125 bps by the end of the year (chart). Slower inflation progress would come with slower easing.



Source: Federal Reserve Board and Wells Fargo Economics



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

While the balance of risks for the Fed has become a bit more balanced, risk of recession is still elevated. In fact, when asked if the economy has reached a soft landing in the press conference following the January monetary policy meeting, Chair Powell responded, "No, I wouldn't say we've achieved that. And I think we have a ways to go." Indeed, even as the Fed begins to ease policy, rates will be coming down from a high level, which will continue to exert pressure on the economy.

The cracks that were materializing in the second half of last year remain and could cause a more pronounced moderation in growth this year. We are keeping a close eye on the financial health of households, as delinquencies rose further in the fourth quarter and interest payments are eating into purchasing power (chart). Yet at the same time, we acknowledge the potential signs of storm clouds breaking up amid an anticipation for the Fed to ease policy. Activity in interest rate-sensitive sectors appears to be perking up. Rising shipments and new orders for durable goods in December suggest we may be on the cusp of a recovery in manufacturing, and residential investment activity also looks to be finding a bottom.

Economic prospects have brightened in the past month, though storm clouds remain on the horizon. Fed patience will cause economic uncertainty to continue, yet we ultimately anticipate the economy will avoid recession and experience a subdued period of growth this year.

