Monthly — February 13, 2025

U.S. Economic Outlook: February 2025

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Tariffs Likely to Impart a Modest Stagflationary Hit to the Economy This Year

- The economic policies of the Trump administration are starting to take shape. President Trump has already announced the imposition of tariffs on some of America's trading partners, and we assume there will be more levies, which will be matched by foreign retaliation, in the coming quarters.
- Tariffs impart a modest stagflationary shock to an economy. The U.S. economy entered 2025 with a fair amount of momentum, but we look for real GDP growth to downshift a bit over the next few quarters as the price-boosting effects of tariffs erode growth in real income, thereby weighing on growth in real consumer spending.
- We forecast that the economy will accelerate somewhat in 2026 as the looser regulatory environment that the Trump administration is likely to put in place should be conducive to stronger growth in business fixed investment spending. We also assume that Congress will legislate tax cuts later this year that should provide a lift to growth in real disposable income and real consumer spending.
- The FOMC cut rates by 100 bps between September and December 2024, but it refrained from easing further at its most recent meeting in January due to "solid" growth in economic activity and an inflation rate that "remains somewhat elevated."
- We believe the FOMC will remain on hold for the next few months, but we look for it to ease again later this year as tariffs cause economic growth to downshift and the unemployment rate to tick up. We forecast the Committee will cut rates by 25 bps at each of its policy meetings in September and December before keeping its target range for the federal funds rate unchanged at 3.75%-4.00% throughout 2026.
- All economic forecasts are subject to ongoing revisions, but the clouded outlook for U.S. trade policy imparts a higher-than-normal amount of uncertainty into our forecasts. We believe the assumptions about trade policy that we have incorporated into our outlook are reasonable, but we acknowledge our forecasts could be altered considerably in coming months if trade policy turns out to be meaningfully different from what we currently assume.

Tariffs Likely to Impart a Modest Stagflationary Hit to the Economy This Year

The economic policies of the Trump administration, which has been in office for nearly one month, are starting to take shape. As noted in our Annual Economic Outlook in November, the president has a significant amount of unilateral authority to make changes to U.S. trade policy. One of President Trump's first actions upon retuning to the Oval Office was to slap 25% tariffs on Canada and Mexico, although he subsequently delayed imposition of those levies by a month. The president has placed an additional 10% tariff on Chinese goods, and he recently announced a 25% levy on imported steel and aluminum from all U.S. trading partners. As we showed in a report we wrote last summer, tariffs impart a modest stagflationary shock to the economy. That is, tariffs cause inflation to be higher than otherwise, and they impart a negative near-term hit to GDP growth.

In our view, however, it would not be prudent to incorporate fully the trade policy changes that have been announced to date in our forecasts. As the delayed tariffs on Canada and Mexico show, levies may be used as a negotiating tool, and they may not be implemented fully and/or in the timeframe initially specified. Some countries and/or products may be exempted from the tariffs. Therefore, we need to make some assumptions about the degree and timing of any tariff hikes. As a presidential candidate, Mr. Trump had been proposing a 10% universal tariff with 60% applied to China. Therefore, in our post-election forecasting, we had been assuming that roughly one-half of those proposed levies would be enacted starting in the second half of 2025. Given the announcements from the White House over the past few weeks, we have made some modest changes to our assumptions.

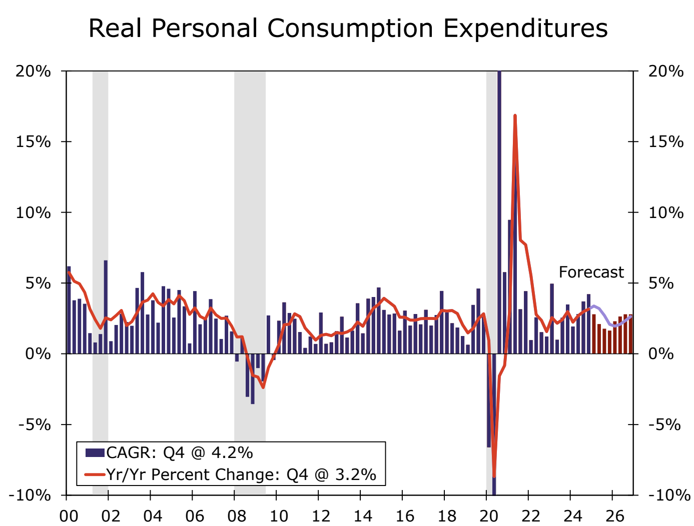
We assume the United States and its trading partners will levy tariffs on each other in the coming quarters.

As noted previously, President Trump has levied an additional 10% tariff on China with little indication that he intends to remove this levy anytime soon. Therefore, we assume this tariff will remain in place during the current quarter. We also believe that trade tensions between the United States and China will ratchet up in the coming quarters. Accordingly, we assume that U.S. tariffs on China will rise to 25% starting in Q2-2025 and that they will remain in place through the end of our forecast period in Q4-2026. We also assume China will retaliate with its own 25% levy on American goods, which also will remain in place through the end of 2026. In addition, we assume that, starting in Q3-2025, American tariffs on other trading partners will average 5% and that they will remain in place through Q4-2026. (We assume that trading partners retaliate with 5% tariffs on U.S. goods.) President Trump has not explicitly threatened 5% tariffs on any foreign country, but this effective tariff of 5% allows for some products and countries to be exempted from a 10% universal tariff.

Figure 1

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

Figure 2



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

We look for real GDP, which rose at an annualized rate of 2.3% in Q4-2024, to strengthen to about 3% in the current quarter (Figure 1). Some of this near-term pickup in growth reflects an inventory-build ahead of the coming tariffs. We then forecast that real GDP growth will downshift starting in the second quarter as the price-boosting effects of the tariffs negatively affect growth in real income, thereby weighing on growth in real consumer spending. But unless a tit-for-tat cycle of retaliation causes tariff rates to spiral ever higher, which we assume *will not happen*, the imposition of levies imposes a one-off boost to the price level and a temporary hit to the rate of economic growth. We look for some acceleration in economic activity in 2026 due, at least in part, to a looser regulatory environment that should be conducive to stronger growth in business fixed investment spending. As noted in our Annual Economic Outlook, we also assume that Congress will legislate tax cuts later this year that total roughly $1 trillion over the next 10 years. The one-off boost to real disposable income should lead to re-acceleration in real consumer spending next year (Figure 2).

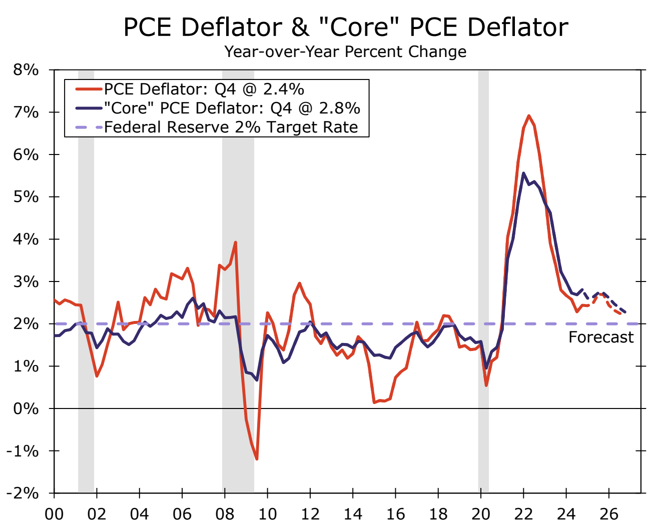
Fed on Hold for the Time Being Before Cutting Again Later This Year

We suspect the FOMC will be on hold in the coming months before cutting rates again by 25 bps in both September and December.

