Annual Economic Outlook — November 19, 2025

2026 Annual Economic Outlook

Policy Reset: How Fiscal, Monetary and Trade Frameworks Shape 2026

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Executive Summary

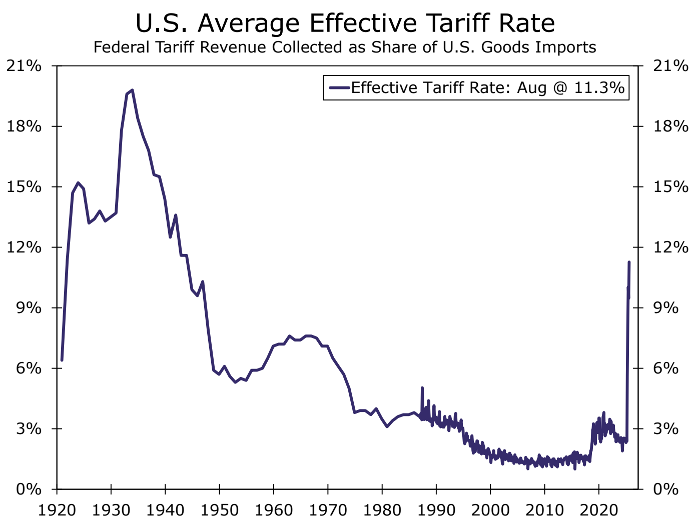
- We look for U.S. real GDP growth of 2.3% (annual average) in 2026. The improved outlook reflects a more supportive fiscal policy environment, a less restrictive monetary policy setting and a tariff regime that is not characterized by near-constant escalation as it was this year.
- The resilient consumer continues to help shore up economic activity, though consumer spending is not poised to be an outperforming driver of growth in 2026. Tax policy changes in the One Big Beautiful Bill Act (OBBBA) offer some relief in the year ahead, particularly for lower- and middle-income households, where help is needed most.
- Business fixed investment has been, and will continue to be, sustained by the splurge on all things tech- and AI-related. Investment-friendly tax policy changes help on the margin, and so will lower rates and an anticipated decline in policy uncertainty next year. These factors should help support investment growth in more traditional capex categories, which have struggled of late.
- Tariff rates are not going back to 2024 levels anytime soon, but we think 2026 will show that 2025 was the peak for the U.S. average effective tariff rate. This in turn bodes well for U.S. economic growth in 2026 as trade policy becomes directionally less restrictive.
- Inflation has been stuck around 3% amid a tug-of-war between slowing services prices but a tariff-induced pickup in goods prices. We expect inflation to still be above 2% by the end of next year. That said, our base case forecast for core PCE inflation to be 2.6% on a Q4/Q4 basis in 2026 would mark a directional improvement, with the softer labor market, well-anchored inflation expectations and the prospect for some tariff relief next year helping lead inflation lower.
- Amid the blackout of government data due to the shutdown, alternative indicators paint a mixed picture of the jobs market: not clearly improving, but not falling apart either. Sturdier economic growth and reduced uncertainty should generate some improvement in hiring next year and keep the unemployment rate from climbing above 4.5%.
- Our base case remains for the FOMC to reduce the fed funds rate by 25 bps at its December meeting, although recent Fed speak makes it a close call as we go to print. For 2026, we look for two additional 25 bps rate cuts by mid-year, which would put the terminal rate at 3.00%-3.25%.
- While the global economy can continue to demonstrate resilience, the pace of global growth in 2026 is unlikely to match the rate of expansion achieved in 2025. Easier central bank monetary and fiscal support from select countries can put a floor under global growth; however, protectionist trade policies may restrain global activity.
- Select foreign central banks can lower interest rates, but rate reductions similar to 2025 are unlikely to be repeated. A monetary policy divergence theme should build in early 2026 that weighs on the dollar; however, once Fed easing ends, the dollar can rebound and discussions about the greenback losing its reserve FX status should diminish.

Policy Shifts and Less Uncertainty Give Way to Firmer Foundation

The U.S. economic policy outlook for 2026 rests on somewhat less wobbly ground than the outlook for 2025. We know, for example, what major fiscal policy changes are occurring, as the One Big Beautiful Bill Act (OBBBA) was passed earlier this year. And although the monetary policy outlook depends on how the delayed data shake out with respect to inflation and the labor market, we know that the fed funds rate will start next year at least somewhat less restrictive than it was at the start of 2025. While opinions may differ among members of the Federal Open Market Committee (FOMC), there is generally a shared view that short-term rates are tracking toward a terminal fed funds rate that is less restrictive than it is today. The confluence of stimulative fiscal policy and something closer to neutral monetary policy together ought to underpin solid U.S. economic growth in 2026.

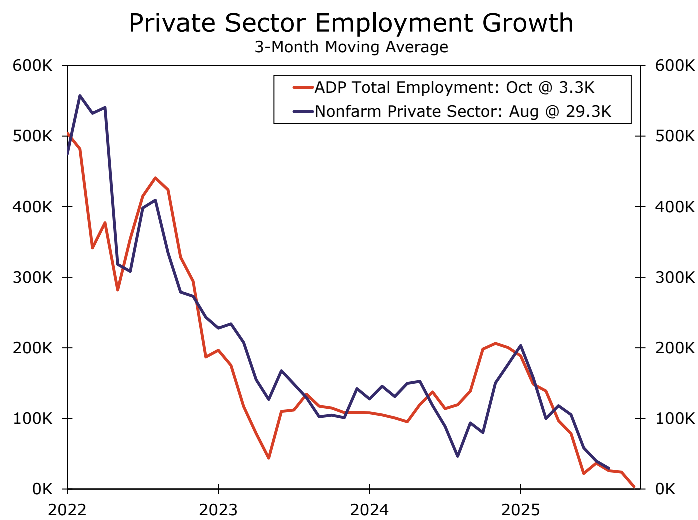
Fiscal and monetary policy are not the only policy dynamics that have become less uncertain in the U.S. outlook. Arguably the defining economic policy development in 2025 was the ever-changing tariff backdrop. Anyone paying attention during President Trump's second term knows better than to wager a precise bet on the next incremental development in trade policy. Yet even on this topic, economic policy uncertainty has fallen compared to one-year ago, and as a result financial markets have a better sense of what to expect. For example, there is no longer any debate about whether the threat of broad sweeping tariffs is merely a negotiating tactic, a view that was hotly debated at the start of 2025. While the government shutdown has delayed the latest trade data, the average effective U.S. tariff rate is likely to end the year more than four-times the rate at which it started it (Figure 1). Tariffs are not going away completely, but a similar escalation in import levies seems unlikely to be repeated in 2026, in our view. In fact, court challenges and a renewed political urgency to pay closer attention to the rising cost of living should keep the average effective tariff rate flat to down in 2026 compared to the skyrocketing increase we saw in this year.

Figure 1



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

Figure 2



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

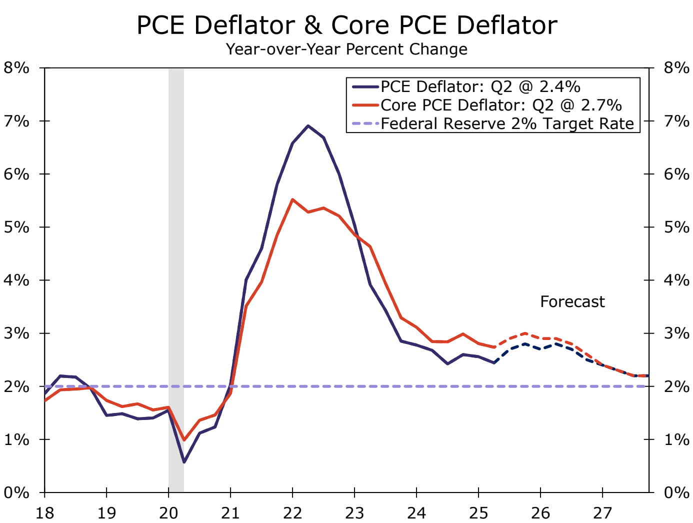
For the FOMC, 2026 is set to begin with its dual mandate in tension. This has resulted in increasingly conflicted views as to the appropriate policy stance among the members of the FOMC. Dissents in both the hawkish and dovish direction speak to the difficult position in which the Committee finds itself as it dials down policy restriction just enough to shore-up the flagging labor market without giving back the hard-won gains in the battle to bring inflation to heel.

Chair Powell has made clear that another rate cut in December is far from certain. Our base case remains for the FOMC to reduce the fed funds rate by another 25 bps at its December meeting, but it is a close call based on the recent Fed speak. A more hawkish tone has emerged from policymakers, although it generally has come from regional Fed presidents instead of their more dovish counterparts at the Board. The release of delayed data over the next couple of weeks will be key for which way the finely balanced views of the Committee will tip. The latest employment data that is available paint a mixed picture of the jobs market—not improving, but not falling apart either. Hiring remains sluggish as measured by ADP and other private sector job growth metrics (Figure 2), while real-time estimates of the unemployment rate suggest it has continued to gradually creep higher. Still, the lack of widespread layoffs, as evidenced by flattish state-level jobless claims, suggests the labor market is not in free fall even if the risk of a more pronounced slowdown is still on the table. We expect the unemployment rate to edge slightly higher over the next few months but for the improved economic growth backdrop next year to support employment gains and keep the unemployment rate steady at around 4.5% through 2026.

