WELLS FARGO

Monthly — March 14, 2024

U.S. Economic Outlook: March 2024

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The Self-Defeating Prophecy of Lower Rates

- Our March forecast update shows economic growth is still poised to slow somewhat in 2024, but not as much as we forecast in our February outlook.
- The more that expectations of lower rates get baked into the collective psyche, the greater the risk of setting back the progress made in bringing supply and demand into balance. That dynamic could push prices higher, which in turn makes the rate cuts harder to deliver.
- In recent public comments, Atlanta Federal Reserve President Bostic recounted informal discussions with business leaders who were "ready to pounce at the first hint of an interest rate cut." We hear the same thing from our clients and have lifted our forecast for capital spending—particularly intellectual property outlays—in the second half of this year.
- To the extent that business outlays do ramp up, it points to another source of demand that could stymie the progress toward rebalancing supply and demand. Partly on that basis, we have ratcheted our inflation numbers incrementally higher in the back half of this year.
- Nevertheless, a downward trend in inflation remains in place even if the slope of that trend has flattened a bit. The slower progress in bringing inflation down over the past couple of months will not stay the Fed's hand from lowering rates this year, but it does push the timing back somewhat. We now have just four rate cuts penciled in for 2024, with the first now occurring in June rather than May.
- Consumers exhibited a rare glimmer of constraint at the start of the year as they dialed back real spending while reprioritizing non-discretionary outlays. We have lowered only the near-term consumer forecast for now.

The Self-Defeating Prophecy of Lower Rates

It is tough to recall a time when rate cuts have been telegraphed for so long. One way to measure market expectations of lower rates is to compare yields of Treasuries across various maturities. The yield on two-year U.S. Treasury notes, for example, has been higher than that of 10-year notes since July 2022. That was long before the tightening cycle was even finished and a clue that markets did not expect "higher for longer" to last very long. This yield curve inversion has been in place for 20 months and is only exceeded by the 21-month stretch between August 1978 and May 1980.

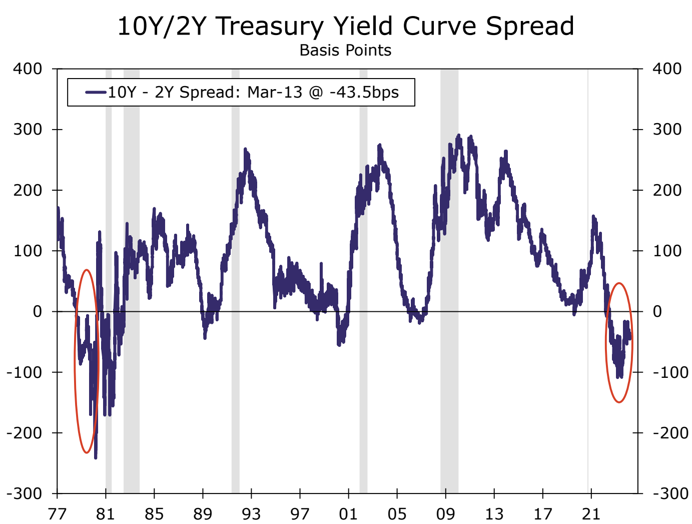
There is a saying about the hallmark of good central banking being rooted in transparency and communication. We are certainly aligned with that thinking. Yet, standing at the cusp of a record in terms of the duration of an inverted yield curve, it may be instructive to think about how expectations might be getting in the way of the Federal Reserve's efforts to get inflation in check. Part of the challenge for Fed policymakers is the widespread expectation of lower rates in the second half of the year, and the degree to which that expectation has business decision-makers eager to take advantage of a lower cost of capital. It is a risk of which policy-makers are becoming aware.

Speaking to this point at a recent public appearance, Atlanta Federal Reserve President Raphael Bostic identified this eagerness as "pent-up exuberance." He identified the prospects for increased spending as a factor that could make the job of bringing down inflation more difficult.

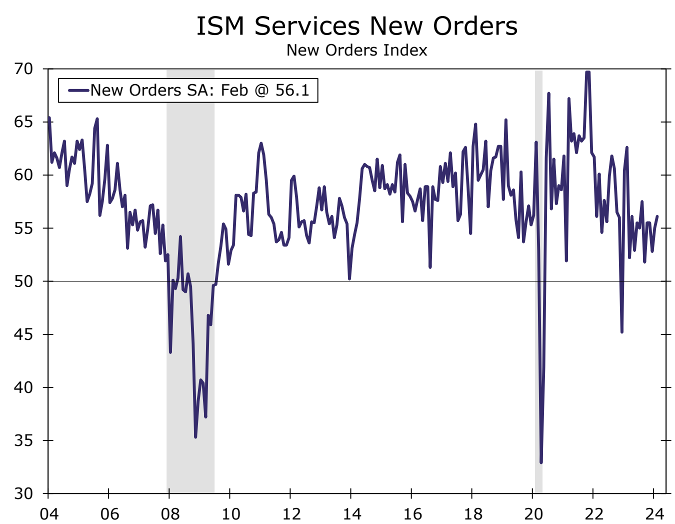
This dynamic is something we are hearing from clients in meetings on the road and is corroborated by soft data such as the new orders component of the service sector ISM, which rose in February to a six-month high of 56.1. We are pricing it into our forecast as well. Not just in terms of a slightly higher inflation profile but also with respect to prospects for capital spending. We have lifted our spending forecasts for both equipment and intellectual property products in the back half of 2024.

The paradox is: The more that lower rates get baked into the collective psyche, the greater the risk of stoking demand that could set back the progress made in bringing supply and demand into balance. That dynamic pushes prices higher, which makes rate cuts harder to deliver.

Arguably, the most consequential recent developments have been on the inflation front. The CPI reports for the first two months of the year both were released since our prior monthly forecast and both showed disrupted progress in the Fed's efforts to bring down inflation. That said, the January report was the more disconcerting of the two. This was particularly evident in the slower labor cost growth in the February CPI report, which suggests services inflation may not be as sticky as some feared in the wake of January's report.