U.S. Forecast Table

Wells Fargo U.S. Economic Forecast

	Actual								Forecast								Actual		Forecast	
	2022				2023				2024				2025				2022	2023	2024	2025
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product (a)	-2.0	-0.6	2.7	2.6	2.2	2.1	4.9	3.3	2.4	1.3	1.0	1.1	1.8	2.2	2.5	2.5	1.9	2.5	2.4	1.7
Personal Consumption	0.0	2.0	1.6	1.2	3.8	0.8	3.1	2.8	2.9	1.5	1.1	1.4	1.6	1.9	2.2	2.3	2.5	2.2	2.2	1.7
Business Fixed Investment	10.7	5.3	4.7	1.7	5.7	7.4	1.4	1.9	0.9	0.1	-1.4	-0.8	3.4	5.1	7.1	6.3	5.2	4.4	1.0	2.7
Equipment	16.8	4.9	5.6	-5.0	-4.1	7.7	-4.4	1.0	0.6	0.5	0.6	0.4	5.5	5.7	8.9	5.7	5.2	-0.1	0.4	4.1
Intellectual Property Products	11.4	8.7	7.1	6.1	3.8	2.7	1.8	2.1	0.9	0.8	-2.3	-1.0	3.8	5.6	6.9	7.6	9.1	4.3	0.8	2.9
Structures	-1.2	-0.5	-1.3	6.5	30.3	16.1	11.2	3.2	1.5	-2.4	-3.2	-2.8	-1.3	2.9	3.9	4.8	-2.1	12.7	2.2	-0.1
Residential Investment	-1.8	-14.1	-26.4	-24.9	-5.3	-2.2	6.7	1.1	2.3	2.5	2.9	3.2	4.1	4.9	5.5	5.9	-9.0	-10.7	2.5	4.1
Government Purchases	-2.9	-1.9	2.9	5.3	4.8	3.3	5.8	3.3	2.7	2.0	1.3	1.2	1.1	1.0	0.8	0.8	-0.9	4.0	2.8	1.1
Net Exports	-1141.1	-1116.2	-981.2	-965.6	-935.1	-928.2	-930.7	-908.2	-910.6	-914.0	-903.8	-899.2	-908.0	-923.1	-944.0	-965.0	-1051.0	-925.5	-906.9	-935.0
Pct. Point Contribution to GDP	-2.6	0.6	2.6	0.3	0.6	0.0	0.0	0.4	0.0	-0.1	0.2	0.1	-0.2	-0.3	-0.4	-0.4	-0.5	0.6	0.1	-0.1
Inventory Change	197.0	92.7	70.7	151.9	27.2	14.9	77.8	82.7	71.4	64.5	61.5	54.6	57.5	61.5	66.5	71.4	128.1	50.6	63.0	64.2
Pct. Point Contribution to GDP	-0.1	-2.1	-0.7	1.6	-2.2	0.0	1.3	0.1	-0.2	-0.1	-0.1	-0.1	0.1	0.1	0.1	0.1	0.5	-0.4	0.1	0.0
Nominal GDP (a)	6.2	8.5	7.2	6.5	6.3	3.8	8.3	4.8	4.1	3.2	2.8	3.1	3.9	4.3	4.7	4.7	9.1	6.3	4.3	3.8
Real Final Sales	-1.9	1.5	3.4	0.9	4.6	2.1	3.6	3.2	2.6	1.4	1.0	1.2	1.8	2.1	2.5	2.5	1.3	2.9	2.5	1.7
Retail Sales (b)	13.0	9.4	9.8	7.0	4.9	1.6	3.2	3.9	3.4	3.3	1.5	0.7	0.4	0.9	1.4	1.8	9.7	3.4	2.2	1.1
Inflation Indicators (b)																				
PCE Deflator	6.6	6.8	6.6	5.9	5.0	3.9	3.3	2.7	2.1	2.0	1.8	1.8	1.9	2.0	2.0	2.1	6.5	3.7	1.9	2.0
"Core" PCE Deflator	5.5	5.2	5.2	5.1	4.8	4.6	3.8	3.2	2.5	2.2	2.2	2.2	2.2	2.1	2.1	2.1	5.2	4.1	2.2	2.1
Consumer Price Index	8.0	8.6	8.3	7.1	5.8	4.1	3.6	3.2	2.9	2.8	2.4	2.3	2.2	2.2	2.2	2.2	8.0	4.1	2.6	2.2
"Core" Consumer Price Index	6.3	6.0	6.3	6.0	5.6	5.2	4.4	4.0	3.6	3.2	3.1	2.8	2.5	2.4	2.3	2.4	6.1	4.8	3.2	2.4
Producer Price Index (Final Demand)	10.8	11.0	8.9	7.3	4.4	1.3	1.7	1.0	1.0	1.8	1.2	1.8	2.1	2.2	2.2	2.1	9.5	2.1	1.4	2.1
Employment Cost Index	4.5	5.1	5.0	5.1	4.8	4.5	4.3	4.2	3.9	3.7	3.5	3.5	3.4	3.3	3.3	3.3	4.9	4.5	3.7	3.3
Real Disposable Income (a)	-9.8	-1.4	3.6	2.2	10.8	3.3	0.3	2.5	3.2	1.7	1.5	2.2	2.8	2.0	2.2	2.2	-6.0	4.2	2.1	2.2
Nominal Personal Income (a)	2.4	4.7	6.8	4.7	6.8	4.0	3.5	4.0	4.9	3.7	3.3	4.2	4.9	4.1	4.3	4.3	2.0	5.2	4.0	4.2
Industrial Production (a)	3.7	4.1	2.1	-2.5	-0.3	0.8	1.8	-3.1	0.8	-0.8	-0.1	1.9	2.7	1.9	2.7	4.2	3.4	0.2	-0.2	1.9
Capacity Utilization	80.0	80.6	80.8	79.9	79.6	79.4	79.5	78.6	79.0	78.9	78.8	79.2	79.6	79.7	80.0	80.6	80.3	79.3	79.0	80.0
Corporate Profits Before Taxes (b)	10.0	9.1	11.5	8.6	4.6	-2.7	-0.6	-1.5	-0.5	0.0	-1.0	3.0	5.0	6.0	4.0	5.0	9.8	-0.1	0.4	5.0
Corporate Profits After Taxes	4.0	4.5	7.9	7.1	3.6	-4.1	-2.1	-2.4	0.0	0.4	-1.3	2.9	5.1	6.0	3.9	5.0	5.9	-1.3	0.5	5.0
Federal Budget Balance (c)	-291	153	-860	-421	-680	-292	-302	-510	-585	-153	-452	-534	-694	-190	-432	-562	-1375	-1695	-1700	-1850
Trade Weighted Dollar Index (d)	109.6	114.7	121.4	116.5	116.2	114.7	117.0	114.6	115.3	114.5	112.8	112.0	111.0	110.3	109.8	109.8	115.1	115.4	113.6	110.2
Nonfarm Payroll Change (e)	536	326	396	252	305	274	213	227	241	143	120	93	110	122	125	128	377	255	149	121
Unemployment Rate	3.8	3.6	3.5	3.6	3.5	3.6	3.7	3.7	3.7	3.8	3.8	3.9	3.8	3.8	3.7	3.7	3.6	3.6	3.8	3.7
Housing Starts (f)	1.72	1.64	1.45	1.41	1.39	1.45	1.37	1.45	1.42	1.37	1.44	1.45	1.45	1.45	1.47	1.49	1.55	1.41	1.42	1.47
Light Vehicle Sales (g)	13.9	13.4	13.6	14.2	15.0	15.8	15.7	15.7	15.3	15.4	15.3	15.4	15.9	16.4	16.7	17.2	13.8	15.5	15.4	16.6
Crude Oil - Brent - Front Contract (h)	95.7	109.8	95.5	87.9	81.9	77.6	85.3	82.3	78.9	82.3	81.2	78.3	77.7	79.3	78.3	76.7	97.2	81.8	80.2	78.0
Quarter-End Interest Rates (i)																				
Federal Funds Target Rate (j)	0.50	1.75	3.25	4.50	5.00	5.25	5.50	5.50	5.50	5.00	4.50	4.25	4.00	3.75	3.50	3.25	2.02	5.23	4.81	3.63
Secured Overnight Financing Rate	0.29	1.50	2.98	4.30	4.87	5.09	5.31	5.38	5.35	4.85	4.40	4.15	3.90	3.65	3.40	3.15	1.64	5.01	4.69	3.53
Prime Rate	3.50	4.75	6.25	7.50	8.00	8.25	8.50	8.50	8.50	8.00	7.50	7.25	7.00	6.75	6.50	6.25	5.02	8.23	7.81	6.63
Conventional Mortgage Rate	4.27	5.58	6.01	6.36	6.54	6.71	7.20	6.82	6.80	6.60	6.35	6.05	5.90	5.75	5.70	5.70	5.38	6.80	6.45	5.76
3 Month Bill	0.52	1.72	3.33	4.42	4.85	5.43	5.55	5.40	5.20	4.60	4.35	4.10	3.85	3.60	3.35	3.15	2.09	5.28	4.56	3.49
6 Month Bill	1.06	2.51	3.92	4.76	4.94	5.47	5.53	5.26	5.00	4.50	4.20	3.95	3.70	3.45	3.25	3.15	2.51	5.28	4.41	3.39
1 Year Bill	1.63	2.80	4.05	4.73	4.64	5.40	5.46	4.79	4.60	4.25	3.95	3.70	3.55	3.40	3.30	3.20	2.80	5.08	4.13	3.36
2 Year Note	2.28	2.92	4.22	4.41	4.06	4.87	5.03	4.23	4.30	3.90	3.65	3.50	3.40	3.30	3.25	3.25	2.99	4.58	3.84	3.30
5 Year Note	2.42	3.01	4.06	3.99	3.60	4.13	4.60	3.84	3.95	3.75	3.60	3.50	3.40	3.35	3.35	3.35	3.00	4.06	3.70	3.36
10 Year Note	2.32	2.98	3.83	3.88	3.48	3.81	4.59	3.88	4.00	3.85	3.70	3.60	3.55	3.50	3.50	3.50	2.95	3.96	3.79	3.51
30 Year Bond	2.44	3.14	3.79	3.97	3.67	3.85	4.73	4.03	4.15	4.05	3.95	3.90	3.85	3.80	3.80	3.80	3.11	4.09	4.01	3.81

Forecast as of: February 08, 2024

Notes: (a) Compound Annual Growth Rate Quarter-over-Quarter
(b) Year-over-Year Percentage Change
(c) Quarterly Sum - Billions USD; Annual Data Represents Fiscal Year
(d) Federal Reserve Advanced Foreign Economies Index, 2006=100 - Quarter End
(e) Average Monthly Change
(f) Quarterly Data - Average Monthly SAAR; Annual Data - Actual Total Houses Started
(g) Quarterly Data - Average Monthly SAAR; Annual Data - Actual Total Vehicles Sold
(h) Quarterly Average of Daily Close
(i) Quarterly Data - Period End; Annual Data - Annual Averages
(j) Upper Bound of the Federal Funds Target Range