The challenge for policymakers is to weigh the recent inconclusive readings on the labor market against an inflation backdrop that is also beset by crosscurrents. Through August, the latest data available because of the government shutdown, the core PCE deflator was up 2.9% year-over-year, just one-tenth lower than it was in December 2024. The CPI data through September tell a similar story of the downward trend in inflation stalling this year. A continued slowdown in some service sector inflation categories, such as shelter, has been offset by the tariff-induced pickup in goods prices.

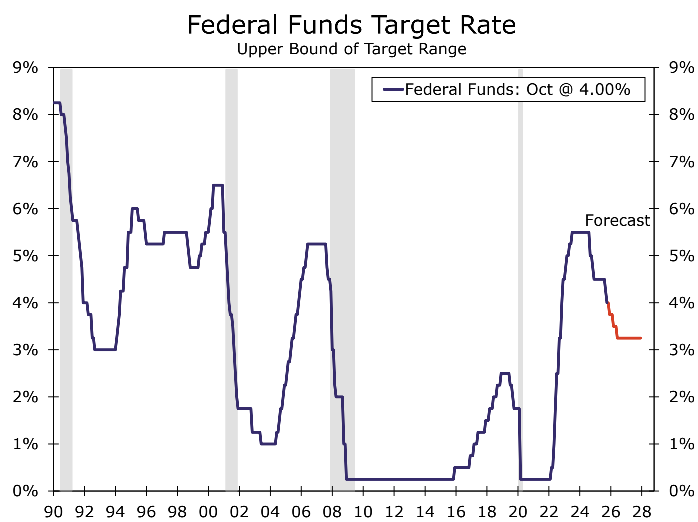
We likely are not yet past the peak impact of tariffs on inflation. Those effects will likely not convincingly fade until the middle of next year. On top of that, our relatively upbeat economic outlook for 2026 should help keep a floor under inflation next year. As a result, we expect inflation to still be above the FOMC's 2% target by the end of next year (Figure 3). That said, our base case forecast of 2.6% core PCE inflation on a Q4/Q4 basis in 2026 would mark a directional improvement from spot inflation today. The softer labor market, prospect for some tariff relief, solid productivity growth and anchored inflation expectations all support the resumption of inflation's travel back toward 2%.

Figure 3



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

Figure 4



Source: Federal Reserve Board and Wells Fargo Economics

Against this backdrop, we look for the FOMC to follow its December 25 bps reduction in the federal funds rate with two more cuts in the first half of 2026 (Figure 4). If realized, this would put the terminal target range for the federal funds rate at 3.00%-3.25%, modestly below our estimate for the longer-run neural rate but in line with the median FOMC estimate. We also anticipate some modest steepening across the yield curve and project a 10-year yield of 4.15% and a two-year yield of 3.35% at the end of next year.

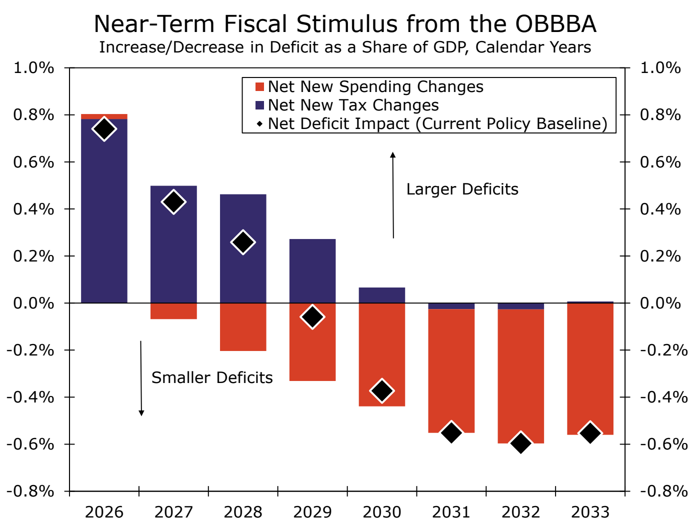
We are frequently asked about the distribution of risks around our base case fed funds forecast. These questions come at a time when the FOMC itself appears divided about the appropriate policy stance in both the short run and the long run. Even if the jobs market and inflation run hotter than we expect next year, it is difficult to envision rate *hikes* occurring anytime soon given the lack of broader inflationary pressure and the increasingly dovish composition of the Board of Governors. However, if the labor market deteriorates more sharply than we expect, it is not hard for us to imagine a situation in which the FOMC cuts the policy rate into negative *real* rate territory, resulting in a nominal fed funds rate of 2.25% or less. Thus, the balance of risks for the fed funds rate seems skewed to the downside when it comes to unexpected moves of large magnitude in 2026.

Tax Relief and Investment Incentives to Support Spending

As we consider the outlook for economic growth in the context of a somewhat more settled policy framework, we find justification for measured optimism. The resilience of consumer spending may say more about spending among wealthy households while overlooking signs of stress among lower-income households, but that does not change the fact that aggregate spending has continued to expand. Furthermore, some help is on the way for lower and middle-income households, as tax changes — such as no tax on tips and overtime income, new tax deductions for seniors and auto loan interest and a larger child tax credit — mostly come with income caps. In total, OBBBA's individual income tax policy changes should reduce households' tax liabilities by roughly $150 billion (~0.5% of GDP) in 2026, with some additional support to the business sector via lower taxes also in store (Figure 5).

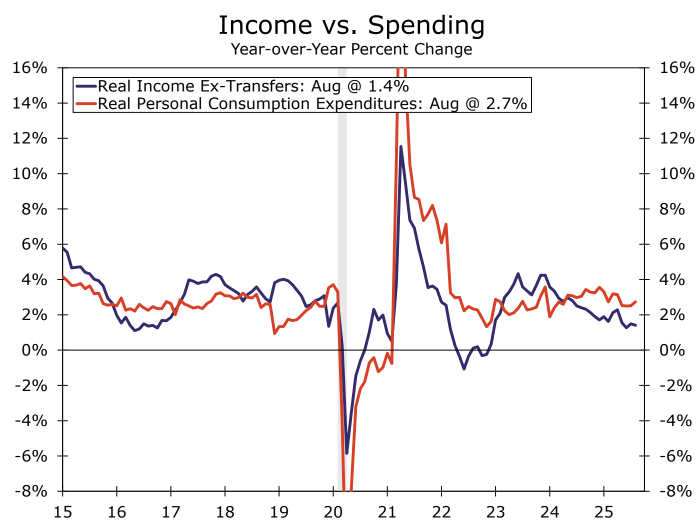
Still, the idea that consumer spending is just chugging along un-impacted by rising prices or lost momentum in the jobs market misses something essential. Real income growth excluding transfer payments has been on a downward trajectory (Figure 6), and consumer spending on discretionary services has slowed to near stall-speed on a year-over-year basis. From our perspective, this is evidence that households are attempting to curtail spending where they can. A potential result of this parsimonious behavior is that, to the extent that households continue to eschew service sector spending, it may actually continue to dissuade service providers from marking up prices. Overall, we look for consumer spending growth to be sustained to some extent by fiscal policy providing an offset from softer income fundamentals.

Figure 5



Source: CBO, Joint Committee on Taxation and Wells Fargo Economics

Figure 6



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

Tech-related investment has been a prominent feature of U.S. growth over the past year, a dynamic we expect will continue in 2026. The race to build out the next generation of AI capabilities with the latest information processing equipment, software and new data centers has led capital spending to charge ahead despite elevated policy uncertainty. But this concentration in tech spending glosses over undeniable weakness in more traditional capex categories, such as transportation equipment and commercial construction (Figure 7).

The OBBBA has scope to spur more business investment, particularly in some of those old-line equipment categories that have struggled in recent years. By making bonus depreciation permanent, firms can fully expense capital equipment, machinery and qualifying real estate improvements. This change, along with other tax incentives, reduced policy uncertainty and lower borrowing rates, should provide support to investment growth next year and keep the capex cycle rolling. We project BFI to expand at a 3.8% annual average rate next year, a touch below this year's pace.

Meanwhile, we expect ongoing weakness in the residential sector to persist over the next several quarters as adverse affordability conditions limit home buying and home builders throttle back production. That noted, residential investment should start to improve over the course of 2026.

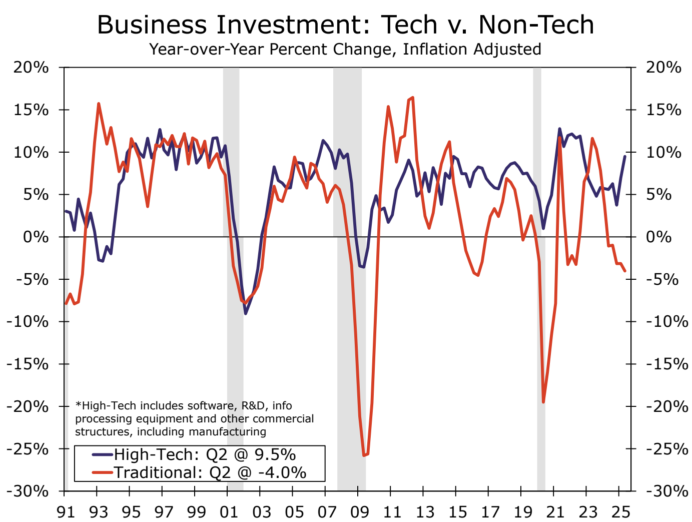
Although we do not foresee a material decline in mortgage rates next year, a lower fed funds rate has already yielded slightly lower financing costs for buyers. Home price appreciation has also eased, and an improvement in mortgage applications for purchase is a sign that a modest increase in home sales is ahead.

