Monthly — December 12, 2024

U.S. Economic Outlook: December 2024

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Economic Growth Downgraded in 2025

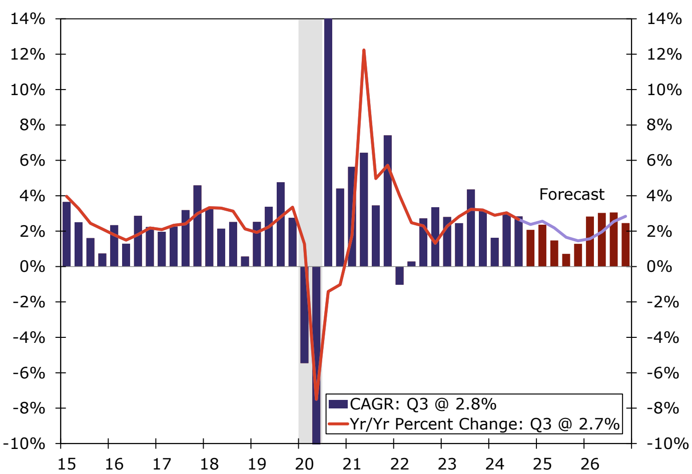
- We have revised our economic forecast for next year lower in light of the higher likelihood of new tariffs in 2025. Tariffs imposed during President Trump's previous administration were met with retaliation from our trading partners, a combination apt to depress exports, real incomes and consumer spending. We assume that new tariffs will go into effect in the second half of next year, at which time we expect economic momentum to downshift.
- Growth appears likely to pick up in 2026 once the initial impacts of the tariffs fade and the full suite of Republican policy changes go into effect. Specifically, the economy would receive a boost from a lighter regulatory touch and the prospect of additional modest tax relief for households.
- Absent tariffs, the jobs market is already trending softer. Payroll growth is highly concentrated among industries and labor force growth has slowed considerably. Although the unemployment rate remains low, there is clear upward movement in the number of permanent job losers and the median duration of unemployment, trends that have historically predated recessions.
- Meanwhile, dis-inflation is proceeding at a frustratingly slow pace. The Fed's preferred inflation gauge has been more or less unchanged for the past six months amid a slowdown in goods deflation and still-firm price pressures in the services sector. The Consumer Price Index came in above expectations in November, but with an encouraging deceleration in services inflation.
- Incoming inflation data likely warrant further Fed easing, but at a slower pace. Although new tariffs would trigger a temporary reacceleration in inflation, we suspect that the FOMC will disregard the inflationary bump and more heavily prioritize the tariff-driven hit to GDP and job growth. We anticipate that the FOMC will enact another 25 bps cut at its December meeting and then switch to an every-other-meeting cadence with cuts in March, June and September 2025, leaving the federal funds rate within a target range of 3.50%-3.75%

Tariffs Ring, Are You Listening?

The results of the presidential election necessitated an update to our forecast. As discussed in our annual economic outlook, the increased likelihood of substantial new tariffs on U.S. imports would have the most consequential effect on economic growth, in our view. Tariffs imposed during President Trump's previous administration were met with retaliation from America's trading partners, a combination apt to depress both exports and real incomes. Although income growth is solid at present, the inflationary boost from tariffs would likely weigh on consumer spending, especially among lower-income consumers who spend a greater share of their budgets on imported goods and hold relatively fewer savings.

We have not made material changes to our forecast since the last update. Tremendous uncertainty remains regarding the timeline and magnitude of any incoming tariffs. For our purposes, we assume that new tariffs will go into effect in the second half of next year, at which time we expect economic momentum to downshift. We conservatively assume about half of the president-elect's campaign promise would become law, amounting to a 30% tariff on China and 5% tariff on all other imports. Under these assumptions, we estimate that real GDP would expand 2.0% in 2025, a deceleration from the 2.7% rate expected in 2024. Growth appears likely to pick up in 2026 once the initial impacts of the tariffs fade and the full suite of Republican policy changes go into effect. Specifically, the economy would receive a boost from a lighter regulatory touch and the prospect of additional modest tax relief for households beyond the extension of the Tax Cuts and Jobs Act (TCJA) of 2017.