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

Forecast Delta Table

Changes to the Wells Fargo U.S. Economic Forecast

	Actual								Forecast								Actual		Forecast	
	2022				2023				2024				2025				2022	2023	2024	2025
	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	1.60	1.03	0.14	0.48	0.10	0.00	-0.01	-0.13	-0.17	0.00	0.10	0.65	0.06
Personal Consumption	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.62	1.90	0.93	0.53	0.24	0.20	0.03	0.00	0.00	0.00	0.04	0.85	0.23
Business Fixed Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.41	-0.01	0.16	0.13	0.01	0.02	-0.03	-0.01	0.00	0.00	0.03	0.12	0.03
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.96	-0.01	-0.01	-0.01	0.01	0.06	-0.08	-0.04	0.01	0.00	0.06	0.17	0.00
Intellectual Property Products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.02	0.00
Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.26	0.00	0.80	0.70	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	0.20	0.14
Residential Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.55	1.20	1.00	0.80	0.80	0.00	0.00	0.00	0.00	0.00	0.03	0.74	0.32
Government Purchases	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.85	0.39	0.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.29	0.01
Net Exports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.1	2.0	-14.0	-17.2	-20.3	-26.1	-26.6	-33.6	-41.5	0.0	3.0	-12.4	-31.9
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	-0.18	-0.28	-0.06	-0.05	-0.10	-0.01	-0.12	-0.13	0.00	0.01	-0.07	-0.09
Inventory Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	43.0	31.7	14.8	21.8	19.8	17.8	16.8	16.8	14.8	0.0	10.7	22.0	16.5
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.74	-0.20	-0.30	0.12	-0.03	-0.04	-0.02	0.00	-0.04	0.00	0.05	0.05	-0.02
Nominal GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.24	0.75	0.11	0.57	0.05	-0.21	-0.05	-0.16	-0.20	0.00	0.08	0.52	-0.01
Real Final Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.88	1.22	0.44	0.36	0.14	0.04	0.01	-0.13	-0.14	0.00	0.00	0.66	0.09
Retail Sales (b)	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	0.15	0.51	0.85	1.51	1.56	1.20	0.87	0.20	0.00	0.00	0.04	1.11	0.57
Inflation Indicators (b)																				
PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.12	-0.13	-0.11	-0.09	-0.05	-0.06	-0.08	-0.08	0.00	-0.01	-0.11	-0.07
"Core" PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.15	-0.16	-0.14	-0.10	0.01	0.02	0.00	-0.02	0.00	-0.01	-0.14	0.00
Consumer Price Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.05	0.03	-0.05	-0.08	-0.13	-0.13	0.00	0.00	0.03	-0.09
"Core" Consumer Price Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	0.00	0.05	0.06	0.07	0.04	-0.02	-0.06	0.00	0.00	0.02	0.01
Producer Price Index (Final Demand)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.18	-0.48	-0.48	-0.47	-0.30	0.00	0.00	0.00	0.00	0.00	-0.05	-0.43	0.00
Employment Cost Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.12	-0.17	-0.21	-0.23	-0.12	-0.09	-0.06	-0.01	0.04	0.00	-0.03	-0.18	-0.03
Real Disposable Income (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.33	0.89	0.41	0.13	-0.07	0.33	-0.05	0.00	-0.04	0.00	0.02	0.37	0.10
Nominal Personal Income (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.54	0.39	0.22	-0.13	0.12	-0.09	-0.03	-0.07	0.00	0.00	0.23	0.03
Industrial Production (a)	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.47	-0.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.15	0.00
Capacity Utilization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.04	0.00	0.00
Corporate Profits Before Taxes (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.13	0.00
Corporate Profits After Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.99	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.13	0.00
Federal Budget Balance (c)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-46.28	119.93	73.27	3.07	11.65	11.56	14.74	12.04	0.09	0.00	0.00	150.00	50.00
Trade Weighted Dollar Index (d)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.00	-1.00	-1.00	-0.75	-0.75	-0.50	-0.50	-0.50	0.00	0.00	-0.94	-0.56
Nonfarm Payroll Change (e)	-25.00	-3.33	-27.33	-32.67	-7.33	72.67	-7.67	62.00	114.33	76.67	70.00	31.67	20.67	16.67	5.00	0.00	-22.08	29.92	73.17	10.58
Unemployment Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.12	-0.22	-0.30	-0.31	-0.25	-0.14	-0.17	-0.09	0.00	0.00	-0.24	-0.16
Housing Starts (f)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	0.01	0.01	0.01	0.01	0.02	0.01	0.02	0.02	0.00	-0.01	0.01	0.02
Light Vehicle Sales (g)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.18	-0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	-0.03	0.00
Crude Oil - Brent - Front Contract (h)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.86	1.67	0.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.09	0.00
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
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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3 Month 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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10 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
30 Year Bond	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

Forecast as of: February 08, 2024

Notes: (a) Compound Annual Growth Rate Quarter-over-Quarter
(b) Year-over-Year Percentage Change
(c) Quarterly Sum - Billions USD; Annual Data Represents Fiscal Year
(d) Federal Reserve Advanced Foreign Economies Index, 2006=100 - Quarter End
(e) Average Monthly Change
(f) Quarterly Data - Average Monthly SAAR; Annual Data - Actual Total Houses Started
(g) Quarterly Data - Average Monthly SAAR; Annual Data - Actual Total Vehicles Sold
(h) Quarterly Average of Daily Close
(i) Quarterly Data - Period End; Annual Data - Annual Averages
(j) Upper Bound of the Federal Funds Target Range

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

Personal Consumption Expenditures

- Our consumer spending forecast is higher than it was a month ago due to supportive base-effects from a solid end to 2024 as well as stronger real income growth stemming from a firmer labor market outlook.