Inventory remains elevated relative to sales in the new home market, which implies a weaker pace of single-family construction in the short-run. As sales firm and builders use incentives to work down inventory, new single-family development should begin to rise later in 2026. Multifamily construction has contracted sharply in recent years against a backdrop of rising apartment market vacancy rates and increased interest rates. However, prohibitive homeownership costs continue to support rental demand, while the wave of new apartment supply is tapering. As such, better balance in the apartment market and lower financing costs sets the stage for modest growth in new investment moving forward. Home improvement spending, driven by elevated homeowner equity levels, limited resale supply and lower interest rates, should also support overall residential investment in the year ahead.

Trade policy will remain a key theme in 2026, and, while next year may not bring as many tariff fluctuations, we believe we have yet to reach a point of stability. The most pressing question is what's to come of the Supreme Court's ruling on the Trump administration's authority to use the International Economic Emergency Powers Act (IEEPA) to impose far-reaching universal tariffs. If struck down, the average effective tariff rate would be roughly cut in half, reducing the hit to consumers and businesses as well as the amount of tax revenue generated for the government. It also opens the door to potential refunds amounting to about $70-90 billion flowing back to the businesses that originally paid them. Our economic growth forecast is predicated on current trade policy, but even if the IEEPA tariffs are struck down, we expect President Trump would seek to use alternative executive authorities to re-impose portions of these levies. This would keep tariffs elevated in the year ahead, although probably still below current levels. Overall, we look for imports to modestly outpace exports next year, causing the trade deficit to widen as domestic demand outpaces demand abroad.

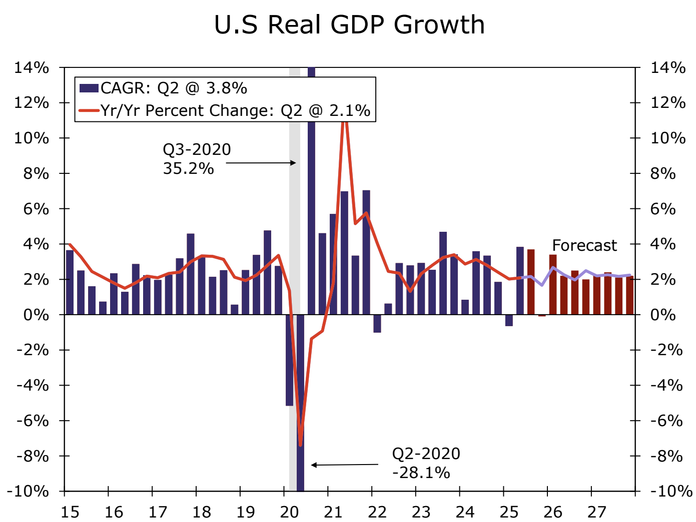
All told, we look for full-year real U.S. GDP growth of 2.3% (annual average) in 2026 (Figure 8). The improved outlook reflects a more supportive fiscal policy environment, less restrictive monetary policy and a tariff environment that is not characterized by the near-constant escalation that was the hallmark of 2025 policy.

Figure 7



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

Figure 8

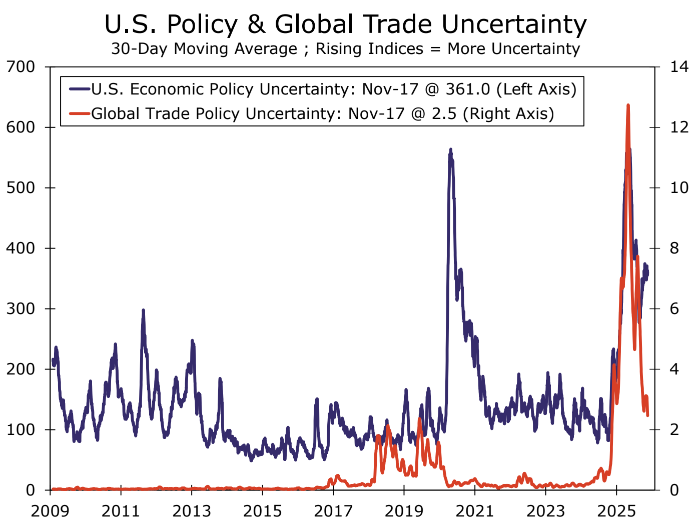


Source: U.S. Department of Commerce and Wells Fargo Economics

Global Economy Slowing but Still Expanding in 2026

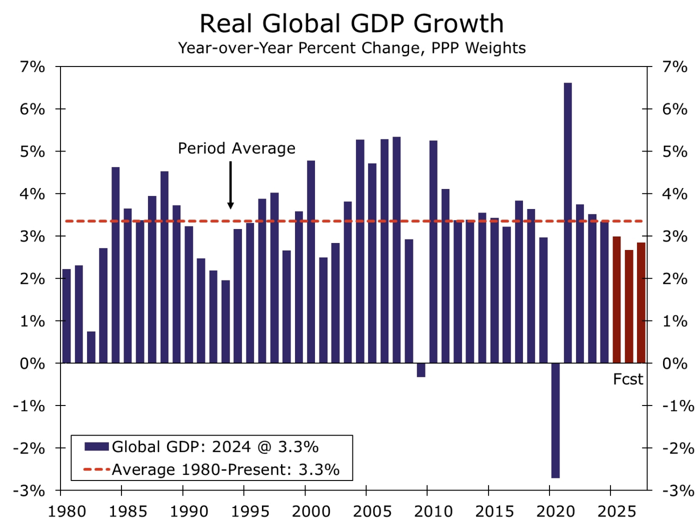
The theme of a sturdier economic foundation leading into 2026 also exists internationally. Advanced and emerging economies were tested in 2025 but proved to be resilient despite aggressive tariff escalations and elevated policy uncertainty. But with tariff policy unlikely to be as contentious next year, broader uncertainty receding, a number of trade deals secured, more cordial U.S.-China relations and a calmer geopolitical environment, the external backdrop is conducive for a still-resilient global economy (Figure 9). Adding to that sturdier foundation, and similar to the U.S. fiscal and monetary policy mix, lower policy rates from foreign central banks combined with more accommodative fiscal policy in select countries should help put a floor under economic growth in many major international economies. With that said, protectionist trade policies implemented over the last twelve months can still act as a modest restraint on global activity in 2026. Despite expectations for robust U.S. consumer spending, more inward-looking U.S. trade policy likely means the rest of the world will not get significant benefit from still sturdy U.S. consumer demand.

Figure 9



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

Figure 10



Source: IMF and Wells Fargo Economics

So while we believe the global economy can remain resilient in 2026, we forecast slower global GDP growth in the year ahead. To that point, we forecast the global economy to grow 2.8% in 2026. 2.8% global growth is modestly softer than our estimate for a 3% pace of global economic expansion in 2025 but is more significant in the context of the global economy's longer-term performance. On average, the global economy has experienced annual growth of 3.3% during the period from 1980-2024. Should our forecast for global growth of 2.8% materialize, the global economy would experience back-to-back years of below trend expansion (Figure 10). As far as the balance of risk around our 2026 global GDP forecast, we lean toward risks being moderately tilted to the upside. The global economy proved extremely resilient in 2025 despite multiple trade-related shocks. More clarity on the policy outlook, combined with our view that similar escalations in trade tensions are unlikely to be repeated, can limit trade shock risks. A more subdued trade environment can propel investment and consumer spending, and in turn, result in stronger global growth than we currently expect.

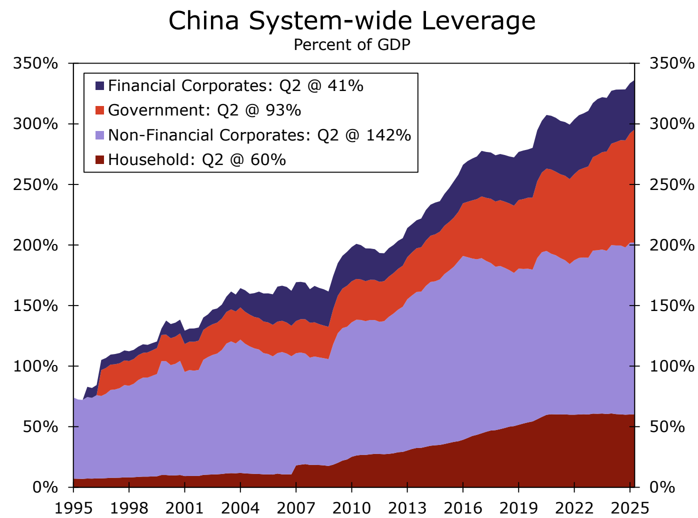
Fissures in China's Economic Foundation Might be Deepening

Despite less contentious U.S.-China relations, the theme of a steadier economic foundation may not fully apply to China. In fact, China is on pace to be the primary contributor to slower global growth next year. The Chinese economy exhibited extraordinary resilience amid U.S. tensions, a product of export growth from front-running tariffs and enhanced transshipment techniques. But with front-running activities subsiding and U.S. policymakers making efforts to disrupt circumvention, China's export-driven economic model may be pressured in 2026. Additional constraints on exports can also come from supply chain diversification. As trade gets re-routed, China should be one of the economies unable to benefit from steady U.S. consumer demand. Softer exports are unlikely to be offset by local consumer spending nor investment. Chinese households remain reluctant to spend amid ongoing deflationary pressures and a real estate sector still in correction (Figure 11). While inflation may dig out of negative territory, price pressures should remain subdued and real estate prices should continue to grind lower. Alongside anti-involution policies, consumer sentiment and investment should remain suppressed, and overall growth prospects restrained.