The Federal Open Market Committee (FOMC) reduced its target rate for the federal funds rate by 100 bps between September and December 2024, but it opted to keep rates on hold at its last policy meeting on January 29. The Committee decided to pause its easing cycle in January due to the combination of "solid" growth in economic activity and an inflation rate that "remains somewhat elevated." Indeed, the year-over-year change in the core PCE deflator, which most Federal Reserve officials deem to be the best measure of the underlying rate of consumer price inflation, ended 2024 at 2.8%, considerably above the Fed's target of 2% (Figure 3). We suspect that in the coming months the FOMC will maintain its current target range of 4.25%-4.50% for the fed funds rate as the price-boosting effects of tariffs prevent the core rate of inflation from returning to 2% as Fed officials would like. But as real GDP growth downshifts this summer and the unemployment rate ticks a bit higher, we think the Committee will begin to place more weight on the "full employment" side of its dual mandate. We forecast that the FOMC will cut rates by 25 bps at its policy meeting in September and by another 25 bps in December (Figure 4). We then look for the Committee to maintain its target range for the fed funds rate at 3.75%-4.00% throughout 2026.

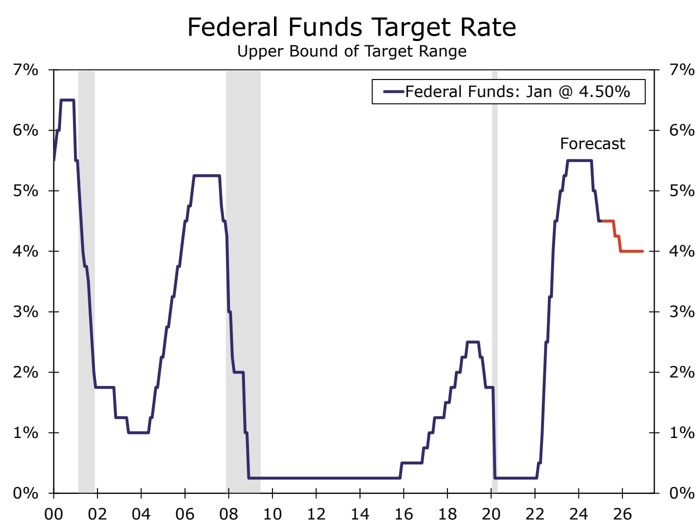
All economic forecasts are subject to ongoing revisions due to incoming data, unforeseen shocks and unexpected policy changes. Although we now have some more visibility regarding the tariff agenda of the Trump administration than we did in the immediate aftermath of the November election, we still need to make some assumptions about the timing and extent of tariffs in the future. We believe the assumptions we have specified above strike a reasonable balance between an overly draconian scenario of an all-out trade war between the United States and its trading partners and a benign scenario in which levies are not imposed at all. However, the outlook for U.S. trade policy is hardly crystal clear at present, and our assumptions are just that: an educated guess about the future, but a guess nevertheless. In short, there may be a higher-than-normal amount of volatility in our forecast in the coming months as the outlook for trade policy continues to evolve.