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

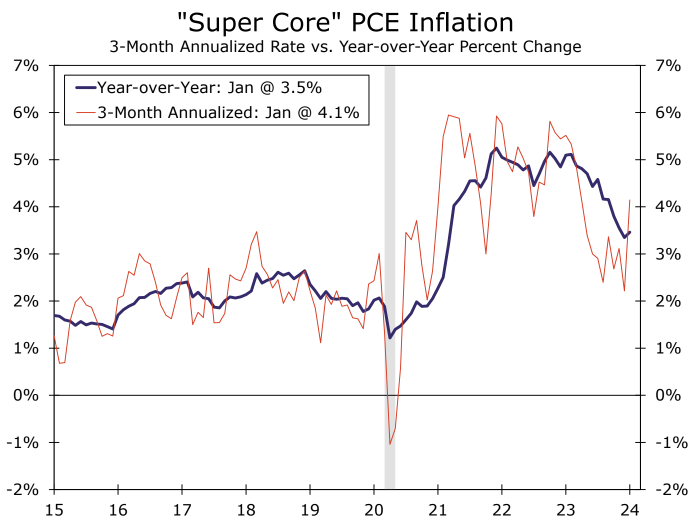


Source: Institute for Supply Management and Wells Fargo Economics

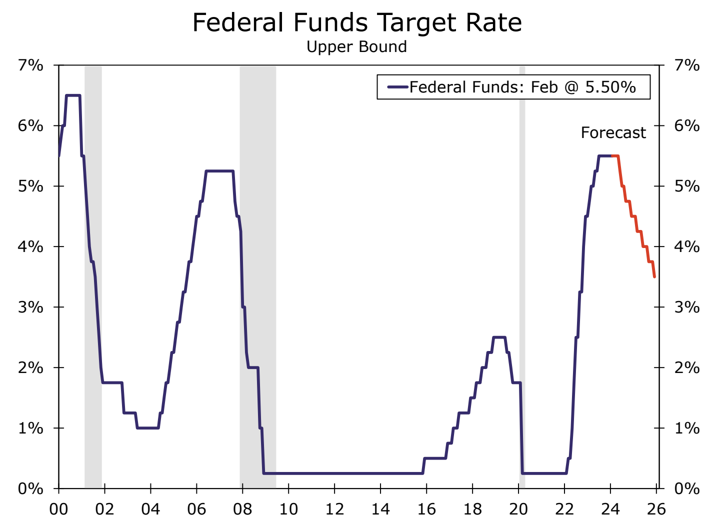
February's consumer price data came in only a bit stronger than expected with the headline CPI increasing 0.44% month-over-month to put the year-over-year rate at 3.2%. Excluding both food and energy prices, core prices rose 0.36% in February relative to the previous month.

Inflation is not coming down quite as fast as the Fed might like to see, even if the details of the February CPI report revealed less of a disruption on the path to lower inflation than the January report did. The FOMC places greater weight on the PCE measures of inflation than on the CPI measures. In particular, Chair Powell has pointed to the service sector, where service prices ex-housing are rising at a three-month annualized rate of 4.1%. Still, we expect help on the goods front as core goods deflation is expected to return in coming months amid improved supply chains and less supportive seasonal factors. The paradox for the Federal Reserve is that the resilience in the economy is making the glide path toward 2.0% inflation more difficult. In recognition of that, we have nudged our forecast for full-year inflation higher across the board. Our forecast for headline CPI inflation, for example, is now half a percentage point higher than last month in both the third and fourth quarters of 2024.

We do not think the February CPI report will imbue the FOMC with the needed confidence to immediately begin cutting rates. The core CPI has risen at 4.2% annualized rate over the past three months, which is a bit higher than the 3.8% increase in core prices over the past 12 months. We expect disinflation progress to resume in the coming months, but we think the FOMC will need to see it to believe it. The first rate cut looks increasingly likely to occur in June. Our baseline forecast anticipates a total of four 25 bp rate cuts in 2024 for a total of 100 bps of easing. We suspect the balance of risks to that forecast is tilted slightly toward less easing (75 bps) rather than more (125 bps). We look for another 100 bps of easing in 2025, bringing the federal funds target range down to 3.25%-3.50% by year-end 2025. See our recently published Fed Flashlight for additional details on our Fed outlook.



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



Source: Federal Reserve Board and Wells Fargo Economics

A chink in the armor appeared in the consumer sector to start the year as real personal spending fell 0.1% in January. We do not think consumer spending is poised to slow meaningfully, but we have dialed back our forecast for the current quarter. It is increasingly evident that after years of a *devil-may-care* approach to spending, consumers are at last showing signs of being more reserved. For example, the composition of spending in January revealed a pivot back toward non-discretionary (particularly services categories) at the expense of outlays in recreational categories. In nominal terms, the three biggest categories for spending gains were, in order: housing & utilities, financial services & insurance and healthcare. The only goods category to post a nominal gain in January was food and beverages.

We expect consumer momentum remains intact and that a still-sturdy labor market should offer support to spending this year, even if that pace of spending is set to moderate. With a little luck, the upside of that moderation will be less demand-pull on inflation. That would be a welcome counterweight to the persistent expectation of lower rates in financial markets and business circles.