Figure 11

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

Figure 12



Source: IIF and Wells Fargo Economics

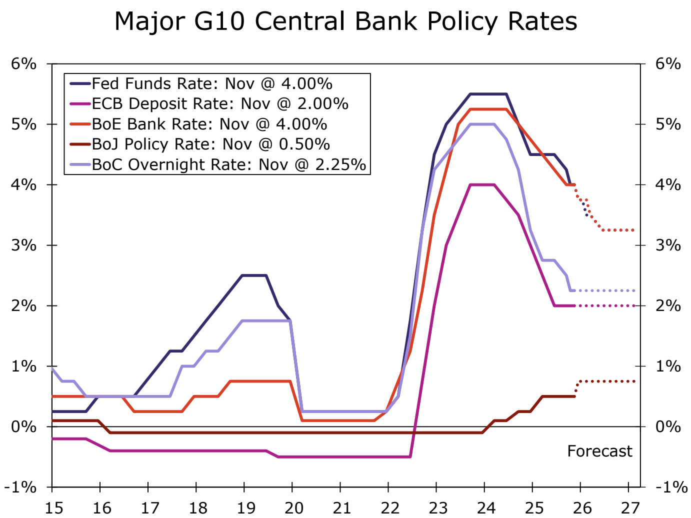
We have also long argued that China does not have the space, nor the willingness, to shift to a more accommodative policy stance to reverse economic trends. Large fiscal deficits and elevated debt limit capacity for fiscal stimulus. On top of a poor public finance position, the private sector, particularly non-financial corporations, is saddled with leverage that also limits fiscal policy space (Figure 12). In addition, President Xi has repeatedly pushed back on "helicopter money", the catchphrase for establishing cash transfer programs. Space for easier monetary policy is also constrained. Policymakers have been adamant about defending against capital outflows and maintaining financial stability, which we interpret as the PBoC being unwilling to rapidly lower lending rates and bank reserve requirement ratios. We also believe PBoC policymakers are unwilling to accommodate renminbi depreciation to support trade competitiveness as financial instability could materialize alongside FX weakness. Point being, China's policy mix should not offer much in terms of economic support. Rather than repeat ~5% growth, we believe China's economy will grow just 4.3% in 2026. Given China's influence over the global economy, a local growth slowdown can have global implications.

Monetary Policy Support Has Been Delivered, Just Don't Expect Much More

The shift to less restrictive monetary policy was top of mind in 2025. Fed policymakers recently restarted the easing cycle, although major foreign central banks were easing most of the year. However, scope for international central banks to deliver more easing has narrowed. Select central banks can tentatively and cautiously lower interest rates a bit further, but rate reductions similar to 2025 are unlikely to be repeated (Figure 13). For G10 institutions, thematically, the disinflation process has likely fully matured (Figure 14). Price pressures are already hovering above central bank target rates and tariffs keep the balance of risk tilted to the upside. In our view, risks surrounding tariff-induced inflation combined with resilient activity will keep G10 central banks cautious on any additional easing. European Central Bank (ECB) policymakers have signaled the end of easing cycle, while the Bank of Canada (BoC) has also likely reached its terminal rate. This theme should apply to most other G10 institutions.

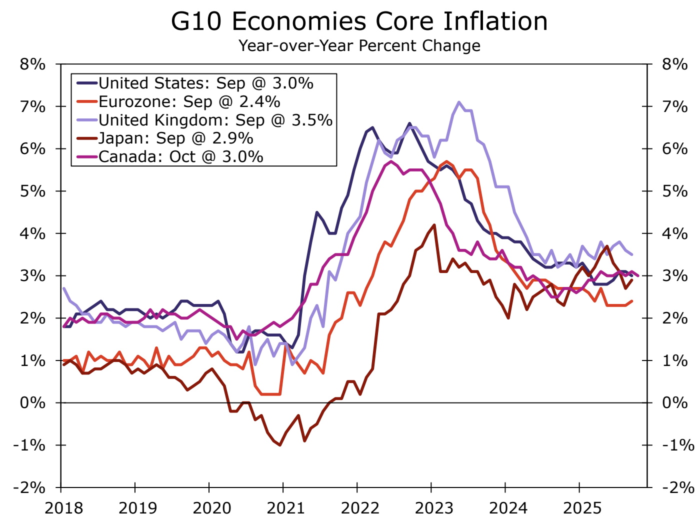
Part of the same theme is the Bank of Japan (BoJ). BoJ policymakers are not considering easing per se, but Japan is in a scenario where inflation is above target. Economic forces are consistent with tighter BoJ monetary policy; however, rate hikes may be tricky under the new premiership. Prime Minister Takaichi has been vocal about her preference for low rates and loose fiscal policy. Fiscal stimulus appears set to be delivered in 2026, which, in our view, should give the BoJ added rationale to raise rates. But, the politics of tighter monetary policy may be difficult to navigate. So while we forecast one last 25 bps BoJ rate hike in December, risks are tilted toward a later hike. Financial markets have largely adjusted to the new political reality in Japan by tempering rate hike expectations, but, should our view materialize, the Japanese yen could rally sharply into year-end.

Figure 13



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

Figure 14



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

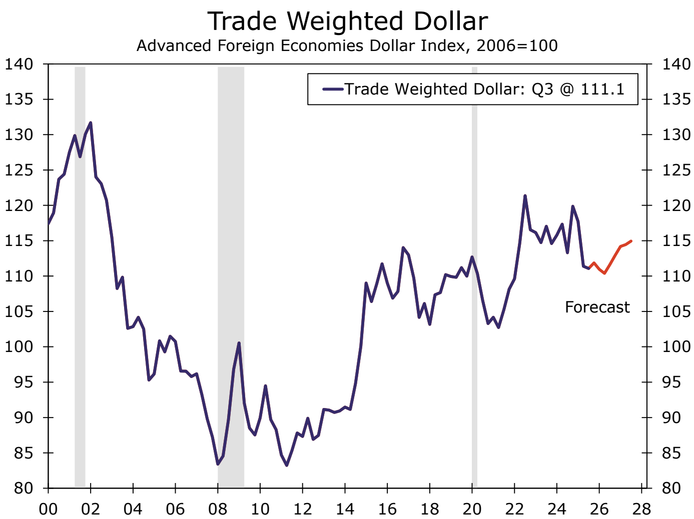
Emerging market central banks may have room for additional easing, but not by much. Fed easing and local currency strength can generate space for EM central banks to lower rates, but after already reducing monetary policy restriction sharply and tariff-related inflation risks lingering, EM policymakers are unlikely to deliver the same degree of easing in 2026. We believe limited room for easing will be on display in Mexico, where Banxico has signaled its terminal rate is in sight, and in Asia, particularly China, where the PBoC's preference for financial stability should prevent bank reserve requirement ratios from being significantly lowered. In select cases, Brazil and Colombia particularly, policymakers can pivot toward easing. With that said, Brazilian Central Bank and Colombian Central Bank rate reductions should be gradual and paired with cautious guidance as fiscal risks loom.

Central Bank Divergence and Local Politics Are Main 2026 FX Themes

Divergences in the path for monetary policy should take shape between the FOMC and more cautious foreign central banks. This divergence theme should have a role in the evolution of FX markets in 2026. In our view, as the Fed eases monetary policy quicker than foreign central banks, the U.S. dollar can weaken during the first half of 2026. A more settled global backdrop should also contribute to dollar depreciation over the first few quarters. We do, however, strongly suggest that dollar depreciation is not de-dollarization. So while we forecast near-term dollar weakness, we hold the unwavering view that the dollar will remain the world's reserve currency going forward. In fact, once the Fed ends it's easing cycle, we expect greenback strength over H2-2026 (Figure 15). As the dollar broadly strengthens, chatter around the end of the dollar's reserve status should diminish.

