Monthly — May 8, 2024

U.S. Economic Outlook: May 2024

Table of Contents

Softer Growth, Cooler Inflation and Rate Cuts Remain on the Horizon

- Economic growth in the United States appears to be in solid shape. Although real GDP growth came in well below consensus expectations and amounted to just 1.6% annualized in Q1-2024, the headline miss was mostly the result of larger-than-anticipated drags from trade and inventories. Real final sales to domestic private purchasers (i.e., real consumer and business fixed investment spending) rose at a 3.1% annualized rate during the quarter.
- Real GDP growth is again setting up to remain strong in Q2, with our current estimate in the 2%-3% range. We continue to see a modest deceleration in the quarters that follow, with growth slipping to just slightly below 2% in the second half of 2024.
- Consumer spending has been remarkably resilient lately, and we currently anticipate another strong performance in Q2 in terms of growth in personal consumption expenditures (PCE). However, many households have exhausted the savings accumulated during the pandemic and are now facing significantly higher debt costs and more subdued inflation-adjusted income growth. As such, we anticipate real PCE growth to downshift in the second half of the year and to average about 1.6% annualized in the final two quarters of 2024.
- Some additional slowdown in business investment also seems likely as capex spending remains challenged by higher financing costs. Manufacturing projects have boosted structures spending, but a sharp downshift in new commercial development in the wake of increased cap rates and deteriorating CRE fundamentals appears set to drag down overall structures investment.
- Although strong recently, the labor market appears poised for moderation. We expect payroll growth to average roughly 135,000 per month in the second half of the year, a downshift from the 245,500 averaged so far in 2024. Slower employment growth and improving labor supply should generate a slightly higher unemployment rate, which we now expect to peak at 4.1% in Q4-2024.
- In light of the recent flare-up, we have adjusted our core CPI and PCE inflation rates up slightly in the near term. Although concerning, the recent bump in inflation does not appear to be the start of another rapid run-up in prices, and softer inflation readings seem likely over the next few months. We estimate that the core PCE deflator will settle down and run at a 2.4% rate in the second half of the year.
- Consequently, our view that 25 bps rate cuts will arrive in both September and December and that 2025 will bring an additional 100 bps of cuts has not changed. We readily acknowledge that it would not take much for the start of the cutting cycle to be pushed back until November. What's more, the risks to that call are heavily skewed toward there being one cut in 2024 as opposed to three cuts.

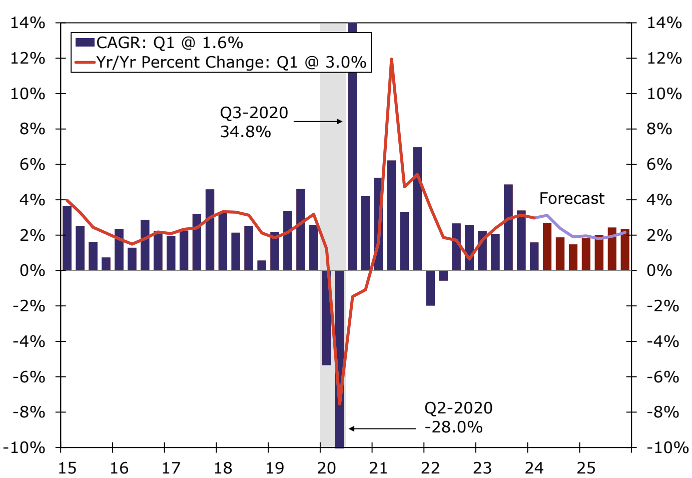
Softer Growth, Cooler Inflation and Rate Cuts Remain on the Horizon

Economic growth in the United States appears to be in solid shape. Although real GDP growth came in well below consensus expectations and amounted to just 1.6% annualized in Q1-2024, the headline miss was mostly the result of larger-than-anticipated drags from trade and inventories. Real final sales to domestic private purchasers (i.e., real consumer and business fixed investment spending), which excludes those volatile components in order to provide a better gauge of the underlying growth trend, rose at a 3.1% annualized rate during the quarter. Taking a step back, real final sales to domestic purchasers have now expanded at an annualized rate in excess of 3% in each of the past three quarters. The string of strong gains suggests that stubborn inflation and tighter monetary policy have done little to knock the U.S. economy off of its growth path.

Some slowing appears on the horizon, however. Monetary policy works with long and variable lags, and the effects of higher interest rates should continue to slowly cascade through the economy and bring about a slower pace of growth this year. That said, real GDP growth in the second quarter is again setting up to be in the 2%-3% range, and we continue to see only a modest deceleration in real GDP in the quarters that follow, with growth slipping to just slightly below 2% in the second half of 2024. While most major sectors appear poised to moderate, flagging consumer spending will likely be the primary source of slowing. Consumer spending has been remarkably resilient lately, especially in terms of spending on services. Currently, we estimate another strong performance for the consumer in Q2, with personal consumption expenditures (PCE) expected to rise at a 3.0% annualized rate in the quarter. However, many households have exhausted the savings accumulated during the pandemic and are now facing significantly higher debt costs and more subdued inflation-adjusted income growth. As such, we anticipate real PCE growth to downshift in the second half of the year and to average about 1.6% annualized in the final two quarters of 2024.

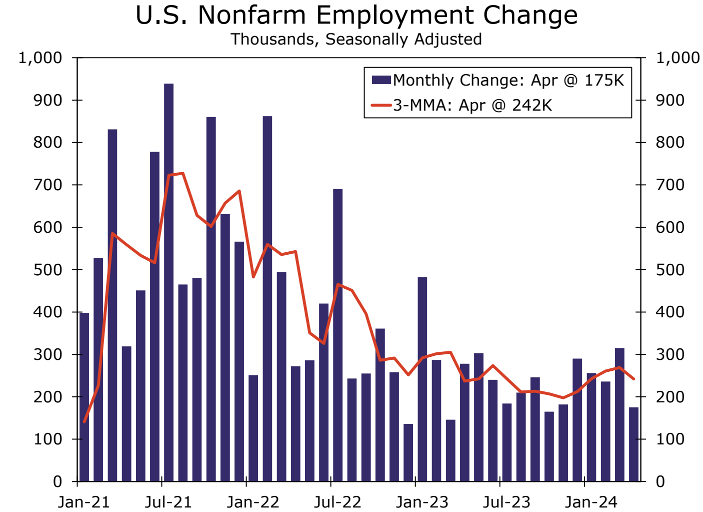
Some additional slowdown in business fixed investment also seems likely. Although still positive, capex spending has been challenged by higher financing costs and uncertain demand prospects. Reduced clarity on future monetary policy and a potentially softer macroeconomic backdrop is likely to remain a constraint on equipment and intellectual property investment. Meanwhile, the adverse effects of higher interest rates should also become more visible over the next several quarters in structures investment. A profound rise in new manufacturing project spending, largely from new public and private investment directed toward semiconductor and electric vehicle production has been a considerable boost to nonresidential outlays. Yet, increased financing costs, tighter lending standards and deteriorating commercial real estate fundamentals have brought on a sharp downshift in new commercial development, which appears set to drag down overall structures investment in the near term. On the residential side, the recent leg-up in mortgage rates stands to renew affordability pressures in the housing market and limit the ongoing rebound in single-family construction.