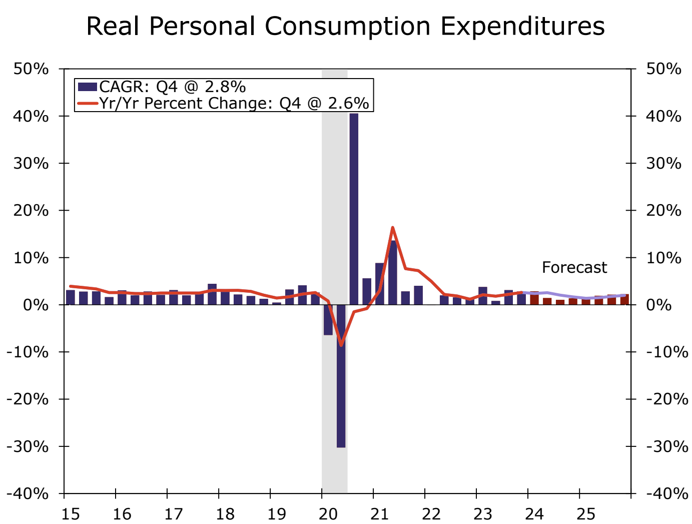
Real personal consumption expenditures (PCE) rose 2.8% in Q4-2023 due in part to a solid 0.5% gain in real personal spending in December. This outturn combined with a blockbuster January jobs report, which showed employers adding over 350K new jobs and average hourly earnings rising 0.6%, suggests a strong start to the year for consumption. We now project real PCE will advance at close to a 3% annualized clip in Q1 (up from 1.0% in our previous update). We've modestly lifted our estimates for spending in the remaining quarters of the year as well due to more solid real income growth emanating from our expectation for a firmer jobs market.

Despite entering the year with good momentum, the initial signs of consumer vulnerability remain. Delinquency rates have ticked higher in the fourth quarter and personal interest payments are eroding purchasing power. Though our consumer spending forecast is slightly stronger in this update, we're still calling for a moderation in consumption growth over the course of the year.

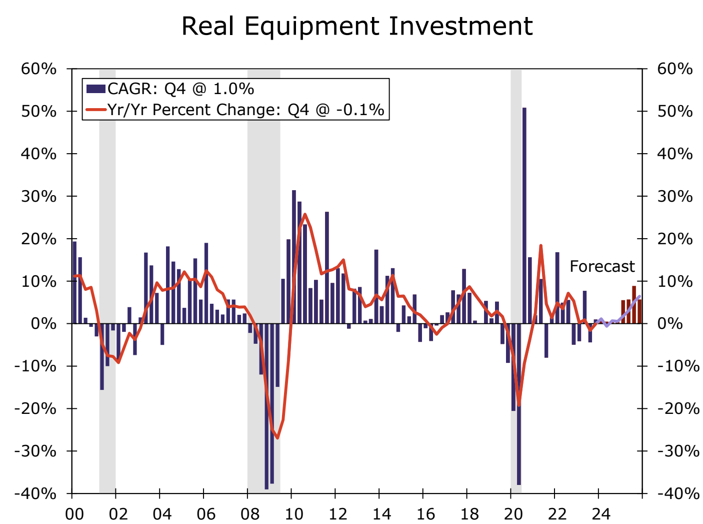
Investment: Equipment, Intellectual Property Products and Inventories

- We have not made material changes to our forecasts for nonresidential investment spending, and we continue to anticipate a gradual recovery in capex spending will unfold this year.

Equipment spending came in stronger than anticipated in Q4, rising at a 1.0% annualized rate. Recent data suggest we may be on the cusp of a recovery in manufacturing, particularly as the Fed gets ready to ease policy this year. Shipments and new orders for durable goods ticked up in December, and the ISM manufacturing index signaled the slowest pace of contraction in the sector in over a year. Lower interest rates will help support capital investment, but uncertainty around Fed cuts may result in only a gradual recovery. Our inventory projections are modestly higher across our forecast horizon reflecting a stronger build at the end of last year.



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



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

Investment: Residential

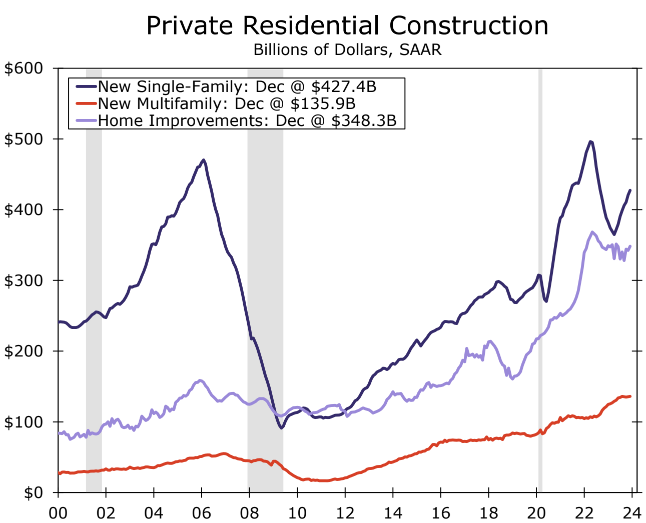
- A stronger pace of single-family and home improvement spending entering into 2024 has encouraged us to slightly boost our near-term outlook for residential construction.

Lower mortgage rates and growing confidence that the U.S. economy will avoid a downturn appear to be lifting the residential sector out of the doldrums. On balance, total residential investment expanded solidly throughout the second half of 2023, a gain primarily owed to rising single-family outlays. Home builders appear to be scaling up production alongside the recent drop in financing costs. In addition, buyers increasingly appear to be turning to the new home market on account of challenging affordability and low inventory in the resale market, which has given builders more reasons to proceed with new projects. The shallow pool of available homes and elevated homeowner equity levels are factors that are likely to drive home improvement spending as interest rates gradually descend. By contrast, a recent downdraft in multifamily starts and permits, amid deteriorating apartment market conditions and tighter credit access for developers, indicates that multifamily spending is likely to become a drag on overall investment in the years ahead.