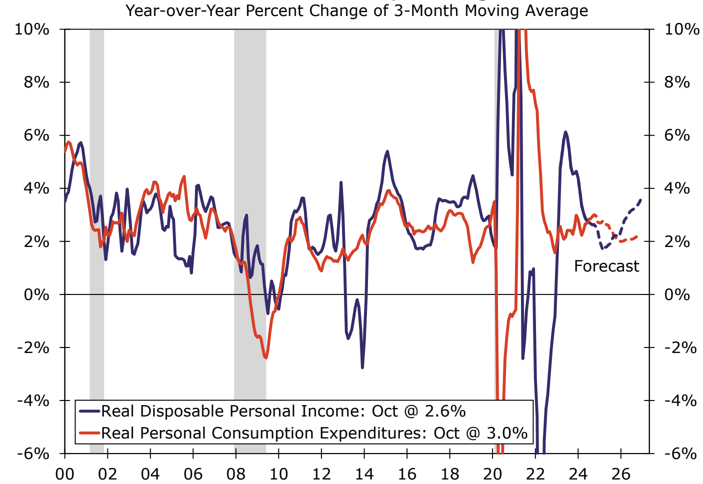
U.S. Real GDP Growth



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

Income vs. Spending

Year-over-Year Percent Change of 3-Month Moving Average

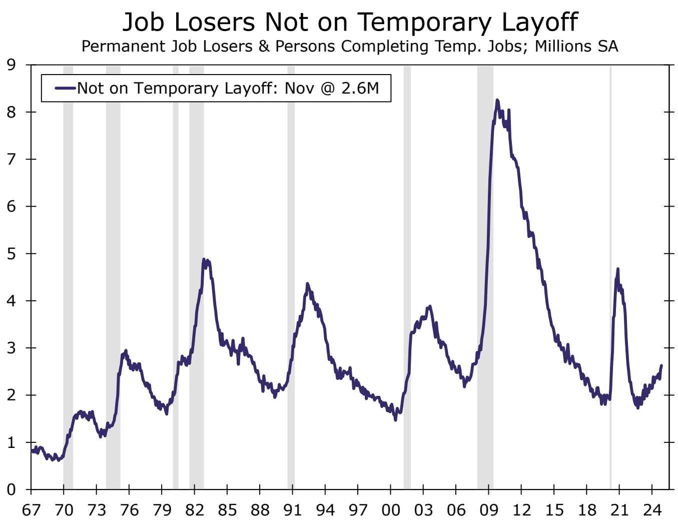


Source: U.S. Department of Commerce and Wells Fargo Economics

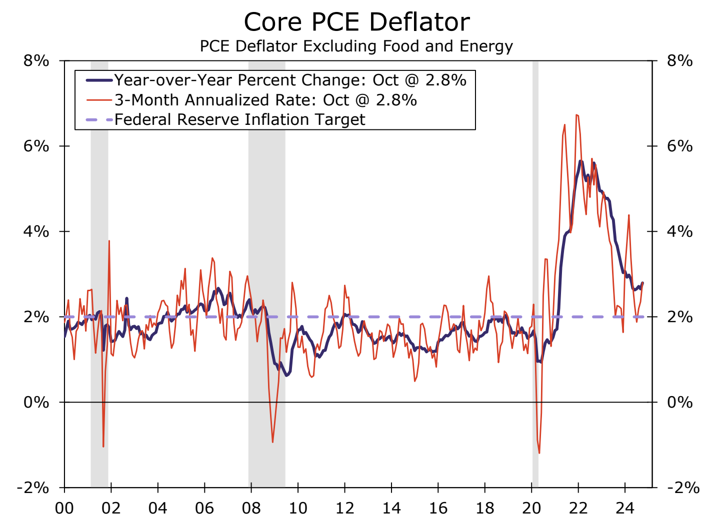
Tariff-related stress is already materializing across the business sector. Tariffs are felt unevenly across the supply chain, improving the competitiveness of raw materials producers and simultaneously raising production costs for other manufacturers that utilize imported inputs. This dichotomy was on full display in November's ISM Manufacturing Survey. Alongside yet another headline reading suggesting that manufacturing activity is on the decline, one primary metals producer expressed optimism amid greater demand for U.S.-made goods, while a downstream manufacturer expressed concern over the lack of low-cost alternative suppliers to China. Firms in the services sector are also raising caution. Four separate respondents to the ISM Services Survey raised the alarm over tariffs potentially increasing costs for their businesses.

New tariffs would add pressure to an already challenging backdrop for business investment. Downward revisions to core capital goods shipments leave equipment spending off to a rocky start in Q4. Zooming out, high interest rates have kept core capital goods orders flat for the past two years, reflective of the weak environment for capital expenditures. Structures investment is also starting to lose steam. Despite tailwinds from manufacturing and data center construction, a sharp pullback in commercial real estate starts is apt to weigh on nonresidential building over the next year. Residential construction has recently demonstrated greater resilience; however, higher costs for traded materials such as concrete, steel and lumber would likely weigh on home building.

The challenge for the Federal Reserve will be to parse out the supply-side shock of tariffs from demand-driven trends in employment and inflation. Absent tariffs, the jobs market is already trending softer. Employers are still hiring, as evidenced by the 227K net gain in November. However, payroll growth remains highly concentrated. Government, health care & social assistance and leisure & hospitality accounted for over 70% of new jobs added in November and are responsible for nearly three-quarters of payroll growth over the past year. Labor force growth has also slowed considerably. The labor force expanded by 159K participants in the 12 months ending in November, a sharp slowdown from the 3.7 million gain the year ending November 2023. Although the unemployment rate remains low in an absolute sense, there is clear upward movement in the number of permanent job losers and the median duration of unemployment, trends that have historically predated recessions. In sum, the jobs market continues to hold up, but the wind is no longer at its back.



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



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

Meanwhile, inflation is proceeding at a frustratingly slow pace. The core PCE deflator receeded from a high of 5.6% in September 2022 to 2.6% in June 2024. However, this inflation gauge has edged a bit higher in recent months, reflecting a slowdown in goods deflation and still-firm price pressures in the services sector. The Consumer Price Index came in slightly above expectations in November with a monthly print of 0.31%, but some underlying details were encouraging. November's strength can be partly attributed to a pop in new and used auto prices. Core services prices posted the lowest monthly gain since June as increases in rent and owners' equivalent rent each fell back to 0.2%.

Incoming inflation data likely warrant further Fed easing, but at a slower pace. We anticipate that the FOMC will enact another 25 bps cut at its December meeting and then switch to an every-other-meeting cadence with cuts in March, June and September 2025. If realized, this path would take the federal funds rate to a target range of 3.50%-3.75% at its nadir. Admittedly, our forecast assumes that the Fed will cut interest rates amid a resurgence in inflation coinciding with the onset of new tariffs. We suspect that the FOMC will be tempted to disregard the tariff-induced inflation bump, at least in part, and more heavily prioritize the tariff-driven hit to GDP and job growth. That said, risks to our fed funds forecast are skewed to the upside. As we wrote about in our latest Fed Flashlight, estimates of the longer-term neutral rate have crept higher. We suspect the median long run dot will likely rise to 3.0% in the December Summary of Economic Projections (SEP). Given the higher neutral rate, we are hesitant about the extent to which the Committee will lower its policy rate, while inflation remains stuck above its 2% target. We estimate that core PCE inflation will ease only slightly from an annual rate of 2.9% in Q4-2024 to 2.7% in Q4-2025.