U.S. Real GDP Growth



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

U.S. Nonfarm Employment Change



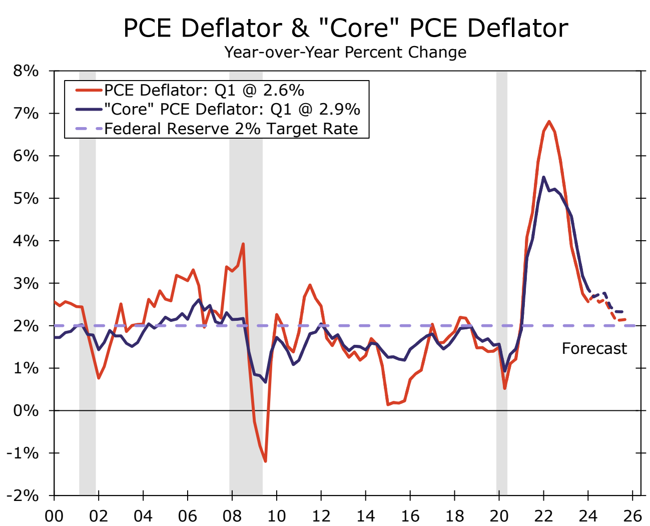
Source: U.S. Department of Labor and Wells Fargo Economics

The slower growth environment will likely be accompanied by a softer labor market. While job growth was remarkably sturdy in the first quarter, April's relatively mild 175,000 payroll gain marked the weakest monthly increase since October 2023. The more modest rise follows a set of other labor market indicators showing cooling demand for workers. The latest JOLTS reading showed that the job openings rate, while still elevated, is trending lower, while the rate of hiring and quitting has descended to slightly below 2019 averages. Both initial and continuing jobless claims remain low, which indicates that layoffs are not accelerating and those who need a job are finding one relatively quickly. Still, the labor market appears poised for moderation, and we look for payroll growth to average roughly 135,000 per month in the second half of the 2024. Slower employment growth and improving labor supply should generate a slightly higher unemployment rate, which we now expect to peak at 4.1% in Q4-2024.

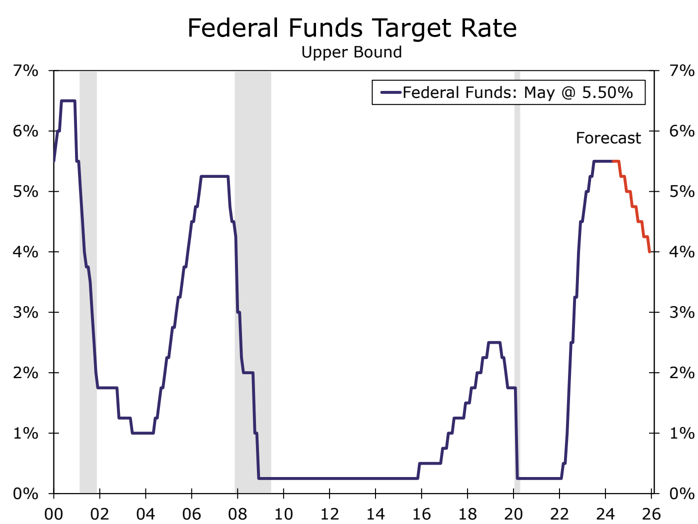
With economic growth running strong in recent quarters, it is perhaps not surprising that progress on inflation looks to have stalled out in the first three months of the year. Not only did the core PCE deflator tick up to 3.7% annualized in Q1, but also various measures of labor cost growth have picked up recently, as have indicators of input pricing in the manufacturing and service sectors. In light of the recent flare-up, we have adjusted our core CPI and PCE inflation rates up slightly in the near term.

Although concerning, the recent bump in inflation does not appear to be the start of another rapid run-up in prices, and softer inflation readings seem likely over the next few months. After rising steadily throughout the first quarter, oil prices turned down in April and appear set to trend lower this year. The recent jump in the ISM manufacturing prices paid index looks mostly the result of an upshift in commodity prices as opposed to supply chain dysfunction, which would be more problematic for goods prices. Progress on services inflation remains stubborn. However, further shelter cost disinflation appears highly certain, given the cooling that remains under way in the rental market. Additional slack in the labor market and cooling service spending should also help reduce price pressure in the sector. All told, we have not lost confidence that inflation is still tracking toward the FOMC's 2% target, and we estimate that the core PCE deflator will settle down and run at a 2.4% rate in the second half of the year.

Consequently, our view that 25 bps rate cuts will arrive in both September and December and that 2025 will bring an additional 100 bps of cuts has not changed. Although moderation appears in order, the resilience of the labor market should allow the FOMC to remain patient this summer. A growing chorus of Federal Reserve officials have taken a "what's the rush?" stance, with Chair Powell seemingly becoming one of the more recent converts following the recent hiccup in inflation. Although we maintain our belief that the first rate cut will occur in September, we readily acknowledge that it would not take much for the start of the cutting cycle to be pushed back until November. What's more, the risks to that call are heavily skewed toward there being one cut in 2024 as opposed to three cuts. All told, the U.S. economy appears set to slow, and a softening labor market and a return to cooling inflation trend means rate cuts still appear likely this year.