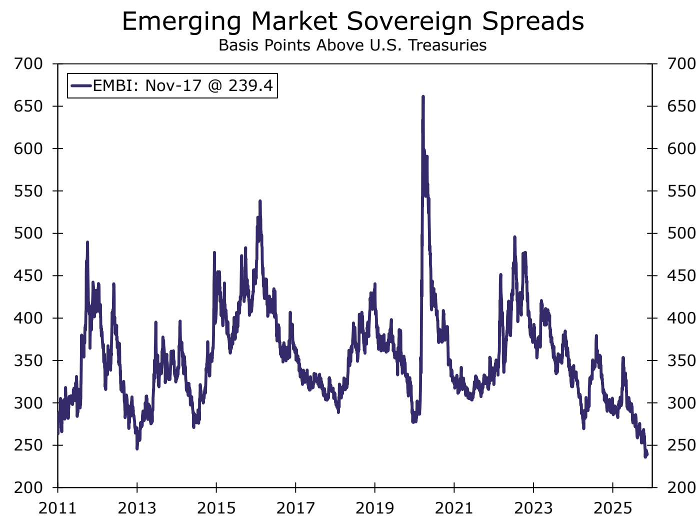
When dollar strength hits in H2-2026, G10 currencies can weaken, although we do not expect any significant selloffs. On the other hand, emerging market currencies may face more acute depreciation pressure. EM FX has rallied to levels that, in our view, are disconnected with underlying economic and political trends. The EMBI sovereign spread index highlights this quite well (Figure 16). For us, the Fed ending its easing cycle will be the catalyst that sparks a correction that takes EM currencies in-line with fundamentals. Latin America currencies could be most vulnerable, especially those associated with an expected rise in political risk during the upcoming election cycle (e.g., Brazil and Colombia). Post-election financial stability could be achieved on fiscally and market friendly outcomes, but we believe those bouts of strength will prove to be temporary and broad dollar strength will determine the longer-term path for most currencies.

Figure 15



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

Figure 16



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

Of note, we believe the Mexican peso can be somewhat insulated from this trend of vulnerable Latin American currencies. Mexico has challenges, mostly economic, but politically, conditions in Mexico are stable. Claudia Sheinbaum's relationship with President Trump is on firm ground, and constitutional amendments that weighed on the peso not long ago are seemingly in the past. Renegotiating the USMCA will be in focus, although we hold the view that no adverse changes to the U.S.-Mexico-Canada trade agreement will be made, similar to how the USMCA was not much different than NAFTA. The peso can still weaken as the dollar recovers, and while peso valuations are also stretched, we believe a less dovish Banxico and Mexico acting as a regional safe haven during the upcoming election cycle can support Mexico's currency in times of EM turbulence.

U.S. Forecast Table

Wells Fargo U.S. Economic Forecast

	Actual						Forecast										Actual	Forecast		
	2024				2025				2026				2027				2024	2025	2026	2027
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product (a)	0.8	3.6	3.3	1.8	-0.6	3.8	3.7	-0.1	3.4	2.2	2.5	2.0	2.2	2.4	2.1	2.2	2.8	2.0	2.3	2.2
Personal Consumption	1.7	3.9	4.0	3.9	0.6	2.5	3.0	1.0	1.8	2.3	2.2	2.2	2.0	2.1	2.1	2.2	2.9	2.5	2.0	2.1
Business Fixed Investment	1.5	2.5	3.5	-3.7	9.5	7.3	4.1	-1.2	5.5	5.5	5.0	2.0	5.2	6.1	4.6	5.1	2.9	4.0	3.8	4.7
Equipment	0.5	8.9	8.2	-4.3	21.4	8.5	6.3	-6.0	9.4	7.4	5.8	-1.5	4.6	6.0	4.9	4.0	3.5	7.7	4.4	4.0
Intellectual Property Products	6.7	0.7	2.6	-0.6	6.5	15.0	6.4	4.4	5.2	5.3	5.2	4.6	6.4	7.1	4.6	6.5	3.5	5.7	5.8	5.8
Structures	-5.0	-3.9	-2.2	-8.1	-3.1	-7.5	-5.8	-4.3	-2.1	1.7	2.4	3.4	3.6	3.9	4.0	4.2	1.1	-5.2	-1.8	3.4
Residential Investment	8.2	-2.0	-4.8	4.3	-1.0	-5.1	-4.3	-3.5	-2.3	1.8	2.4	2.9	3.8	3.9	4.3	4.5	3.2	-1.9	-1.3	3.5
Government Purchases	2.3	3.3	5.4	3.3	-1.0	-0.1	1.3	-8.0	12.9	-1.6	0.6	0.8	1.2	1.2	1.3	1.3	3.8	0.9	1.5	0.9
Net Exports	-964.1	-1032.2	-1064.9	-1069.0	-1380.7	-1058.0	-1034.9	-997.6	-1005.5	-1015.6	-1026.9	-1039.1	-1066.3	-1087.0	-1115.4	-1149.1	-1032.6	-1117.8	-1021.8	-1104.5
Pct. Point Contribution to GDP	-0.4	-1.0	-0.4	-0.1	-4.7	4.8	0.4	0.6	-0.1	-0.2	-0.2	-0.2	-0.4	-0.3	-0.5	-0.5	-0.5	-0.4	0.4	-0.3
Inventory Change	12.4	75.1	69.4	17.1	172.0	-18.3	10.1	21.8	-10.1	-5.4	8.6	14.0	21.0	21.8	28.0	36.5	43.5	46.4	1.7	26.8
Pct. Point Contribution to GDP	-0.8	1.2	-0.1	-0.9	2.6	-3.4	0.5	0.2	-0.5	0.1	0.2	0.1	0.1	0.0	0.1	0.1	0.0	0.0	-0.2	0.1
Nominal GDP (a)	4.0	6.3	5.1	4.3	2.9	6.0	6.7	2.8	6.4	4.8	4.9	4.2	4.5	4.7	4.3	4.4	5.3	4.7	5.1	4.5
Real Final Sales	1.7	2.4	3.5	2.8	-3.2	7.5	3.2	-0.3	3.9	2.1	2.3	1.9	2.1	2.4	2.0	2.1	2.8	2.1	2.6	2.1
Retail Sales (b)	1.8	2.5	2.3	3.9	4.5	4.3	4.4	3.1	3.3	3.2	2.3	2.4	2.4	2.3	2.2	2.1	2.6	4.1	2.8	2.2
Inflation Indicators (b)																				
PCE Deflator	2.8	2.7	2.4	2.6	2.6	2.4	2.7	2.8	2.7	2.8	2.7	2.5	2.4	2.3	2.2	2.2	2.6	2.6	2.7	2.2
"Core" PCE Deflator	3.1	2.8	2.8	3.0	2.8	2.7	2.9	3.0	2.9	2.9	2.8	2.6	2.4	2.3	2.2	2.2	2.9	2.8	2.8	2.3
Consumer Price Index	3.2	3.2	2.7	2.7	2.7	2.5	2.9	2.9	2.6	2.9	2.8	2.7	2.6	2.4	2.4	2.3	3.0	2.7	2.7	2.4
"Core" Consumer Price Index	3.8	3.4	3.3	3.3	3.1	2.8	3.1	3.0	2.9	3.1	2.9	2.7	2.6	2.4	2.4	2.4	3.4	3.0	2.9	2.4
Producer Price Index (Final Demand)	1.5	2.6	2.2	3.1	3.5	2.5	2.8	2.4	1.8	2.4	2.0	2.1	2.1	2.0	1.9	1.9	2.4	2.8	2.1	2.0
Employment Cost Index	4.2	4.1	3.9	3.8	3.6	3.6	3.6	3.5	3.5	3.4	3.4	3.5	3.5	3.6	3.6	3.6	4.0	3.6	3.5	3.6
Real Disposable Income (a)	4.2	2.4	1.2	2.0	2.3	3.1	-0.1	0.0	4.3	1.5	1.9	2.2	2.2	2.0	2.0	2.4	2.9	1.8	1.9	2.1
Nominal Personal Income (a)	7.6	5.4	3.6	4.9	6.4	5.5	3.1	3.3	4.0	4.1	4.4	4.5	4.5	4.3	4.2	4.5	5.6	4.9	4.0	4.4
Industrial Production (a)	-1.8	2.4	-0.6	-1.2	4.1	1.6	0.2	-2.4	0.1	2.2	1.9	1.4	1.5	1.0	1.1	0.5	-0.3	1.0	0.4	1.4
Capacity Utilization	77.7	78.0	77.6	77.1	77.6	77.6	77.4	76.9	77.0	77.5	78.0	78.4	78.8	79.1	79.4	79.7	77.6	77.4	77.7	79.2
Federal Budget Balance (c)	-555	-209	-544	-711	-596	-30	-438	-598	-715	-211	-476	-628	-752	-220	-500	-670	-1817	-1775	-2000	-2100
Trade Weighted Dollar Index (d)	115.8	117.3	113.3	119.9	117.7	111.4	111.1	111.9	111.0	110.4	111.6	112.9	114.2	114.5	115.0	115.1	116.4	113.0	111.5	114.7
Nonfarm Payroll Change (e)	196	133	133	209	111	55	49	8	57	70	90	95	93	85	77	72	168	56	78	82
Unemployment Rate	3.8	4.0	4.2	4.1	4.1	4.2	4.3	4.5	4.5	4.5	4.5	4.4	4.4	4.3	4.3	4.3	4.0	4.3	4.5	4.3
Housing Starts (f)	1.42	1.34	1.34	1.39	1.40	1.35	1.31	1.20	1.36	1.36	1.36	1.37	1.41	1.41	1.41	1.41	1.37	1.32	1.36	1.41
Light Vehicle Sales (g)	15.5	15.7	15.7	16.5	16.4	16.1	16.4	15.1	14.9	15.1	15.2	15.5	16.4	16.6	16.7	16.9	15.9	16.0	15.2	16.7
Crude Oil - Brent - Front Contract (h)	81.2	84.4	78.0	73.6	74.3	65.9	67.5	62.0	61.2	63.5	65.5	65.5	65.5	66.2	65.5	65.5	79.3	67.4	63.9	65.7
Quarter-End Interest Rates (i)																				
Federal Funds Target Rate (j)	5.50	5.50	5.00	4.50	4.50	4.50	4.25	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	5.27	4.25	3.31	3.25
Secured Overnight Financing Rate	5.34	5.33	4.96	4.49	4.41	4.45	4.24	3.65	3.40	3.15	3.15	3.15	3.15	3.15	3.15	3.15	5.15	4.19	3.21	3.15
Prime Rate	8.50	8.50	8.00	7.50	7.50	7.50	7.25	6.75	6.50	6.25	6.25	6.25	6.25	6.25	6.25	6.25	8.27	7.25	6.31	6.25
Conventional Mortgage Rate	6.82	6.92	6.18	6.72	6.65	6.82	6.35	6.25	6.15	6.15	6.20	6.20	6.20	6.25	6.25	6.30	6.72	6.52	6.18	6.25
3 Month Bill	5.46	5.48	4.73	4.37	4.32	4.41	4.02	3.60	3.35	3.15	3.15	3.15	3.15	3.15	3.15	3.15	5.18	4.09	3.20	3.15
6 Month Bill	5.38	5.33	4.38	4.24	4.23	4.29	3.83	3.50	3.30	3.20	3.20	3.20	3.20	3.20	3.20	3.25	5.00	3.96	3.23	3.21
1 Year Bill	5.03	5.09	3.98	4.16	4.03	3.96	3.68	3.45	3.35	3.30	3.30	3.30	3.30	3.30	3.35	3.40	4.69	3.78	3.31	3.34
2 Year Note	4.59	4.71	3.66	4.25	3.89	3.72	3.60	3.45	3.40	3.35	3.35	3.35	3.35	3.40	3.45	3.50	4.37	3.67	3.36	3.43
5 Year Note	4.21	4.33	3.58	4.38	3.96	3.79	3.74	3.55	3.50	3.50	3.55	3.60	3.60	3.65	3.70	3.75	4.13	3.76	3.54	3.68
10 Year Note	4.20	4.36	3.81	4.58	4.23	4.24	4.16	4.00	3.95	4.00	4.10	4.15	4.15	4.20	4.20	4.25	4.21	4.16	4.05	4.20
30 Year Bond	4.34	4.51	4.14	4.78	4.59	4.78	4.73	4.70	4.70	4.75	4.85	4.90	4.95	5.00	5.00	5.00	4.41	4.70	4.80	4.99