U.S. Forecast Table

Wells Fargo U.S. Economic Forecast																				
	Actual							Forecast									Actual	Forecast		
	2023				2024				2025				2026				2023	2024	2025	2026
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product (a)	2.8	2.5	4.4	3.2	1.6	3.0	2.8	2.1	2.4	1.5	0.7	1.3	2.8	3.0	3.1	2.5	2.9	2.7	2.0	2.2
Personal Consumption	5.0	1.0	2.5	3.5	1.9	2.8	3.5	2.6	2.1	2.1	1.8	1.5	2.4	2.9	3.0	2.9	2.5	2.6	2.3	2.3
Business Fixed Investment	5.3	9.9	1.1	3.8	4.5	3.9	3.8	-0.6	2.8	3.9	4.7	4.8	6.0	6.2	6.4	6.7	6.0	3.7	2.9	5.6
Equipment	0.9	12.5	-1.1	0.7	0.3	9.8	10.6	-4.4	4.2	5.9	6.8	5.3	6.2	6.6	6.7	7.0	3.5	3.6	4.4	6.3
Intellectual Property Products	4.5	3.9	2.8	5.2	7.5	0.7	2.5	3.0	4.0	5.6	6.3	7.5	7.5	7.4	7.4	7.4	5.8	4.1	4.2	7.2
Structures	14.9	16.4	1.7	6.5	6.3	0.2	-4.7	-1.0	-2.7	-3.6	-3.3	-2.7	1.9	2.3	3.4	3.9	10.8	3.3	-2.7	0.4
Residential Investment	-4.3	4.5	7.7	2.5	13.7	-2.8	-5.0	2.1	-1.2	-2.3	-2.7	-3.3	-1.9	2.4	3.7	4.1	-8.3	3.9	-1.7	-0.4
Government Purchases	5.1	2.9	5.7	3.6	1.8	3.1	5.0	2.7	1.2	1.7	1.7	1.4	1.4	1.2	1.0	1.0	3.9	3.4	2.2	1.3
Net Exports	-926.0	-929.6	-938.9	-936.7	-977.0	-1035.7	-1077.6	-1080.3	-1106.3	-1142.4	-1154.0	-1149.3	-1150.1	-1177.2	-1225.6	-1280.0	-932.8	-1042.6	-1138.0	-1208.2
Pct. Point Contribution to GDP	0.3	-0.1	-0.1	0.1	-0.6	-0.9	-0.6	0.0	-0.4	-0.6	-0.2	0.1	0.0	-0.5	-0.8	-0.9	0.5	-0.5	-0.4	-0.3
Inventory Change	20.6	-0.2	67.2	44.6	17.7	71.7	64.1	60.2	107.4	100.4	30.1	-10.0	-5.0	10.0	40.2	40.2	33.1	53.4	57.0	21.3
Pct. Point Contribution to GDP	-2.2	-0.1	1.3	-0.5	-0.5	1.1	-0.1	-0.1	0.8	-0.1	-1.2	-0.7	0.1	0.3	0.5	0.0	-0.4	0.1	0.0	-0.2
Nominal GDP (a)	6.6	4.3	7.7	4.8	4.7	5.6	4.7	5.0	5.3	4.0	3.1	3.8	5.4	5.4	5.2	4.5	6.6	5.3	4.6	4.6
Real Final Sales	5.1	2.6	3.0	3.7	2.1	1.9	3.0	2.1	1.6	1.6	1.9	2.0	2.7	2.8	2.6	2.5	3.3	2.7	2.1	2.4
Retail Sales (b)	5.1	1.9	3.4	4.0	2.0	2.4	2.3	2.6	3.1	3.2	2.5	2.2	2.8	3.3	3.8	4.1	3.6	2.3	2.8	3.5
Inflation Indicators (b)																				
PCE Deflator	5.0	3.9	3.4	2.8	2.7	2.6	2.3	2.6	2.4	2.4	2.6	2.6	2.4	2.4	2.3	2.2	3.8	2.5	2.5	2.3
"Core" PCE Deflator	4.9	4.6	3.9	3.2	3.0	2.7	2.7	2.9	2.7	2.6	2.7	2.7	2.6	2.6	2.5	2.3	4.1	2.8	2.7	2.5
Consumer Price Index	5.7	4.0	3.6	3.2	3.2	3.2	2.6	2.7	2.6	2.6	2.9	2.8	2.7	2.7	2.7	2.6	4.1	2.9	2.7	2.7
"Core" Consumer Price Index	5.5	5.2	4.4	4.0	3.8	3.4	3.2	3.3	3.0	2.9	3.1	3.0	3.0	3.0	2.9	2.7	4.8	3.4	3.0	2.9
Producer Price Index (Final Demand)	4.4	1.3	1.6	1.0	1.5	2.6	2.1	2.6	2.5	2.2	2.3	2.4	2.4	2.4	2.3	2.2	2.0	2.2	2.4	2.3
Employment Cost Index	4.8	4.5	4.3	4.2	4.2	4.1	3.9	3.8	3.6	3.6	3.6	3.6	3.6	3.5	3.6	3.6	4.5	4.0	3.6	3.6
Real Disposable Income (a)	10.9	3.4	1.4	3.2	5.6	1.0	0.8	1.8	2.2	1.8	2.2	2.2	5.1	3.1	2.7	3.4	5.1	2.8	1.8	3.2
Nominal Personal Income (a)	6.1	5.5	4.2	4.8	9.3	3.8	2.9	4.7	5.3	4.3	4.6	4.8	5.1	4.4	4.8	4.7	5.9	5.4	4.5	4.7
Industrial Production (a)	0.0	0.3	1.2	-1.8	-1.8	2.5	-0.6	-1.3	1.5	1.9	3.0	3.4	3.3	2.5	2.2	1.8	0.2	-0.3	1.1	2.8
Capacity Utilization	79.6	79.1	78.9	78.3	77.7	78.0	77.6	77.6	77.9	78.0	78.4	78.8	79.2	79.4	79.6	79.7	79.0	77.7	78.3	79.5
Corporate Profits Before Taxes (b)	8.7	3.8	4.8	10.5	8.2	10.8	6.1	3.5	3.0	2.2	3.2	3.0	6.5	7.2	6.8	7.0	6.9	7.1	2.8	6.9
Corporate Profits After Taxes	9.0	3.9	3.8	10.4	8.6	10.8	6.4	2.1	4.3	3.5	4.5	4.3	7.2	7.9	7.5	7.7	6.7	6.8	4.1	7.5
Federal Budget Balance (c)	-680	-292	-302	-510	-555	-209	-559	-616	-683	-188	-363	-550	-768	-252	-430	-588	-1695	-1832	-1850	-2000
Trade Weighted Dollar Index (d)	104.4	102.9	116.2	113.7	114.9	116.4	112.4	119.5	121.3	122.8	124.0	125.5	126.8	127.8	128.8	129.8	115.4	115.8	123.4	128.3
Nonfarm Payroll Change (e)	305	274	213	212	267	147	159	133	120	125	125	116	123	135	138	140	251	177	121	134
Unemployment Rate	3.5	3.6	3.7	3.7	3.8	4.0	4.2	4.2	4.3	4.3	4.2	4.2	4.2	4.1	4.1	4.0	3.6	4.1	4.3	4.1
Housing Starts (f)	1.37	1.46	1.38	1.48	1.41	1.34	1.33	1.39	1.32	1.32	1.33	1.34	1.33	1.35	1.37	1.38	1.42	1.36	1.33	1.36
Light Vehicle Sales (g)	15.1	15.7	15.6	15.6	15.5	15.7	15.6	16.1	15.5	14.9	14.7	15.0	15.1	15.3	15.4	15.7	15.5	15.7	15.0	15.4
Crude Oil - Brent - Front Contract (h)	81.9	77.6	85.3	82.3	81.2	84.4	78.0	74.2	72.3	75.0	75.0	72.3	73.0	74.7	74.7	74.0	81.8	79.4	73.7	74.1
Quarter-End Interest Rates (i)																				
Federal Funds Target Rate (j)	5.00	5.25	5.50	5.50	5.50	5.50	5.00	4.50	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.75	5.23	5.13	3.94	3.75
Secured Overnight Financing Rate	4.87	5.09	5.31	5.38	5.34	5.33	4.96	4.40	4.15	3.90	3.65	3.65	3.65	3.65	3.65	3.65	5.01	5.01	3.84	3.65
Prime Rate	8.00	8.25	8.50	8.50	8.50	8.50	8.00	7.50	7.25	7.00	6.75	6.75	6.75	6.75	6.75	6.75	8.23	8.13	6.94	6.75
Conventional Mortgage Rate	6.54	6.71	7.20	6.82	6.82	6.92	6.18	6.80	6.65	6.45	6.25	6.30	6.30	6.35	6.35	6.35	6.80	6.68	6.41	6.34
3 Month Bill	4.85	5.43	5.55	5.40	5.46	5.48	4.73	4.35	4.10	3.90	3.65	3.65	3.65	3.65	3.65	3.65	5.28	5.01	3.83	3.65
6 Month Bill	4.94	5.47	5.53	5.26	5.38	5.33	4.38	4.25	3.95	3.75	3.65	3.65	3.65	3.65	3.65	3.65	5.28	4.84	3.75	3.65
1 Year Bill	4.64	5.40	5.46	4.79	5.03	5.09	3.98	4.10	3.85	3.70	3.65	3.65	3.70	3.70	3.70	3.70	5.08	4.55	3.71	3.70
2 Year Note	4.06	4.87	5.03	4.23	4.59	4.71	3.66	4.20	4.00	3.85	3.75	3.75	3.80	3.85	3.90	3.90	4.58	4.29	3.84	3.86
5 Year Note	3.60	4.13	4.60	3.84	4.21	4.33	3.58	4.15	4.05	3.90	3.80	3.85	3.90	3.95	4.00	4.05	4.06	4.07	3.90	3.98
10 Year Note	3.48	3.81	4.59	3.88	4.20	4.36	3.81	4.30	4.20	4.05	3.90	4.00	4.05	4.10	4.15	4.20	3.96	4.17	4.04	4.13
30 Year Bond	3.67	3.85	4.73	4.03	4.34	4.51	4.14	4.50	4.40	4.30	4.20	4.35	4.40	4.40	4.45	4.50	4.09	4.37	4.31	4.44