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



Source: Federal Reserve Board and Wells Fargo Economics

U.S. Forecast Table

Wells Fargo U.S. Economic Forecast

	Actual								Forecast								Actual		Forecast	
	2022				2023				2024				2025				2022	2023	2024	2025
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product (a)	-2.0	-0.6	2.7	2.6	2.2	2.1	4.9	3.4	1.6	2.7	1.9	1.5	1.8	2.0	2.4	2.4	1.9	2.5	2.6	2.0
Personal Consumption	0.0	2.0	1.6	1.2	3.8	0.8	3.1	3.3	2.5	3.0	1.6	1.7	1.7	1.9	2.2	2.3	2.5	2.2	2.6	1.9
Business Fixed Investment	10.7	5.3	4.7	1.7	5.7	7.4	1.4	3.7	2.9	1.8	0.9	1.5	3.4	5.0	6.9	6.3	5.2	4.5	2.6	3.5
Equipment	16.8	4.9	5.6	-5.0	-4.1	7.7	-4.4	-1.1	2.1	2.7	2.0	2.7	5.6	5.6	8.8	5.7	5.2	-0.3	1.1	4.8
Intellectual Property Products	11.4	8.7	7.1	6.1	3.8	2.7	1.8	4.3	5.4	3.5	2.0	2.2	3.8	5.6	6.9	7.6	9.1	4.5	3.6	4.2
Structures	-1.2	-0.5	-1.3	6.5	30.3	16.1	11.2	10.9	-0.1	-3.4	-3.8	-2.6	-1.6	2.4	3.2	4.5	-2.1	13.2	2.9	-0.5
Residential Investment	-1.8	-14.1	-26.4	-24.9	-5.3	-2.2	6.7	2.8	13.9	3.7	2.1	1.5	3.1	4.3	4.8	5.4	-9.0	-10.6	5.6	3.3
Government Purchases	-2.9	-1.9	2.9	5.3	4.8	3.3	5.8	4.6	1.2	2.3	1.6	1.3	1.3	1.1	1.1	0.8	-0.9	4.1	2.8	1.3
Net Exports	-1141.1	-1116.2	-981.2	-965.6	-935.1	-928.2	-930.7	-918.5	-973.2	-998.6	-993.4	-995.2	-1009.5	-1034.3	-1062.7	-1094.6	-1051.0	-928.1	-990.1	-1050.3
Pct. Point Contribution to GDP	-2.6	0.6	2.6	0.3	0.6	0.0	0.0	0.3	-0.9	-0.4	0.1	0.0	-0.2	-0.4	-0.5	-0.5	-0.5	0.6	-0.3	-0.3
Inventory Change	197.0	92.7	70.7	151.9	27.2	14.9	77.8	54.9	35.4	49.0	60.8	53.9	56.9	60.8	65.7	70.6	128.1	43.7	49.8	63.5
Pct. Point Contribution to GDP	-0.1	-2.1	-0.7	1.6	-2.2	0.0	1.3	-0.5	-0.4	0.2	0.2	-0.1	0.1	0.1	0.1	0.1	0.5	-0.4	0.0	0.1
Nominal GDP (a)	6.2	8.5	7.2	6.5	6.3	3.8	8.3	5.1	4.8	5.9	3.9	3.6	4.2	4.2	4.5	4.5	9.1	6.3	5.2	4.2
Real Final Sales	-1.9	1.5	3.4	0.9	4.6	2.1	3.6	3.9	2.0	2.4	1.7	1.6	1.8	1.9	2.4	2.3	1.3	2.9	2.7	2.0
Retail Sales (b)	12.4	8.6	9.2	6.4	5.1	1.7	3.4	4.0	2.3	3.6	2.5	2.2	2.5	1.8	1.8	2.0	9.1	3.6	2.6	2.0
Inflation Indicators (b)																				
PCE Deflator	6.6	6.8	6.6	5.9	5.0	3.9	3.3	2.8	2.6	2.7	2.6	2.6	2.4	2.1	2.1	2.2	6.5	3.7	2.6	2.2
"Core" PCE Deflator	5.5	5.2	5.2	5.1	4.8	4.6	3.8	3.2	2.9	2.7	2.7	2.8	2.4	2.3	2.3	2.3	5.2	4.1	2.8	2.4
Consumer Price Index	8.0	8.6	8.3	7.1	5.7	4.0	3.6	3.2	3.2	3.5	3.3	3.2	2.9	2.5	2.4	2.4	8.0	4.1	3.3	2.5
"Core" Consumer Price Index	6.3	6.0	6.3	6.0	5.5	5.2	4.4	4.0	3.8	3.6	3.6	3.5	3.1	2.9	2.7	2.7	6.2	4.8	3.6	2.9
Producer Price Index (Final Demand)	10.8	11.0	8.9	7.3	4.4	1.3	1.6	1.0	1.6	2.5	2.0	2.5	2.3	2.2	2.2	2.1	9.5	2.0	2.1	2.2
Employment Cost Index	4.5	5.1	5.0	5.1	4.8	4.5	4.3	4.2	4.2	4.1	4.0	4.0	3.8	3.7	3.6	3.6	4.9	4.5	4.1	3.6
Real Disposable Income (a)	-9.8	-1.4	3.6	2.2	10.8	3.3	0.5	2.0	1.1	1.1	1.8	2.7	2.9	2.2	2.1	2.3	-6.0	4.2	1.5	2.3
Nominal Personal Income (a)	2.4	4.7	6.8	4.7	6.8	4.0	3.9	4.0	7.2	4.3	3.8	4.8	5.3	4.3	4.2	4.5	2.0	5.2	4.9	4.6
Industrial Production (a)	3.7	4.1	2.1	-2.5	-0.3	0.8	1.6	-1.9	-1.8	1.0	1.2	2.7	3.1	2.2	2.8	4.2	3.4	0.2	-0.1	2.5
Capacity Utilization	80.0	80.6	80.8	79.9	79.6	79.4	79.4	78.8	78.2	78.3	78.5	79.0	79.5	79.7	80.0	80.5	80.3	79.3	78.5	79.9
Corporate Profits Before Taxes (b)	10.0	9.1	11.5	8.6	4.6	-2.7	-0.6	5.1	4.0	2.0	0.2	-2.0	2.0	4.0	4.0	2.5	9.8	1.5	1.0	3.1
Corporate Profits After Taxes	4.0	4.5	7.9	7.1	3.6	-4.1	-2.1	3.8	4.3	2.1	0.1	-2.0	2.1	4.0	4.0	2.5	5.9	0.2	1.0	3.1
Federal Budget Balance (c)	-291	153	-860	-421	-680	-292	-302	-510	-555	-125	-361	-498	-703	-213	-385	-525	-1375	-1695	-1550	-1800
Trade Weighted Dollar Index (d)	109.6	114.7	121.4	116.5	116.2	114.7	117.0	114.6	115.8	119.5	120.5	119.3	118.3	116.3	114.5	113.5	115.1	115.4	118.8	115.6
Nonfarm Payroll Change (e)	536	326	396	252	305	274	213	212	269	182	153	115	112	127	133	143	377	251	180	129
Unemployment Rate	3.8	3.6	3.5	3.6	3.5	3.6	3.7	3.7	3.8	3.9	4.0	4.1	4.1	4.0	4.0	3.9	3.6	3.6	3.9	4.0
Housing Starts (f)	1.72	1.64	1.45	1.41	1.39	1.45	1.37	1.48	1.42	1.39	1.46	1.48	1.47	1.48	1.48	1.50	1.55	1.42	1.44	1.48
Light Vehicle Sales (g)	13.9	13.4	13.6	14.2	15.0	15.8	15.7	15.7	15.4	15.5	15.3	15.5	15.9	16.4	16.7	17.2	13.8	15.5	15.4	16.6
Crude Oil - Brent - Front Contract (h)	95.7	109.8	95.5	87.9	81.9	77.6	85.3	82.3	81.2	85.3	85.3	82.7	82.0	81.3	80.3	79.0	97.2	81.8	83.6	80.7
Quarter-End Interest Rates (i)																				
Federal Funds Target Rate (j)	0.50	1.75	3.25	4.50	5.00	5.25	5.50	5.50	5.50	5.50	5.25	5.00	4.75	4.50	4.25	4.00	2.02	5.23	5.31	4.38
Secured Overnight Financing Rate	0.29	1.50	2.98	4.30	4.87	5.09	5.31	5.38	5.34	5.35	5.15	4.90	4.65	4.40	4.15	3.90	1.64	5.01	5.19	4.28
Prime Rate	3.50	4.75	6.25	7.50	8.00	8.25	8.50	8.50	8.50	8.50	8.25	8.00	7.75	7.50	7.25	7.00	5.02	8.23	8.31	7.38
Conventional Mortgage Rate	4.27	5.58	6.01	6.36	6.54	6.71	7.20	6.82	6.82	7.05	6.80	6.50	6.30	6.15	6.00	5.90	5.38	6.80	6.79	6.09
3 Month Bill	0.52	1.72	3.33	4.42	4.85	5.43	5.55	5.40	5.46	5.35	5.10	4.85	4.60	4.35	4.10	3.85	2.09	5.28	5.19	4.23
6 Month Bill	1.06	2.51	3.92	4.76	4.94	5.47	5.53	5.26	5.38	5.30	4.95	4.70	4.45	4.20	3.95	3.70	2.51	5.28	5.08	4.08
1 Year Bill	1.63	2.80	4.05	4.73	4.64	5.40	5.46	4.79	5.03	5.05	4.70	4.45	4.20	3.95	3.70	3.50	2.80	5.08	4.81	3.84
2 Year Note	2.28	2.92	4.22	4.41	4.06	4.87	5.03	4.23	4.59	4.80	4.40	4.05	3.85	3.70	3.55	3.45	2.99	4.58	4.46	3.64
5 Year Note	2.42	3.01	4.06	3.99	3.60	4.13	4.60	3.84	4.21	4.45	4.15	3.90	3.80	3.70	3.65	3.60	3.00	4.06	4.18	3.69
10 Year Note	2.32	2.98	3.83	3.88	3.48	3.81	4.59	3.88	4.20	4.40	4.20	4.00	3.90	3.85	3.80	3.75	2.95	3.96	4.20	3.83
30 Year Bond	2.44	3.14	3.79	3.97	3.67	3.85	4.73	4.03	4.34	4.55	4.40	4.30	4.20	4.10	4.05	4.00	3.11	4.09	4.40	4.09