Figure 3



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

Figure 4



Source: Federal Reserve Board and Wells Fargo Economics

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	3.1	2.3	3.0	1.9	1.2	1.3	2.7	2.8	2.9	2.3	2.9	2.8	2.3	2.2
Personal Consumption	5.0	1.0	2.5	3.5	1.9	2.8	3.7	4.2	2.8	2.1	1.8	1.6	2.3	2.6	2.8	2.8	2.5	2.8	2.8	2.3
Business Fixed Investment	5.3	9.9	1.1	3.8	4.5	3.9	4.0	-2.2	3.4	3.9	4.7	4.8	5.9	6.1	6.4	6.6	6.0	3.7	2.8	5.6
Equipment	0.9	12.5	-1.1	0.7	0.3	9.8	10.8	-7.8	4.2	6.0	6.9	5.3	6.2	6.6	6.7	7.0	3.5	3.4	3.7	6.3
Intellectual Property Products	4.5	3.9	2.8	5.2	7.5	0.7	3.1	2.6	5.5	5.6	6.3	7.5	7.5	7.4	7.4	7.5	5.8	4.1	4.6	7.2
Structures	14.9	16.4	1.7	6.5	6.3	0.2	-5.0	-1.1	-2.6	-3.8	-3.4	-2.9	1.5	2.1	3.3	3.7	10.8	3.2	-2.8	0.2
Residential Investment	-4.3	4.5	7.7	2.5	13.7	-2.8	-4.3	5.3	1.1	-2.1	-2.7	-3.1	-2.1	1.2	3.1	3.5	-8.3	4.2	-0.4	-0.8
Government Purchases	5.1	2.9	5.7	3.6	1.8	3.1	5.1	2.5	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	-1069.2	-1066.8	-1105.8	-1142.0	-1153.5	-1148.8	-1149.6	-1176.7	-1225.2	-1279.7	-932.8	-1037.2	-1137.5	-1207.8
Pct. Point Contribution to GDP	0.3	-0.1	-0.1	0.1	-0.6	-0.9	-0.4	0.0	-0.7	-0.6	-0.2	0.1	0.0	-0.4	-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	57.9	4.4	60.0	75.8	32.5	-10.8	-5.4	10.8	43.3	43.3	33.1	37.9	39.4	23.0
Pct. Point Contribution to GDP	-2.2	-0.1	1.3	-0.5	-0.5	1.1	-0.2	-0.9	0.9	0.3	-0.7	-0.7	0.1	0.3	0.5	0.0	-0.4	0.0	0.0	-0.1
Nominal GDP (a)	6.6	4.3	7.7	4.8	4.7	5.6	5.0	4.5	6.5	4.7	3.6	3.6	5.2	5.2	5.1	4.4	6.6	5.3	5.0	4.6
Real Final Sales	5.1	2.6	3.0	3.7	2.1	1.9	3.3	3.2	2.0	1.6	1.9	2.1	2.7	2.5	2.4	2.3	3.3	2.7	2.5	2.3
Retail Sales (b)	5.1	1.9	3.4	3.8	2.0	2.4	2.3	3.7	4.5	4.5	3.8	2.7	2.8	3.3	3.8	4.1	3.6	2.6	3.9	3.5
Inflation Indicators (b)																				
PCE Deflator	5.0	3.9	3.4	2.8	2.7	2.6	2.3	2.4	2.4	2.5	2.7	2.7	2.4	2.3	2.2	2.2	3.8	2.5	2.6	2.3
"Core" PCE Deflator	4.9	4.6	3.9	3.2	3.0	2.7	2.7	2.8	2.6	2.6	2.7	2.7	2.6	2.5	2.4	2.3	4.1	2.8	2.7	2.4
Consumer Price Index	5.7	4.0	3.6	3.2	3.2	3.2	2.7	2.7	2.9	2.9	3.2	3.1	2.7	2.7	2.6	2.6	4.1	3.0	3.0	2.7
"Core" Consumer Price Index	5.5	5.2	4.4	4.0	3.8	3.4	3.3	3.3	3.2	3.2	3.4	3.2	3.0	2.9	2.9	2.8	4.8	3.4	3.2	2.9
Producer Price Index (Final Demand)	4.4	1.3	1.6	1.0	1.5	2.6	2.2	3.0	3.1	2.9	2.9	2.6	2.3	2.0	2.0	2.0	2.0	2.3	2.9	2.1
Employment Cost Index	4.8	4.5	4.3	4.2	4.2	4.1	3.9	3.8	3.7	3.7	3.7	3.7	3.6	3.6	3.6	3.6	4.5	4.0	3.7	3.6
Real Disposable Income (a)	10.9	3.4	1.4	3.2	5.6	1.0	1.1	2.8	2.4	1.9	2.0	2.5	5.0	3.2	2.5	3.4	5.1	2.9	2.1	3.2
Nominal Personal Income (a)	6.1	5.5	4.2	4.8	9.3	3.8	3.2	5.3	5.6	4.8	4.5	4.8	5.3	4.5	4.6	4.7	5.9	5.5	4.8	4.8
Industrial Production (a)	0.0	0.3	1.2	-1.8	-1.8	2.4	-0.6	-0.8	3.8	1.9	3.0	3.4	3.3	2.5	2.2	1.8	0.2	-0.3	1.8	2.8
Capacity Utilization	79.6	79.1	78.9	78.3	77.7	78.0	77.6	77.2	77.9	78.0	78.4	78.8	79.2	79.4	79.6	79.7	79.0	77.6	78.3	79.5
Corporate Profits Before Taxes (b)	8.7	3.8	4.8	10.5	8.2	10.8	6.0	3.5	3.0	2.2	3.2	3.0	6.5	7.2	6.8	7.0	6.9	7.0	2.8	6.9
Corporate Profits After Taxes	9.0	3.9	3.8	10.4	8.6	10.8	5.9	2.1	4.3	3.5	4.5	4.3	7.2	7.9	7.5	7.7	6.7	6.7	4.1	7.5
Federal Budget Balance (c)	-680	-292	-302	-510	-555	-209	-559	-711	-631	-168	-389	-552	-727	-246	-475	-590	-1695	-1832	-1900	-2000
Trade Weighted Dollar Index (d)	116.2	114.7	117.0	114.6	115.8	117.3	113.3	119.8	121.8	123.3	124.5	125.8	127.5	129.5	130.5	131.5	115.4	116.4	123.8	129.8
Nonfarm Payroll Change (e)	278	233	154	199	196	133	133	204	153	130	120	116	123	135	138	140	216	166	130	134
Unemployment Rate	3.5	3.5	3.7	3.8	3.8	4.0	4.2	4.1	4.0	4.1	4.2	4.2	4.1	4.0	4.0	3.9	3.6	4.0	4.1	4.0
Housing Starts (f)	1.37	1.46	1.38	1.48	1.41	1.34	1.33	1.38	1.34	1.34	1.35	1.36	1.35	1.35	1.36	1.37	1.42	1.36	1.35	1.36
Light Vehicle Sales (g)	15.1	15.7	15.6	15.6	15.5	15.6	15.6	16.5	15.5	14.9	14.7	15.0	15.1	15.3	15.4	15.7	15.5	15.8	15.0	15.4
Crude Oil - Brent - Front Contract (h)	81.9	77.6	85.3	82.3	81.2	84.4	78.0	73.6	76.6	75.0	74.7	73.0	73.0	74.7	74.7	74.0	81.8	79.3	74.8	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	4.50	4.50	4.25	4.00	4.00	4.00	4.00	4.00	5.23	5.27	4.31	4.00
Secured Overnight Financing Rate	4.87	5.09	5.31	5.38	5.34	5.33	4.96	4.49	4.40	4.40	4.15	3.90	3.90	3.90	3.90	3.90	5.01	5.15	4.21	3.90
Prime Rate	8.00	8.25	8.50	8.50	8.50	8.50	8.00	7.50	7.50	7.50	7.25	7.00	7.00	7.00	7.00	7.00	8.23	8.27	7.31	7.00
Conventional Mortgage Rate	6.54	6.71	7.20	6.82	6.82	6.92	6.18	6.72	7.10	6.90	6.65	6.50	6.50	6.50	6.50	6.50	6.80	6.72	6.79	6.50
3 Month Bill	4.85	5.43	5.55	5.40	5.46	5.48	4.73	4.37	4.40	4.35	4.10	3.90	3.90	3.90	3.90	3.90	5.28	5.18	4.19	3.90
6 Month Bill	4.94	5.47	5.53	5.26	5.38	5.33	4.38	4.24	4.40	4.25	4.00	3.90	3.90	3.90	3.90	3.90	5.28	5.00	4.14	3.90
1 Year Bill	4.64	5.40	5.46	4.79	5.03	5.09	3.98	4.16	4.20	4.05	3.95	3.90	3.90	3.90	3.90	3.95	5.08	4.69	4.03	3.91
2 Year Note	4.06	4.87	5.03	4.23	4.59	4.71	3.66	4.25	4.35	4.25	4.10	4.00	4.00	4.05	4.10	4.10	4.58	4.37	4.18	4.06
5 Year Note	3.60	4.13	4.60	3.84	4.21	4.33	3.58	4.38	4.55	4.45	4.25	4.15	4.20	4.25	4.30	4.30	4.06	4.13	4.35	4.26
10 Year Note	3.48	3.81	4.59	3.88	4.20	4.36	3.81	4.58	4.70	4.55	4.35	4.25	4.30	4.35	4.40	4.40	3.96	4.21	4.46	4.36
30 Year Bond	3.67	3.85	4.73	4.03	4.34	4.51	4.14	4.78	4.90	4.75	4.65	4.60	4.65	4.70	4.75	4.75	4.09	4.41	4.73	4.71