Forecast as of: November 19, 2025

Notes: (a) Compound Annual Growth Rate Quarter-over-Quarter
(b) Year-over-Year Percentage Change
(c) Quarterly Sum - Billions USD; Annual Data Represents FisBZI 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

Sector Summaries

Personal Consumption Expenditures (PCE)

- Targeted tax relief and easing finanical conditions should help offset building pressure for lower-income households and support overall consumer spending in 2026.

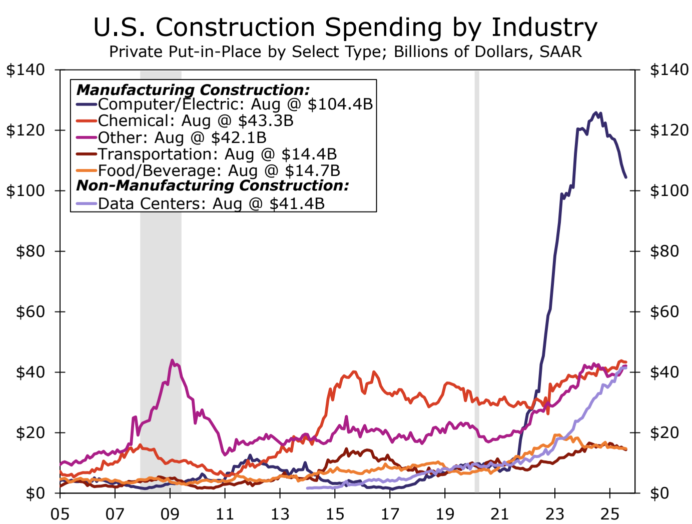
Consumer spending has remained resilient despite persistent inflation and a softening jobs market, yet a clear split has emerged with lower-income households under more pressure than wealthier ones. This is reflected in slower job growth in lower-wage roles, higher delinquencies, and the regressive nature of inflation and tariffs. Tax policy changes—like exemptions on tip and overtime income, a larger child tax credit and SALT cap, and deductions for seniors and auto loan interest—may offer some relief in the year ahead, particularly for lower- and middle-income households due to income caps on these benefits. Easing financial conditions and some stabilization in hiring as uncertainty fades would also be net positives for household sentiment and purchasing behavior next year. Overall, we project a slower but still sturdy 2.0% pace of real PCE next year.

Nonresidential Investment

- Lower interest rates, favorable tax changes and the continued high-tech build out will support broad business fixed investment spending (BFI) in 2026.

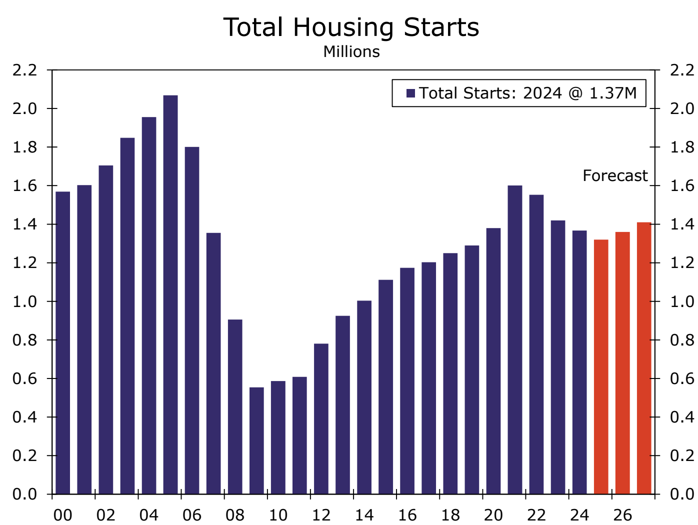
Capex spending is all about AI as businesses continue to invest heavily in the software, hardware, and facilities needed to drive the high-tech transition. In H1-2025, computer and software spending made a record contribution to GDP growth. While commercial and manufacturing construction has been depressed by high interest rates, construction of chip and data center facilities is booming. We expect these trends to continue into 2026, while favorable tax changes and lower borrowing costs should provide support to other areas of traditional equipment and structures investment. In addition to making bonus depreciation permanent, the cap on Section 179 expensing was also raised, giving smaller firms room to expense equipment as well. Firms will also be able to immediately deduct or amortize research & development expenses. That category is doing fine without the help but could see sustained strength amid this fiscal policy support. Overall, we expect real BFI to expand 3.8% in 2026, a touch softer than the pace registered this year.

Figure 17



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

Figure 18



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

Residential Investment

- Residential construction remains constrained, but lower interest rates and gradually improving affordability conditions will likely support a return to modest growth in 2026.

We expect ongoing weakness in the residential sector to persist over the next several quarters as challenging affordability conditions limit home buying and builders throttle-back production.That noted, affordability conditions appear to be improving modestly. Home price appreciation and mortgage rates have eased in recent months, prompting an uptick in mortgage applications for purchase. The improvement is a sign that existing home sales are poised for growth, though a strong recovery seems unlikely given our expectation for mortgage rates to remain stuck above 6% over the next few years. Builder incentives are supporting new home sales activity at present. Although an elevated inventory-to-sales ratio persists, marginally improved affordability conditions should help firm demand and help restore balance. What's more, a lower fed funds rate should support stronger multifamily and home improvement spending. All told, the expected reduction in financing costs should serve as a catalyst for a turnaround in residential investment later in 2026.

Labor Market

- A stronger growth environment should improve labor demand next year, but ongoing supply constraints and tech-related headwinds are expected to keep overall job growth subdued and the labor market from tightening.

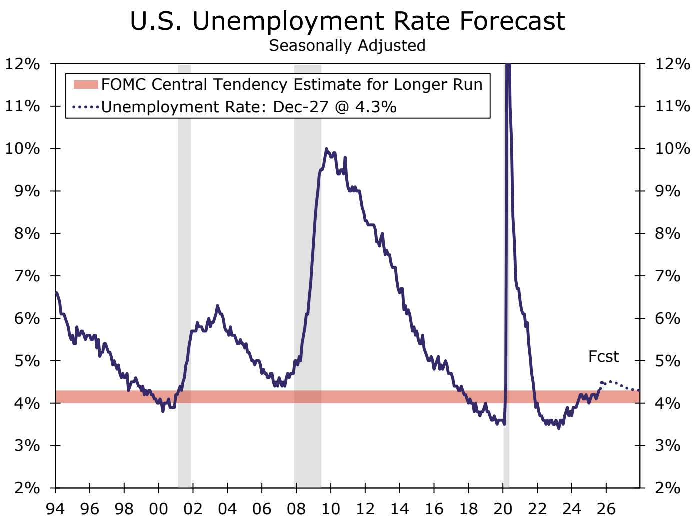
The modest pace of recent hiring is set to carry over into 2026. Reduced immigration will continue to restrain labor supply growth, while demand challenges stemming from cost-cutting efforts and AI adoption are expected to persist in the year ahead. That said, easier fiscal and monetary policy, as well as some reduction in uncertainty, should lend support to job growth as the year unfolds. We expect payroll growth to rebound to around a 90K monthly pace in the back half of next year. That should be sufficiently strong to help the unemployment rate edge back down to 4.4% by the fourth quarter. With the jobs market still roughly balanced, labor cost growth should proceed around a 3.5% pace and allow average hourly earnings to moderately outpace inflation.