Forecast as of: May 08, 2024

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

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

Forecast Delta Table

Changes to the Wells Fargo U.S. Economic Forecast

	Actual								Forecast								Actual		Forecast	
	2022				2023				2024				2025							
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2022	2023	2024	2025
Real Gross Domestic Product (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.64	0.82	0.28	-0.07	-0.06	-0.14	-0.09	-0.17	0.00	0.00	0.03	0.01
Personal Consumption	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.24	0.92	0.05	-0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.24	0.06
Business Fixed Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.14	1.83	0.34	0.42	0.04	-0.03	-0.01	0.02	0.00	0.00	0.45	0.25
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08	2.17	0.00	0.01	0.07	-0.09	-0.04	0.01	0.00	0.00	0.43	0.14
Intellectual Property Products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.40	2.49	0.81	0.96	0.00	0.00	0.00	0.01	0.00	0.00	0.98	0.44
Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.61	-0.20	-0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.47	-0.03
Residential Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.43	0.30	-0.10	-0.50	0.00	0.00	0.00	0.00	0.00	0.00	1.05	-0.09
Government Purchases	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.20	0.31	0.10	0.10	0.10	0.10	0.10	0.00	0.00	0.00	-0.23	0.10
Net Exports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-20.3	-42.2	-47.0	-53.3	-58.3	-67.6	-74.5	-84.9	0.0	0.0	-40.7	-71.3
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.26	-0.38	-0.08	-0.11	-0.09	-0.16	-0.12	-0.18	0.00	0.00	-0.18	-0.13
Inventory Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-28.7	-15.1	-0.3	-0.3	-0.3	-0.3	-0.4	-0.4	0.0	0.0	-11.1	-0.4
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.51	0.24	0.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.05	0.05
Nominal GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.73	1.02	0.26	-0.06	0.04	-0.06	-0.05	-0.10	0.00	0.00	0.04	0.07
Real Final Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.11	0.58	0.02	-0.07	-0.06	-0.14	-0.09	-0.17	0.00	0.00	0.02	0.01
Retail Sales (b)	-0.54	-0.78	-0.68	-0.49	-0.13	0.12	0.16	0.46	0.88	2.09	2.43	2.28	1.61	0.41	0.17	0.07	-0.62	0.15	1.92	0.56
Inflation Indicators (b)																				
PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.09	0.09	0.09	0.05	0.04	0.06	0.07	0.00	0.00	0.08	0.06
"Core" PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.10	0.10	0.10	0.04	0.03	0.05	0.07	0.00	0.00	0.09	0.05
Consumer Price Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.04	0.06	0.10	0.10	0.09	0.08	0.00	0.00	0.03	0.09
"Core" Consumer Price Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.06	0.09	0.12	0.10	0.08	0.00	0.00	0.02	0.10
Producer Price Index (Final Demand)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	-0.11	-0.11	-0.17	-0.10	0.00	0.00	0.06	0.00	0.00	-0.10	-0.01
Employment Cost Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.23	0.29	0.39	0.34	0.24	0.21	0.19	0.19	0.00	0.00	0.31	0.21
Real Disposable Income (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.17	0.15	0.10	0.02	-0.17	-0.11	-0.08	0.00	0.00	0.08	0.00
Nominal Personal Income (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.34	0.33	0.13	0.11	0.12	-0.08	-0.06	-0.01	0.00	0.00	0.17	0.06
Industrial Production (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.15	-0.32	0.55	-0.41	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.06	-0.02
Capacity Utilization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.12	-0.07	-0.15	-0.15	-0.15	-0.15	-0.15	-0.15	0.00	-0.01	-0.12	-0.15
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	70.56	-4.13	-66.43	-0.10	-0.36	0.41	0.05	-0.43	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	0.00	2.00	2.00	2.00	2.00	1.00	0.00	-0.50	0.00	0.00	1.50	0.63
Nonfarm Payroll Change (e)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-7.33	-15.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-5.58	0.00
Unemployment Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.10	0.09	0.12	0.08	0.13	0.11	0.00	0.00	0.07	0.11
Housing Starts (f)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.01	-0.01	-0.01	-0.02	-0.02	-0.02	-0.01	0.00	0.00	-0.02	-0.02
Light Vehicle Sales (g)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.11	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.00
Crude Oil - Brent - Front Contract (h)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3.33	-2.00	-1.00	-0.33	0.00	0.00	0.00	0.00	0.00	-1.58	-0.08
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	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	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	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00

Forecast as of: May 08, 2024

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

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

Personal Consumption Expenditures

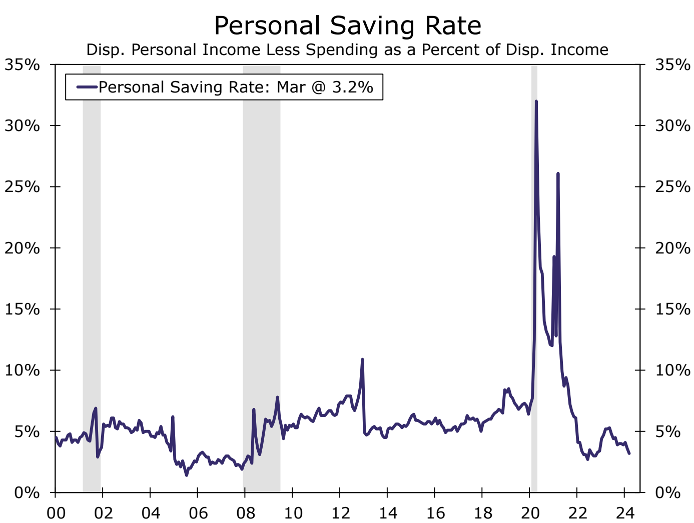
- Consumer spending expanded at a 2.5% annualized pace in the first quarter, a bit faster than the 2.3% we had forecast, and we have lifted our expected growth rate for consumer spending in Q2 to 3.0% from 2.1% in the April monthly.
- The upward revision is more about the mathematics of GDP accounting than an upwardly adjusted assessment of the health of the consumer. The forecast for the second half of this year still reflects our expected slowing in consumer spending.

Consumers are still spending; they are just prioritizing activities in the service sector. Spending on non-durable goods stalled in the first quarter, while outlays on big-ticket durable goods items contracted at a 1.2% annualized rate. Critically though, the weakness in durables spending was concentrated in January. The next two months showed modest gains in durables outlays. At any rate, the softness in goods spending was not nearly enough to offset the much larger services category, where consumers increased spending at a blistering 4.0% annualized growth rate—the fastest surge in consumer services spending since the stimulus-fueled binge in 2021. Higher rates are intended to cool consumer demand; the trouble for the Fed is...it's not working. In order to facilitate the faster spend, consumers have reduced the saving rate to a two-year low. The accrued impact of higher rates is taking a toll, and while we do not expect that to derail spending, we do expect a moderation in the pace of growth in the second half of the year.

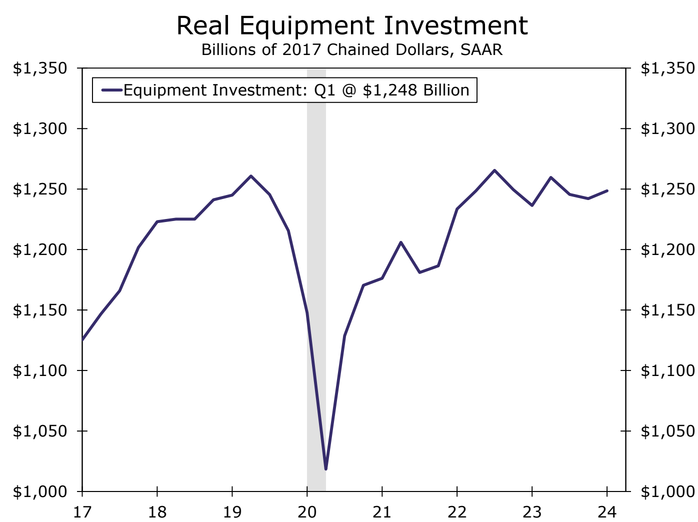
Investment: Equipment, Intellectual Property Products and Inventories

- We have lifted our Q2 capex spending forecast and now expect real equipment to advance at an annualized rate of 2.7% and intellectual property products to rise 3.5%.

Business investment spending picked up in the first quarter. Real equipment investment rose at a 2.1% annualized rate led by outsized spending on computers and a renewed pickup in industrial equipment. Even with the stronger outturn for equipment, Q1 marked only the second time in six quarters that equipment spending actually increased. The underlying level has more-or-less moved sideways over the past two years. Intellectual property products were also stronger, rising at the fastest pace in five quarters amid robust software investment. We have lifted our near-term capex forecast slightly as a result of the stronger growth in Q1, but our overall views have not materially changed. The signal from ISM and other purchasing manager surveys through April still warrants caution, and we expect only a gradual recovery this year amid tighter credit conditions and elevated uncertainty over eventual Fed easing. Inventories took a 0.4 percentage point bite out of first quarter growth, but the relatively small build ($35.4 billion) tells us businesses are managing inventory levels fairly well.