Forecast as of: February 13, 2025

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				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)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.44	0.58	0.38	0.47	0.04	-0.06	-0.13	-0.10	-0.08	0.00	-0.03	0.20	0.04
Personal Consumption	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.22	0.67	-0.04	0.00	0.11	-0.10	-0.21	-0.19	-0.10	0.00	0.08	0.39	-0.08
Business Fixed Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.46	0.71	0.01	0.02	0.00	0.00	0.00	0.00	0.00	0.00	-0.10	-0.10	0.01
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.86	0.02	0.04	0.07	0.00	0.00	0.00	0.00	0.00	0.00	-0.13	-0.37	0.01
Intellectual Property Products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.37	1.52	0.00	0.00	0.00	0.00	0.01	0.01	0.01	0.00	-0.09	0.12	0.00
Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.56	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.04	-0.03	0.00
Residential Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.06	2.50	0.40	0.40	0.70	0.30	0.00	-0.30	-0.30	0.00	0.07	0.98	0.23
Government Purchases	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Exports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-5.44	-18.68	-18.77	-18.89	-19.03	-19.16	-19.25	-19.33	-19.39	0.00	-1.36	-18.84	-19.28
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.09	-0.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.08	0.00
Inventory Change	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-55.89	-47.45	-24.60	2.37	-0.79	-0.39	0.79	3.16	3.16	0.00	-13.97	-17.62	1.68
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.97	0.15	0.39	0.45	-0.05	0.01	0.02	0.04	0.00	0.00	-0.06	-0.02	0.08
Nominal GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.60	1.02	0.66	0.50	-0.19	-0.17	-0.14	-0.08	-0.04	0.00	-0.04	0.32	-0.01
Real Final Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.56	0.43	0.00	0.02	0.09	-0.06	-0.15	-0.14	-0.08	0.00	-0.01	0.25	-0.05
Retail Sales (b)	0.00	0.00	0.00	-0.12	0.00	0.00	0.00	0.42	0.60	0.60	0.60	0.30	0.00	0.00	0.00	0.00	-0.03	0.11	0.53	0.00
Inflation Indicators (b)																				
PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.08	0.15	0.15	0.11	-0.01	-0.08	-0.08	-0.01	0.00	0.00	0.12	-0.05
"Core" PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.06	0.14	0.15	0.10	0.00	-0.09	-0.09	-0.01	0.00	0.00	0.11	-0.05
Consumer Price Index	-0.01	0.01	0.00	0.00	0.00	-0.01	0.02	-0.02	0.19	0.23	0.18	0.17	-0.02	-0.05	-0.03	0.01	0.00	0.00	0.19	-0.02
"Core" Consumer Price Index	0.00	0.00	-0.01	0.00	0.01	-0.01	0.02	-0.02	0.18	0.23	0.20	0.19	-0.02	-0.06	-0.05	0.01	0.00	0.00	0.20	-0.03
Producer Price Index (Final Demand)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.21	0.22	0.01	-0.11	-0.34	-0.36	-0.15	0.00	0.00	0.11	-0.24
Employment Cost Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	0.04	0.09	0.11	0.08	0.07	0.02	0.00	0.02	0.00	-0.01	0.08	0.03
Real Disposable Income (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.10	0.27	-0.26	-0.02	0.23	0.11	0.01	-0.03	-0.04	0.00	-0.01	0.01	0.05
Nominal Personal Income (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.14	0.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.10	0.00
Industrial Production (a)	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	1.94	2.92	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.12	1.09	0.00
Capacity Utilization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	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	0.00	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 After Taxes	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
Federal Budget Balance (c)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38.58	5.01	-43.59	-1.53	40.74	5.71	-44.93	-1.54	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	0.00	-1.25	-1.25	-1.25	-1.50	-1.00	0.00	0.00	0.00	0.00	0.00	-1.31	-0.25
Nonfarm Payroll Change (e)	-26.67	-40.33	-59.00	-13.67	-71.67	-14.67	-26.00	33.67	4.33	-5.00	-5.00	0.00	0.00	0.00	0.00	0.00	-34.92	-19.67	-1.42	0.00
Unemployment Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.08	-0.06	-0.02	-0.01	-0.10	-0.09	-0.09	-0.08	0.00	0.00	-0.04	-0.09
Housing Starts (f)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.03	0.03	0.02	0.02	0.01	0.00	-0.01	0.00	0.00	0.03	0.00
Light Vehicle Sales (g)	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	0.01	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	-1.78	-1.33	-0.33	0.67	0.00	0.00	0.00	0.00	0.00	0.00	-0.70	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 13, 2025

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

- A sturdy finish to the year for consumer spending sets up the first quarter of 2025 to be a bit stronger than in our prior forecast update.
- A surge in durable goods outlays was part of the strong finish to 2024. We suspect this acceleration reflects a degree of pull-forward in demand as consumers make some big-ticket purchases before tariffs go into effect. We still anticipate the pace of spending growth to slow as the year progresses, particularly in the second half as tariffs begin to bite.

Consumer spending was strong across categories in December with real spending on durables particularly robust, up 1.1% for the month. The strength in durable goods spending was broad-based with spending on furnishings, recreation and other goods each posted monthly increases of 1.3% or larger on an inflation-adjusted basis in December. Rather than a reawakening in demand, we suspect some of this is tariff-related amid a pull-forward in spending for big-ticket items before prices potentially go up with tariffs. That said, the tariff rationale is trickier to apply to non-durable goods, such as spending on groceries and gasoline, both of which posted inflation-adjusted increases in December. The thing to keep in mind when breaking out the categories of spending is that goods outlays are choppy, services outlays are not. That could get interesting should tariffs begin to get in the way of goods outlays later this year.

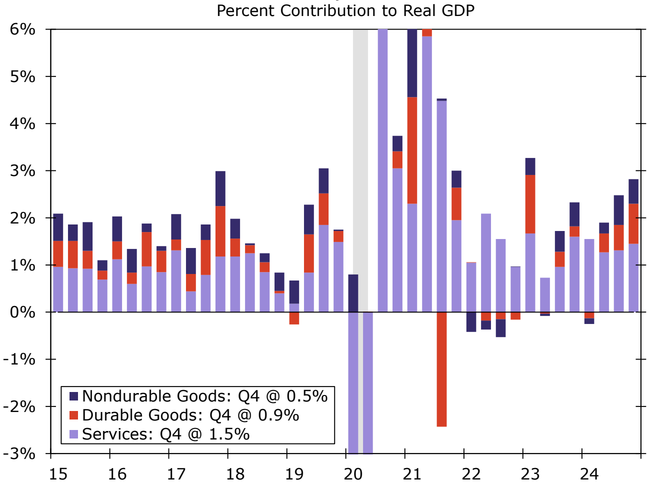
Investment: Equipment, Intellectual Property Products and Inventories

- A decline in Q4 equipment spending was tied to a sharp drop in aircraft orders. Boeing's order book points to more robust demand that may either set up Q1 for a bounceback or else perhaps the Q4 number will get revised up.
- Regardless what happens to aircraft orders, both core capital goods orders and shipments point to a slightly better outlook for BFI spending relative to our January forecast, recent tariff scares notwithstanding. Even to the extent that tariffs put downward pressure on equipment outlays, we see scope for intellectual property spending to continue relatively unimpeded by tariffs.

The outlook for business fixed investment spending brightened somewhat in December despite a sharp headline decline in durable goods orders. The weakness there can be attributed to aircraft orders, which fell sharply despite company-level reports that suggested the opposite would happen. Looking past the aircraft-related decline in durable goods orders, there was a rather encouraging uptick in demand for core capital goods where both orders and shipments rose more than expected in December on the heels of upward revisions. Like many other parts of the economy, the risk of tariffs has scope to disrupt capital spending plans. It is unclear whether the latest uptick in industrial supplies is genuine demand or a way to shore up needed inputs prior to any potential trade-related disruption. Even in the event of tariffs, we suspect that spending on research and development, software and other intellectual property products will remain steady.