Forecast as of: December 12, 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		
	2023				2024				2025				2026							
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2023	2024	2025	2026
Real Gross Domestic Product (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	-0.07	-0.06	-0.02	-0.04	0.01	-0.02	-0.08	-0.08	0.00	0.00	-0.03	-0.03
Personal Consumption	0.00	0.00	0.00	0.00	0.00	0.00	-0.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	-0.02	0.00
Business Fixed Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.47	-2.50	0.28	0.00	-0.05	-0.01	0.00	0.00	-0.01	-0.01	0.00	-0.10	-0.36	-0.01
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	-0.47	-8.14	0.66	-0.05	-0.08	-0.01	0.01	0.00	0.00	0.00	0.00	-0.60	-1.51	-0.01
Intellectual Property Products	0.00	0.00	0.00	0.00	0.00	0.00	1.96	0.53	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	0.00	0.29	0.35	0.00
Structures	0.00	0.00	0.00	0.00	0.00	0.00	-0.66	2.20	0.20	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.41	0.01
Residential Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.15	3.60	-0.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.51	0.00
Government Purchases	0.00	0.00	0.00	0.00	0.00	0.00	-0.09	0.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00
Net Exports	0.00	0.00	0.00	0.00	0.00	0.00	-0.45	16.77	11.96	8.89	8.45	6.41	7.46	6.75	2.13	-2.41	0.00	4.08	8.93	3.48
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.29	-0.08	-0.05	-0.01	-0.03	0.02	-0.01	-0.08	-0.07	0.00	0.02	0.02	-0.02
Inventory Change	0.00	0.00	0.00	0.00	0.00	0.00	3.97	-0.02	-0.04	-0.04	-0.01	0.00	0.00	0.00	-0.02	-0.02	0.00	0.99	-0.02	-0.01
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.06	-0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Nominal GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.41	0.09	0.05	0.01	-0.02	0.03	0.00	-0.07	-0.07	0.00	0.03	0.12	-0.01
Real Final Sales	0.00	0.00	0.00	0.00	0.00	0.00	-0.06	0.06	-0.07	-0.06	-0.02	-0.04	0.01	-0.02	-0.08	-0.08	0.00	0.00	-0.03	-0.03
Retail Sales (b)	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
Inflation Indicators (b)																				
PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.14	0.16	0.18	0.08	0.04	0.02	0.01	0.01	0.00	0.02	0.14	0.02
"Core" PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.16	0.17	0.18	0.08	0.03	0.02	0.01	0.01	0.00	0.03	0.15	0.02
Consumer Price Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.07	0.10	0.11	0.06	0.05	0.02	0.01	0.01	0.00	0.01	0.08	0.02
"Core" Consumer Price Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.08	0.10	0.11	0.07	0.03	0.02	0.01	0.00	0.00	0.01	0.09	0.01
Producer Price Index (Final Demand)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.11	0.19	0.20	0.20	0.10	0.01	0.00	0.00	0.00	0.00	0.03	0.17	0.00
Employment Cost Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02	0.06	0.08	0.06	0.06	0.02	0.00	0.00	0.00	0.01	0.05	0.02
Real Disposable Income (a)	0.00	0.00	0.00	0.00	0.00	-1.32	-0.78	0.84	-0.10	-0.17	-0.04	-0.06	-0.16	-0.14	0.07	0.03	0.00	-0.30	-0.09	-0.08
Nominal Personal Income (a)	0.00	0.00	0.00	0.00	0.00	-1.46	-0.74	1.17	0.20	-0.06	-0.01	-0.04	-0.14	-0.12	0.09	0.05	0.00	-0.30	0.07	-0.06
Industrial Production (a)	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
Capacity Utilization	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
Corporate Profits Before Taxes (b)	0.00	0.00	0.00	0.00	0.00	0.00	-0.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.09	0.00	0.00
Corporate Profits After Taxes	0.00	0.00	0.00	0.00	0.00	0.00	1.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.37	0.00	0.00
Federal Budget Balance (c)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-8.70	3.57	3.57	1.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trade Weighted Dollar Index (d)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.75	3.00	4.00	3.00	2.25	2.00	1.75	1.75	1.75	0.00	0.44	3.06	1.81
Nonfarm Payroll Change (e)	0.00	0.00	0.00	0.00	0.00	0.00	10.67	13.67	-1.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.08	-0.42	0.00
Unemployment Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.15	0.20	0.10	0.09	0.18	0.09	0.09	0.09	0.00	0.01	0.14	0.11
Housing Starts (f)	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Light Vehicle Sales (g)	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	0.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.00	0.00
Crude Oil - Brent - Front Contract (h)	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
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	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00
1 Year Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	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: December 12, 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

- We made no changes to our consumer spending profile in this update and still see real personal consumption expenditures (PCE) rising at an annualized rate north of 2.5% in the final quarter of the year.

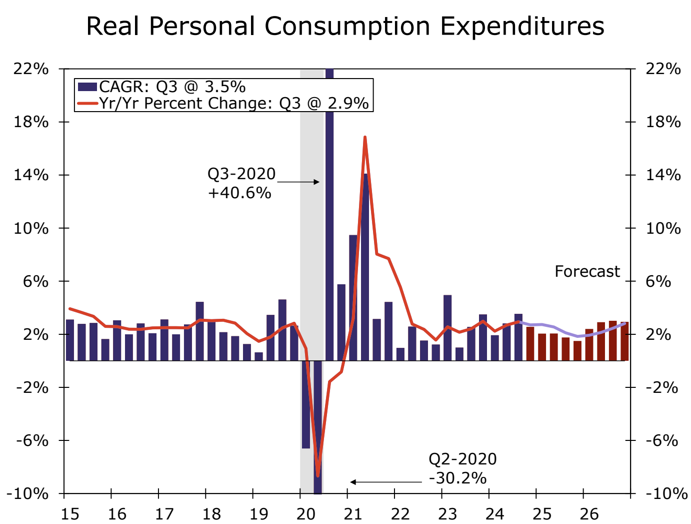
Consumer spending remains resilient headed into year-end. Real personal spending rose 0.2% in October with robust services spending offsetting a pullback in goods consumption. Income remains supportive of spending with real disposable income growth up at the fastest monthly clip since the start of the year in October. In our most recent update, we tamped down consumption in the second half of 2025 due to our forecast for stronger tariff-induced inflation but brought up our 2026 estimates on the back of additional tax cuts at the household level. We have not made any material changes in this update and continue to expect the consumer ends the year on a solid note.

Investment: Equipment, Intellectual Property Products and Inventories

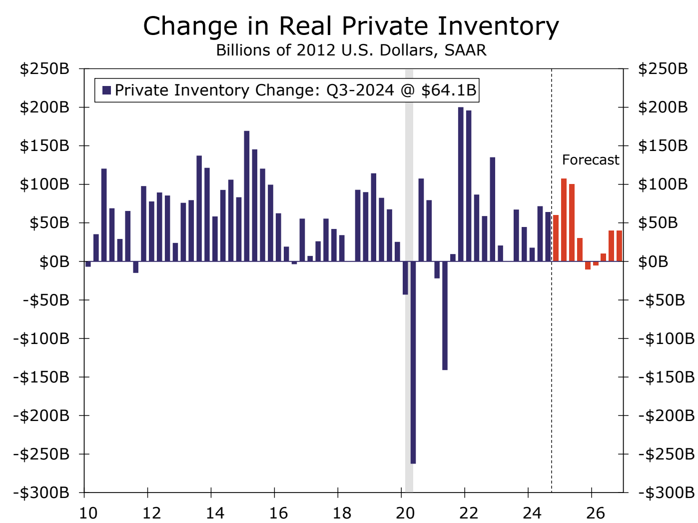
- We tamped down our Q4 equipment investment forecast based on weak durable goods data for October and now look for real equipment investment to slip at a 4.4% annualized rate. At the same time, we have brought intellectual property products spending up and look for a 3.0% annualized gain in Q4. The big takeaway: Uncertainty continues to cloud the outlook for capital expenditures.