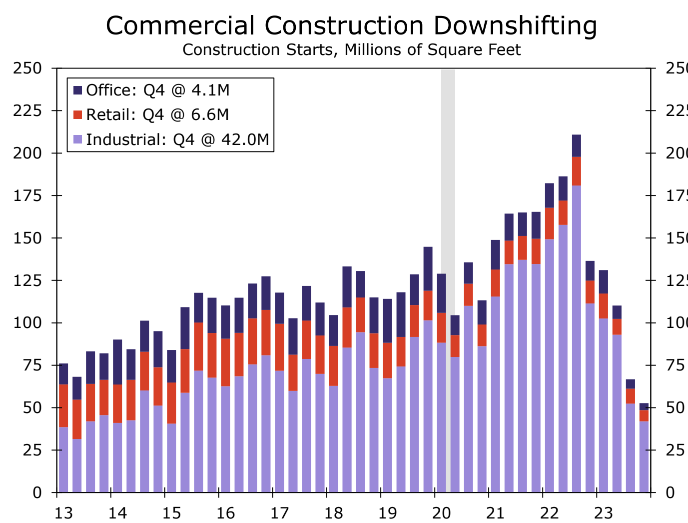
Investment: Nonresidential Structures

- We have not made any major changes to our expectation for a decline in structures investment in 2024, although we slightly lessened the degree of contraction in the near-term based off positive revisions to private nonresidential construction spending.

Nonresidential construction spending appears set to downshift. Although structures investment expanded at a fairly robust rate in Q4-2023, momentum has slowed in recent quarters alongside higher interest rates and uncertain demand prospects. Notably, spending on manufacturing projects, which has been a significant growth driver recently, looks to be easing somewhat, a trend that is likely to continue. What's more, deteriorating commercial real estate market fundamentals and an elevated cost environment appear to have thinned out the pipeline of new nonresidential projects. All told, a considerable downswing in new office, industrial and retail construction starts over the past several quarters indicates a weaker pace of overall spending moving forward.



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



Source: CoStar Inc. and Wells Fargo Economics

Labor Market

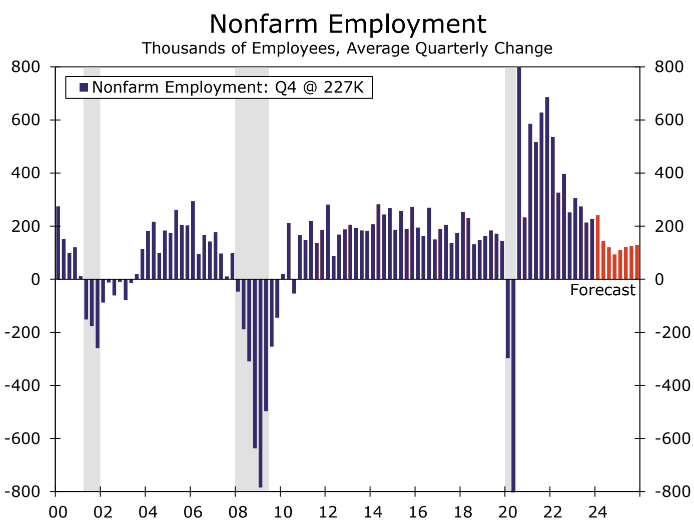
- Revisions to nonfarm payroll data reveal stronger momentum in hiring through the end of last year; payrolls in Q4-2023 grew an average of 227K per month compared to the 165K reported previously.
- The recent strength in hiring has led us to upgrade our near-term payroll forecast. We now expect to see payrolls expand above a 100K monthly rate through Q3-2024. As such, we expect the unemployment rate to rise only to 3.9% by Q4-2024 versus 4.2% previously.

Overall, the jobs market appears to be on firmer footing than implied only a month ago. In addition to a pickup in jobs added over the past few months (an average of nearly 290K per month from November through January), employment gains are broadening across industries, and layoffs remain low. We expect the solid rate of hiring to be maintained in the near term. Nevertheless, while the labor market is starting the year in a stronger position than previously indicated, we still expect the jobs market to continue to soften on trend throughout 2024. Underneath blowout headline numbers, we see cracks that keep us cautious about the degree to which the strength can carry forward through the latter portion of 2024.

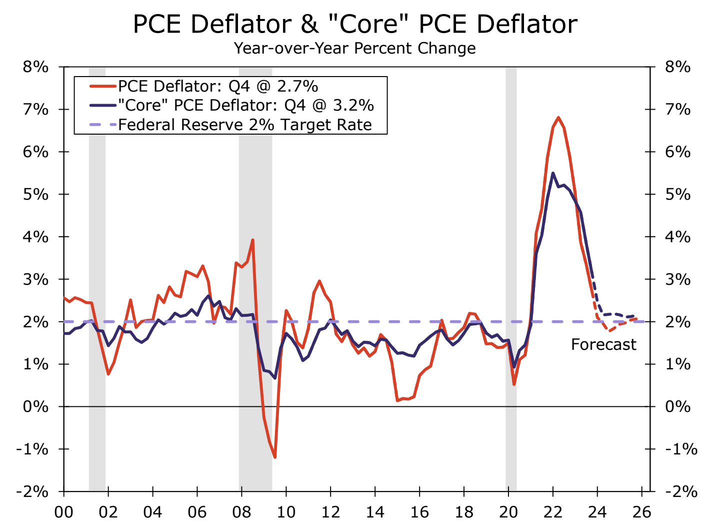
Inflation

- Inflation has continued its downward trend. On a three-month annualized basis, core PCE inflation in December sat at just 1.5%, though on a year-ago basis it remains elevated at 2.9%. An improved trend in productivity alongside cooler growth in nominal compensation costs point to a reduction in inflationary pressures emanating from the jobs market.
- Since our previous forecast, we have not made major changes to the inflation outlook. Across multiple measures of price growth, we expect year-over-year inflation to recede slightly earlier in the year than forecast previously and to end 2024 a tick or so below our previous expectation.

Inflation remains elevated relative to the Fed's 2.0% target but continues to slow significantly. Lower food inflation has offered some reprieve to consumers in recent months, and commodity prices suggest this momentum can continue a while longer into 2024. While there is modest upside risk to goods inflation from the attacks in the Red Sea, we suspect the path of core goods inflation will remain fairly benign. Meanwhile, the slowdown in housing inflation has further to run, while slower growth in employment costs should help keep a lid on services inflation. We look for the year-over-year rate of core PCE inflation to cool further over the coming months, although progress ahead is likely to be slower-going with the initial benefits of normalizing supply conditions behind us and consumer demand not wilting away. We expect core PCE to finish 2024 at 2.2% on a year-ago basis.