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



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

Investment: Residential

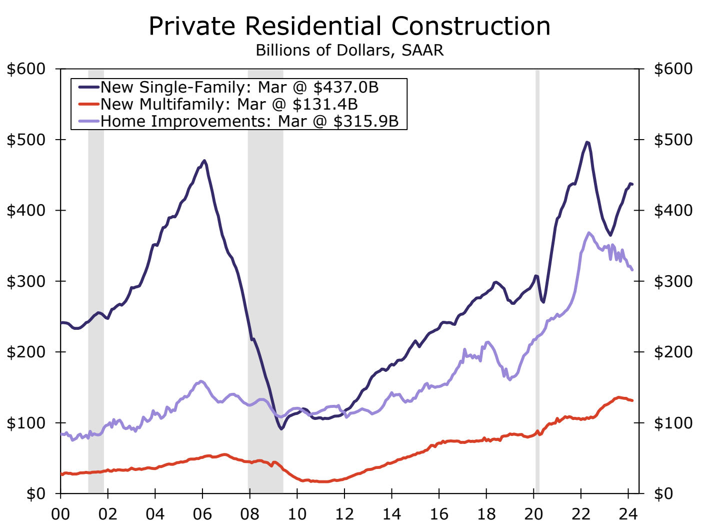
- Sturdy economic growth has buoyed the residential sector so far this year, leading us to slightly take up our near-term forecast for residential investment. Although multifamily outlays continue to falter, limited single-family inventory remains supportive of new construction.

Residential investment strengthened in Q1. Single-family construction outlays have inched higher on a quarterly basis amidst solid buyer demand and a dearth of existing home inventory. Buyers also continue to gravitate toward new construction, with new home sales leaping 8.8% in March. Despite downward revisions in February, this upside surprise is the latest sign that builders are still finding success using price cuts and mortgage rate buydowns to sell homes. Single-family starts have also trended higher, up 27.1% on a year-to-date basis as of March. Although we expect single-family construction to improve over the course of 2024, we look for some moderation this year. The recent upshift in mortgage rates is likely to restrain single-family buyer demand and limit the pace of new development. Multifamily construction also remains tepid as developers continue to face tighter credit conditions and a robust supply of apartments coming to market.

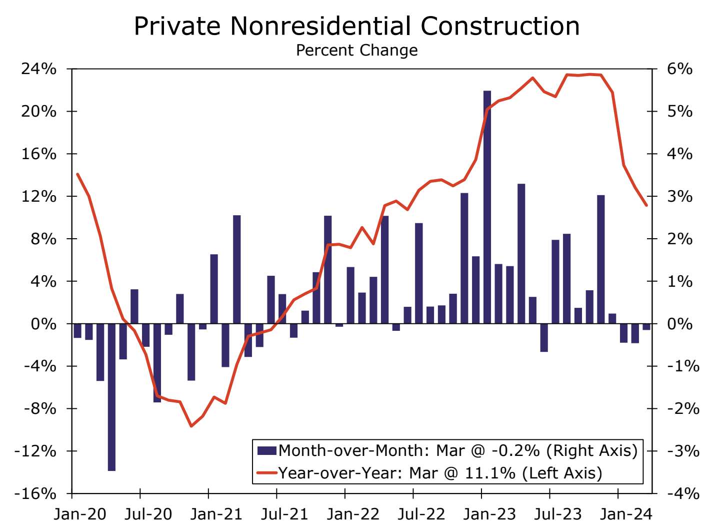
Investment: Nonresidential Structures

- We have not made any material changes to our expectation for a decline in structures investment in 2024. Commercial construction continues to face headwinds from higher interest rates, tighter credit conditions and rising CRE vacancy rates.

Higher interest rates, tighter lending standards and rising vacancy rates remain high hurdles for commercial development. Weaker-than-expected structures spending in the first quarter is the latest evidence that nonresidential construction activity is on the downswing. Private nonresidential outlays fell each month in the first quarter, contracting by 0.2% in March as pullbacks in power and retail outlays weighed on spending. Manufacturing project spending, which has been a primary growth driver for nonresidential spending, also looks to be moderating. The oil & gas rig count inched down in April, portending further weakness in energy-related outlays. Looking ahead, a downshift in starts for commercial construction warns of a potential slowdown, while a sharp decline in the March AIA/Deltek Architecture Billings Index presages further deceleration for structures investment down the road. With fewer rate cuts on the horizon, we expect structures investment to remain weak over the next year.



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



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

Labor Market

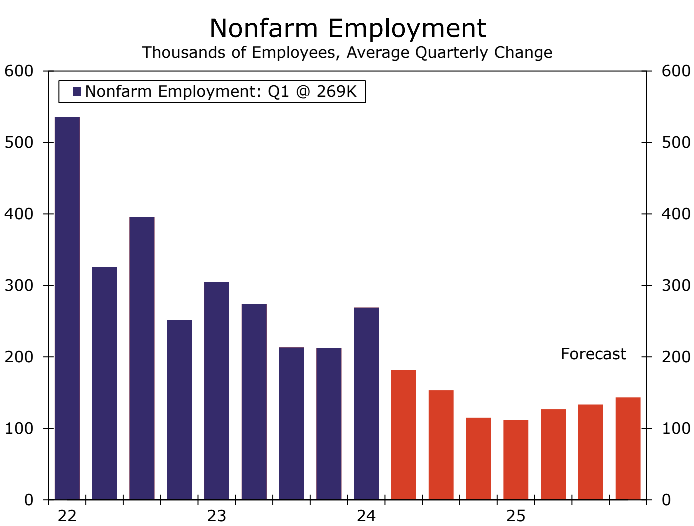
- Despite a strong showing from labor market data in Q1, we see signs of a jobs market that is not nearly as hot as it was a year or two ago. We continue to expect payrolls to expand at an average of just under 150K per month through the remainder of the year as labor demand gradually ebbs.
- The unemployment rate is likely to peak slightly higher at 4.1% in the fourth quarter of 2024, compared to 4.0% in our prior forecast.

U.S. labor market data were strong across the board in Q1, with hiring and employment costs both accelerating through the first few months of the year. However, the first employment report of Q2 offered a tentative sign that the underlying trend is not quite as hot as the Q1 data suggested; nonfarm payrolls registered an increase of 175K in April compared to a prior three-month average of 269K, and average hourly earnings dipped below a 4% year-ago pace for the first time since early 2021. Furthermore, the declining rate of job openings and quits is indicative of a labor market that continues to gradually loosen. With demand for workers likely to decline further and businesses no longer having to scramble as intensely for workers, there are signs that despite Q1's hot employment cost index reading, labor cost growth should continue to subside as we move further into 2024 and reduce upward pressure on inflation, albeit gradually. Amid the softer hiring environment, we look for the unemployment rate to tick up from 3.9% at present to 4.1% in Q4.

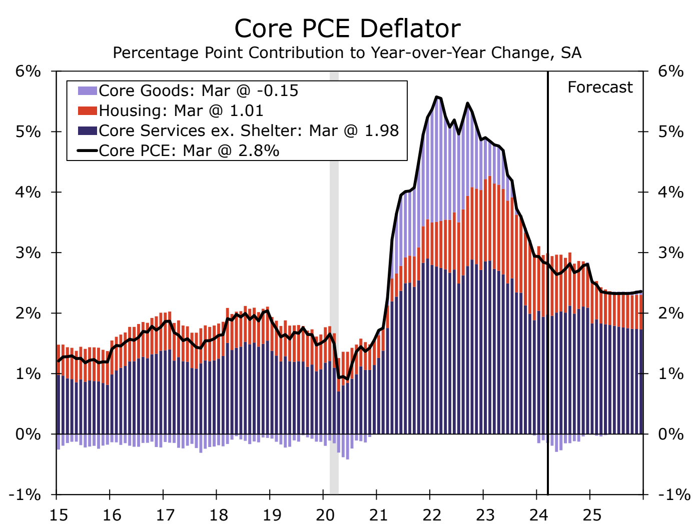
Inflation

- Following a three-month string of hot inflation prints, we now look for the core PCE deflator to rise 2.8% year-over-year in Q4 compared to a 2.7% increase previously.
- While the Fed's preferred inflation gauge is likely to get stuck over the remainder of 2024 when measured on a year-ago basis, we expect sequential monthly readings to show some additional progress in chipping away at inflation.

Inflation's strong start to the year, as indicated by the core PCE deflator picking up to a three-month annualized rate of 4.4% in March, is indicative that further progress taming inflation will likely be slower ahead. While we do not believe the underlying trend in inflation is re-accelerating, taking some signal from Q1 data and accounting for low base comparisons in the second half of the year points to the year-over-year rate of core PCE inflation getting stuck around 2.7%-2.8% through the rest of 2024. With the brunt of core goods disinflation behind us, core services will need to carry disinflation across the finish line to 2%. We think services inflation should continue to cool as tamer goods prices reduces cost pressure for related services, such as motor vehicle insurance, and private measures of rent point to shelter inflation subsiding further. All told, continued gradual progress in lowering inflation should still be evident in quarterly annualized rates of change, but improvement in inflation will be a grind in the year ahead.