Despite a flagging capex environment and manufacturing sector that has done little but tread water this year, the past two quarters have been good for equipment investment with quarterly annualized growth rates in the neighborhood of 10%. But growth is concentrated. Spending on information processing equipment has been a notable bright spot this cycle, acting as an important counterweight to weaker areas of equipment, while a recent gain in transportation— stemming from aircraft—looks to reverse in Q4. Nondefense capital goods shipments through October point to a decline in growth, and we now look for real equipment investment to slip at a 4.4% annualized rate in Q4. At the same time, we have lifted our estimates for intellectual property products on upward revisions to recent data supporting the trend.

As we look ahead, conditions have yet to grow more favorable for a renewed recovery in capex. Uncertainty over the Trump administration's policies, namely around tariffs, will likely keep purchasing managers on their toes and capex plans sidelined. Firms can react in many ways to this uncertainty, but in our last update, we baked in a fairly large inventory build in the first half of next year with the expectation that businesses will pull forward at least some inventory as a contingency plan to offset the potential of some initial tariff pressure later in the year.



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



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

Investment: Residential

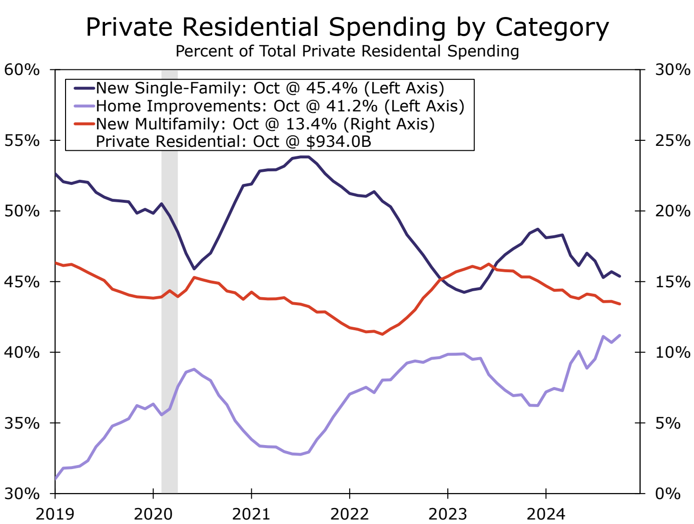
- We boosted our estimate of residential fixed investment growth in Q4 on account of a stronger-than-expected pace of single-family, multifamily and home improvement outlays in recent months. Overall, elevated mortgage rates and potential changes to trade and immigration policy remain as headwinds for the housing sector over the forecast horizon.

High borrowing costs look set to renew pressure on the residential sector. The Federal Reserve's pivot to monetary easing initially sparked a decline in mortgage rates toward the end of summer. Although temporary, the decline in financing costs appears to have boosted spending on residential projects. Most recently, total residential spending rose 1.5% in October, with solid gains registered in single-family, multifamily and home improvement investment. The upturn sets up residential investment for a turnaround in growth in the final quarter of the year. Further ahead, however, the elevated stance of mortgage rates, high home prices and scarce supply is likely to discourage home buying. A lower cost of funds may be a boon to home builders; however, the industry will very likely need to contend with increased material costs from additional tariffs as well as more acute shortages of skilled labor as a result of tighter immigration controls. The knock-on effects of these policy changes should dim economic growth generally, presenting another headwind for the residential sector.

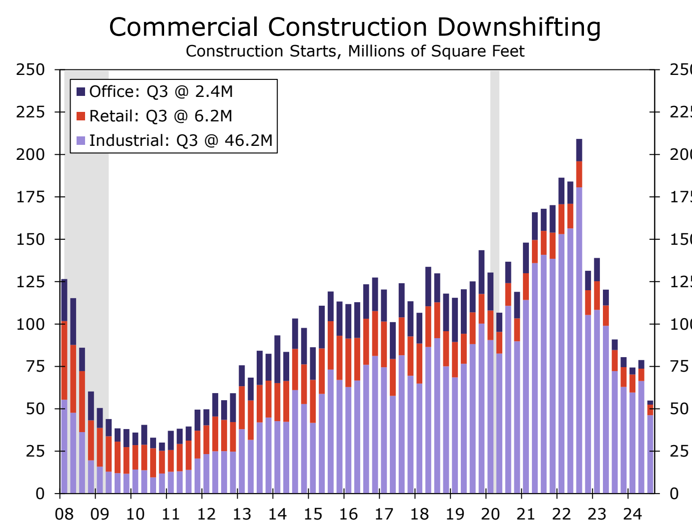
Investment: Nonresidential Structures

- We have not materially changed our forecast for structures investment. Nonresidential private construction spending has come in a bit stronger than we had previously assumed. Accordingly, we have lifted our estimates for Q4-2024. However, the continued high interest rate environment looks set to remain as a drag on structures through the bulk of 2025.

Private nonresidential construction spending dipped by 0.3% in October, which translates to a 3.5% yearly decline. Most of the slowdown has been attributable to the commercial sectors, where outlays have fallen sharply over the past year. The slowdown evident on the commercial side is largely the result of the high interest rate environment, which continues to hamper investment. However, several silver linings have emerged. While private manufacturing has been slowing over the past few months, overall investment in factories remains elevated. Furthermore, significant demand for artificial intelligence continues to drive investment in data centers and power projects. The Architecture Billings Index ended a 14-month streak of contraction in October, rising into expansion territory for the first time since mid-2023. That said, architecture firms are still reporting that clients are hesitant to start new projects, which is a reminder that high interest rates are still problematic for developers. Nonresidential commercial construction starts once again fell in Q3, reducing the project pipeline. As such, structures investment appears set to remain weak in the near and medium term, although a lower fed funds rate should eventually help bring a turnaround.



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



Source: CoStar Inc. and Wells Fargo Economics

Labor Market

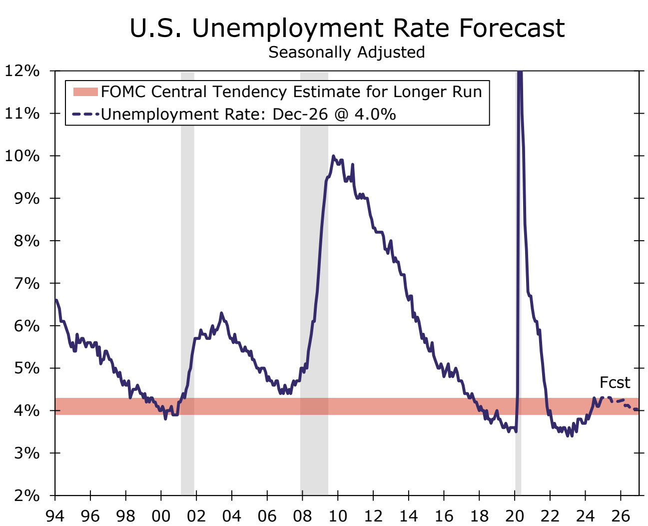
- Nonfarm payrolls increased by 227K in November, rebounding from an October reading that was depressed due to strikes and hurricanes. Over the past half-year, nonfarm payroll growth has averaged a solid-if-unspectacular 143K per month.
- The unemployment rate rose a tenth to 4.246% in November, making for a “high” 4.2% reading. The rise has led us to bump up our forecast for the jobless rate over 2025 to 4.3% from 4.1% previously. This adjustment is mostly due to base effects rather than a meaningful shift in underlying labor conditions.