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



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

Fiscal Policy

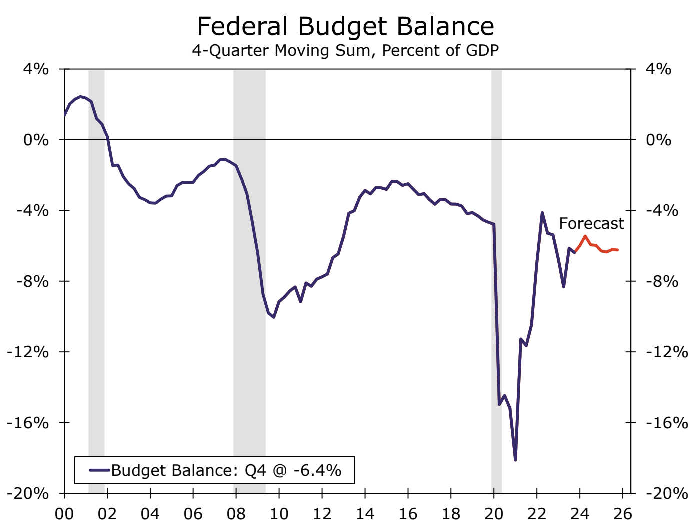
- Federal government funding deadlines loom on the horizon again. We think Congress will avoid a government shutdown in early March.
- We have revised our federal budget deficit forecasts for FY 2024 and FY 2025 to $1.70 trillion and $1.85 trillion, down from $1.85 trillion and $1.90 trillion, respectively.

The federal fiscal year 2024 began on October 1, but the federal government has been operating under a series of short-term continuing resolutions (CR) in the absence of a full-year budget agreement. On March 1, funding will lapse for four of the 12 annual appropriation bills. The deadline for action on the remaining eight bills is March 8. Our sense is that Congress is making progress toward finalizing appropriations that keep discretionary spending roughly flat in FY 2024, with a small boost to defense spending approximately offset by a small cut to nondefense discretionary spending. That said, there have been three CRs enacted over the past four-and-a-half months, which illustrates how challenged this year's appropriations process has been amid razor-thin majorities in the House and Senate. We think the FY-2024 budget process should be complete by March 8, but yet another CR is not out of the question.

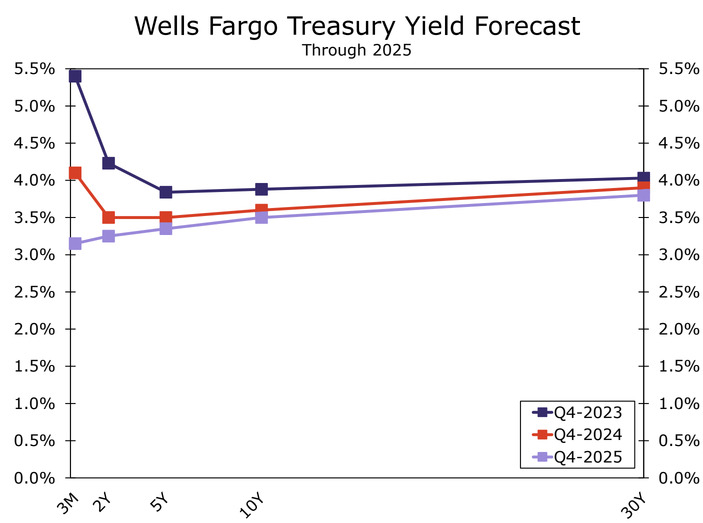
Monetary Policy & Interest Rates

- We have made no changes to our forecast for the federal funds rate. We expect the FOMC to cut rates by 25 bps at its May 1 meeting followed by another 100 bps of easing through year-end.
- Our forecast for the Federal Reserve's quantitative tightening (QT) program is also unchanged. We anticipate that the FOMC will announce a plan to slow QT at the June meeting. We expect the runoff caps for Treasury securities to be reduced to $30 billion, while MBS caps are dropped to $20 billion. We project that this slower pace of QT will run through year-end 2024.
- Our forecast for the 10-year Treasury yield at year-end 2024 remains 3.60%.

We continue to expect 2024 to be a year in which the FOMC begins to normalize monetary policy via fed funds rate cuts and a slower pace of QT. We expect Treasury yields to fall across the board, with the biggest declines occurring at the front end of the yield curve. If realized, this would lead the yield curve to become less inverted and eventually upward sloping. That said, we do not expect a return to the interest rate environment of the pre-pandemic years anytime soon. Our year-end forecast of 3.60% for the 10-year Treasury yield is well above the 2.27% averaged from 2015-2019.



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 have not made major changes to our forecast for international trade flows. Adjustments reflect a stronger end to 2024 for exports and a mark higher in imports this year, reflecting our stronger expectations for domestic demand.

Export growth was strong at the end of last year, causing net exports to provide a bit more of a boost to real GDP growth in the fourth quarter than anticipated. Net exports lifted output by 0.4 percentage points. Since our last monthly update, we've lifted our import forecast to reflect the stronger domestic demand environment emanating from the consumer, suggesting a little less of a boost from net exports this year. Export growth is marginally higher as well reflecting our steadier global growth expectations.

International Developments & the U.S. Dollar

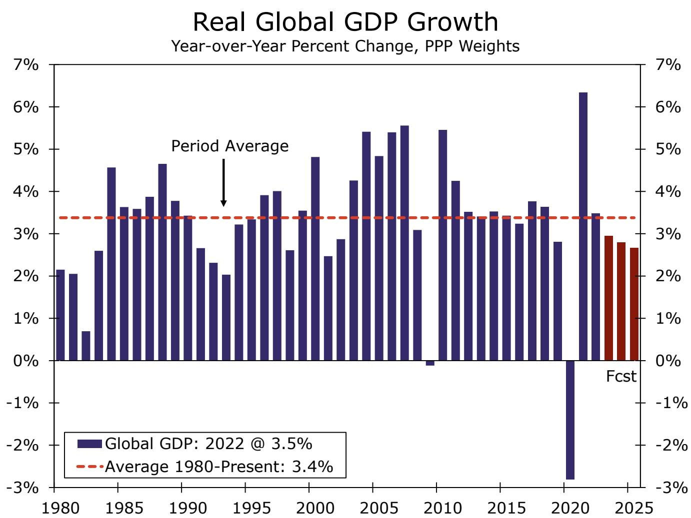
- We see a steadier year for global GDP growth relative to a month ago. After global GDP growth of 2.9% in 2023, we now forecast only a slight deceleration in 2024 to 2.8% (compared to 2.6% a month ago).
- A relatively gradual slowing in underlying inflation also now means we see either later or more gradual monetary easing from some G10 central banks, including the Bank of Canada, Reserve Bank of New Zealand and Norges Bank. In contrast, we forecast a faster pace of rate cuts from Chile's central bank than previously.
- We still expect some depreciation in the U.S. dollar as 2024 progresses, although a U.S. soft landing and gradual pace of Fed easing could mean the greenback softens by less than we previously envisaged.
- For further reading on the global economy, please see our most recent International Economic Outlook.