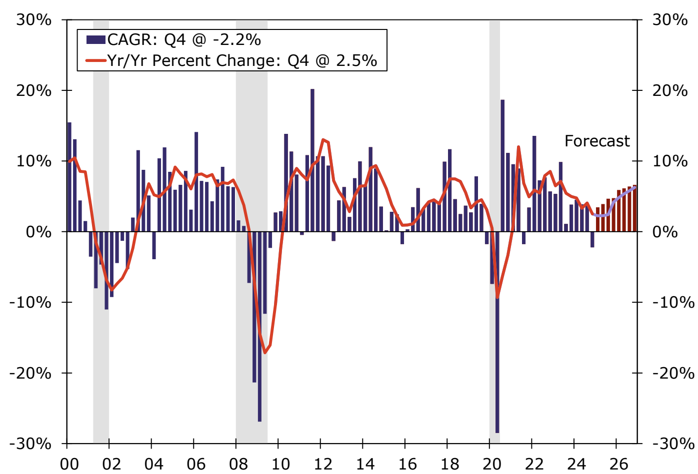
Personal Consumption Contributions

Percent Contribution to Real GDP



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

Real Business Fixed Investment



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

Investment: Residential

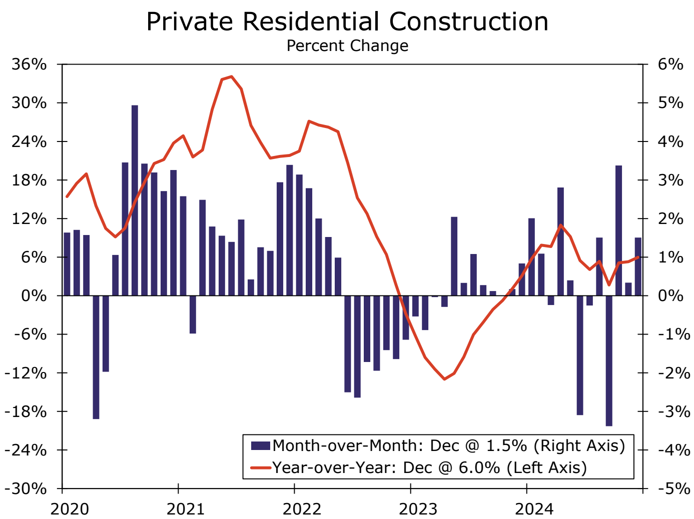
- We have made modest upward revisions to our near-term residential investment forecast. However, we maintain our view that high financing costs and coming economic policy changes will weigh on growth through the rest of the year.

Following two consecutive quarterly declines, residential investment grew a strong 5.3% in Q4-2024. An uptick in single-family permits and stabilizing multifamily development at the end of last year suggest that residential investment is poised for another improvement in Q1. The recent rise in home improvement spending is also a positive force. However, the residential sector is apt to face substantial headwinds this year. New tariff policies will likely increase housing material costs, while tighter immigration policies are expected to slow growth in the construction workforce. Furthermore, elevated new home inventory levels and high mortgage rates are set to remain as obstacles to new construction. All told, we expect the recent turnaround in residential investment is likely to be short-lived and look for a weaker pace of growth moving forward.

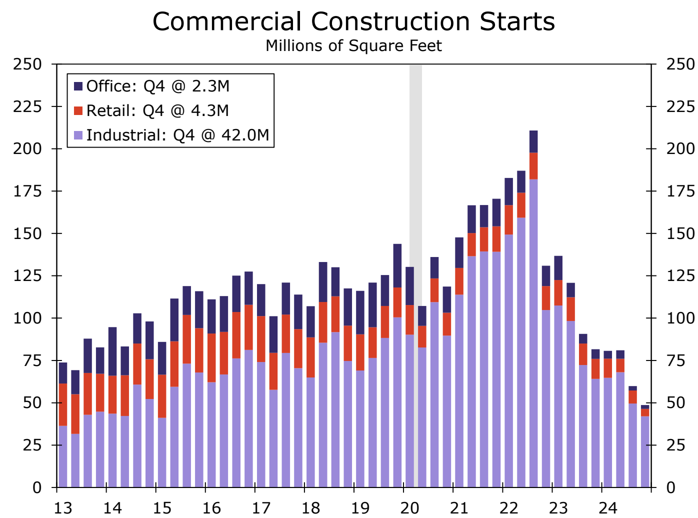
Investment: Nonresidential Structures

- We have not made major changes to our structures forecast. We took up our Q1 estimate slightly following a recent string of upward revisions to nonresidential construction spending. Structures investment still appears likely to drag on GDP growth this year amid a drop-off in commercial construction starts.

Growth in nonresidential construction spending has slowed over the past year coinciding with the lagged effects of monetary tightening. Lower investment into retail, warehouse and general office construction is a significant drag, reflective of the challenging environment for commercial real estate (CRE). Although it remains highly elevated, construction spending on computer, electronics and electrical manufacturing facilities has also started to come off the boil. Oil & gas drilling & exploration, counted in structures investment, also appears to be softening amid a retrenchment in active rotary rigs. The build out of data centers is a notable green shoot. That said, data center spending makes up less than five percent of total private nonresidential construction. Looking ahead, the drop-off in CRE construction starts sets the stage for softer investment in the medium term. Prolonged weakness in architectural billings is also a reminder that nonresidential construction likely will be subdued for some time.



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



Source: CoStar Inc. and Wells Fargo Economics

Labor Market

- The contours of our nonfarm payroll forecast are unchanged relative to last month. We look for payroll growth to average 130K per month in 2025 and 134K in 2026.
- We revised our unemployment rate forecast down a tenth in 2025 and 2026, to 4.1% and 4.0%, respectively.

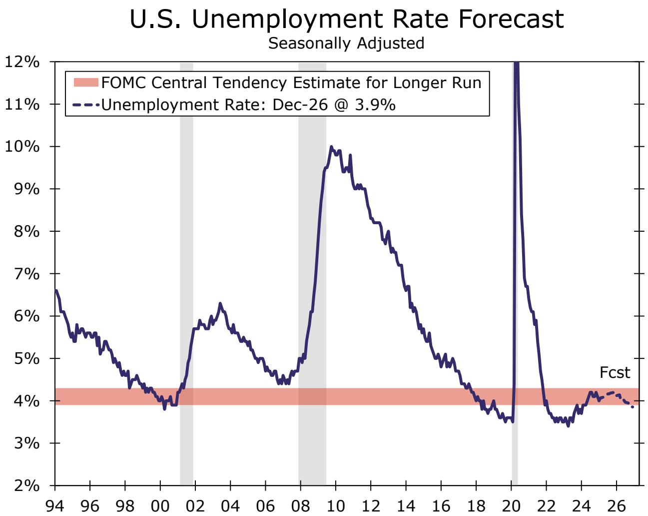
Hiring has regained its footing. Through the noise created by strikes and hurricanes, nonfarm payroll gains averaged 190K per month since October, above the 166K pace registered for the whole of 2024. At the same time, the unemployment rate also shows signs of the jobs market stabilizing. After marching higher through the first half of 2024, the unemployment rate dipped to an eight-month low of 4.0% in January.