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



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

Fiscal Policy

- Our forecasts for FY 2024 and FY 2025 budget deficits remain unchanged at $1.55 trillion and $1.80 trillion, respectively.

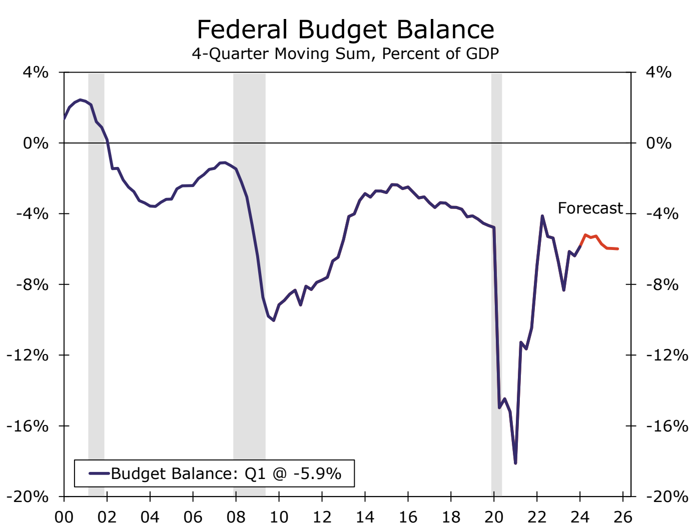
The passage of the $95 billion foreign aid bill in late April concluded a bruising year of fiscal policy showdowns that stretch back to last year's debt ceiling suspension. The upshot is that, for the first time since last spring's debt ceiling debate, there are no imminent budget deadlines pressing down on Congress. The 12 annual appropriation bills for fiscal year (FY) 2024 were enacted in March, the foreign aid bill passed in late April and the debt ceiling is suspended until January 2, 2025. The next budget hurdle to clear will be the 12 annual appropriation bills for FY 2025, which begins on October 1. Our best guess at this point in time is that Congress will pass a continuing resolution (CR) to extend the October 1 deadline through to at least December and possibly as late as February or March when the new Congress and president will be at the helm.

Monetary Policy & Interest Rates

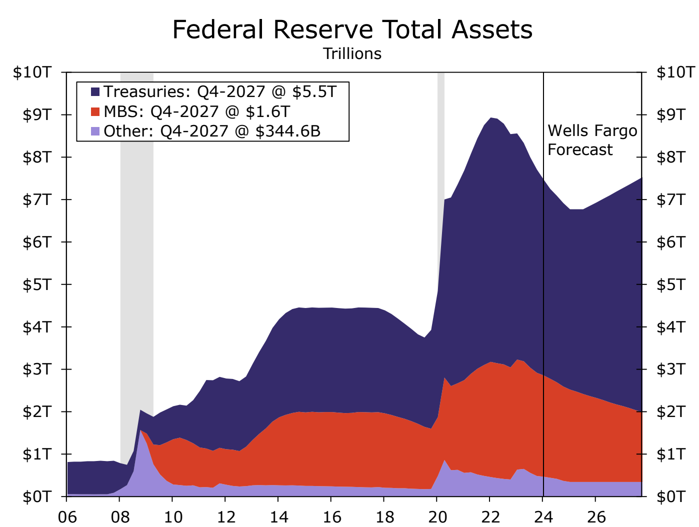
- We have made no changes to our forecast for the federal funds rate. We expect two 25 bps rate cuts in 2024 (September and December) followed by four more 25 bps rate cuts in 2025.
- We expect the current pace of quantitative tightening to continue through Q1-2025. If realized, the Federal Reserve's balance sheet would bottom out around $6.8 trillion.
- Our forecast for the 10-year Treasury yield at year-end 2024 and 2025 remains 4.00% and 3.75%, respectively.

We have not made any material changes to our forecasts for the fed funds rate or for Treasury yields. We still expect two 25 bps rate cuts this year, with the risks tilted toward later and/or less easing than we currently project. As rate cuts come closer into focus, we expect yields will recede across the curve, with larger declines at the front-end and smaller moves for intermediate to longer-term yields. Accordingly, we look for a steeping yield curve later this year and into 2025.

The FOMC recently announced a plan to slow the pace of balance sheet runoff starting June 1. We expect this slower pace of runoff to continue through Q1-2025. If realized, the Federal Reserve's balance sheet would bottom out around $6.8 trillion. After Q1-2025, we look for runoff to end and for the Fed to hold the size of its balance sheet flat for a couple of quarters. Such a move would allow the central bank to “grow into” its balance sheet, i.e., a flat balance sheet would still be shrinking as a share of the growing U.S. economy. At some point later in 2025, we expect balance sheet growth to resume to accommodate organic growth in Federal Reserve liabilities (e.g., paper currency and bank reserves).



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



Source: Federal Reserve Board and Wells Fargo Economics

Net Exports

- Stronger-than-expected real imports growth in Q1 led us to downwardly revise net exports. We look for trade to subtract 0.4 percentage points off of real GDP growth in Q2.

Although trade flows pulled back in March, a pickup in imports in the first two months of the year led the U.S. trade deficit to widen over the course of Q1. Consequently, net exports posted its first negative contribution to real GDP growth since early 2022. The surge in imports at the beginning of the year was supported by a rebound in business equipment investment and stable consumer goods spending. The momentum in imports is poised to continue, especially as domestic demand continues to show signs of outpacing foreign consumption. We had already expected trade to be a net drag on real GDP growth in the second quarter; we now see this as a more pronounced development. We now expect net exports to subtract 0.4 percentage points from headline growth in Q2, rather than the scant 0.1 percentage point drag we had previously.

International Developments & The U.S. Dollar

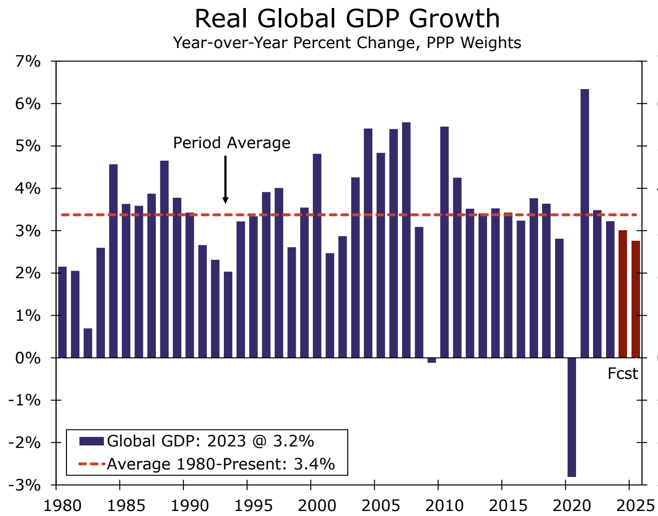
- We have revised our outlook for global GDP growth modestly higher this month to 3.0%, which would represent only a modest slowdown from the 3.2% global growth seen in 2023. Upward revisions to the outlook for China, the Eurozone and United Kingdom account for the firmer growth outlook.
- Given an improving growth outlook and gradually slowing inflation, foreign central banks are continuing to adopt a cautious approach to the pace of rate cuts. Compared to a month ago, we now forecast a later or more gradual pace of monetary easing from central banks in the United Kingdom, Australia, Norway, Mexico and India.
- Our outlook for the U.S. dollar is little changed. Fed policy interest rates that are expected to remain elevated for some time should support the greenback through Q3-2024. We forecast a trend of modest dollar depreciation to emerge late this year as U.S. economic trends soften.
- For further reading on the global economy, please see our most recent International Economic Outlook.