The labor market remains in good shape in an absolute sense. Still, the softening trend in employment conditions has yet to cease, and we are not yet ready to declare that the jobs market has stabilized. That message comes through perhaps most clearly from the unemployment rate, which has risen 20 bps over October and November. At 4.246% on an unrounded basis, the current jobless rate remains historically low but is inching closer to the top end of what the Fed expects to prevail in an environment of maximum employment and 2% inflation. Other measures of labor demand show a more mixed picture of hiring. The downward slide in small business hiring plans had stabilized before jumping post-election to its highest level in a year. Yet, Indeed postings for new jobs are the lowest since 2020, and the increase in the most recent job openings numbers from the JOLTS survey is not enough to bend the downward trend. While layoffs remain low, we expect softer demand for new workers and slower growth in the labor supply to lead to a moderation in the pace of monthly net hiring to around 125K and for the unemployment rate to hover around 4.3% next year.

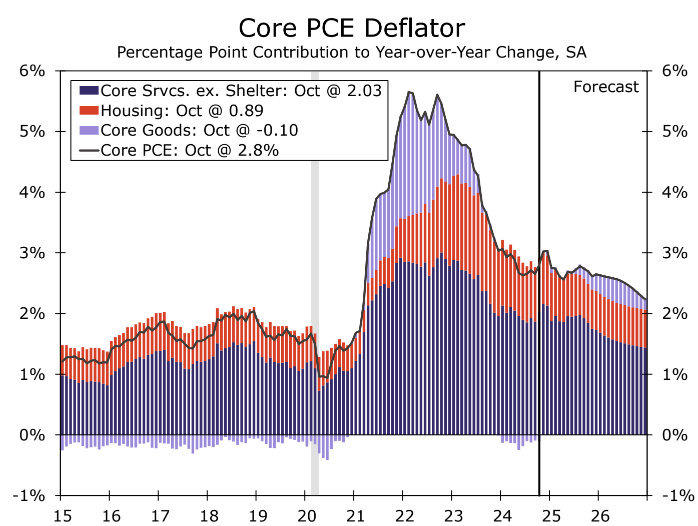
Inflation

- We have not made any significant changes to our inflation outlook since our 2025 Annual Outlook. We continue to expect only modestly lower inflation as a further slowdown in services is largely offset by a pickup in goods inflation. Inflation is likely to remain stuck above the Fed's target, with the annual rate of core PCE easing from 2.9% at the end of this year to only 2.7% by Q4-2025.

Progress in reducing inflation all the way back to the Fed's target has stalled over the past few months. The 0.3% increase in the Consumer Price Index in November pushed the 12-month change up to a four-month high of 2.7%. The lack of recent progress has come as energy and food inflation are no longer slowing, but excluding these categories, the core index also shows the downward trend in price growth coming to a halt. Downward pressure on inflation remains, given the cooling jobs market, pickup in productivity growth, and a more discerning consumer. However, fresh challenges have emerged for next year with the prospect of increased tariffs and slower growth in the labor supply due to curbs on immigration. We look for inflation to ease only modestly over the year ahead. While services inflation should continue to slow, helped by slower growth in shelter costs, a pickup in goods inflation will likely keep core PCE inflation stuck around 2.50%-2.75% next year.



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



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

Fiscal Policy

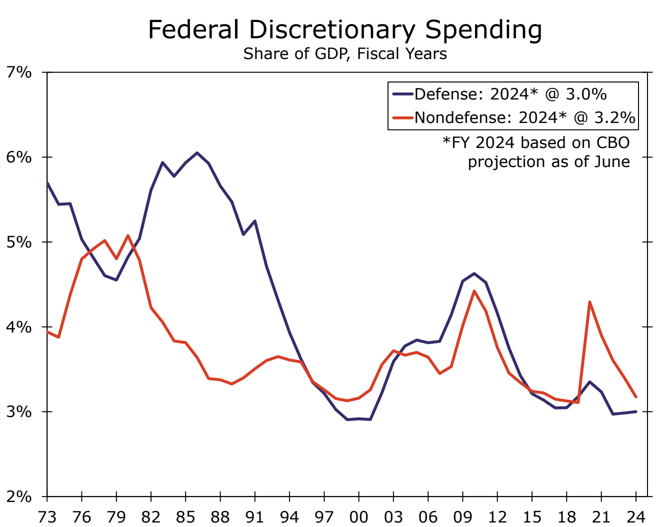
- No changes to our FY 2025 and FY 2026 budget deficit forecasts of $1.85 trillion and $2.0 trillion, respectively.
- Congress seems likely to pass a continuing resolution that funds the federal government until sometime in March, setting up a budget and debt ceiling crunch in Q1-2025.

Fiscal year 2025 began on Oct. 1, but the federal government has been operating under a continuing resolution (CR) since the start of the fiscal year. That CR is slated to lapse on Dec. 20, and Congress appears poised to pass another CR that maintains the status quo for government funding and operations through mid-March or so. If realized, this will tee up a budget and debt ceiling crunch in Q1-2025. Top-line spending levels for discretionary spending need to be decided, as will as supplemental funding for foreign conflicts and domestic disaster aid. In addition, the debt ceiling will need to be increased or suspended by the summer, and we expect that action to be rolled into the budget debate that plays out in the first quarter. Bear in mind that the 12 annual appropriation bills are subject to the Senate filibuster, and as a result, passing them will require Democratic cooperation. This fact, and when also considering that discretionary spending as a share of GDP is already near the lows of the past 50 years, may make it hard for the next administration to realize sizable spending cuts from this segment of the federal budget.

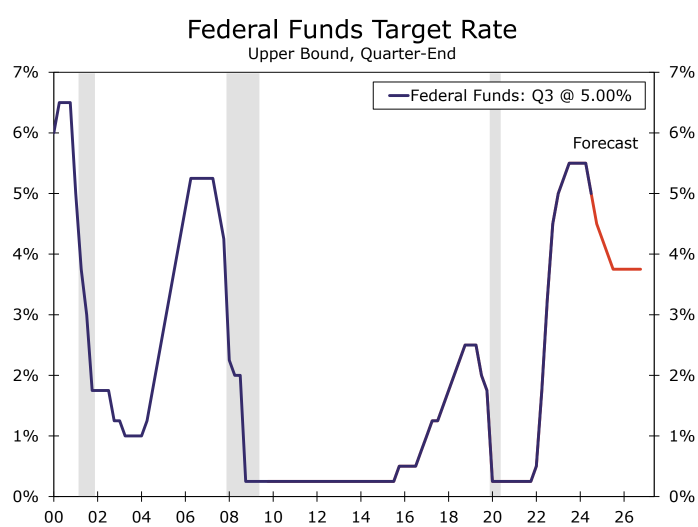
Monetary Policy & Interest Rates

- We expect the FOMC to cut the federal funds rate by 25 bps at its upcoming December meeting. In 2025, we project three 25 bps rate cuts, occurring at the March, June and September FOMC meetings. If realized, this would put the fed funds rate at 3.50%-3.75% by year-end 2025.
- Our forecast for the 10-year Treasury yield at year-end 2025 is 4.00%.