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	3.2	2.4	1.3	1.3	1.4	1.8	2.2	2.5	2.5	1.9	2.5	2.4	1.8
Personal Consumption	0.0	2.0	1.6	1.2	3.8	0.8	3.1	3.0	2.4	1.5	1.1	1.4	1.6	1.9	2.2	2.3	2.5	2.2	2.1	1.7
Business Fixed Investment	10.7	5.3	4.7	1.7	5.7	7.4	1.4	2.4	2.6	0.1	0.7	1.1	3.4	5.1	7.1	6.3	5.2	4.4	1.9	3.4
Equipment	16.8	4.9	5.6	-5.0	-4.1	7.7	-4.4	-1.7	0.6	0.5	2.0	2.7	5.5	5.7	8.9	5.7	5.2	-0.3	0.2	4.7
Intellectual Property Products	11.4	8.7	7.1	6.1	3.8	2.7	1.8	3.3	4.0	1.0	1.2	1.3	3.8	5.6	6.9	7.6	9.1	4.4	2.4	3.8
Structures	-1.2	-0.5	-1.3	6.5	30.3	16.1	11.2	7.5	3.5	-2.8	-3.0	-2.5	-1.3	2.9	3.9	4.8	-2.1	13.0	3.4	-0.1
Residential Investment	-1.8	-14.1	-26.4	-24.9	-5.3	-2.2	6.7	2.9	4.3	2.9	2.4	2.1	3.5	4.9	5.5	5.9	-9.0	-10.6	3.3	3.7
Government Purchases	-2.9	-1.9	2.9	5.3	4.8	3.3	5.8	4.2	2.7	2.0	1.3	1.2	1.1	1.0	0.8	0.8	-0.9	4.0	3.0	1.1
Net Exports	-1141.1	-1116.2	-981.2	-965.6	-935.1	-928.2	-930.7	-914.9	-934.3	-937.7	-927.7	-923.2	-932.3	-947.6	-968.9	-990.1	-1051.0	-927.2	-930.7	-959.7
Pct. Point Contribution to GDP	-2.6	0.6	2.6	0.3	0.6	0.0	0.0	0.3	-0.3	-0.1	0.2	0.1	-0.2	-0.3	-0.4	-0.4	-0.5	0.6	0.0	-0.1
Inventory Change	197.0	92.7	70.7	151.9	27.2	14.9	77.8	66.3	71.1	64.2	61.2	54.3	57.3	61.2	66.2	71.1	128.1	46.5	62.7	64.0
Pct. Point Contribution to GDP	-0.1	-2.1	-0.7	1.6	-2.2	0.0	1.3	-0.3	0.1	-0.1	-0.1	-0.1	0.1	0.1	0.1	0.1	0.5	-0.4	0.1	0.0
Nominal GDP (a)	6.2	8.5	7.2	6.5	6.3	3.8	8.3	4.9	5.5	3.7	3.2	3.3	4.0	4.4	4.7	4.7	9.1	6.3	4.9	4.0
Real Final Sales	-1.9	1.5	3.4	0.9	4.6	2.1	3.6	3.5	2.3	1.4	1.4	1.5	1.8	2.1	2.5	2.5	1.3	2.9	2.5	1.8
Retail Sales (b)	13.0	9.4	9.8	6.9	5.1	1.6	3.2	3.7	2.2	2.3	0.7	0.2	0.7	1.1	1.4	1.8	9.7	3.4	1.4	1.3
Inflation Indicators (b)																				
PCE Deflator	6.6	6.8	6.6	5.9	5.0	3.9	3.3	2.8	2.5	2.4	2.3	2.3	2.1	2.0	2.1	2.2	6.5	3.7	2.4	2.1
"Core" PCE Deflator	5.5	5.2	5.2	5.1	4.8	4.6	3.8	3.2	2.8	2.5	2.5	2.5	2.3	2.2	2.2	2.2	5.2	4.1	2.6	2.2
Consumer Price Index	8.0	8.6	8.3	7.1	5.7	4.0	3.6	3.2	3.2	3.2	3.0	2.9	2.6	2.4	2.4	2.4	8.0	4.1	3.1	2.4
"Core" Consumer Price Index	6.3	6.0	6.3	6.0	5.5	5.2	4.4	4.0	3.8	3.5	3.5	3.3	2.9	2.7	2.6	2.6	6.2	4.8	3.5	2.7
Producer Price Index (Final Demand)	10.8	11.0	8.9	7.3	4.4	1.3	1.6	0.9	1.2	1.9	1.4	2.0	2.1	2.2	2.2	2.1	9.5	2.0	1.6	2.1
Employment Cost Index	4.5	5.1	5.0	5.1	4.8	4.5	4.3	4.2	3.9	3.7	3.5	3.5	3.4	3.3	3.3	3.3	4.9	4.5	3.7	3.3
Real Disposable Income (a)	-9.8	-1.4	3.6	2.2	10.8	3.3	0.5	2.2	1.1	1.3	1.4	2.2	2.6	1.9	2.1	2.1	-6.0	4.2	1.5	2.1
Nominal Personal Income (a)	2.4	4.7	6.8	4.7	6.8	4.0	3.9	3.9	7.0	3.8	3.3	4.2	4.9	4.1	4.3	4.3	2.0	5.2	4.6	4.2
Industrial Production (a)	3.7	4.1	2.1	-2.5	-0.3	0.8	1.5	-2.3	0.3	-0.1	1.6	2.7	3.1	2.2	2.8	4.2	3.4	0.2	0.2	2.5
Capacity Utilization	80.0	80.6	80.8	79.9	79.6	79.4	79.4	78.7	78.6	78.6	78.9	79.4	79.8	80.0	80.3	80.9	80.3	79.3	78.8	80.3
Corporate Profits Before Taxes (b)	10.0	9.1	11.5	8.6	4.6	-2.7	-0.6	-1.5	-0.5	0.0	-1.0	3.0	5.0	6.0	4.0	5.0	9.8	-0.1	0.4	5.0
Corporate Profits After Taxes	4.0	4.5	7.9	7.1	3.6	-4.1	-2.1	-2.4	0.0	0.4	-1.3	2.9	5.1	6.0	3.9	5.0	5.9	-1.3	0.5	5.0
Federal Budget Balance (c)	-291	153	-860	-421	-680	-292	-302	-510	-619	-166	-405	-534	-694	-190	-432	-562	-1375	-1695	-1700	-1850
Trade Weighted Dollar Index (d)	109.6	114.7	121.4	116.5	116.2	114.7	117.0	114.6	117.0	117.5	116.5	115.5	114.5	113.8	113.3	113.3	115.1	115.4	116.6	113.7
Nonfarm Payroll Change (e)	536	326	396	252	305	274	213	212	231	160	130	100	110	122	125	128	377	251	155	121
Unemployment Rate	3.8	3.6	3.5	3.6	3.5	3.6	3.7	3.7	3.8	3.8	3.9	4.0	3.9	3.9	3.8	3.8	3.6	3.6	3.9	3.8
Housing Starts (f)	1.72	1.64	1.45	1.41	1.39	1.45	1.37	1.48	1.39	1.38	1.45	1.46	1.45	1.46	1.48	1.49	1.55	1.42	1.42	1.47
Light Vehicle Sales (g)	13.9	13.4	13.6	14.2	15.0	15.8	15.7	15.7	15.4	15.4	15.3	15.4	15.9	16.4	16.7	17.2	13.8	15.5	15.4	16.6
Crude Oil - Brent - Front Contract (h)	95.7	109.8	95.5	87.9	81.9	77.6	85.3	82.3	80.4	84.3	83.0	79.3	79.0	81.3	80.3	78.0	97.2	81.8	81.8	79.7
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	5.25	4.75	4.50	4.25	4.00	3.75	3.50	2.02	5.23	5.00	3.88
Secured Overnight Financing Rate	0.29	1.50	2.98	4.30	4.87	5.09	5.31	5.38	5.35	5.10	4.65	4.40	4.15	3.90	3.65	3.40	1.64	5.01	4.88	3.78
Prime Rate	3.50	4.75	6.25	7.50	8.00	8.25	8.50	8.50	8.50	8.25	7.75	7.50	7.25	7.00	6.75	6.50	5.02	8.23	8.00	6.88
Conventional Mortgage Rate	4.27	5.58	6.01	6.36	6.54	6.71	7.20	6.82	6.85	6.65	6.45	6.15	6.00	5.85	5.80	5.75	5.38	6.80	6.53	5.85
3 Month Bill	0.52	1.72	3.33	4.42	4.85	5.43	5.55	5.40	5.35	4.90	4.60	4.35	4.10	3.85	3.60	3.35	2.09	5.28	4.80	3.73
6 Month Bill	1.06	2.51	3.92	4.76	4.94	5.47	5.53	5.26	5.20	4.75	4.50	4.25	4.00	3.75	3.50	3.30	2.51	5.28	4.68	3.64
1 Year Bill	1.63	2.80	4.05	4.73	4.64	5.40	5.46	4.79	4.85	4.50	4.20	3.95	3.70	3.45	3.35	3.25	2.80	5.08	4.38	3.44
2 Year Note	2.28	2.92	4.22	4.41	4.06	4.87	5.03	4.23	4.45	4.10	3.85	3.70	3.55	3.45	3.35	3.30	2.99	4.58	4.03	3.41
5 Year Note	2.42	3.01	4.06	3.99	3.60	4.13	4.60	3.84	4.05	3.90	3.75	3.65	3.55	3.50	3.45	3.45	3.00	4.06	3.84	3.49
10 Year Note	2.32	2.98	3.83	3.88	3.48	3.81	4.59	3.88	4.05	3.90	3.80	3.70	3.65	3.60	3.60	3.60	2.95	3.96	3.86	3.61
30 Year Bond	2.44	3.14	3.79	3.97	3.67	3.85	4.73	4.03	4.20	4.10	4.05	4.00	3.95	3.90	3.90	3.90	3.11	4.09	4.09	3.91