Inflation

- The staggered pass-through of tariffs will leave inflation elevated through the first half of 2026, but a lack of spillovers into services will put inflation back on a downward path in H2.

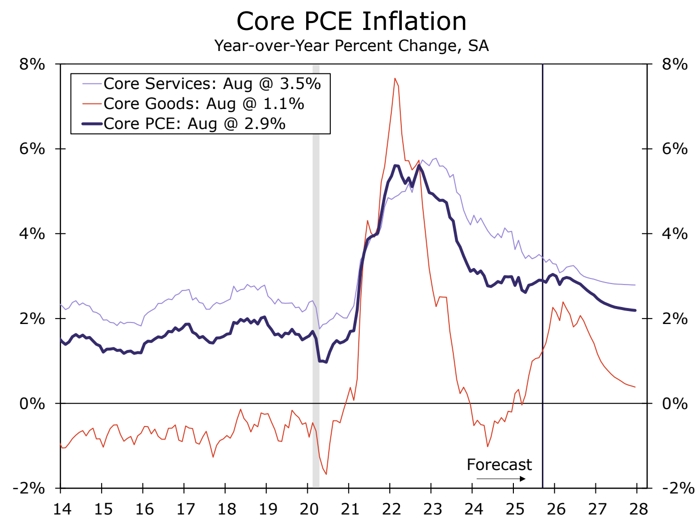
We expect the monthly pace of goods inflation to remain elevated through the first quarter of 2026 as businesses account for tariff-related cost increases in their early-year price adjustments and slowly test consumers' sensitivity to price hikes. The staggered pass-through of tariffs means their inflationary effects will subside gradually but should help cap core PCE inflation at about 3.0% year-over-year. Ongoing disinflation in the services sector should also keep inflation from moving up meaningfully from here. Market-based rent measures point to primary shelter inflation slowing to about 3.0% by the end of next year. At the same time, the tepid jobs market, anchored inflation expectations and solid productivity growth should prevent inflation for other services from turning higher even with tax cuts offering some support to consumer spending next year.

Figure 19



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

Figure 20



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

Monetary Policy

- Our base case forecast is for the FOMC to cut the fed funds rate by another 75 bps through the middle of next year, resulting in a terminal fed funds rate of 3.00%-3.25%.

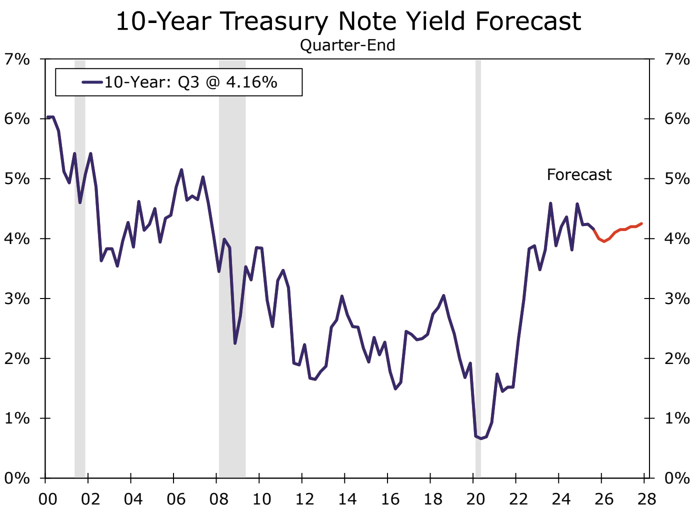
A rate cut at the December FOMC meeting looks like a close call and likely will be dictated by the shutdown-delayed economic data to be released in the coming weeks. We expect the sluggish labor market combined with receding inflation from tariffs to induce the FOMC to cut the federal funds rate a few more times through the middle of next year, putting the fed funds rate closer to neutral. If realized, our forecast would put the terminal federal funds target range at 3.00%-3.25% by the end of the second quarter. While it is difficult to envision conditions that would motivate the Fed to consider hiking rates, a sharper deterioration in the labor market would cause the Fed to cut rates quicker and/or further. We expect some modest curve steepening over the course of the year and expect the 10-year Treasury yield to end next year at 4.15%.

Fiscal Policy

- Federal fiscal policy should be modestly expansionary next year as the One Big Beautiful Bill Act's (OBBBA) individual income tax cuts kick in and federal employment stops shrinking.

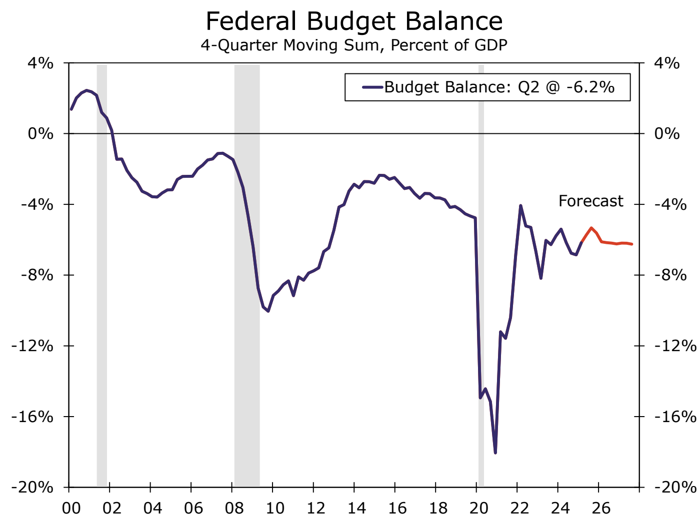
2025 was marked by federal fiscal policy tightening in the form of spending cuts, job cuts and higher revenues from tariffs. As we look to 2026, fiscal policy should become more stimulative, or at least no longer restrictive. The OBBBA will drive deficit widening of nearly 1% of GDP next year as individual income tax cuts are felt in the spring tax filing season. Our forecast for the federal budget deficit is $2.00 trillion in FY 2026, and we view the risks to this forecast as skewed to the downside (i.e., bigger budget deficits) due to legal challenges threatening a sizable portion of tariff revenue. We also anticipate federal employment reductions to level off next year, and hiring may even ramp up slightly as the administration deploys the spending resources in the OBBBA for its priorities, such as hiring more border security agents and air traffic controllers.

Figure 21



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

Figure 22



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

Trade Policy

- Trade policy will remain a key theme in 2026, though steadier policy means net exports should provide a less dramatic impulse on headline GDP growth.

Around 60% of all goods coming into the United States are now exposed to a tariff, and the average effective U.S. tariff rate is over four times higher than at the start of the year. Where tariffs ultimately settle remains an open question mostly due to the Supreme Court currently reviewing the legal basis for about half of tariffs, though we anticipate rates will remain elevated going forward. Next year should bring smaller import swings, and we expect a modest widening in the trade deficit over the course of the year that will leave net exports exerting a more neutral force on GDP growth in 2026.

International Economic & FX Outlook

- While less restrictive monetary policy and looser fiscal policy should result in resilient global economic growth in 2026, we expect the pace of expansion to slow amid new protectionist trade policies and a softer Chinese economy.

A stronger degree of policy clarity, especially coming out of the U.S., and shifts to less restrictive monetary policy and looser fiscal policy should create a solid foundation for the global economy in 2026. At the same time, protectionist trade policies should act as a slight headwind to global growth. We continue to expect global economic resilience, but we forecast the global economy to grow 2.8% in 2026, a touch softer than our estimate of 3% global growth in 2025. China is likely to be the primary, but not only, contributor to slower global GDP growth. Dynamics surrounding tariffs and trade fragmentation should weigh on China's growth prospects, while underlying structural issues should also pressure Chinese GDP growth. When it comes to the U.S. dollar, a divergence in central bank monetary policy between the Federal Reserve and major foreign central banks should cause further near-term dollar weakness, but we expect the greenback to broadly strengthen in the back half of next year as the Fed ends its easing cycle and de-dollarization talk diminishes.