Amid the jobs market having come back into balance and inflation getting closer to the Federal Reserve's 2% target, we expect the FOMC to judge that additional rate cuts are warranted. That said, if the FOMC follows through on an expected 25 bps rate reduction next week, the Committee will have undertaken 100 bps of easing since September. Given this relatively quick “recalibration,” a higher bar for future policy easing seems likely. Uncertainty around the neutral interest rate likely means policymakers will adopt a "go-slow" approach from here as the Committee tries to strike a careful balance between its employment and price stability mandates. The clouded outlook for economic policy changes from the next administration and Congress also contribute to a situation in which the FOMC may proceed cautiously. We look for the FOMC to cut the fed funds target range by 100 bps through Q3 of next year and then hold it at 3.50%-3.75% through the end of 2026, which would keep policy slightly restrictive over the next two years to help finish the fight in returning inflation to 2%. We expect Treasury yields to fall the most at the front end amid rate cuts from the FOMC, but we expect longer-term yields to remain near current levels for most of the next couple of years.



Source: Congressional Budget Office and Wells Fargo Economics



Source: Federal Reserve Board and Wells Fargo Economics

Net Exports

- Weak imports in October suggest net exports are tracking to be less of a drag on headline real GDP growth in Q4 (now 0.0 percentage points) than we previously expected (-0.3 pp).
- We tamped down export growth in 2026 amid our expectations for slow global growth and a strong dollar.

Trade flows slowed to a crawl in October. Imports plummeted 4.0% over the month, while exports slipped 1.6%. The smaller decline in exports led the U.S. trade deficit to narrow to $73.8 billion, which is roughly on par with its average level this year. We expect import growth to strengthen in the coming quarters as importers stock up ahead of new tariffs from the Trump administration that we suspect will go into effect in Q3-2025. The import surge will lead net exports to weigh on real GDP growth by 0.4 percentage points throughout 2025.

Further out, we pared back export growth in 2026 on our expectation for sluggish global growth, dollar strength and retaliatory tariffs from key trading partners. At the same time, we forecast imports to ramp back up as the expansion of the Tax Cuts & Jobs Act supports domestic demand, and the strong dollar makes imports relatively cheap. Taken together, net exports are expected to weigh on headline GDP growth by close to a full-percentage point by the end of 2026.

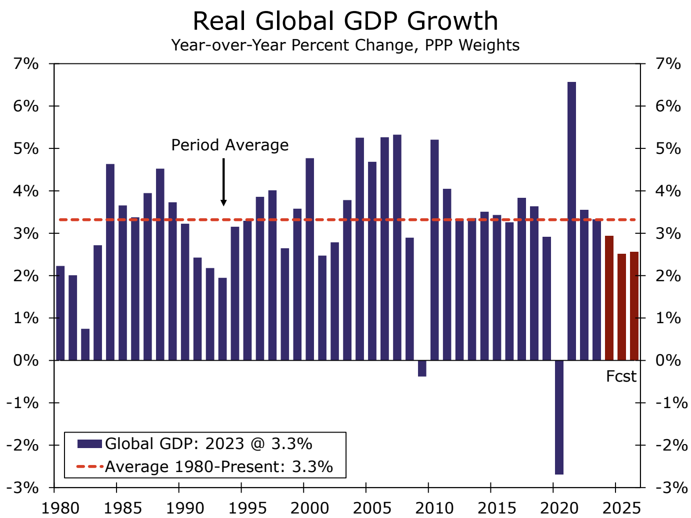
International Developments & The U.S. Dollar

- Our outlook for global growth is unchanged from a month ago. We expect global GDP growth of 2.5% in 2025 and 2.6% in 2026.
- We have made modest changes to our outlook for global monetary policy. We expect the European Central Bank and Reserve Bank of New Zealand to cut rates more quickly than previously, while we see more gradual easing from the Reserve Bank of Australia and the Norges Bank. We expect Brazil's Central Bank to hike rates by more than previously expected.
- We have revised our currency forecasts in the direction of a stronger U.S. dollar, and continue to see broad-based strength in the greenback versus advanced and emerging economy currencies over the medium term.
- For further reading on the global economy, please see our most recent International Economic Outlook.

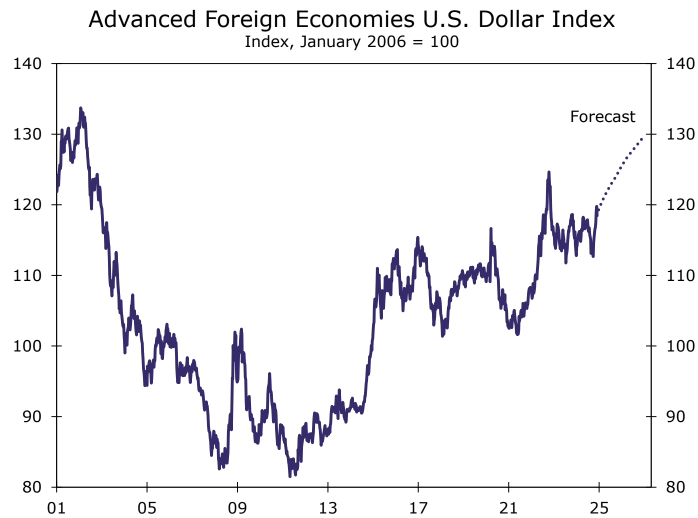
Our outlook for global GDP growth is unchanged from a month ago, though continues to indicate an underwhelming pace of global expansion over the next couple of years. With the U.S. tariffs we expect to be implemented likely to weigh on U.S. consumer purchasing power and reduce demand for foreign goods and services, we forecast global GDP growth of just 2.5% next year and 2.6% in 2026. For 2025 specifically, the impact of U.S. policy changes will add to Eurozone political uncertainties and deteriorating local sentiment, meaning Eurozone GDP growth of just 0.9% next year. China should face higher U.S. tariffs than most; even with renminbi depreciation, a struggling domestic economy in the absence of large-scale fiscal stimulus should mean Chinese GDP growth of only 4.0% next year. Closer to home, we see Canadian GDP growth of 1.7% and Mexican GDP growth of 1.3% in 2025—with the latter including a mild recession in the second half of next year.

While the softer global growth outlook has seen many international central banks tilt toward faster monetary easing, the impact has nonetheless been somewhat mixed. Given underwhelming growth and hints that Eurozone services inflation is turning more benign, we now see the European Central Bank lowering its policy rate by 25 bps at every meeting through June, before a final 25 bps rate cut in September. This week, the Bank of Canada delivered its second straight 50 bps rate cut, and we now forecast it will reach a terminal policy rate of 2.50% by Q2-2025, earlier than previously expected. Meanwhile, we expect another 50 bps rate cut from the Reserve Bank of New Zealand in February before it reverts to 25 bps reductions. Persistent domestic inflation could lead to slower monetary easing from Norway and Australia, where our base case is for initial rate cuts in Q1-2025 and Q2-2025, respectively. Finally, solid growth, a rebound in inflationary pressures, concerns over fiscal discipline and a weak currency mean we expect Brazil's Central Bank to hike its Selic Rate more than previously, to a peak of 14.50%.