Forecast as of: March 14, 2024

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

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

Forecast Delta Table

Changes to the Wells Fargo U.S. Economic Forecast																				
	Actual								Forecast								Actual		Forecast	
	2022				2023				2024				2025				2022	2023	2024	2025
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.07	-0.01	0.04	0.34	0.27	-0.02	0.00	0.01	0.01	0.00	0.00	0.05	0.09
Personal Consumption	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.13	-0.46	0.03	0.08	0.04	0.00	0.00	0.00	0.00	0.00	0.01	-0.07	0.02
Business Fixed Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.42	1.70	0.00	2.04	1.89	-0.01	0.01	-0.01	0.01	0.00	0.03	0.88	0.63
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2.69	0.00	0.00	1.39	2.30	-0.02	0.02	0.01	0.00	0.00	-0.17	-0.19	0.62
Intellectual Property Products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.20	3.07	0.20	3.49	2.29	0.00	0.00	0.00	0.01	0.00	0.08	1.61	0.91
Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.29	2.00	-0.40	0.20	0.30	0.00	0.00	0.00	0.00	0.00	0.30	1.24	0.06
Residential Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.86	2.00	0.40	-0.50	-1.10	-0.60	0.00	0.00	0.00	0.00	0.10	0.79	-0.40
Government Purchases	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.18	0.00
Net Exports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-6.7	-23.6	-23.7	-23.9	-24.1	-24.3	-24.5	-24.8	-25.1	0.0	-1.7	-23.8	-24.7
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.11	-0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.10	0.00
Inventory Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-16.4	-0.3	-0.3	-0.3	-0.2	-0.3	-0.3	-0.3	-0.3	0.0	-4.1	-0.3	-0.3
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.34	0.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	0.02	0.00
Nominal GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.09	1.33	0.50	0.38	0.25	0.12	0.11	0.07	0.07	0.00	0.01	0.51	0.19
Real Final Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.28	-0.30	0.04	0.34	0.27	-0.02	0.01	0.01	0.01	0.00	0.02	0.03	0.09
Retail Sales (b)	0.00	0.00	0.00	-0.09	0.17	0.00	0.00	-0.22	-1.22	-0.96	-0.77	-0.47	0.27	0.17	0.00	0.00	-0.02	-0.02	-0.85	0.11
Inflation Indicators (b)																				
PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.37	0.48	0.49	0.45	0.15	0.06	0.07	0.09	0.00	0.01	0.45	0.09
"Core" PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.29	0.34	0.36	0.35	0.12	0.10	0.09	0.10	0.00	0.01	0.33	0.10
Consumer Price Index	0.00	0.04	0.00	-0.02	-0.02	-0.02	0.00	0.02	0.32	0.43	0.52	0.58	0.33	0.18	0.16	0.15	0.01	-0.01	0.46	0.20
"Core" Consumer Price Index	0.01	0.01	0.00	-0.01	-0.03	-0.01	0.01	0.01	0.21	0.33	0.38	0.47	0.34	0.27	0.23	0.19	0.00	0.00	0.35	0.26
Producer Price Index (Final Demand)	0.00	0.01	-0.01	0.00	0.01	-0.03	-0.08	-0.07	0.16	0.12	0.22	0.20	0.00	0.00	0.00	0.00	0.00	-0.04	0.18	0.00
Employment Cost Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Real Disposable Income (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.25	-0.34	-2.07	-0.37	-0.05	0.00	-0.14	-0.10	-0.06	-0.06	0.00	0.01	-0.62	-0.10
Nominal Personal Income (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.39	-0.10	2.08	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.56	0.01
Industrial Production (a)	0.00	0.00	0.00	0.00	0.00	0.00	-0.33	0.75	-0.50	0.66	1.75	0.82	0.41	0.29	0.14	0.00	0.00	0.01	0.37	0.59
Capacity Utilization	0.00	0.00	0.00	0.00	0.00	0.00	-0.06	0.09	-0.45	-0.32	0.01	0.17	0.24	0.30	0.33	0.33	0.00	0.01	-0.15	0.30
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	0.01	-33.50	-13.25	46.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trade Weighted Dollar Index (d)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.75	3.00	3.75	3.50	3.50	3.50	3.50	3.50	0.00	0.00	3.00	3.50
Nonfarm Payroll Change (e)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-14.33	-9.67	16.67	10.00	6.67	0.00	0.00	0.00	0.00	0.00	-3.58	5.92	0.00
Unemployment Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.11	0.08	0.09	0.10	0.09	0.09	0.09	0.09	0.00	0.00	0.10	0.09
Housing Starts (f)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	-0.03	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00
Light Vehicle Sales (g)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00
Crude Oil - Brent - Front Contract (h)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.55	2.00	1.83	1.00	1.33	2.00	2.00	1.33	0.00	0.00	1.60	1.67
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	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.00	0.00	0.19	0.25
Secured Overnight Financing Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.00	0.00	0.19	0.25
Prime Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.00	0.00	0.19	0.25
Conventional Mortgage Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.10	0.10	0.10	0.10	0.10	0.05	0.00	0.00	0.08	0.09
3 Month Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.15	0.30	0.25	0.25	0.25	0.25	0.25	0.20	0.00	0.00	0.24	0.24
6 Month Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.25	0.30	0.30	0.30	0.30	0.25	0.15	0.00	0.00	0.26	0.25
1 Year Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.15	0.05	0.05	0.05	0.00	0.00	0.25	0.08
2 Year Note	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.15	0.20	0.20	0.20	0.15	0.15	0.10	0.05	0.00	0.00	0.19	0.11
5 Year Note	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.15	0.15	0.15	0.15	0.15	0.10	0.10	0.00	0.00	0.14	0.13
10 Year Note	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.10	0.10	0.10	0.10	0.10	0.10	0.00	0.00	0.07	0.10
30 Year Bond	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.10	0.10	0.10	0.10	0.10	0.10	0.00	0.00	0.08	0.10

Forecast as of: March 14, 2024

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

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

Personal Consumption Expenditures

- We have revised our Q1 real personal consumption expenditure (PCE) forecast modestly lower compared to our past update due to a larger-than-anticipated pullback in January spending.

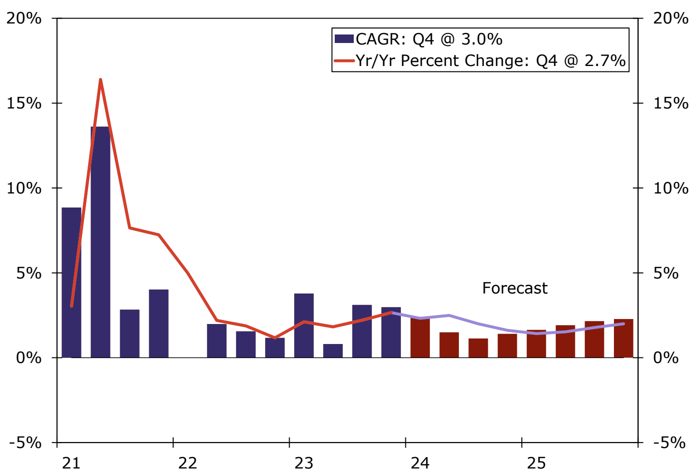
Consumer spending stumbled at the start of the year, retail sales slipped 0.8% and broader inflation-adjusted personal spending declined 0.1%. Even as we anticipate a moderation in spending this year, we believe the January slowdown somewhat overstates the near-term pullback in consumption, and we expect to see some recovery in February spending. The weaker-than-anticipated data in January, however, still suggest a slightly weaker pace of growth in Q1 for real PCE, and we now anticipate spending to rise at a 2.4% annualized rate (down from 2.9% previously). Our expectations for the rest of the year have not materially changed. Households are still benefiting from a real income tailwind that should remain supportive of spending in the near term, yet the initial signs of consumer vulnerability of growing interest costs and higher delinquencies remain and will limit the pace of consumption this year. The result is a continuation in spending, but a more moderate pace of growth than in recent years.

Investment: Equipment, Intellectual Property Products and Inventories

- While we have not made any changes to the near-term equipment spending forecast, we have lifted the out quarters of our capex forecast marginally. We've also lifted our 2024 estimates for spending on intellectual property products.