Looking ahead, we expect the slower trend in hiring to resume over 2025 and 2026. Reduced immigration flows and population aging will constrain the pool of available workers and limit further easing in compensation cost growth. Even though we expect labor demand to remain tepid, the unemployment rate should remain close to 4% as slower labor force growth counterbalances a moderation in employment growth.

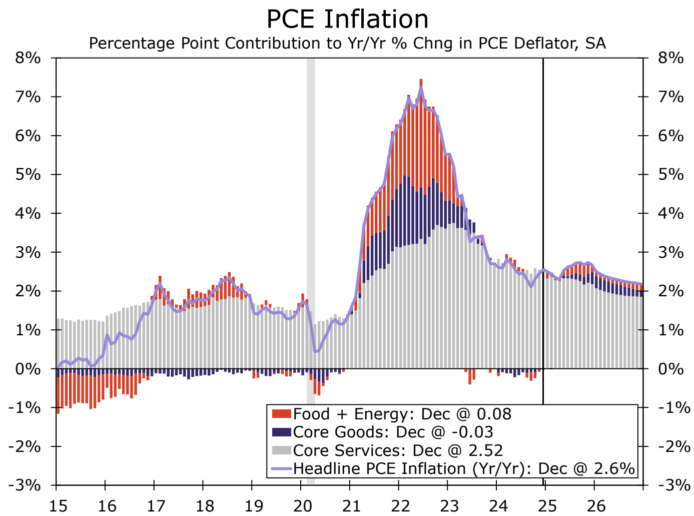
Inflation

- We pulled forward tariff-related inflation to Q2 and Q3 this year as an additional 10% duty on Chinese imports have already gone into effect and further tariffs loom. We continue to expect some further disinflation in services to be offset by stronger goods inflation this year, keeping core inflation stuck above the Fed's target.

Further progress in the fight against inflation this year will be challenging. The implementation of an additional 10% tariff on Chinese goods led us to upwardly revise our core PCE deflator forecast a tenth in Q2 and Q3 of this year, averaging 2.6% year-over-year. The pull forward of price pressures will foster somewhat softer inflation in the middle of 2026, as the price jump in 2025 sets up a favorable base effect in 2026. Stronger goods inflation, induced by higher tariffs, is a reversal from the past year when modest goods *deflation* helped ease overall inflation. Services inflation is poised to slow further, as the moderation in shelter prices continues to work its way into the official measures and labor costs continue to subside. Yet without the offset of goods deflation, inflation is likely to remain above the Federal Reserve's 2% target. We look for the annual rate of core PCE inflation to register 2.8% at the end of 2025 and 2.3% at the end of 2026.



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



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

Fiscal Policy

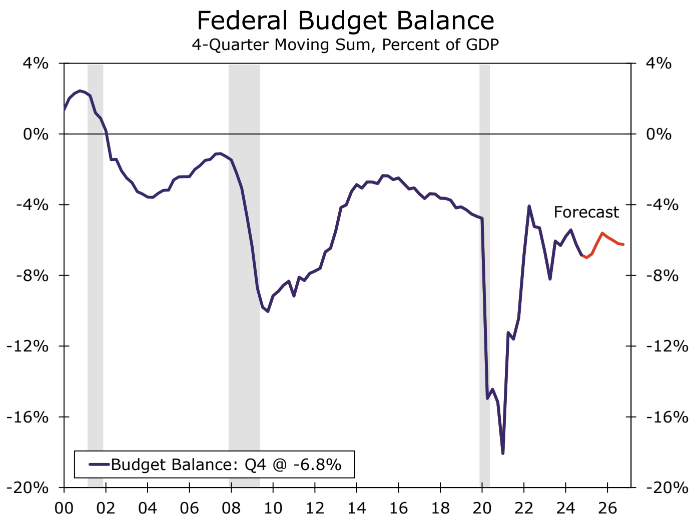
- We have not made any material changes to our U.S. fiscal policy forecast.
- A debt ceiling "X date" sometime in the summer seems probable in our view.

We have not made any major changes to our U.S. fiscal policy outlook relative to our previous month's forecast. We still expect Congress to extend the Tax Cuts and Jobs Act (TCJA) in a bill we believe will be passed later this year. In addition, we still anticipate some new tax cuts, primarily targeted at households, on the order of $100B per year. We have not changed our expectations for federal spending and still expect it to be relatively unchanged this year relative to last year. As we have written previously, we think it will take an act of Congress to reduce meaningfully the recent upward trajectory of federal spending as a share of GDP. Regarding the debt ceiling, it is still a bit early for precise "X date" forecasts, and we will learn more about the X date outlook on the other side of the April 15 tax filing deadline. That said, based on what we know now, an X date sometime in the summer seems like the most likely outcome, with the first half of June the initial stretch when Treasury's funds might be exhausted.

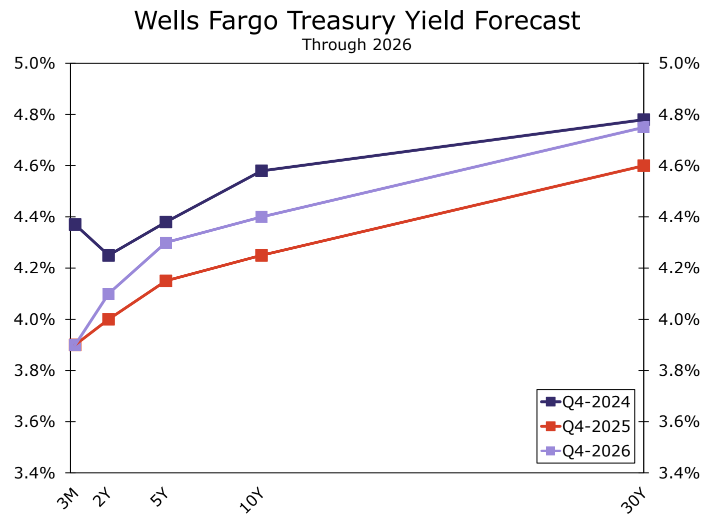
Monetary Policy & Interest Rates

- We have made no changes to our forecast for U.S. monetary policy. We expect the FOMC to hold the federal funds rate steady until early fall, at which point we expect a 25 bps rate cut in September and in December.
- Our forecast for the 10-year Treasury yield at year-end 2025 is 4.25%, also unchanged from our previous forecast.

We forecast 25 bps rate cuts at the September and December FOMC meetings such that by year-end 2025 the target range for the federal funds rate would sit at 3.75%-4.00%—still a modestly restrictive stance by our estimates. We also maintain our belief that the Federal Reserve's balance sheet runoff program will end in May. Starting in June, we forecast the Federal Reserve will keep the size of its balance sheet unchanged through at least the end of the year. Amid the additional policy easing and slower economic growth, we look for yields to fall modestly over the year, though yields at the long-end of the curve are likely to remain relatively elevated. Our year-end forecast for the 10-year Treasury yield is 4.25%, unchanged from our previous forecast.