Given continued resilience in U.S. activity and with a soft landing in prospect, we now see a steadier outlook for global GDP growth this year. Following global GDP growth of 2.9% in 2023, we now expect a slight deceleration in growth to 2.8% this year, compared to our forecast of 2.6% from a month ago. Economic growth should slow modestly this year for some countries, most notably the United States and China, and to a lesser extent Brazil and Mexico. However, GDP growth should stay firm or recover modestly in some other regions, including India, the Eurozone and the United Kingdom. As a result, we now see global GDP growth as being broadly similar in 2024 compared to 2023.

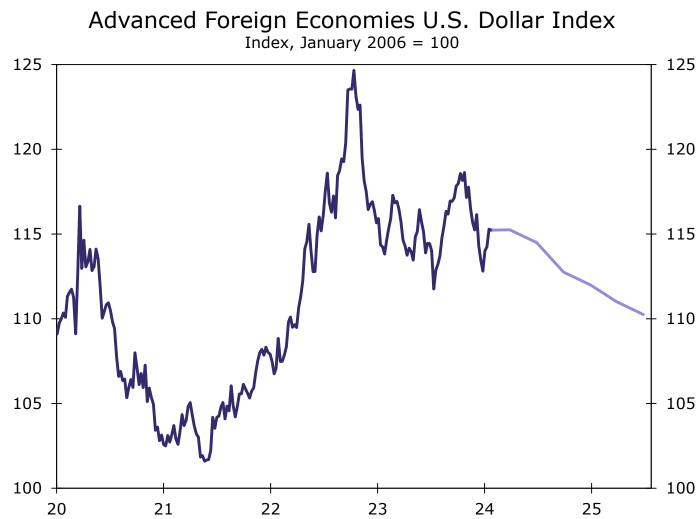
With respect to individual countries and regions, we have made slight upgrades to our outlook for China and the Eurozone. In China, Q4 GDP figures showed the economy ended last year on a steady note, while an improvement in January PMIs and the central bank's further reduction in its Reserve Requirement Ratio could also see some temporary strength in early 2024. Structural challenges—such as a declining working age population and overleveraged property sector—will likely see slower growth as the year progresses, although we have lifted our Chinese GDP growth forecast for 2024 slightly to 4.7%. In the Eurozone, Q4 GDP was flat on the quarter, meaning the region narrowly avoided a technical recession during the second half of last year. Modestly positive trends in Eurozone real household incomes and employment mean a gradual economic recovery remains in prospect, and we have lifted our Eurozone GDP growth forecast for 2024 slightly to 0.7%.

On the price front, inflation trends continue to ebb, although at a more gradual pace across the major developed economies than many emerging economies. This is reflected in the OECD CPI inflation figures for December, which saw headline inflation tick higher to 6.0% year-over-year, and CPI inflation excluding food and energy ease only slightly to 6.7%. This gradual deceleration has led us to push back the timing of monetary easing cycles for some G10 central banks. In Canada, higher-than-expected core inflation and hints of firmer economic activity late last year mean we now expect an initial rate cut in June, compared to our prior forecast for an initial move in April. In New Zealand, still-elevated domestically oriented inflation and a hawkish central bank have seen us push back the forecast timing for an initial rate cut to Q3-2024, and we have also pushed back the expected timing of Norway's central bank easing. In contrast, falling inflation has seen many emerging economy central banks continue their rate cut cycles over the past month. Of note, Chile's central bank stepped up the pace of its rate cuts to a 100 bps reduction at its latest meeting, and given downside inflation surprises and underwhelming growth, we expect an accelerated pace of rate cuts to continue going forward.

Finally, we still anticipate depreciation in the U.S. dollar in 2024 as the Federal Reserve lowers interest rates and as a relatively more optimistic global growth outlook potentially leads to some loss of "safe-haven" support for the greenback. Still, given a somewhat firmer outlook for U.S. economic growth and a gradual pace of Fed easing, the extent of U.S. dollar depreciation could be less than we previously expected.



Source: International Monetary Fund and Wells Fargo Economics



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

Wells Fargo International Economic Forecast

	GDP				CPI			
	2022	2023	2024	2025	2022	2023	2024	2025
Global (PPP Weights)	3.5%	2.9%	2.8%	2.7%	8.7%	4.5%	3.7%	3.4%
Advanced Economies[1]	2.6%	1.8%	1.7%	1.9%	7.3%	4.9%	2.6%	2.3%
United States	1.9%	2.5%	2.4%	1.7%	8.0%	4.1%	2.6%	2.2%
Eurozone	3.4%	0.5%	0.7%	1.6%	8.4%	5.4%	2.3%	2.1%
United Kingdom	4.3%	0.3%	0.5%	1.8%	9.1%	7.3%	2.8%	2.2%
Japan	1.0%	2.0%	1.0%	1.2%	2.5%	3.3%	2.3%	1.7%
Canada	3.8%	1.1%	0.9%	1.9%	6.8%	3.9%	2.5%	2.0%
Switzerland	2.7%	0.8%	1.3%	1.6%	2.8%	2.2%	1.6%	1.5%
Australia	3.8%	2.0%	1.5%	2.1%	6.6%	5.6%	3.4%	2.7%
New Zealand	2.7%	0.8%	1.2%	2.3%	7.2%	5.8%	3.3%	2.2%
Sweden	2.8%	-0.2%	0.4%	1.7%	8.1%	8.6%	2.9%	1.9%
Norway	3.3%	1.1%	0.8%	1.5%	5.8%	5.5%	3.4%	2.5%
Developing Economies[1]	4.1%	3.7%	3.6%	3.2%	9.8%	4.1%	4.4%	4.3%
China	3.0%	5.2%	4.7%	4.3%	2.0%	0.2%	1.5%	1.8%
India	7.2%	7.0%	7.0%	6.2%	6.7%	5.7%	4.8%	4.5%
Mexico	3.9%	3.2%	1.9%	2.3%	7.9%	5.5%	4.0%	3.8%
Brazil	3.0%	3.1%	1.3%	2.0%	9.3%	4.8%	4.1%	3.8%