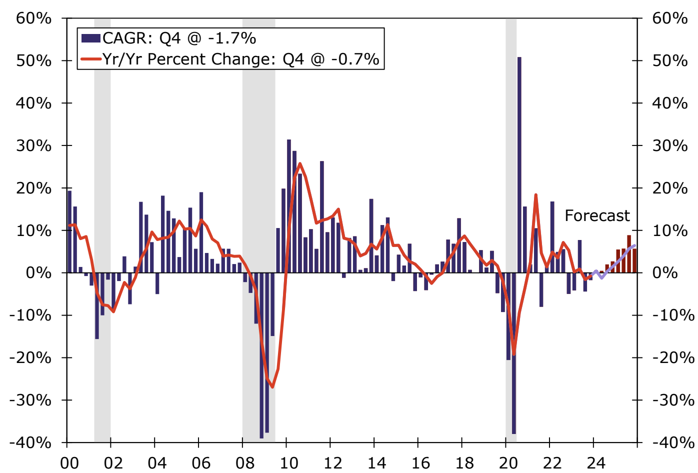
The January durable goods report was weak due almost entirely to a pullback in aircraft orders and shipments, but we would not be surprised to see a rebound in the February data. As such, we have not made any major changes to the near-term trajectory of real equipment investment. Beyond Q1, we have lifted our forecast for equipment spending on the premise that recent investment in manufacturing facilities begins to translate to increased production. We ultimately continue to believe capex spending is on the cusp of recovery, though it will likely take easing from the Fed before that recovery materializes. We have also lifted our intellectual property forecast as a result of increased investment and a slightly higher forecast for job growth this year.

Real Personal Consumption Expenditures



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

Real Equipment Investment



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

Investment: Residential

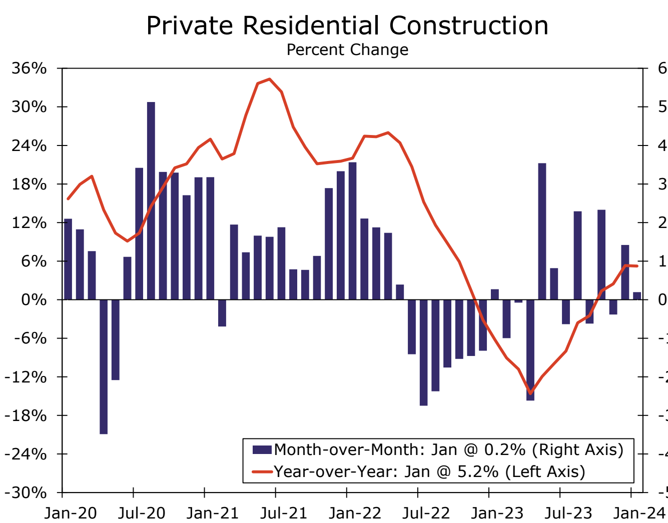
- Resilient single-family spending at the start of 2024 has compelled us to boost our near-term outlook for residential investment. Although unfavorable affordability will remain as a headwind, lower mortgage rates and sturdy economic growth should continue to boost the residential sector.

A resilient labor market and the prospect of lower mortgage rates later this year are factors helping to buoy the residential sector. Although bumpy, mortgage purchase applications have generally trended higher this year, which suggests a stronger pace of home sales in the months ahead. That noted, adverse affordability will likely remain as a significant headwind. New single-family construction spending has been the primary driver for growth in residential spending over the past nine months as home builders have taken advantage of tight inventory and high prices in the resale market. Construction has been challenged by harsh winter weather to start 2024 with both single-family and multifamily starts falling sharply in January. We suspect the drop was mostly weather related, however, and expect to see a rebound in single-family construction moving forward. By contrast, multifamily construction looks set to shift lower as apartment market conditions soften.

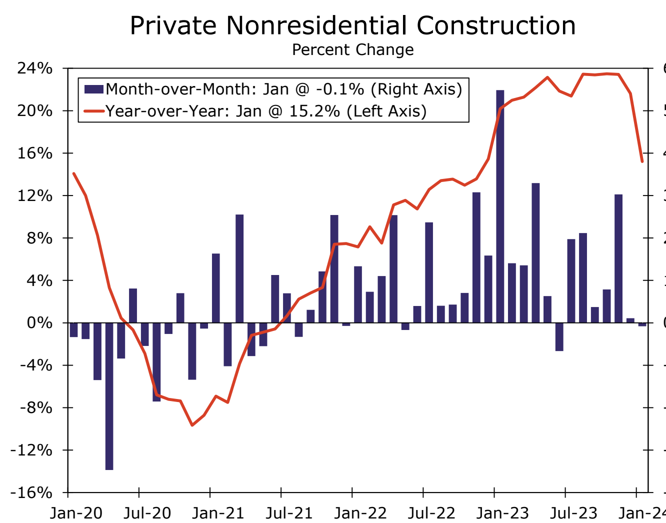
Investment: Nonresidential Structures

- We have not materially changed our forecast for structures investment in 2024 and 2025. Against a backdrop of tighter credit conditions and deteriorating CRE market fundamentals, commercial construction looks to be pulling back, which we expect will weigh on overall outlays in the years ahead.

Nonresidential construction spending got off to a weak start in 2024, largely a result of weaker commercial construction outlays. A pullback in commercial spending has been in the cards for some time since new commercial construction starts downshifted over the course of the past year. Higher interest rates, tighter bank lending and flagging demand discouraged new projects. We expect the impact of the drop in new projects to be felt more acutely later this year. Manufacturing project spending looks poised to moderate further, although investment should proceed at a strong rate given the ongoing support of federal spending packages such as the CHIPS & Science Act. Education and healthcare spending are another potential growth area, as the existing stock of buildings undergo further updates and expansions. The oil & gas rig count has inched up in recent weeks, although new drilling activity still remains relatively weak, which portends a slow pace of energy-related outlays ahead.



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



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

Labor Market

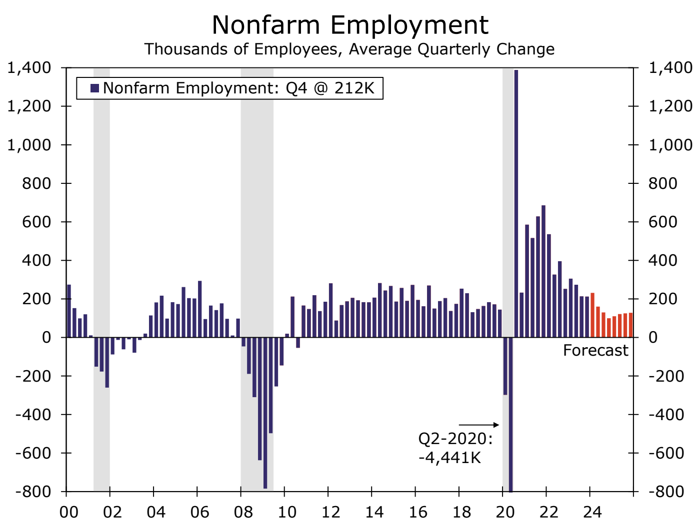
- We have made modest upward revisions to our payroll estimates in light of the recent pace of hiring but continue to expect payroll growth to slow over the course of the year as demand for workers deteriorates.
- The unemployment rate is likely to peak slightly higher at 4.0% in the fourth quarter of 2024, compared to 3.9% in our prior forecast.