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



Source: U.S. Department of the Treasury and Wells Fargo Economics

Net Exports

- We had expected a slight boost from net exports in the fourth quarter, but a sharp widening in the trade deficit in December meant that trade was neither a boost nor a drag to Q4 GDP
- Tariffs remain the wild card for 2025; when we have a clearly articulated plan for how and when these levies will be administered, we will price that into our forecast.

Here is a rough framework for thinking about trade in 2025: To the extent that U.S. tariffs slow import growth, trade can offer headline GDP growth a boost...but to the extent that retaliatory tariffs are put in place or if our trading partners reduce demand for U.S. goods, trade will be a drag. Much depends on the outlook for trade policy. While it is widely understood that goods exports could be subject to retaliatory tariffs, another potential risk is that foreign economies become less inclined to engage in services trade with U.S. firms. That could diminish the large trade surplus the U.S. economy enjoys today on the services side of trade.

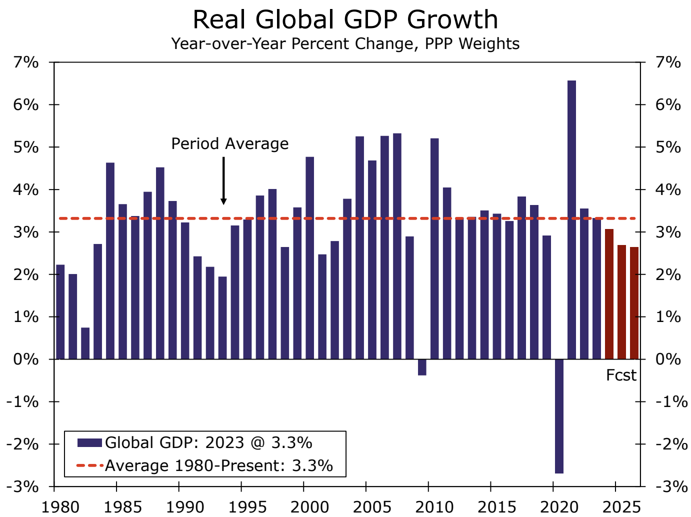
International Developments & The U.S. Dollar

- We have made only modest changes to our global growth outlook over the past month. We expect global GDP growth of 2.7% in 2025 (previously 2.5%), while for next year our global GDP growth forecast is unchanged at 2.6%. For this year, we have revised our growth forecast for the United States and China higher, and our growth outlook for the United Kingdom and Mexico lower.
- We have also made modest changes to our outlook for monetary policy in foreign economies. Given firming wage and price trends, we now expect more Bank of Japan tightening than previously. In emerging markets, we expect Colombia's central bank to lower interest rates by less than previously forecast.
- Our outlook remains for a stronger U.S. dollar over the medium term. A degree of U.S. economic resilience and only gradual Fed easing should support the greenback against advanced economy currencies, where we see slower growth and faster rate cuts. Episodes of market uncertainty and volatility should also support the safe-haven U.S. dollar against both advanced and emerging currencies.
- For further reading on the global economy, please see our most recent International Economic Outlook.

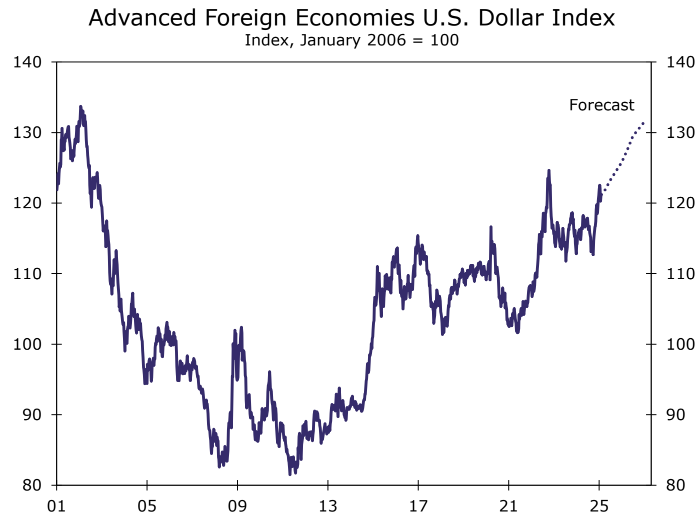
We have made modest changes to our global growth outlook this month, but continue to see a slower pace of expansion in 2025 and 2026 as compared to last year. A combination of higher tariffs and prior monetary tightening means we forecast 2.7% global GDP growth this year and 2.6% growth in 2026, compared to estimated global GDP growth of 3.1% in 2024. For 2025, we have adjusted our forecasts for some key individual economies. In addition to stronger momentum for the United States during the early part of this year, we have lifted our GDP growth forecast for China to 4.5% for 2025, reflecting solid activity in recent months. That said, subdued sentiment, higher tariffs and a lack of large-scale fiscal stimulus means we still see an overall growth slowdown for China this year. In contrast, Mexico ended 2024 on a soft note, which combined with the negative growth impact from higher tariffs, has led us to lower our GDP growth forecast to 0.5% for this year. Finally, the United Kingdom is also showing some softening in momentum heading into this year, which, combined with less supportive fiscal policy dynamics, has caused us to reduce our 2025 GDP growth forecast to 0.8%.

In large part, our view remains for more gradual Federal Reserve easing than from many other advanced economy central banks. We expect the Fed to remain on hold through the first half of this year, before lowering the fed funds rate by 50 bps in the second half of 2025. That cumulative Fed easing lags behind the further rate cuts we forecast from many G10 central banks this year (100 bps from the European Central Bank, 75 bps from the Bank of Canada and Bank of England, 100 bps or more from central banks in Norway, Australia and New Zealand). Moreover, we anticipate the rate cuts from other G10 central banks to either be front-loaded or spread evenly through 2025. The Bank of Japan is an exception, where we expect a further 50 bps of rate hikes by Q3-2025. In emerging economies, limited policy space for some central banks in part informs our view of expected policy rate increases from Brazil and Chile, while we see only modest easing from central banks in India and Colombia.

Finally, we continue to forecast strength in the U.S. dollar through 2025 and 2026. Relative resilience in U.S. economic activity compared to other advanced economies and more gradual Fed easing compared to many other G10 central banks are factors that should support the greenback against most other G10 currencies. The euro and Canadian dollar are among the currencies that we continue to expect will underperform. The U.S. dollar could also enjoy safe-haven support, as uncertainties around U.S. monetary, fiscal and trade policies lead to periods of volatility at times, which could be supportive for the greenback against both G10 and emerging currencies. Soft growth and an accommodative central bank could lead to weakness in the Chinese renminbi, tariffs and a dovish central bank could weigh on the Mexican peso, and concerns surrounding fiscal discipline could weigh on the Brazilian real.