Our outlook remains for a stronger trade-weighted U.S. dollar over the medium term. The imposition of U.S. tariffs should not only weigh on U.S. growth, but in many cases, growth disruptions could also be felt quite acutely internationally. With a lesser inflationary impact for international economies, many foreign central banks could also lean toward faster monetary easing, in contrast to more gradual easing from the Federal Reserve. Trade and political uncertainties could also lend safe-haven support to the greenback. Against this backdrop, we expect the greenback to gain against most advanced and developing economy currencies through 2025 and 2026 and forecast the trade-weighted dollar to strengthen by around 8.5% during that period.



Source: International Monetary Fund and Wells Fargo Economics



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

Wells Fargo International Economic Forecast

	GDP 2023	GDP 2024	GDP 2025	GDP 2026	CPI 2023	CPI 2024	CPI 2025	CPI 2026
Global (PPP Weights)	3.3%	2.9%	2.5%	2.6%	6.7%	3.9%	3.9%	3.8%
Advanced Economies[1]	1.7%	1.8%	1.7%	1.9%	4.6%	2.7%	2.5%	2.4%
United States	2.9%	2.7%	2.0%	2.2%	4.1%	2.9%	2.7%	2.7%
Eurozone	0.4%	0.7%	0.9%	1.2%	5.4%	2.4%	2.0%	2.0%
United Kingdom	0.3%	0.9%	1.6%	1.7%	7.3%	2.6%	2.4%	2.1%
Japan	1.7%	-0.2%	1.1%	0.9%	3.3%	2.6%	2.1%	1.7%
Canada	1.2%	1.3%	1.7%	1.7%	3.9%	2.4%	2.1%	2.0%
Switzerland	0.7%	1.4%	1.4%	1.2%	2.1%	1.1%	0.9%	1.0%
Australia	2.0%	1.0%	1.9%	2.1%	5.6%	3.4%	2.8%	2.7%
New Zealand	0.6%	0.2%	1.9%	2.1%	5.7%	2.9%	2.1%	2.0%
Sweden	-0.2%	0.6%	1.8%	1.7%	5.9%	1.9%	1.9%	2.0%
Norway	0.5%	1.0%	1.7%	1.6%	5.5%	3.3%	2.6%	2.3%
Developing Economies[1]	4.4%	3.7%	3.1%	3.0%	8.1%	4.8%	4.9%	4.8%
China	5.3%	4.6%	4.0%	4.0%	0.2%	0.3%	1.2%	1.4%
India	8.2%	6.3%	5.9%	6.0%	5.4%	4.9%	4.5%	4.5%
Mexico	3.2%	1.6%	1.3%	0.8%	5.5%	4.7%	3.8%	3.9%
Brazil	2.9%	3.1%	2.0%	1.7%	4.6%	4.4%	3.9%	3.6%

Forecast as of: December 12, 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 Current	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1
United States	4.75%	4.50%	4.25%	4.00%	3.75%	3.75%	3.75%
Eurozone[1]	3.25%	3.00%	2.50%	2.00%	1.75%	1.75%	1.75%
United Kingdom	4.75%	4.75%	4.50%	4.25%	4.00%	3.75%	3.50%
Japan	0.25%	0.25%	0.50%	0.75%	0.75%	0.75%	0.75%
Canada	3.25%	3.25%	2.75%	2.50%	2.50%	2.50%	2.50%
Switzerland	1.00%	0.75%	0.50%	0.50%	0.50%	0.50%	0.50%
Australia	4.35%	4.35%	4.35%	4.10%	3.85%	3.60%	3.35%
New Zealand	4.25%	4.25%	3.75%	3.25%	3.00%	3.00%	3.00%
Sweden	2.75%	2.50%	2.00%	1.75%	1.75%	1.75%	1.75%
Norway	4.50%	4.50%	4.25%	4.00%	3.75%	3.50%	3.25%
China[3]	9.50%	9.00%	9.00%	8.50%	8.00%	7.50%	7.50%
India	6.50%	6.50%	6.25%	5.75%	5.50%	5.50%	5.50%
Mexico	10.25%	10.00%	9.50%	9.00%	8.50%	8.50%	8.50%
Brazil	11.25%	12.25%	13.75%	14.50%	14.50%	14.50%	13.50%
Chile	5.25%	5.00%	4.75%	4.50%	4.50%	4.50%	4.50%
Colombia	9.75%	9.25%	8.50%	8.00%	8.00%	8.00%	8.00%

2-Year Note

	2024 Current	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1
United States	4.13%	4.20%	4.00%	3.85%	3.75%	3.75%	3.80%
Eurozone[2]	1.95%	1.95%	1.90%	1.85%	1.80%	1.75%	1.75%
United Kingdom	4.26%	4.25%	4.10%	4.00%	3.90%	3.80%	3.70%
Japan	0.59%	0.60%	0.65%	0.75%	0.80%	0.80%	0.85%
Canada	2.94%	2.90%	2.70%	2.55%	2.45%	2.45%	2.50%

10-Year Note

	2024 Current	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1
United States	4.24%	4.30%	4.20%	4.05%	3.90%	4.00%	4.05%
Eurozone[2]	2.12%	2.10%	2.00%	1.95%	1.95%	2.00%	2.00%
United Kingdom	4.32%	4.30%	4.15%	4.05%	4.00%	3.95%	3.85%
Japan	1.08%	1.10%	1.20%	1.30%	1.25%	1.20%	1.20%
Canada	3.08%	3.05%	2.90%	2.75%	2.70%	2.70%	2.80%

Forecast as of: December 12, 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
December 9	**10**	**11**	**12**	**13**
Bank of Australia Policy Rate December 4.35%	**NFIB** November 101.7	**CPI (MoM)** November 0.3% **Bank of Canada Policy Rate** December 3.25% **Brazilian Central Bank Policy Rate** Previous 11.25%	**PPI (MoM)** October 0.2% **European Central Bank Deposit Rate** Previous 3.25%	**Import Price (MoM)** October 0.3% **U.K. GDP (MoM)** September -0.1%
16	**17**	**18**	**19**	**20**
	Retail Sales (MoM) October 0.4% **Industrial Production (MoM)** October -0.3% **Canada CPI (MoM)** October 0.4%	**Federal Reserve Rate Decision** Previous 4.75% **Housing Starts (SAAR)** October 1,311K **United Kingdom CPI (YoY)** October 2.3% **Bank of Japan Policy Rate** Previous 0.25%	**Existing Home Sales** October 3,960K **LEI (MoM)** October -0.4% **Japan CPI (YoY)** October 2.3% **Bank of England Policy Rate** Previous 4.75%	**Personal Income & Spending (MoM)** October 0.6%; 0.4% ***Federal Government Shutdown Deadline***
23	**24**	**25**	**26**	**27**
Consumer Confidence November 111.7 **Canada GDP (MoM)** September 0.1%	**Durable Goods (MoM)** October 0.3% **New Home Sales (SAAR)** October 610K	**Christmas** [U.S. Markets Closed]		
30	**31**	**January 1**	**2**	**3**
		New Year's Day [U.S. Markets Closed]	**Construction Spending (MoM)** November 0.4%	**ISM Manufacturing** November 48.4 ***Barkin* speaks***
6	**7**	**8**	**9**	**10**
	Trade Balance October -$73.8B **JOLTS** October 7,744K **ISM Services** November 52.1	***FOMC Minutes***		**Employment** November 227K

Note: * = voting FOMC member in 2024, 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, Conference Board and Wells Fargo Economics

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Required Disclosures