Another month of solid nonfarm payroll growth in February demonstrated that the jobs market has yet to buckle under the weight of restrictive monetary policy. Underneath the recent payroll strength, however, lies widespread signs of the jobs market softening. The unemployment rate rose to a two-year high in February amid a decline in the household measure of employment, rather than a surge in labor supply. Meantime demand for workers continues to ebb, as indicated by the latest readings on hiring plans, job openings and use of temporary workers. The more subdued hiring environment is likely to lead the unemployment rate to tick up somewhat further this year. The more balanced labor market should help employment cost growth slow further and reduce upward pressure on inflation.

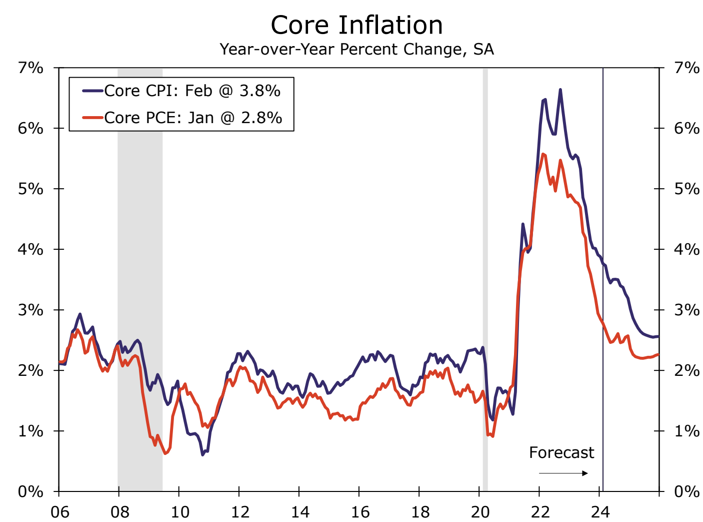
Inflation

- A stronger run of inflation data in January and February has led us to upwardly revise our forecast for this year. We now expect the core PCE deflator to be up 2.5% year-over-year in Q4 (2.2% previously) and the core CPI to be up 3.3% on the same basis (2.8% previously), keeping the gap between the two inflation gauges historically wide.
- Our upward revisions are tied primarily to services inflation. That said, we see the recent strength in services inflation as more likely to be catch-up to the higher price environment of recent years rather than a re-acceleration in underlying inflation pressures.

Inflation came out of the gate strong in 2024. The core CPI surprised to the upside in both January and February, and over the past three months, it is running at an annualized rate of 4.2%. Some of the pickup may be due to residual seasonality after price hikes grew more frequent and more disbursed throughout the calendar year since the pandemic. However, the firmer prints suggest inflation is also wielding a little more momentum. We now look for the core PCE deflator to be up 2.5% on a Q4/Q4 basis this year compared to 2.2% in our prior Monthly Economic Outlook. Although progress in reducing inflation this year is likely to be slower going, we continue to expect inflation to grind lower as labor cost pressures cool, supply chains have largely healed and consumers grow more discerning in their purchases amid weaker gains in real income.



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



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

Fiscal Policy

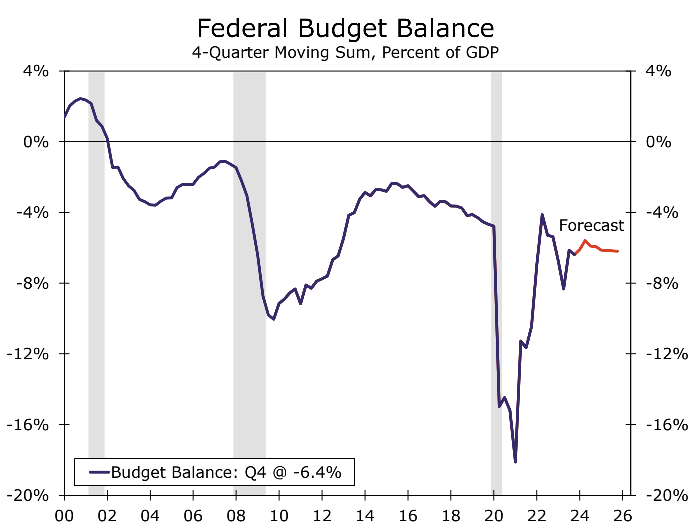
- Our federal budget deficit forecasts for FY 2024 and 2025 remain unchanged at $1.70 trillion and $1.85 trillion, respectively.
- Progress is being made on the FY 2024 annual appropriations process. Six of the 12 annual appropriations bills accounting for roughly 25% of discretionary spending have become law. The remaining six bills have a funding deadline of March 22.

As we near the halfway point of fiscal 2024, Congress finally has enacted full-year funding for six of the 12 annual appropriations bills. On March 9, President Biden signed into law a $460 billion package that funds about 25% of annual discretionary spending through September, including the Departments of Commerce, Justice, Transportation, Energy and Veterans Affairs. The remaining six appropriations bills, which account for the remaining 75% of discretionary spending and include Defense and Homeland Security, are still funded by a continuing resolution that lapses on March 22. We remain optimistic that a partial government shutdown will be avoided, but this package probably will be the trickier of the two. Furthermore, the start of FY 2025 begins on Oct. 1 and looms shortly before Election Day on Nov. 5.

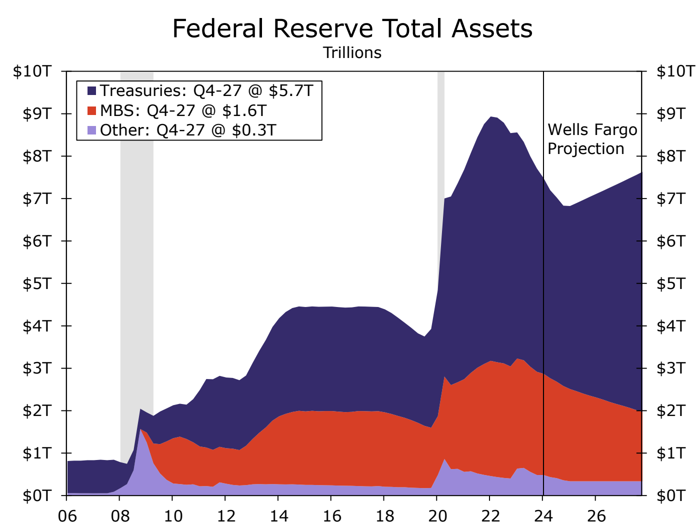
Monetary Policy & Interest Rates

- We expect the FOMC to cut the federal funds rate by 25 bps at its June 11-12 meeting, with three more 25 bps cuts occurring at the July, September and December meetings. We look for another 100 bps of easing in 2025, bringing the federal funds target range down to 3.25%-3.50% by year-end 2025.
- Our base case remains that the FOMC will announce a plan to slow the pace of QT at its June meeting, although we would not be shocked if the committee decided to do so one meeting earlier or later. We anticipate this slower pace of QT running until year-end 2024.
- Our forecast for the 10-year Treasury yield at year-end 2024 is 3.70%.

Monetary policy easing is slowly approaching, although the first rate cut from the FOMC likely remains a few more meetings away. Similarly, we expect the Federal Reserve to slow the pace of its balance sheet runoff starting this summer, with runoff ending completely around year-end. Against this backdrop, we expect Treasury yields to decline over the course of the year, with front-end yields falling more than long-end yields. The relatively measured pace of rate cuts that we anticipate should help keep the 10-year yield from falling too much, and we project that it will only decline to about 3.70% by year-end. If realized, this would still be well-above the 2.27% that the 10-year yield averaged from 2015-2019.