Forecast as of: February 8, 2024

[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		2024				2025	
	Current	Q1	Q2	Q3	Q4	Q1	Q2
United States	5.50%	5.50%	5.00%	4.50%	4.25%	4.00%	3.75%
Eurozone[1]	4.00%	4.00%	3.50%	3.00%	2.75%	2.50%	2.25%
United Kingdom	5.25%	5.25%	5.00%	4.50%	4.00%	3.50%	3.25%
Japan	-0.10%	-0.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Canada	5.00%	5.00%	4.75%	4.25%	4.00%	3.75%	3.50%
Switzerland	1.75%	1.75%	1.50%	1.25%	1.00%	1.00%	1.00%
Australia	4.35%	4.35%	4.35%	4.10%	3.85%	3.60%	3.35%
New Zealand	5.50%	5.50%	5.50%	5.25%	4.75%	4.50%	4.00%
Sweden	4.00%	4.00%	3.75%	3.50%	3.25%	3.00%	2.75%
Norway	4.50%	4.50%	4.50%	4.00%	3.75%	3.50%	3.25%
China[3]	10.00%	10.00%	10.00%	9.75%	9.75%	9.50%	9.50%
India	6.50%	6.50%	6.25%	6.00%	5.50%	5.25%	5.25%
Mexico	11.25%	11.00%	10.50%	10.00%	9.50%	9.00%	8.50%
Brazil	11.25%	10.75%	9.75%	8.75%	7.75%	7.25%	6.75%
Chile	7.25%	7.25%	6.25%	5.75%	5.50%	5.50%	5.50%
Colombia	12.75%	12.50%	11.50%	10.50%	9.50%	8.50%	7.50%

2-Year Note		2024				2025	
	Current	Q1	Q2	Q3	Q4	Q1	Q2
United States	4.42%	4.30%	3.90%	3.65%	3.50%	3.40%	3.30%
Eurozone[2]	2.61%	2.60%	2.50%	2.35%	2.25%	2.20%	2.15%
United Kingdom	4.48%	4.35%	4.10%	3.85%	3.65%	3.45%	3.35%
Japan	0.11%	0.10%	0.10%	0.05%	0.05%	0.10%	0.10%
Canada	4.11%	4.05%	3.90%	3.70%	3.50%	3.35%	3.25%

10-Year Note		2024				2025	
	Current	Q1	Q2	Q3	Q4	Q1	Q2
United States	4.11%	4.00%	3.85%	3.70%	3.60%	3.55%	3.50%
Eurozone[2]	2.31%	2.25%	2.20%	2.15%	2.15%	2.10%	2.10%
United Kingdom	3.98%	3.90%	3.80%	3.70%	3.60%	3.50%	3.50%
Japan	0.72%	0.75%	0.80%	0.80%	0.75%	0.70%	0.65%
Canada	3.47%	3.40%	3.35%	3.25%	3.20%	3.15%	3.15%

Forecast as of: February 8, 2024

[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 5	**6**	**7**	**8**	**9**
ISM Services Dec 50.5 **Australia RBA Cash Rate** Previous 4.35% ***Bostic* Speaks (Atlanta)*** ***Goolsbee Speaks (Chicago)***	***Harker Speaks (Philadelphia)*** ***Collins Speaks (Boston)*** ***Kaskari Speaks (Minneapolis)*** ***Mester* Speaks (Cleveland)***	**Trade Balance** Nov -$61.9B **China CPI (YoY)** Dec -0.3% ***Bowman* Speaks*** ***Barkin* Speaks (Richmond)*** ***Kugler* Speaks***	**Mexico Overnight Rate** Previous 11.25% **Mexico CPI (MoM)** Dec 0.7% ***Barkin* Speaks (Richmond)***	***Logan Speaks (Dallas)***
12	**13**	**14**	**15**	**16**
Kashkari Speaks (Minneapolis)	**CPI (MoM)** Dec 0.3% **Core CPI (MoM)** Dec 0.3%	**Eurozone GDP (SA, QoQ)** Q3 0.0% **United Kingdom CPI (MoM)** Dec 0.4% **Japan GDP (SA, QoQ)** Q3 -0.7% ***Barr* Speaks***	**Retail Sales (MoM)** Dec 0.6% **Import Price Index (MoM)** Dec 0.0% **Industrial Production (MoM)** Dec 0.1% ***Bostic* Speaks (Atlanta)***	**Housing Starts** Dec 1,460K **PPI Final Demand (MoM)** Dec -0.1% ***Daly* Speaks (San Francisco)***
19	**20**	**21**	**22**	**23**
	Canada CPI (NSA, MoM) Dec -0.3%	**FOMC Minutes**	**Existing Home Sales** Dec 3.78M **Eurozone CPI (MoM)** Dec -0.4% ***Kashkari Speaks (Minneapolis)*** ***Cook* Speaks***	
26	**27**	**28**	**29**	**March 1**
New Home Sales Dec 664K **Japan Natl CPI (YoY)** Dec 2.6%	**Durable Goods (MoM)** Dec 0.0% **Consumer Confidence** Jan 114.8 **New Zealand Official Cash Rate** Previous 5.50%		**Personal Income** Dec 0.3% **Personal Spending** Dec 0.7% **Canada GDP (QoQ, Annualized)** Q3 -1.1%	**ISM Manufacturing** Jan 49.1 **Partial Government Shutdown Deadline** ***Daly* Speaks (San Francisco)***
4	**5**	**6**	**7**	**8**
	ISM Services Jan 53.4	**JOLTS** Feb 9,026K **Bank of Canada Rate Decision** Previous 5.00%	**Trade Balance** Dec -$62.2B **European Central Bank Deposit Rate** Previous 4.00%	**Nonfarm Payrolls** Jan 353K

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 of Supply Management, Conference Board and Wells Fargo Economics

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