Wells Fargo International Economic Forecast

	GDP				CPI			
	2024	2025	2026	2027	2024	2025	2026	2027
Global (PPP Weights)	3.3%	3.0%	2.8%	2.9%	5.8%	3.6%	3.7%	3.6%
Advanced Economies[1]	1.8%	1.9%	1.9%	2.1%	2.6%	2.6%	2.3%	2.3%
United States	2.8%	2.0%	2.3%	2.2%	3.0%	2.7%	2.7%	2.4%
Eurozone	0.9%	1.4%	1.2%	1.7%	2.4%	2.1%	1.9%	2.2%
United Kingdom	1.1%	1.4%	1.2%	1.6%	2.5%	3.3%	2.3%	2.1%
Japan	0.1%	1.4%	0.7%	0.8%	2.7%	3.0%	1.8%	2.0%
Canada	1.6%	1.1%	1.3%	2.0%	2.4%	2.1%	1.9%	2.0%
Switzerland	1.4%	1.1%	1.3%	1.6%	1.1%	0.2%	0.6%	1.0%
Australia	1.0%	1.7%	2.2%	2.4%	3.2%	2.6%	2.7%	2.5%
New Zealand	-0.6%	0.3%	2.2%	2.5%	2.9%	2.5%	2.1%	2.1%
Sweden	0.8%	1.1%	2.0%	2.2%	2.0%	2.4%	1.9%	2.1%
Norway	0.6%	1.9%	1.4%	1.8%	3.1%	2.8%	2.2%	2.3%
Developing Economies[1]	4.3%	3.7%	3.3%	3.4%	7.9%	4.2%	4.6%	4.4%
China	5.0%	4.9%	4.3%	4.2%	0.2%	0.0%	0.8%	1.0%
India	6.7%	7.1%	6.6%	6.8%	4.6%	2.7%	4.0%	3.7%
Mexico	1.4%	0.7%	1.2%	2.0%	4.7%	3.8%	3.8%	3.5%
Brazil	3.4%	2.4%	1.5%	2.2%	4.4%	5.3%	4.5%	4.0%
Russia	4.3%	1.0%	1.2%	1.5%	8.4%	9.0%	6.0%	4.5%

Forecast as of: November 19, 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				2027
	Current	Q4	Q1	Q2	Q3	Q4	Q1
United States	4.00%	3.75%	3.50%	3.25%	3.25%	3.25%	3.25%
Eurozone[1]	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
United Kingdom	4.00%	3.75%	3.50%	3.25%	3.25%	3.25%	3.25%
Japan	0.50%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Canada	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Switzerland	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Australia	3.60%	3.60%	3.60%	3.35%	3.35%	3.35%	3.35%
New Zealand	2.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Sweden	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
Norway	4.00%	4.00%	4.00%	3.75%	3.50%	3.50%	3.50%
China[3]	9.00%	9.00%	8.50%	8.50%	8.00%	8.00%	7.50%
India	5.50%	5.25%	5.00%	5.00%	5.00%	5.00%	5.00%
Mexico	7.25%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Brazil	15.00%	15.00%	14.50%	14.00%	13.50%	12.75%	11.75%
Chile	4.75%	4.50%	4.25%	4.25%	4.25%	4.25%	4.25%
Colombia	9.25%	9.25%	9.00%	8.50%	8.00%	8.00%	8.00%
Russia	16.50%	15.00%	14.00%	13.00%	12.00%	11.00%	9.50%
	2-Year Note						
	2025		2026				2027
	Current	Q4	Q1	Q2	Q3	Q4	Q1
United States	3.56%	3.45%	3.40%	3.35%	3.35%	3.35%	3.35%
Eurozone[2]	2.01%	2.05%	2.05%	2.05%	2.05%	2.10%	2.10%
United Kingdom	3.78%	3.70%	3.50%	3.30%	3.30%	3.30%	3.30%
Japan	0.93%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%
Canada	2.48%	2.50%	2.50%	2.55%	2.55%	2.55%	2.55%
	10-Year Note						
	2025		2026				2027
	Current	Q4	Q1	Q2	Q3	Q4	Q1
United States	4.09%	4.00%	3.95%	4.00%	4.10%	4.15%	4.15%
Eurozone[2]	2.69%	2.70%	2.70%	2.70%	2.70%	2.75%	2.75%
United Kingdom	4.53%	4.50%	4.40%	4.30%	4.30%	4.35%	4.35%
Japan	1.75%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Canada	3.22%	3.25%	3.25%	3.30%	3.30%	3.35%	3.35%

Forecast as of: November 19, 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

Wells Fargo International FX Forecast

Currency Pair*	Current Rate	Q4-2025	Q1-2026	Q2-2026	Q3-2026	Q4-2026	Q1-2027
G10							
EUR/USD	1.1590	1.1700	1.1800	1.1900	1.1800	1.1700	1.1600
USD/JPY	155.24	152.00	150.00	149.00	151.00	153.00	155.00
GBP/USD	1.3137	1.3200	1.3200	1.3250	1.3100	1.3000	1.2900
USD/CHF	0.7966	0.7860	0.7800	0.7770	0.7840	0.7950	0.8020
USD/CAD	1.4026	1.4000	1.3900	1.3900	1.4100	1.4300	1.4500
AUD/USD	0.6500	0.6600	0.6700	0.6800	0.6700	0.6500	0.6300
NZD/USD	0.5664	0.5700	0.5800	0.5800	0.5700	0.5600	0.5500
USD/NOK	10.1265	9.9570	9.8305	9.7060	9.7460	9.7860	9.8280
USD/SEK	9.4900	9.3590	9.2370	9.1180	9.1525	9.1880	9.2240
Asia							
USD/CNY	7.1104	7.1000	7.0800	7.0600	7.0800	7.1000	7.1200
USD/CNH	7.1125	7.1000	7.0800	7.0600	7.0800	7.1000	7.1200
USD/IDR	16745	16725	16700	16675	16700	16800	16900
USD/INR	88.61	88.75	89.00	89.25	89.50	90.00	90.50
USD/KRW	1463.65	1460.00	1450.00	1450.00	1460.00	1470.00	1480.00
USD/PHP	59.00	58.75	58.75	59.00	59.25	59.50	59.75
USD/SGD	1.3023	1.2950	1.2900	1.2850	1.2900	1.3000	1.3100
USD/TWD	31.21	31.00	30.75	30.50	30.75	31.00	31.25
USD/THB	32.44	32.25	32.00	32.00	32.50	33.00	33.50
Latin America							
USD/BRL	5.3377	5.3000	5.3000	5.5000	5.7500	5.6000	5.6000
USD/CLP	928.48	930.00	925.00	925.00	940.00	955.00	970.00
USD/MXN	18.4430	18.2500	18.0000	18.0000	18.2500	18.5000	18.7500
USD/COP	3769	3725	3850	3750	3800	3850	3900
USD/ARS	1389	1425	1500	1550	1600	1650	1700
USD/PEN	3.3610	3.3500	3.4000	3.3500	3.4000	3.4500	3.5000
Eastern Europe/Middle East/Africa							
USD/CZK	20.87	20.50	20.10	20.00	20.30	20.70	21.10
USD/HUF	332.15	329.10	326.30	327.70	334.75	341.90	349.10
USD/PLN	3.6619	3.5900	3.5590	3.5710	3.6440	3.7180	3.7930
USD/RUB	81.07	84.00	86.00	89.00	91.00	93.00	95.00
USD/ILS	3.2712	3.2500	3.2000	3.1500	3.2000	3.2500	3.3000
USD/ZAR	17.2384	17.0000	16.7500	16.7500	17.0000	17.2500	17.5000
USD/TRY	42.3418	43.5000	45.5000	47.5000	49.5000	51.5000	53.5000
Euro Crosses							
EUR/JPY	179.92	177.80	177.00	177.30	178.20	179.00	179.80
EUR/GBP	0.8822	0.8860	0.8940	0.8980	0.9010	0.9000	0.8990
EUR/CHF	0.9233	0.9200	0.9200	0.9250	0.9250	0.9300	0.9300
EUR/NOK	11.7361	11.6500	11.6000	11.5500	11.5000	11.4500	11.4000
EUR/SEK	10.9983	10.9500	10.9000	10.8500	10.8000	10.7500	10.7000
EUR/CZK	24.19	24.00	23.75	23.75	24.00	24.25	24.50
EUR/HUF	384.95	385.00	385.00	390.00	395.00	400.00	405.00
EUR/PLN	4.2440	4.2000	4.2000	4.2500	4.3000	4.3500	4.4000

Forecast as of: November 19, 2025

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

Currency	Forecasted % Change to Q4-26*	
Norweigian Krone (NOK)	3.5%	most bullish
Swedish Krona (SEK)	3.3%	
Japanese Yen (JPY)	1.5%	
Euro (EUR)	0.9%	
Czech Koruna (CZK)	0.8%	
Taiwan Dollar (TWD)	0.7%	
Israeli Shekel (ILS)	0.7%	
Swiss Franc (CHF)	0.2%	
Singapore Dollar (SGD)	0.2%	
Chinese Renminbi (CNH)	0.2%	
Chinese Renminbi (CNY)	0.1%	
Trade Weighted Dollar (USD)	0.1%	
Australian Dollar (AUD)	0.0%	
South African Rand (ZAR)	-0.1%	
Mexican Peso (MXN)	-0.3%	
Indonesian Rupiah (IDR)	-0.3%	
South Korean Won (KRW)	-0.4%	
Philippine Peso (PHP)	-0.8%	
British Pound (GBP)	-1.0%	
New Zealand Dollar (NZD)	-1.1%	
Polish Zloty (PLN)	-1.5%	
Indian Rupee (INR)	-1.5%	
Thai Baht (THB)	-1.7%	
Canadian Dollar (CAD)	-1.9%	
Colombian Peso (COP)	-2.1%	
Peruvian Sol (PEN)	-2.6%	
Chilean Peso (CLP)	-2.8%	
Hungarian Forint (HUF)	-2.9%	
Brazilian Real (BRL)	-4.7%	
Russian Ruble (RUB)	-12.8%	
Argentine Peso (ARS)	-15.8%	most bearish
Turkish Lira (TRY)	-17.8%	

Forecast as of: November 19, 2025
*Percentage Change Against USD, Q4-26 Vs. Current Spot Rate

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

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Required Disclosures