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



Source: Federal Reserve Board and Wells Fargo Economics

Net Exports

- We now look for net exports to be a modest drag on headline growth in Q1 due to a jump in imports in January.

U.S. imports jumped 1.1%, while exports rose just 0.1% in January. The higher-than-anticipated gain in imports at the start of the year has led us to revise our Q1 net exports expectations, and net exports now look to be a modest drag (around 0.3 percentage points) on headline GDP growth. The U.S. international trade deficit narrowed sharply in 2023, and while we don't anticipate it to narrow nearly as much this year, we do anticipate a modest narrowing in the trade gap in the second half of the year after some near-term widening.

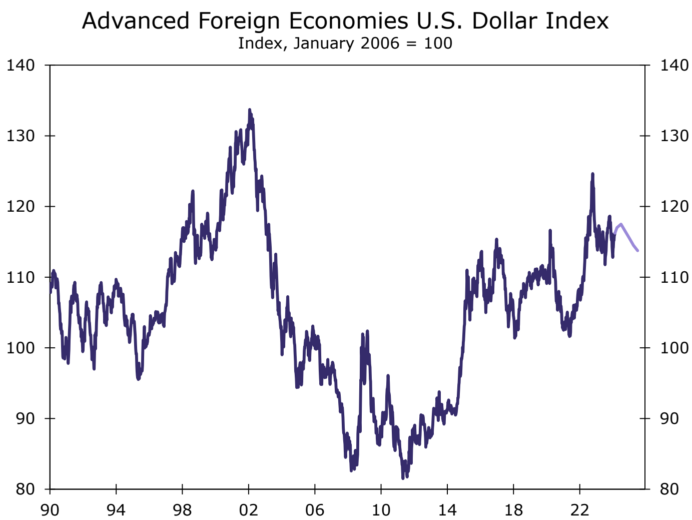
International Developments & The U.S. Dollar

- We have not made material changes to our international economic forecasts this month. Global growth is steady, and we continue to believe the global economy will grow 2.8% in 2024 before experiencing a modest slowdown in 2025.
- In our view, foreign central banks are making gradual progress toward pivoting to interest rate cuts. We emphasize “gradual” as inflation remains above central bank targets in most advanced countries. Emerging market central banks in Latin America and parts of EMEA are likely to continue easing monetary policy, while we also believe the People's Bank of China (PBoC) can ease further this year.
- The U.S. dollar has been resilient at the start of this year, and in our view, the outperformance of the U.S. economy and delayed Fed easing should keep the dollar on the front foot against most G10 and EM currencies into the middle of this year. Longer term, Fed easing, worsening U.S. economic trends and easing global financial conditions should weigh on the dollar and result in trend greenback depreciation into the middle of 2025.
- For further reading on the global economy, please see our most recent International Economic Outlook.

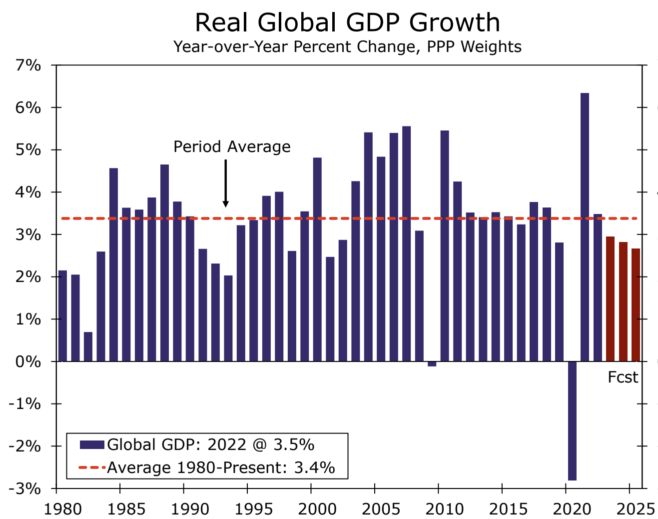
Our outlook for the global economy is little changed this month. We continue to believe the global economy will experience growth of 2.8% in 2024, only a modest slowdown relative to last year. In addition, we made few meaningful changes to our outlooks for individual economies and central banks. In the advanced economies, growth across Europe remains underwhelming, and while we expect a recovery in the second half of this year, growth prospects should be subdued in 2024. In Japan, technical recession has been revised away, but activity remains lackluster. In the G10, the U.S. economy continues to outperform and be the relative shining star of the advanced economies. Emerging market economies, on balance, have proven more resilient than their G10 ex-U.S. peers. While we believe China's secular slowdown remains intact, India's economy continues to show promise. We revised our India 2024 GDP forecast slightly higher this month to reflect strong activity momentum at the end of 2023, and now believe India's economy can grow 7.2% this calendar year. Mexico's economy continues to benefit from strong U.S. economic trends and nearshoring, and while growth may slow in the second half of this year, we believe Mexico's economy will avoid recessionary conditions in 2024 and grow ~2% this year. This year, we expect emerging economies to contribute to the majority of global GDP growth.

Foreign central banks continue to respond to local economic conditions, particularly the path of inflation. In most major economies around the world, inflation has receded sharply from recent peaks. This disinflation has foreign central banks on the cusp of pivoting to interest rate cuts. With that said, institutions may not be ready to make the shift just yet. Disinflation has made progress, but we believe policymakers will choose to be cautious when considering what premature easing could do to inflation. In that sense, we now believe the European Central Bank (ECB) will delay easing until June as CPI inflation remains above target despite weak activity. While the U.K. is in technical recession, we believe the Bank of England (BoE) is on hold until June as well. Outside of Europe, the outlook is more nuanced. In Canada, we still believe the Bank of Canada (BoC) may be the first of the G10 institutions to ease monetary policy, while policymakers in Australia and New Zealand may be on hold until the second half of this year as their economies are steady and disinflation is not as rapid. In the emerging markets, we expect central banks in Latin America to cut rates further, and for policymakers in Chile and Colombia to pick up the pace of easing. We also believe the People's Bank of China (PBoC) will continue to ease monetary policy further in an attempt to spark consumer spending and support the local real estate sector.

With our revised view for the Fed to begin easing in June, and with the U.S. economy relatively resilient, we believe the U.S. dollar will broadly strengthen in the coming months. Delayed Fed easing and resilient economic trends— especially compared to the Eurozone and other major economies— should create a backdrop where the dollar strengthens through the end of Q2-2024. Longer term, we continue to believe the greenback is headed toward trend depreciation. With the Fed easing in the second half of this year, interest rate differentials should work in favor of foreign currencies. In addition, we expect many major economies to recover in the second half of this year, while U.S. economic trends worsen in the coming quarters. Growth differentials should also act as a source of strength for foreign currencies over the longer term. And finally, with the Fed easing and the U.S. economy achieving a soft landing, global financial conditions should continue to ease going forward. Easier global financial conditions should also act as a pillar of strength for foreign currencies and improve risk sentiment toward these currencies. These dynamics, in our view, should remain in place through the middle of 2025. With that said, we do believe dollar depreciation will be gradual, modest and orderly over the longer term. Risks may be tilted toward more dollar strength than we forecast, particularly with the U.S. election coming up in November and policy settings, particularly trade and immigration, may be set to change. If U.S. political trends lead to risk-off sentiment among market participants, our long-term view on the dollar may flip to less depreciation or outright strength.