Source: International Monetary Fund and Wells Fargo Economics



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

Wells Fargo International Economic Forecast

	GDP				CPI			
	2023	2024	2025	2026	2023	2024	2025	2026
Global (PPP Weights)	3.3%	3.1%	2.7%	2.6%	6.7%	3.9%	4.0%	3.8%
Advanced Economies[1]	1.7%	1.8%	1.8%	1.9%	4.6%	2.8%	2.7%	2.4%
United States	2.9%	2.8%	2.3%	2.2%	4.1%	3.0%	3.0%	2.7%
Eurozone	0.4%	0.7%	0.9%	1.2%	5.4%	2.4%	2.1%	1.9%
United Kingdom	0.4%	0.7%	0.8%	1.7%	7.3%	2.5%	3.2%	2.4%
Japan	1.5%	-0.2%	1.1%	0.9%	3.3%	2.7%	2.3%	2.0%
Canada	1.5%	1.3%	1.7%	1.7%	3.9%	2.4%	2.0%	2.0%
Switzerland	0.7%	1.4%	1.4%	1.3%	2.1%	1.1%	0.6%	0.8%
Australia	2.1%	1.0%	1.9%	2.1%	5.6%	3.2%	2.7%	2.7%
New Zealand	1.8%	-0.4%	1.4%	2.5%	5.7%	2.9%	2.1%	2.0%
Sweden	0.0%	0.5%	1.6%	2.0%	6.1%	1.9%	1.8%	1.9%
Norway	0.6%	0.6%	1.3%	1.6%	5.5%	3.2%	2.4%	2.1%
Developing Economies[1]	4.4%	3.9%	3.3%	3.1%	8.1%	4.8%	4.9%	4.9%
China	5.4%	5.0%	4.5%	4.1%	0.2%	0.2%	1.0%	1.4%
India	7.7%	6.3%	5.9%	6.0%	5.7%	4.9%	4.5%	4.5%
Mexico	3.3%	1.3%	0.5%	1.1%	5.5%	4.7%	3.3%	3.9%
Brazil	3.2%	3.1%	2.0%	1.7%	4.6%	4.4%	4.6%	4.0%
Russia	3.6%	3.7%	1.5%	1.4%	6.0%	8.4%	7.6%	5.1%

Forecast as of: February 13, 2025

[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		2025				2026	
	Current	Q1	Q2	Q3	Q4	Q1	Q2
United States	4.50%	4.50%	4.50%	4.25%	4.00%	4.00%	4.00%
Eurozone[1]	2.75%	2.50%	2.00%	1.75%	1.75%	1.75%	1.75%
United Kingdom	4.50%	4.50%	4.25%	4.00%	3.75%	3.50%	3.50%
Japan	0.50%	0.50%	0.75%	1.00%	1.00%	1.00%	1.00%
Canada	3.00%	2.75%	2.25%	2.25%	2.25%	2.25%	2.25%
Switzerland	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Australia	4.35%	4.10%	3.85%	3.60%	3.35%	3.35%	3.35%
New Zealand	4.25%	3.75%	3.25%	3.00%	3.00%	3.00%	3.00%
Sweden	2.25%	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%
Norway	4.50%	4.25%	4.00%	3.75%	3.50%	3.25%	3.00%
China[3]	9.50%	9.50%	9.00%	8.50%	8.00%	8.00%	7.50%
India	6.25%	6.25%	5.75%	5.75%	5.75%	5.75%	5.75%
Mexico	9.50%	9.00%	8.50%	8.50%	8.50%	8.50%	8.50%
Brazil	13.25%	14.25%	15.25%	15.25%	15.25%	14.25%	13.25%
Chile	5.00%	5.00%	5.00%	5.50%	6.00%	6.50%	7.00%
Colombia	9.50%	9.25%	9.00%	9.00%	9.00%	9.00%	9.00%
Russia	21.00%	21.00%	20.75%	18.75%	16.75%	14.75%	13.00%

2-Year Note		2025				2026	
	Current	Q1	Q2	Q3	Q4	Q1	Q2
United States	4.37%	4.35%	4.25%	4.10%	4.00%	4.00%	4.05%
Eurozone[2]	2.14%	2.05%	1.90%	1.80%	1.75%	1.75%	1.80%
United Kingdom	4.20%	4.15%	4.05%	3.95%	3.75%	3.65%	3.60%
Japan	0.80%	0.80%	0.95%	1.05%	1.10%	1.15%	1.15%
Canada	2.76%	2.65%	2.45%	2.40%	2.35%	2.30%	2.35%

10-Year Note		2025				2026	
	Current	Q1	Q2	Q3	Q4	Q1	Q2
United States	4.64%	4.70%	4.55%	4.35%	4.25%	4.30%	4.35%
Eurozone[2]	2.48%	2.40%	2.25%	2.15%	2.10%	2.05%	2.05%
United Kingdom	4.54%	4.45%	4.30%	4.20%	4.10%	4.00%	3.90%
Japan	1.34%	1.35%	1.45%	1.55%	1.60%	1.65%	1.65%
Canada	3.18%	3.05%	2.85%	2.75%	2.65%	2.70%	2.75%

Forecast as of: February 13, 2025

[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 10	**11**	**12**	**13**	**14**
	NFIB January 102.8 ***Powell*, Williams* & Bowman* speak***	**CPI (MoM)** January 0.5% **Federal Budget** December -$86.7B ***Powell*, Waller* & Bostic speak***	**PPI (MoM)** December 0.2% **United Kingdom GDP (QoQ)** Q3 0.0%	**Retail Sales (MoM)** December 0.4% **Import Price Index (MoM)** December 0.1% **Industrial Production (MoM)** December 0.9% **Eurozone GDP (QoQ)** Q3 0.0%
17	**18**	**19**	**20**	**21**
Presidents' Day [U.S. Markets Closed] ***Harker & Bowman* speak***	**Canada CPI (YoY)** December 1.8% **New Zealand Rate Decision** Previous 4.25% ***Daly speaks***	**Housing Starts (SAAR)** December 1,499K **United Kingdom CPI (YoY)** December 2.5% ***FOMC Meeting Minutes***	**LEI (MoM)** December -0.1% **Japan CPI (YoY)** December 3.6% ***Goolsbee* & Musalem* speak***	**Existing Home Sales (SAAR)** December 4.24M
24	**25**	**26**	**27**	**28**
	Consumer Confidence January 104.1	**New Home Sales (SAAR)** December 698K	**Durable Goods (MoM)** December -2.2% ***Hammack speaks***	**Personal Income & Spending (MoM)** December 0.4%;0.7% **Canada GDP (QoQ, Annualized)** Q3 1.0% ***Goolsbee* speaks***
March 3	**4**	**5**	**6**	**7**
Construction Spending (MoM) December 0.5% **ISM Manufacturing** January 50.9 **Eurozone CPI (YoY)** January 2.4% ***Musalem* speaks***		**ISM Services** January 52.8 ***Beige Book***	**Trade Balance** December -$98.4B **ECB Rate Decision** Previous 2.75%	**Employment** January 2143K

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