Our outlook for global economic activity in 2024 continues to improve. We have revised our global GDP growth forecast this year modestly higher to 3.0%. That is slightly higher than our forecast for 2.9% growth a month ago and would represent only a modest slowdown from global growth of 3.2% seen in 2023. In China, Q1 GDP growth was stronger than expected, supported by monetary and fiscal stimulus. While March activity and April sentiment data still point to some slowdown ahead, we have lifted our China 2024 GDP growth forecast to 5.1%. We also see firmer 2024 GDP growth in the Eurozone and United Kingdom of 0.8% and 0.6%, respectively. Both economies experienced mild technical recessions in the second half of last year. However, firmer GDP data and sentiment surveys in early 2024 and strengthening trends in real household incomes now suggest a stronger European economic recovery than previously.

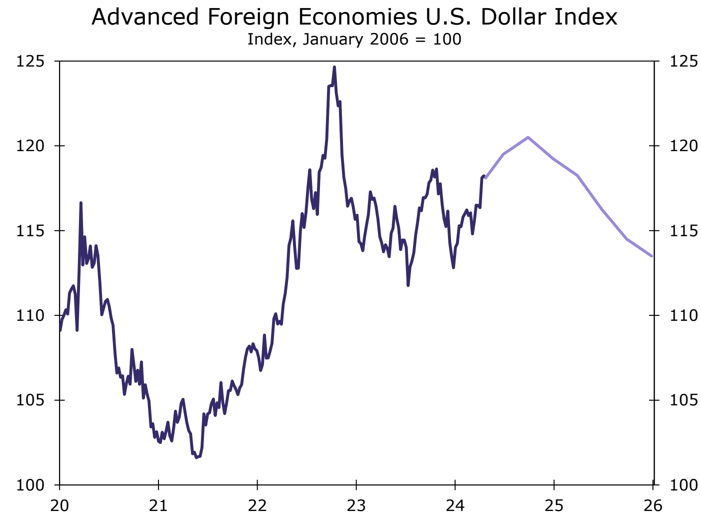
As the global growth outlook improves and inflation slows only gradually, foreign central banks continue to adopt a more cautious approach to monetary policy easing. We now expect an initial Bank of England rate cut in August, compared to our previous forecast for a June move. Still elevated wage and price inflation and some improvement in U.K. growth contribute to the Bank of England's later move. More broadly, we forecast a cumulative 75 bps of U.K. rate cuts this year and a cumulative 125 bps of rate cuts in 2025. In Australia, underlying inflation trends remain persistent, meaning we now do not expect an initial central bank rate cut until November. A hawkish central bank announcement from Norway means we have pushed back our forecast timing for an initial Norges Bank rate cut to September, from August previously. In India, strong growth and concerns about upside inflation risks mean we do not see the Reserve Bank of India lowering interest rates until the fourth quarter. Finally, we expect Mexico's central bank to lower interest rates a bit more gradually than we expected a month ago. Still elevated services inflation and policymaker sensitivity to potential currency weakness should see the central bank hold rates steady this month. By the end of this year, we forecast Mexico's policy rate at 9.75%, compared to our forecast of 9.50% a month ago.

Our outlook for the U.S. dollar is little changed, and we forecast a period of U.S. dollar strength to persist through Q3 of this year. The initial September rate cut we forecast from the Fed is later than the monetary easing we expect from several other major central banks, including the European Central

Bank, Bank of England and Bank of Canada. The later Fed easing and, for the time being, reasonably resilient U.S. growth should be supportive of the U.S. dollar over the next several months. We still forecast a trend of gradual U.S. dollar deprecation over the longer term, beginning in Q4 of this year and continuing through 2025. We expect U.S. growth to slow over time, while other major economies gradually recover. As the Federal Reserve also joins the trend of global monetary easing later this year, we believe that will contribute to moderate U.S. dollar depreciation over the medium term.



Source: International Monetary Fund and Wells Fargo Economics



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

Wells Fargo International Economic Forecast

	GDP				CPI			
	2022	2023	2024	2025	2022	2023	2024	2025
Global (PPP Weights)	3.5%	3.2%	3.0%	2.8%	8.7%	4.5%	3.7%	3.4%
Advanced Economies[1]	2.6%	1.6%	1.9%	2.0%	7.3%	4.9%	3.0%	2.4%
United States	1.9%	2.5%	2.6%	2.0%	8.0%	4.1%	3.3%	2.5%
Eurozone	3.4%	0.5%	0.8%	1.6%	8.4%	5.4%	2.3%	2.1%
United Kingdom	4.3%	0.1%	0.6%	1.6%	9.1%	7.3%	2.7%	2.3%
Japan	1.0%	1.9%	0.8%	1.2%	2.5%	3.3%	2.2%	1.7%
Canada	3.8%	1.1%	1.2%	1.8%	6.8%	3.9%	2.2%	2.0%
Switzerland	2.7%	0.8%	1.3%	1.6%	2.8%	2.2%	1.4%	1.2%
Australia	3.8%	2.1%	1.4%	2.1%	6.6%	5.6%	3.4%	2.7%
New Zealand	2.4%	0.6%	0.8%	2.3%	7.2%	5.8%	3.3%	2.2%
Sweden	2.7%	0.0%	0.1%	1.7%	8.1%	8.6%	2.9%	1.9%
Norway	3.0%	1.1%	0.8%	1.5%	5.8%	5.5%	3.4%	2.5%
Developing Economies[1]	4.1%	4.3%	3.9%	3.3%	9.8%	4.1%	4.2%	4.2%
China	3.0%	5.2%	5.1%	4.3%	2.0%	0.2%	0.9%	1.6%
India	6.5%	7.7%	7.2%	6.6%	6.7%	5.7%	5.0%	4.5%
Mexico	3.9%	3.2%	1.8%	2.0%	7.9%	5.5%	4.2%	3.9%
Brazil	3.0%	2.9%	1.5%	2.0%	9.3%	4.8%	4.0%	3.6%

Forecast as of: May 8, 2024

[1]Aggregated Using PPP Weights

Source: International Monetary Fund and Wells Fargo Economics

Wells Fargo International Interest Rate Forecast

(End of Quarter Rates)

Central Bank Key Policy Rate	2024				2025		
	Current	Q2	Q3	Q4	Q1	Q2	Q3
United States	5.50%	5.50%	5.25%	5.00%	4.75%	4.50%	4.25%
Eurozone[1]	4.00%	3.75%	3.50%	3.00%	2.75%	2.50%	2.25%
United Kingdom	5.25%	5.25%	5.00%	4.50%	4.00%	3.75%	3.50%
Japan	0.10%	0.10%	0.10%	0.20%	0.20%	0.20%	0.20%
Canada	5.00%	4.75%	4.25%	4.00%	3.75%	3.50%	3.25%
Switzerland	1.50%	1.25%	1.00%	1.00%	1.00%	1.00%	1.00%
Australia	4.35%	4.35%	4.35%	4.10%	3.85%	3.60%	3.35%
New Zealand	5.50%	5.50%	5.25%	4.75%	4.50%	4.00%	3.75%
Sweden	4.00%	3.75%	3.50%	3.00%	2.75%	2.50%	2.25%
Norway	4.50%	4.50%	4.25%	4.00%	3.75%	3.50%	3.25%
China[3]	10.00%	10.00%	9.50%	9.50%	9.00%	9.00%	8.50%
India	6.50%	6.50%	6.50%	6.00%	5.75%	5.75%	5.75%
Mexico	11.00%	10.75%	10.25%	9.75%	9.25%	8.75%	8.50%
Brazil	10.75%	10.00%	9.50%	9.00%	8.50%	8.50%	8.50%
Chile	6.50%	5.25%	4.50%	4.50%	4.50%	4.50%	4.50%
Colombia	11.75%	11.25%	10.25%	9.25%	8.25%	7.75%	7.25%

2-Year Note	2024				2025		
	Current	Q2	Q3	Q4	Q1	Q2	Q3
United States	4.82%	4.80%	4.40%	4.05%	3.85%	3.70%	3.55%
Eurozone[2]	2.91%	2.90%	2.80%	2.55%	2.45%	2.35%	2.25%
United Kingdom	4.32%	4.35%	4.20%	3.90%	3.65%	3.55%	3.45%
Japan	0.28%	0.25%	0.25%	0.25%	0.30%	0.30%	0.30%
Canada	4.14%	4.10%	3.85%	3.70%	3.55%	3.45%	3.35%