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



Source: International Monetary Fund and Wells Fargo Economics

Wells Fargo International Economic Forecast

	GDP				CPI			
	2022	2023	2024	2025	2022	2023	2024	2025
Global (PPP Weights)	3.5%	3.0%	2.8%	2.7%	8.7%	4.5%	3.7%	3.4%
Advanced Economies[1]	2.6%	1.8%	1.7%	2.0%	7.3%	4.9%	2.9%	2.4%
United States	1.9%	2.5%	2.4%	1.8%	8.0%	4.1%	3.1%	2.4%
Eurozone	3.4%	0.5%	0.7%	1.6%	8.4%	5.4%	2.5%	2.1%
United Kingdom	4.3%	0.1%	0.3%	1.8%	9.1%	7.3%	2.7%	2.2%
Japan	1.0%	1.9%	0.7%	1.2%	2.5%	3.3%	2.3%	1.7%
Canada	3.8%	1.1%	0.9%	1.9%	6.8%	3.9%	2.2%	2.0%
Switzerland	2.7%	0.8%	1.3%	1.6%	2.8%	2.2%	1.6%	1.5%
Australia	3.8%	2.0%	1.5%	2.1%	6.6%	5.6%	3.4%	2.7%
New Zealand	2.7%	0.8%	1.2%	2.3%	7.2%	5.8%	3.3%	2.2%
Sweden	2.8%	0.0%	0.4%	1.7%	8.1%	8.6%	2.9%	1.9%
Norway	3.3%	1.1%	0.8%	1.5%	5.8%	5.5%	3.4%	2.5%
Developing Economies[1]	4.1%	3.9%	3.7%	3.3%	9.8%	4.1%	4.3%	4.2%
China	3.0%	5.2%	4.7%	4.3%	2.0%	0.2%	1.0%	1.6%
India	6.5%	7.7%	7.2%	6.6%	6.7%	5.7%	5.0%	4.5%
Mexico	3.9%	3.2%	2.1%	2.1%	7.9%	5.5%	4.3%	3.8%
Brazil	3.0%	2.9%	1.4%	2.0%	9.3%	4.8%	4.0%	3.6%

Forecast as of: March 14, 2024

[1]Aggregated Using PPP Weights

Source: International Monetary Fund and Wells Fargo Economics

Wells Fargo International Interest Rate Forecast

(End of Quarter Rates)

	Central Bank Key Policy Rate						
		2024				2025	
	Current	Q1	Q2	Q3	Q4	Q1	Q2
United States	5.50%	5.50%	5.25%	4.75%	4.50%	4.25%	4.00%
Eurozone[1]	4.00%	4.00%	3.75%	3.25%	2.75%	2.50%	2.25%
United Kingdom	5.25%	5.25%	5.00%	4.50%	4.00%	3.50%	3.25%
Japan	-0.10%	-0.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Canada	5.00%	5.00%	4.75%	4.25%	4.00%	3.75%	3.50%
Switzerland	1.75%	1.75%	1.50%	1.25%	1.00%	1.00%	1.00%
Australia	4.35%	4.35%	4.35%	4.10%	3.85%	3.60%	3.35%
New Zealand	5.50%	5.50%	5.50%	5.25%	4.75%	4.50%	4.00%
Sweden	4.00%	4.00%	3.75%	3.50%	3.25%	3.00%	2.75%
Norway	4.50%	4.50%	4.50%	4.00%	3.75%	3.50%	3.25%
China[3]	10.00%	10.00%	10.00%	9.50%	9.50%	9.00%	9.00%
India	6.50%	6.50%	6.50%	6.25%	5.75%	5.50%	5.50%
Mexico	11.25%	11.00%	10.50%	10.00%	9.50%	9.00%	8.50%
Brazil	11.25%	10.75%	9.75%	8.75%	7.75%	7.25%	6.75%
Chile	7.25%	7.25%	4.75%	4.25%	4.00%	4.00%	4.00%
Colombia	12.75%	12.25%	11.25%	10.25%	9.25%	8.25%	7.25%

	2-Year Note						
		2024				2025	
	Current	Q1	Q2	Q3	Q4	Q1	Q2
United States	4.63%	4.45%	4.10%	3.85%	3.70%	3.55%	3.45%
Eurozone[2]	2.89%	2.80%	2.60%	2.40%	2.30%	2.20%	2.15%
United Kingdom	4.27%	4.25%	4.00%	3.75%	3.55%	3.40%	3.30%
Japan	0.20%	0.20%	0.15%	0.10%	0.05%	0.05%	0.10%
Canada	4.15%	4.05%	3.90%	3.70%	3.50%	3.35%	3.25%

	10-Year Note						
		2024				2025	
	Current	Q1	Q2	Q3	Q4	Q1	Q2
United States	4.19%	4.05%	3.90%	3.80%	3.70%	3.65%	3.60%
Eurozone[2]	2.37%	2.35%	2.25%	2.20%	2.20%	2.15%	2.15%
United Kingdom	4.02%	3.95%	3.85%	3.75%	3.65%	3.55%	3.50%
Japan	0.77%	0.75%	0.75%	0.70%	0.65%	0.65%	0.70%
Canada	3.42%	3.40%	3.30%	3.25%	3.20%	3.15%	3.15%

Forecast as of: March 14, 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
March 11	**12**	**13**	**14**	**15**
	CPI (MoM) March 0.4% **Core CPI (MoM)** March 0.4%		**PPI Final Demand (MoM)** January 0.3% **Retail Sales (MoM)** January -0.8%	**Import Price Index (MoM)** January 0.8% **Industrial Production (MoM)** January -0.1%
18	**19**	**20**	**21**	**22**
Australia RBA Cash Rate Previous 4.35%	**Housing Starts (SAAR)** January 1,331K **Canada CPI (NSA, MoM)** January 0.0% **Bank of Japan Policy Rate Decision** Previous -0.10%	**FOMC Rate Decision (Upper Bound)** Previous 5.50% **United Kingdom CPI (MoM)** January -0.6.% **Central Bank of Brazil Selic Rate** Previous 11.25% ***Powell* (Chair) Post-Meeting Press Conference***	**Existing Home Sales (SAAR)** January 4.00M **Japan National CPI (YoY)** January 2.2% **Bank of England Bank Rate Decision** Previous 5.25%	***Bostic* Speaks (Atlanta)***
25	**26**	**27**	**28**	**29**
New Home Sales (SAAR) January 661K ***Bostic* Speaks (Atlanta)***	**Durable Goods (MoM)** January -6.2% **Consumer Confidence** February 106.7			**Personal Income (MoM)** January 1.0% **Personal Spending (MoM)** January 0.2%
April 1	**2**	**3**	**4**	**5**
ISM Manufacturing February 47.8	**JOLTS** January 8,863K	**ISM Services** February 52.6 **Eurozone CPI (MoM)** February 0.6%	**Trade Balance** January -$67.4B	**Nonfarm Payrolls** February 275K

Note: (W) = Wells Fargo Estimate, (C) = Consensus Estimate, * = voting FOMC member in 2024, Purple = Market Moving Releases

Source: Bloomberg Finance L.P., Federal Reserve System, U.S. Department of Labor, U.S. Department of Commerce, Institute for Supply Management, Conference Board and Wells Fargo Economics

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Required Disclosures