10-Year Note	2024				2025		
	Current	Q2	Q3	Q4	Q1	Q2	Q3
United States	4.45%	4.40%	4.20%	4.00%	3.90%	3.85%	3.80%
Eurozone[2]	2.44%	2.45%	2.40%	2.30%	2.30%	2.25%	2.25%
United Kingdom	4.14%	4.15%	4.05%	3.85%	3.70%	3.60%	3.55%
Japan	0.87%	0.90%	0.95%	1.05%	1.00%	0.95%	0.95%
Canada	3.58%	3.60%	3.50%	3.45%	3.40%	3.35%	3.35%

Forecast as of: May 8, 2024

[1] ECB Deposit Rate [2] German Government Bond Yield [3] Reserve Requirement Ratio Major Banks

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

This Month's Economic Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
May 6	**7**	**8**	**9**	**10**
	Consumer Credit Mar $6.3B **Reserve Bank of Australia Cash Rate** Previous 4.35% ***Kashkari speaks***	**Central Bank of Brazil Selic Rate** Previous 10.75% ***Jefferson*, Collins and Cook* speak***	**Bank of England Bank Rate** Previous 5.25% **Bank of Mexico Overnight Rate** Previous 11.00% ***Daly* speaks***	**U. of Mich. Sentiment** Apr 77.2 **United Kingdom GDP (SA, QoQ)** Q4 -0.3% **China CPI (YoY)** Mar 0.1% ***Bowman*, Logan, Goolsbee and Barr* speak***
13	**14**	**15**	**16**	**17**
Mester* and Jefferson* speak	**NFIB Small Business Optimsim** Mar 88.5 **PPI Final Demand (MoM)** Mar 0.2% ***Powell* speaks***	**CPI (MoM)** Mar 0.4% **Retail Sales (MoM)** Mar 0.7% **Eurozone GDP (SA, QoQ)** Q4 0.3%	**Housing Starts (SAAR)** Mar 1,321K **Import Price Index (MoM)** Mar 0.4% **Industrial Production (MoM)** Mar 0.4% ***Harker, Mester* and Bostic* speak***	**LEI (MoM)** Mar -0.3%
20	**21**	**22**	**23**	**24**
Bostic* and Barr* speak	**Reserve Bank of New Zealand Cash Rate** Previous 5.50% **Canada CPI (MoM)** Mar 0.6% ***Bostic* speaks***	**Existing Home Sales (SAAR)** Mar 4.19M **United Kingdom CPI (MoM)** Mar 0.6% ***FOMC Meeting Minutes released***	**New Home Sales (SAAR)** Mar 693K **Japan Natl CPI (YoY)** Mar 2.7%	**Durable Goods (MoM)** Mar 2.6%
27	**28**	**29**	**30**	**31**
Memorial Day [U.S. Bond Markets Closed]	**Consumer Confidence** Apr 97.0 **S&P CoreLogic Home Prices (YoY)** Feb 6.38%	***Federal Reserve releases Beige Book***		**Personal Income & Spending (MoM)** Mar 0.5%; 0.8% **Canada GDP (QoQ, Annualized)** Q4 1.0% **Eurozone CPI (MoM)** Mar 0.6%
June 3	**4**	**5**	**6**	**7**
Construction Spending (MoM) Mar -0.2% **ISM Manufacturing** Apr 49.2	**JOLTS Job Openings** Mar 8,488K	**ISM Services** Apr 49.4	**Trade Balance** May -$69.4B **Bank of Canada Rate Decision** Previous 5.00% **European Central Bank Deposit Rate** Previous 4.00%	**Employment** Apr 175K **Consumer Credit** Mar $6.3B **Reserve Bank of India Rate Decision** Previous 6.50%

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

Subscription Information

To subscribe please visit: www.wellsfargo.com/economicsemail

Via The Bloomberg Professional Services at WFRE

Economics Group

Jay H. Bryson, Ph.D.	Chief Economist	704-410-3274	Jay.Bryson@wellsfargo.com
Sam Bullard	Senior Economist	704-410-3280	Sam.Bullard@wellsfargo.com
Nick Bennenbroek	International Economist	212-214-5636	Nicholas.Bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	704-410-3283	Tim.Quinlan@wellsfargo.com
Sarah House	Senior Economist	704-410-3282	Sarah.House@wellsfargo.com
Azhar Iqbal	Econometrician	212-214-2029	Azhar.Iqbal@wellsfargo.com
Charlie Dougherty	Senior Economist	212-214-8984	Charles.Dougherty@wellsfargo.com
Michael Pugliese	Senior Economist	212-214-5058	Michael.D.Pugliese@wellsfargo.com
Brendan McKenna	International Economist	212-214-5637	Brendan.Mckenna@wellsfargo.com
Jackie Benson	Economist	704-410-4468	Jackie.Benson@wellsfargo.com
Shannon Grein	Economist	704-410-0369	Shannon.Grein@wellsfargo.com
Nicole Cervi	Economist	704-410-3059	Nicole.Cervi@wellsfargo.com
Patrick Barley	Economic Analyst	704-410-1232	Patrick.Barley@wellsfargo.com
Jeremiah Kohl	Economic Analyst	212-214-1164	Jeremiah.J.Kohl@wellsfargo.com
Aubrey George	Economic Analyst	704-410-2911	Aubrey.B.George@wellsfargo.com
Delaney Conner	Economic Analyst	704-374-2150	Delaney.Conner@wellsfargo.com
Anna Stein	Economic Analyst	212-214-1063	Anna.H.Stein@wellsfargo.com
Coren Burton	Administrative Assistant	704-410-6010	Coren.Burton@wellsfargo.com

Required Disclosures

This report is produced by the Economics Group of Wells Fargo Bank, N.A. ("WFBNA"). This report is not a product of Wells Fargo Global Research and the information contained in this report is not financial research. This report should not be copied, distributed, published or reproduced, in whole or in part. WFBNA distributes this report directly and through affiliates including, but not limited to, Wells Fargo Securities, LLC, Wells Fargo & Company, Wells Fargo Clearing Services, LLC, Wells Fargo Securities International Limited, Wells Fargo Securities Europe S.A., and Wells Fargo Securities Canada, Ltd. Wells Fargo Securities, LLC is registered with the Commodity Futures Trading Commission as a futures commission merchant and is a member in good standing of the National Futures Association. WFBNA is registered with the Commodity Futures Trading Commission as a swap dealer and is a member in good standing of the National Futures Association. Wells Fargo Securities, LLC and WFBNA are generally engaged in the trading of futures and derivative products, any of which may be discussed within this report.

This publication has been prepared for informational purposes only and is not intended as a recommendation, offer or solicitation with respect to the purchase or sale of any security or other financial product, nor does it constitute professional advice. The information in this report has been obtained or derived from sources believed by WFBNA to be reliable, but has not been independently verified by WFBNA, may not be current, and WFBNA has no obligation to provide any updates or changes. All price references and market forecasts are as of the date of the report or such earlier date as may be indicated for a particular price or forecast. The views and opinions expressed in this report are those of its named author(s) or, where no author is indicated, the Economics Group; such views and opinions are not necessarily those of WFBNA and may differ from the views and opinions of other departments or divisions of WFBNA and its affiliates. WFBNA is not providing any financial, economic, legal, accounting, or tax advice or recommendations in this report, neither WFBNA nor any of its affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the statements or any information contained in this report, and any liability therefore (including in respect of direct, indirect or consequential loss or damage) is expressly disclaimed. WFBNA is a separate legal entity and distinct from affiliated banks, and is a wholly-owned subsidiary of Wells Fargo & Company. © 2024 Wells Fargo Bank, N.A.

Important Information for Non-U.S. Recipients
For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a U.K. incorporated investment firm authorized and regulated by the Financial Conduct Authority ("FCA"). For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the "Act"), the content of this report has been approved by WFSIL, an authorized person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Act for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. For recipients in the EFTA, this report is distributed by WFSIL. For recipients in the EU, it is distributed by Wells Fargo Securities Europe S.A. ("WFSE"). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in MiFID2. This report is not intended for, and should not be relied upon by, retail clients.

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE