Monthly — July 12, 2024

U.S. Economic Outlook: July 2024

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Receding Inflation and a Softening Labor Market Should Lead to Fed Easing

- The U.S. economy has decelerated recently. After growing at an annualized rate of 3.4% in Q4-2023, real GDP rose only 1.4% in the first quarter of this year. We look for the economy to continue to expand in the next few quarters, albeit at rates that fall short of the 2.4% annual average growth rate that characterized the 2010-2019 economic expansion.
- Growth in real disposable income is not keeping pace with growth in real consumer spending at present. Consequently, some households are resorting to means, which likely are not sustainable, to maintain current levels of spending. The value of household checking & savings deposits have fallen, credit card debt has risen significantly and the personal savings rate is depressed.
- In our view, the probability of an economic downturn in the foreseeable future is elevated, but it is not our base-case view. Although some households may be showing signs of financial stress, the financial health of the aggregate household sector is generally solid at present.
- Deceleration in economic activity has been associated with some softening in the labor market. Payroll growth has slowed in recent months, and the unemployment rate has trended higher. Consequently, wage growth has moderated.
- A welcome byproduct of slower economic growth and a softening labor market has been less upward pressure on consumer prices. The core CPI, which excludes the volatile prices of food and energy components, rose only 0.2% in May relative to the previous month, and it edged up by just 0.1% in June.
- We look for the FOMC to begin an easing cycle at its September 18 policy meeting with a 25 bps reduction in the target range for the federal funds rate. We expect another 25 bps rate cut in the fourth quarter, most likely at the December 18 meeting, with another 100 bps of policy easing in 2025.
- Some observers contend the FOMC will be hesitant to cut rates on September 18 with the November 5 presidential election looming on the horizon. However, transcripts of past FOMC meetings show that politics simply are not discussed during the policy meetings that have immediately preceded presidential elections. Consequently, we do not believe the presidential election will prevent the FOMC from easing on policy on September 18 if economic conditions warrant lower rates.

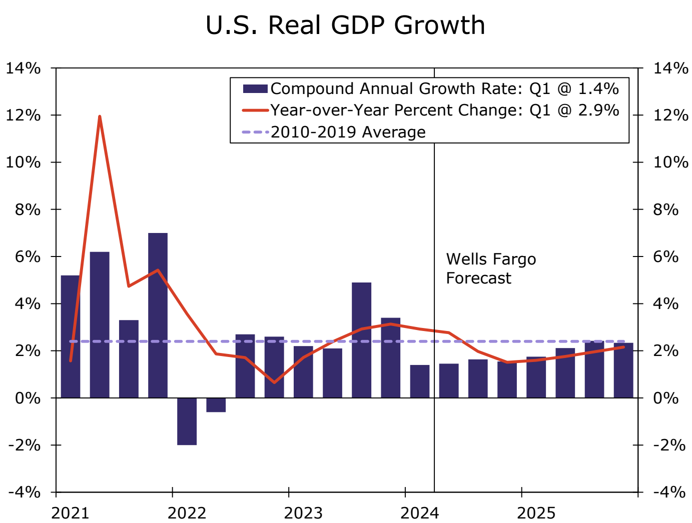
Economic Growth Has Downshifted

As measured by growth in real GDP, the U.S. economy has decelerated recently. After growing at an annualized rate of 4.9% in Q3-2023, GDP growth downshifted to 3.4% in Q4, and it slowed further to 1.4% in the first quarter of this year (Figure 1). We estimate that the economy eked out another modest gain of only 1.5% in the recently-ended second quarter, and we forecast that real GDP in the next few quarters will continue to grow at less than the annual average growth rate of 2.4% that characterized the 2010-2019 economic expansion.

The slowdown has been led by deceleration in real personal consumption expenditures (i.e., consumer spending). After growing at a robust rate of 2.7% over the course of 2023 (Q4/Q4), real PCE rose at an annualized rate of only 1.5% on a sequential basis in Q1-24, and we estimate that it grew at essentially the same rate in the second quarter. As shown in Figure 2, real disposable income (i.e., inflation-adjusted income less taxes) is growing slower than real PCE at present. Consequently, households are resorting to means, which likely are not sustainable, to maintain growth in personal spending. Namely, the value of household checking and savings accounts has fallen by roughly $1.2 trillion since the beginning of 2022. Although some households may have switched out of checking & savings deposits and into money market mutual funds—interest rates on the latter tend to be higher than on the former—other households undoubtedly have run down their financial assets to maintain recent levels of spending. In addition, the amount of outstanding credit card debt has risen by 25% since early 2022, and the household savings rate, which averaged about 6% of disposable personal income over the course of the 2010-2019 economic expansion, currently stands below 4%.

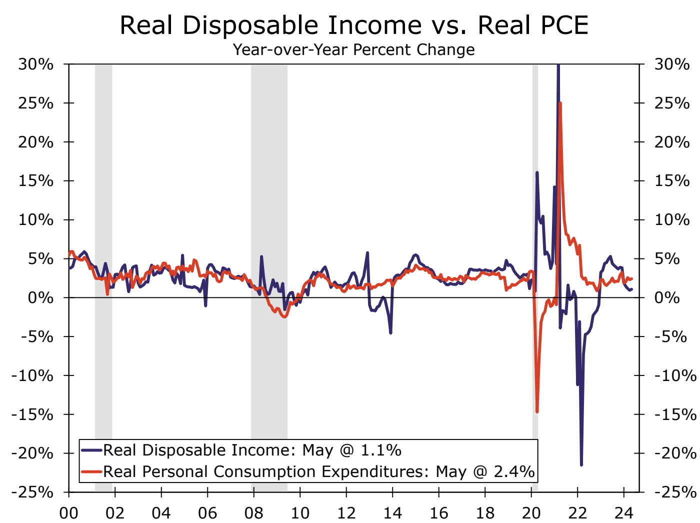
The slowdown in the U.S. economy has been led by a downshift in consumer spending.

Figure 1



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

Figure 2



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

As noted previously, we look for below-average growth in real GDP in coming months. But could we be too optimistic? Could the economy experience a downturn in coming quarters? In our view, the risk of recession in the foreseeable future is not insignificant because the stance of monetary policy is restrictive at present and some households are showing signs of financial stress. For example, delinquency rates on auto loans and credit cards currently exceed their pre-pandemic levels, and anecdotal evidence suggests that some households are trading down in terms of price points. That noted, signs of financial stress in the household sector are not widespread. The debt-to-income ratio for aggregate household sector, a measure of financial leverage, currently stands nearly 40 percentage points below its housing bubble peak. The aggregate debt service ratio, which measures the percent of income that households need to devote to servicing amortization and interest payments, is currently more than a full percentage point below its 43-year average of 11.1%. Although the probability of recession at present may be elevated relative to its long-run average, an economic downturn in the foreseeable future is not our base-case view.

Deceleration in economic activity has been associated with some softening in the labor market. For example, the economy created an average of 203K private sector jobs per month in Q1-24. That average monthly rate slipped to 146K in the second quarter. The unemployment rate started the year at 3.7%, but it has subsequently risen to 4.1%. The job vacancy rate and the quit rate have both receded in recent months. Softer labor market conditions have caused the year-over-year change in average hourly earnings, which is a widely followed measure of wage inflation, to trend down from 4.4% in January to 3.9% in June.

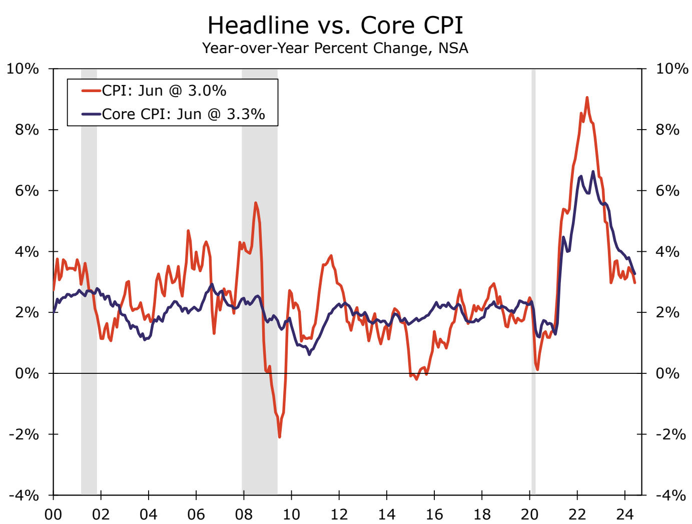
There are signs that the labor market is softening.

Receding Inflation Should Give the Fed Leeway to Ease

A welcome byproduct of slower economic growth and a softening labor market has been less upward pressure on consumer prices. The year-over-year rate of overall CPI exceeded 9% in the summer of 2022 (Figure 3). Although the 3.0% overall rate of inflation that was registered in June is still not yet consistent with "price stability," inflationary pressures clearly have eased in recent months. Following a series of outsized increases in the first few months of the year, the core CPI, which excludes the volatile prices of food and energy components, making it a good measure of underlying inflationary pressure, rose only 0.2% in May relative to the previous month, and it edged up by just 0.1% in June.

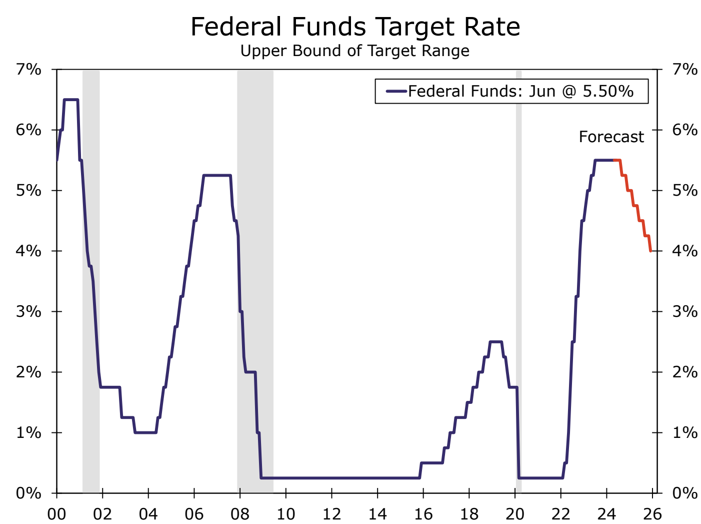
Federal Reserve policymakers have stated repeatedly that it will not be appropriate to begin cutting rates until they have gained greater "confidence" that inflation is moving back toward 2% on a sustainable basis. Chair Powell noted in Congressional testimony on July 9 that "incoming data for the first quarter of this year did not support such greater confidence," although "most recent inflation readings … have shown some modest further progress." He went on to state that "more good data would strengthen our confidence that inflation is moving sustainably toward 2 percent."

Figure 3



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

Figure 4



Source: Federal Reserve Board and Wells Fargo Economics

The next FOMC meeting is scheduled to conclude on July 31, and we doubt the Committee will have gained "greater confidence" to cut rates by that meeting. But the miniscule rise of only 0.1% in the core CPI in June should qualify as "more good data," and there are two more CPI releases and two more labor market reports between now and the September 18 FOMC meeting. If, as we forecast, growth in payrolls downshifts further in coming months and inflation continues to recede, then we believe the FOMC will feel "confident" enough to cut its target range for the federal funds rate by 25 bps at the September 18 policy meeting (Figure 4).

We believe the FOMC will have the "confidence" it needs to cut rates by 25 bps in September.

Some observers contend the FOMC will be hesitant to ease policy on September 18 ahead of the November 5 presidential election. However, transcripts of past FOMC meetings show that politics simply are not discussed during the policy meetings that have immediately preceded presidential elections. (Moreover, the Committee does not take political considerations into account at any policy meeting, at least not in recent history.) Consequently, we do not believe the looming presidential election on November 5 will prevent the FOMC from easing on policy on September 18 if economic conditions warrant lower rates. We then look for the Committee to cut rates by another 25 bps later this year, most likely at its December 18 meeting, with another 100 bps of policy easing in 2025.

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	1.4	1.5	1.6	1.5	1.7	2.1	2.4	2.3	1.9	2.5	2.3	1.9
Personal Consumption	0.0	2.0	1.6	1.2	3.8	0.8	3.1	3.3	1.5	1.6	1.9	1.7	1.7	1.9	2.2	2.3	2.5	2.2	2.1	1.9
Business Fixed Investment	10.7	5.3	4.7	1.7	5.7	7.4	1.4	3.7	4.4	4.8	1.3	1.6	3.0	5.0	6.9	6.3	5.2	4.5	3.6	3.7
Equipment	16.8	4.9	5.6	-5.0	-4.1	7.7	-4.4	-1.1	1.6	8.2	2.0	2.7	4.3	5.7	8.9	5.7	5.2	-0.3	2.0	4.9
Intellectual Property Products	11.4	8.7	7.1	6.1	3.8	2.7	1.8	4.3	7.7	6.0	3.0	2.5	3.8	5.6	6.9	7.6	9.1	4.5	4.8	4.5
Structures	-1.2	-0.5	-1.3	6.5	30.3	16.1	11.2	10.9	3.4	-4.1	-3.8	-2.6	-1.6	2.4	3.2	4.5	-2.1	13.2	3.6	-0.5
Residential Investment	-1.8	-14.1	-26.4	-24.9	-5.3	-2.2	6.7	2.8	16.0	-4.3	-2.5	1.4	3.1	3.8	4.1	4.8	-9.0	-10.6	3.9	2.0
Government Purchases	-2.9	-1.9	2.9	5.3	4.8	3.3	5.8	4.6	1.8	2.2	1.8	1.6	1.3	1.1	1.1	0.8	-0.9	4.1	3.0	1.4
Net Exports	-1141.1	-1116.2	-981.2	-965.6	-935.1	-928.2	-930.7	-918.5	-960.3	-1036.1	-1029.9	-1028.1	-1040.0	-1062.3	-1087.7	-1118.7	-1051.0	-928.1	-1013.6	-1077.1
Pct. Point Contribution to GDP	-2.6	0.6	2.6	0.3	0.6	0.0	0.0	0.3	-0.7	-1.3	0.1	0.0	-0.2	-0.4	-0.4	-0.5	-0.5	0.6	-0.4	-0.3
Inventory Change	197.0	92.7	70.7	151.9	27.2	14.9	77.8	54.9	28.6	71.8	61.0	51.1	51.1	59.0	61.0	64.9	128.1	43.7	53.1	59.0
Pct. Point Contribution to GDP	-0.1	-2.1	-0.7	1.6	-2.2	0.0	1.3	-0.5	-0.4	0.8	-0.2	-0.2	0.0	0.1	0.0	0.1	0.5	-0.4	0.0	0.0
Nominal GDP (a)	6.2	8.5	7.2	6.5	6.3	3.8	8.3	5.1	4.5	4.0	3.2	3.7	4.1	4.3	4.5	4.5	9.1	6.3	4.7	4.0
Real Final Sales	-1.9	1.5	3.4	0.9	4.6	2.1	3.6	3.9	1.8	0.7	1.8	1.7	1.7	2.0	2.4	2.3	1.3	2.9	2.4	1.9
Retail Sales (b)	12.4	8.6	9.2	6.4	5.1	1.9	3.4	4.0	2.0	2.5	1.2	0.5	1.0	1.1	1.4	1.8	9.1	3.6	1.5	1.3
Inflation Indicators (b)																				
PCE Deflator	6.6	6.8	6.6	5.9	5.0	3.9	3.3	2.8	2.6	2.6	2.3	2.4	2.1	2.0	2.2	2.1	6.5	3.7	2.5	2.1
"Core" PCE Deflator	5.5	5.2	5.2	5.1	4.8	4.6	3.8	3.2	2.9	2.6	2.6	2.6	2.3	2.2	2.3	2.3	5.2	4.1	2.7	2.3
Consumer Price Index	8.0	8.6	8.3	7.1	5.7	4.0	3.6	3.2	3.2	3.2	2.7	2.7	2.4	2.3	2.5	2.4	8.0	4.1	3.0	2.4
"Core" Consumer Price Index	6.3	6.0	6.3	6.0	5.5	5.2	4.4	4.0	3.8	3.4	3.2	3.1	2.7	2.6	2.8	2.8	6.2	4.8	3.4	2.7
Producer Price Index (Final Demand)	10.8	11.0	8.9	7.3	4.4	1.3	1.6	1.0	1.5	2.3	1.6	2.1	2.0	2.0	2.2	2.1	9.5	2.0	1.9	2.1
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	0.9	1.3	1.8	2.4	2.6	3.0	2.1	2.3	2.6	-6.0	4.1	1.6	2.5
Nominal Personal Income (a)	2.4	4.7	6.8	4.7	6.8	4.0	3.9	2.8	7.0	4.6	4.1	4.9	5.4	4.3	4.3	4.7	2.0	5.1	4.7	4.7
Industrial Production (a)	3.9	3.9	1.4	-1.8	0.0	0.3	1.2	-1.8	-1.5	2.2	2.2	2.7	3.1	2.2	2.8	4.2	3.4	0.2	0.3	2.7
Capacity Utilization	80.4	81.1	81.0	80.2	79.6	79.1	78.9	78.3	77.8	78.0	78.4	78.9	79.4	79.6	79.9	80.4	80.7	79.0	78.3	79.8
Corporate Profits Before Taxes (b)	10.0	9.1	11.5	8.6	4.6	-2.7	-0.6	5.1	6.4	4.5	3.0	1.0	2.0	4.0	4.0	2.5	9.8	1.5	3.7	3.1
Corporate Profits After Taxes	4.0	4.5	7.9	7.1	3.6	-4.1	-2.1	3.8	5.3	4.3	2.5	0.6	2.6	3.9	3.9	2.5	5.9	0.2	3.1	3.2
Federal Budget Balance (c)	-291	153	-860	-421	-680	-292	-302	-510	-555	-253	-532	-534	-740	-255	-421	-560	-1375	-1695	-1850	-1950
Trade Weighted Dollar Index (d)	109.6	114.7	121.4	116.5	116.2	114.7	117.0	114.6	115.8	117.3	118.8	118.0	116.8	115.8	114.8	113.8	115.1	115.4	117.5	115.3
Nonfarm Payroll Change (e)	536	326	396	252	305	274	213	212	267	177	160	130	125	122	132	135	377	251	184	128
Unemployment Rate	3.8	3.6	3.5	3.6	3.5	3.6	3.7	3.7	3.8	4.0	4.0	4.1	4.2	4.1	4.0	3.9	3.6	3.6	4.0	4.1
Housing Starts (f)	1.71	1.64	1.46	1.40	1.37	1.46	1.38	1.48	1.41	1.34	1.42	1.44	1.44	1.44	1.44	1.46	1.55	1.42	1.40	1.44
Light Vehicle Sales (g)	13.9	13.4	13.6	14.2	15.0	15.8	15.7	15.7	15.3	15.7	15.5	15.6	16.0	16.2	16.5	16.8	13.8	15.5	15.5	16.4
Crude Oil - Brent - Front Contract (h)	95.7	109.8	95.5	87.9	81.9	77.6	85.3	82.3	81.2	84.4	84.0	80.2	81.2	81.8	80.8	78.5	97.2	81.8	82.4	80.6
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	5.33	5.15	4.90	4.65	4.40	4.15	3.90	1.64	5.01	5.18	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	6.92	6.75	6.50	6.30	6.15	6.00	5.90	5.38	6.80	6.75	6.09
3 Month Bill	0.52	1.72	3.33	4.42	4.85	5.43	5.55	5.40	5.46	5.48	5.10	4.85	4.60	4.35	4.10	3.85	2.09	5.28	5.22	4.23
6 Month Bill	1.06	2.51	3.92	4.76	4.94	5.47	5.53	5.26	5.38	5.33	4.95	4.70	4.45	4.20	3.95	3.70	2.51	5.28	5.09	4.08
1 Year Bill	1.63	2.80	4.05	4.73	4.64	5.40	5.46	4.79	5.03	5.09	4.70	4.45	4.20	3.95	3.70	3.50	2.80	5.08	4.82	3.84
2 Year Note	2.28	2.92	4.22	4.41	4.06	4.87	5.03	4.23	4.59	4.71	4.35	4.05	3.85	3.70	3.55	3.45	2.99	4.58	4.43	3.64
5 Year Note	2.42	3.01	4.06	3.99	3.60	4.13	4.60	3.84	4.21	4.33	4.10	3.90	3.80	3.70	3.65	3.60	3.00	4.06	4.14	3.69
10 Year Note	2.32	2.98	3.83	3.88	3.48	3.81	4.59	3.88	4.20	4.36	4.15	4.00	3.90	3.85	3.80	3.75	2.95	3.96	4.18	3.83
30 Year Bond	2.44	3.14	3.79	3.97	3.67	3.85	4.73	4.03	4.34	4.51	4.35	4.25	4.15	4.10	4.05	4.00	3.11	4.09	4.36	4.08

Forecast as of: July 12, 2024

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

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

Forecast Delta Table

Changes to the Wells Fargo U.S. Economic Forecast	Actual								Forecast								Actual		Forecast	
	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	0.00	0.16	-0.43	-0.14	0.03	-0.05	-0.02	0.03	-0.09	0.00	0.00	-0.06	-0.06
Personal Consumption	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.54	-0.27	0.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.15	0.02
Business Fixed Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.14	1.30	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.53	0.08
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.39	3.13	0.00	0.00	0.00	0.02	0.01	0.00	0.00	0.00	0.91	0.19
Intellectual Property Products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.21	0.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.04
Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.99	-0.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.62	-0.05
Residential Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.55	-1.60	-0.70	-0.70	-0.30	-0.70	-0.80	-0.70	0.00	0.00	-0.34	-0.68
Government Purchases	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.45	-0.10	0.15	0.15	0.00	0.00	0.00	0.00	0.00	0.00	0.13	0.04
Net Exports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.1	-26.9	-23.7	-22.3	-24.5	-24.5	-21.4	-25.7	0.0	0.0	-14.5	-24.0
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.24	-0.73	0.06	0.02	-0.04	0.00	0.05	-0.07	0.00	0.00	-0.06	-0.04
Inventory Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	22.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.9	0.0
Pct. Point Contribution to GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.38	-0.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	-0.03
Nominal GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	-0.73	-0.55	-0.10	-0.12	-0.05	0.00	-0.12	0.00	0.00	-0.17	-0.18
Real Final Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.13	-0.82	0.25	0.03	-0.05	-0.02	0.03	-0.09	0.00	0.00	-0.08	-0.03
Retail Sales (b)	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00	-0.06	-0.45	-0.40	-0.40	-0.34	0.00	0.00	0.00	0.00	0.01	-0.33	-0.09
Inflation Indicators (b)																				
PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	-0.05	-0.15	-0.18	-0.22	-0.16	-0.07	-0.04	0.00	0.00	-0.09	-0.12
"Core" PCE Deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	-0.05	-0.17	-0.20	-0.23	-0.16	-0.04	-0.02	0.00	0.00	-0.10	-0.11
Consumer Price Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.06	-0.23	-0.31	-0.35	-0.29	-0.12	-0.05	0.00	0.00	-0.15	-0.20
"Core" Consumer Price Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.07	-0.31	-0.39	-0.42	-0.34	-0.10	-0.03	0.00	0.00	-0.19	-0.22
Producer Price Index (Final Demand)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.06	-0.06	-0.06	-0.05	0.00	0.00	0.00	0.00	-0.03	-0.03
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	0.00	0.00	-0.60	0.92	0.30	0.04	0.16	0.03	0.04	0.03	0.00	0.00	0.06	0.15
Nominal Personal Income (a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.14	0.39	-0.07	-0.10	0.09	0.00	0.00	0.00	0.00	0.00	0.02	0.02
Industrial Production (a)	0.17	-0.17	-0.76	0.70	0.23	-0.49	-0.44	0.22	-0.35	0.52	0.77	0.00	0.00	0.00	0.00	0.00	0.05	-0.04	0.06	0.13
Capacity Utilization	0.44	0.47	0.26	0.22	0.03	-0.29	-0.52	-0.52	-0.54	-0.43	-0.31	-0.31	-0.31	-0.31	-0.31	-0.32	0.35	-0.32	-0.40	-0.31
Corporate Profits Before Taxes (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.20	0.00
Corporate Profits After Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.26	0.00
Federal Budget Balance (c)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-39.24	-110.76	-35.64	-37.93	-41.40	-35.04	-35.42	0.00	0.00	-150.00	-150.00
Trade Weighted Dollar Index (d)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.41	-0.50	0.00	-0.25	0.50	1.25	1.25	0.00	0.00	-0.23	0.69
Nonfarm Payroll Change (e)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-35.00	-35.00	-23.33	0.00	0.00	0.00	-3.33	0.00	0.00	-23.33	-0.83
Unemployment Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.01	0.03	-0.01	0.08	0.04	0.04	0.00	0.00	0.03	0.04
Housing Starts (f)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.05	-0.03	-0.03	-0.04	-0.04	-0.04	-0.04	0.00	0.00	-0.03	-0.04
Light Vehicle Sales (g)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	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	3.07	2.00	-0.50	-0.50	0.50	0.50	-0.50	0.00	0.00	1.14	0.00
Quarter-End Interest Rates (i)																				
Federal Funds Target Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Secured Overnight Financing Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	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	-0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	0.00
3 Month Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.00
6 Month Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	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	-0.01	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	-0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00
5 Year Note	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10 Year Note	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30 Year Bond	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Forecast as of: July 12, 2024

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

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

Personal Consumption Expenditures

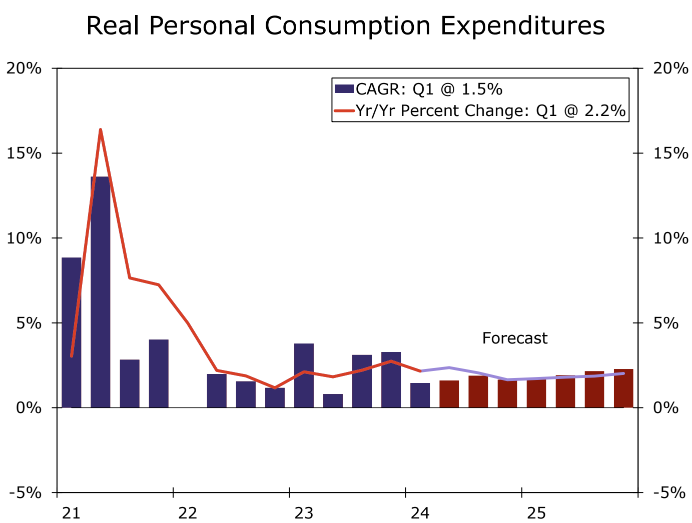
- Consumers are still spending, but the mood music is changing. Credit card bills are mounting, excess savings are all but gone and while inflation has come down, prices have not. Households have started to prioritize non-discretionary purchases, typically a precursor for slower overall consumption growth.
- The third look at first quarter real GDP growth revised real personal consumption expenditures (PCE) down to an annualized growth rate of 1.5% (2.0% previously). We've revised second-quarter consumer spending lower as a result and now look for real PCE to advance at a 1.6% annualized rate.

The unstoppable consumer is showing some signs of fatigue amid a lower take-up in revolving credit debt and slower growth in discretionary spending. Real personal spending rebounded in May after contracting in April, which still positions for a decent pace of spending in the second quarter. We now look for real PCE to advance at a 1.6% annualized rate, down slightly from our previous estimate. That modest downward revision more so reflects a weaker first quarter for spending than it does a broad rethink of June consumption. But as we show in five charts, consumer spending may be losing its momentum.

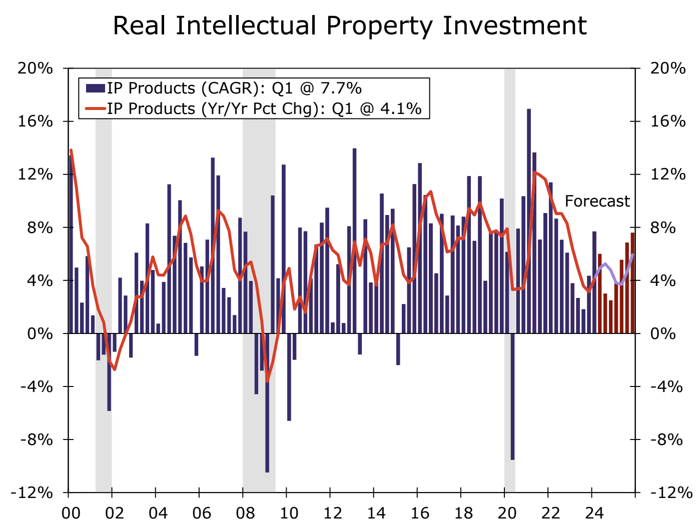
Investment: Equipment, Intellectual Property Products and Inventories

- Capex conditions remain unfavorable amid uncertainty around the timing and degree of eventual monetary policy easing and the broader economy in general. We expect investment spending to remain constrained in the second half of the year, but Q2 business fixed investment (BFI) is shaping up to be stronger than we previously anticipated amid solid auto sales, increased spending on intellectual property products and some deliberate inventory building.

The latest GDP revisions lifted first quarter estimates for BFI spending amid stronger equipment outlays. Leading indicators of equipment spending have been even more volatile than usual in recent months, and shipments of core capital goods were weak in May. There has, however, been a rebound in business vehicle purchases, which should boost Q2 equipment investment. We've lifted our estimates as a result and now look for real equipment investment to rise at around an 8% annualized rate in Q2. An underappreciated bright spot this cycle has come in the form of investment in intellectual property products as firms prioritize software spending. We've lifted intellectual property products modestly amid still-sturdy hiring figures. Strong import growth, partially reflecting firms pulling forward demand in response to supply challenges, will likely result in a build in Q2 inventories after only modest gains the past two quarters.



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



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

Investment: Residential

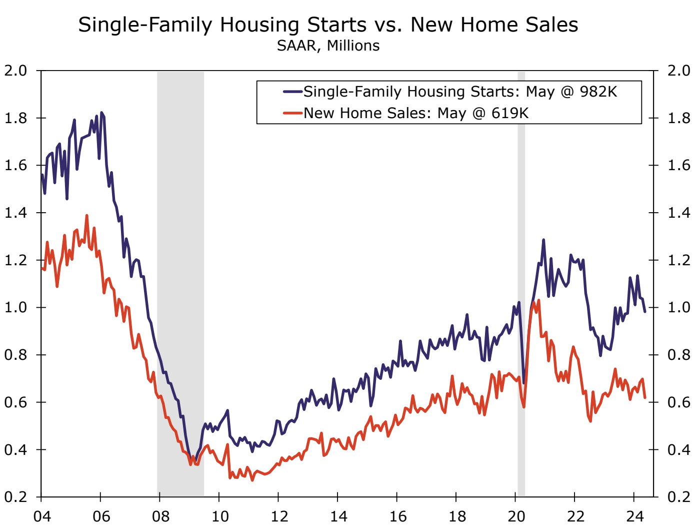
- We have lowered our near-term outlook for residential fixed investment as the pace of home sales and single-family construction has come in a bit weaker than expected recently.

Residential investment looks set to pull back after growing strongly in recent quarters. Higher mortgage rates continue to weigh heavily on the pace of home sales. During May, existing home sales declined for the third consecutive month, while new home sales fell to the weakest pace since November 2023. The drop in home sales implies fewer broker commissions and sluggish home improvement activity in the near term. Meanwhile, single-family housing permits fell to the lowest level in 10 months in May, indicating that builders are pulling back on single-family construction as new home inventories rise. A drop in new multifamily starts is consistent with our view for a decline in apartment construction this year as elevated financing costs and elevated multifamily supply impede new development.

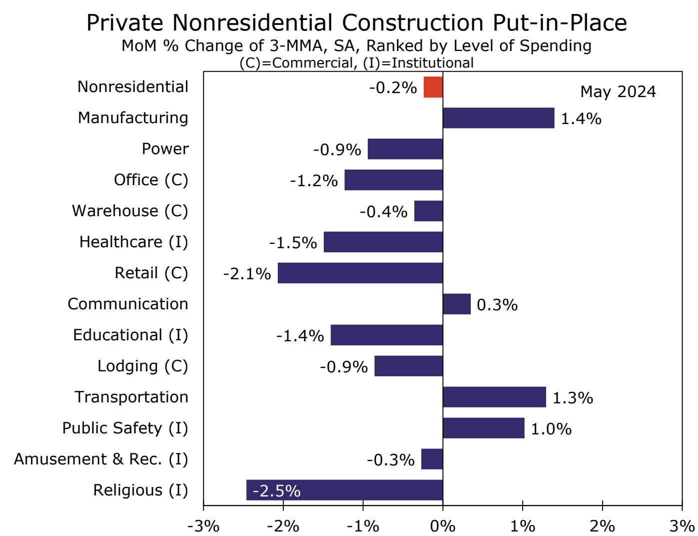
Investment: Nonresidential Structures

- We adjusted our Q2 structures forecast slightly lower after private nonresidential construction outlays came in weaker than expected in May. We have not made changes to our longer-term forecast, holding to the expectation that structures investment will pull back in the quarters ahead.

Elevated interest rates and tighter credit conditions continue to suppress structures spending. Although a burst of manufacturing outlays lifted structures investment in the first quarter, anemic demand for commercial real estate has started to outweigh the fiscal tailwinds supporting manufacturing construction. Private nonresidential construction spending has declined on a nominal basis for four consecutive months as of May, characterized by widespread weakness across construction categories. Looking ahead, builders face a thinning pipeline of new projects as commercial starts downshift across the board. The architectural billings index, which tends to lead nonresidential spending by roughly a year, is also sitting at its lowest level since August 2020. Finally, oil and gas drilling appear set to slow as the count of rotary rigs steadily recedes from its recent peak in December 2022.



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



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

Labor Market

- We have revised down our forecast for nonfarm payroll growth through the remainder of the year. We now look for payrolls to increase by an average of 145K per month compared to 174K in our June outlook.
- The ongoing gap between the establishment and household survey measures of employment has led us to leave our outlook for the unemployment rate unchanged. We expect the unemployment rate to edge up to 4.2% in Q1 of next year.

Nonfarm payroll growth remained solid in June, but hefty downward revisions to the prior two months and concentrated gains in healthcare and government left a more tenuous picture of hiring conditions. We expect hiring to slow more noticeably in the months ahead relative to our last forecast. Demand for new workers continues to diminish, as indicated by the downward trend in job openings, hiring plans and temporary help workers. The already wide gap between the establishment and household measures of employment suggests that the unemployment rate may not rise much higher from its current rate of 4.1%. However, with the jobless rate above its 2019 average, the increase over the past year underscores that the excess heat in the labor market that was fanning inflation concerns has been worked off.

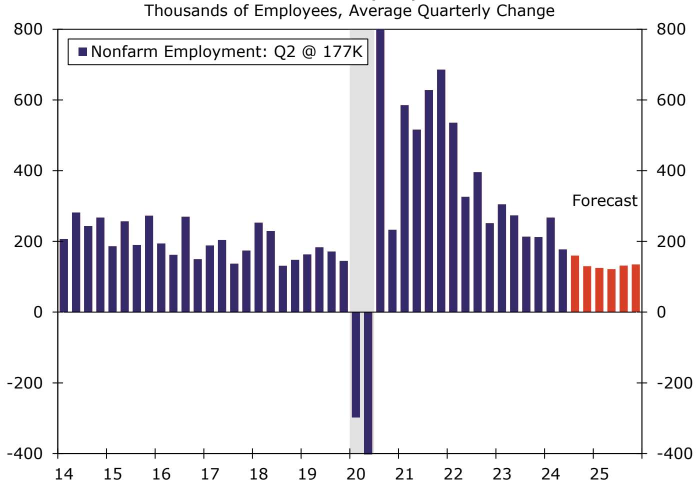
Inflation

- Upward pressure on inflation continues to recede amid improved supply dynamics and weakening demand. While goods have been the primary driver of disinflation since inflation peaked in 2022, slower growth in services prices is making the improvement more broad-based.
- The softer-than-expected core inflation readings have led us to revise down our expectations for inflation over the remainder of the year. We now look for core PCE to be up 2.6% on a Q4/Q4 basis compared to 2.8% in our June outlook.

June's CPI data offered further evidence of inflation receding after the first quarter's flare-up. We expect to see inflation subside further in the months ahead. Official measures of shelter inflation have yet to fully capture the slowdown in more timely private sector measures of rent, while upward pressure on prices continues to abate more broadly. The softer jobs market is dampening growth in labor costs for goods and services providers alike. Meantime, more tepid consumer demand is making it more difficult for businesses to raise prices without hurting sales. With the past month's data showing price growth has lost significant momentum from earlier this year, we have lowered our forecast for inflation through the remainder of the year. We look for core PCE inflation to be up 2.6% on a Q4/Q4 basis compared to our prior forecast of 2.8%, with progress back toward the Fed's target clearer with prices increasing at an annualized rate of 2.2% in the second half of the year.

Nonfarm Employment

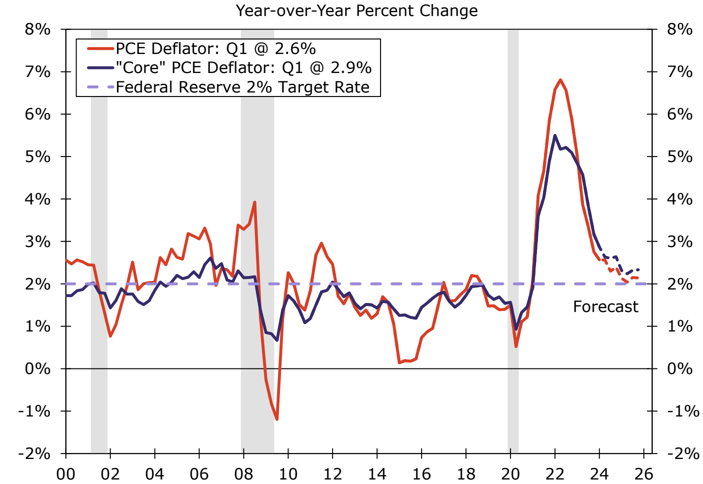
Thousands of Employees, Average Quarterly Change



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

PCE Deflator & "Core" PCE Deflator

Year-over-Year Percent Change



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

Fiscal Policy

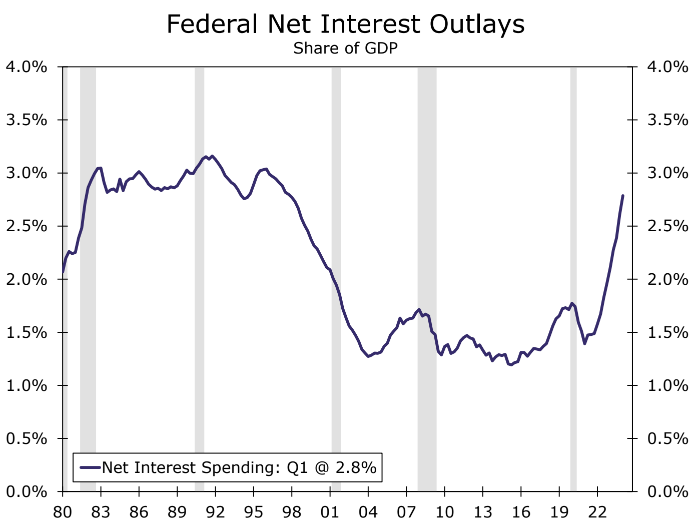
- Our federal budget deficit forecast for FY 2024 is $1.85 trillion, $150 billion larger than our previous forecast of $1.70 trillion. For FY 2025, we project a budget deficit of $1.95 trillion, up from $1.80 trillion in our previous forecast.
- No material changes were made to the outlook for the government component of GDP.

The Congressional Budget Office's updated budget and economic outlook projected slightly larger budget deficits than we were expecting. A portion of the upward revision takes into account policy changes adopted by the Biden administration to reduce student loan balances for some borrowers. A technical change related to FDIC payment recoveries also drove higher budget deficits in the near term but smaller deficits in the medium term. Looking through the near-term noise, the federal budget deficit appears poised to be roughly 6.5% of GDP over the next couple of years. For context, the federal budget deficit averaged about 3.5% of GDP over the past 50 years and the five-year period before the pandemic (2015-2019). Tax revenues as a share of GDP are roughly unchanged compared to the five years before the pandemic, but federal spending as a share of GDP is about three percentage points higher. Interest spending on the national debt accounts for a bit less than half of this increase in outlays.

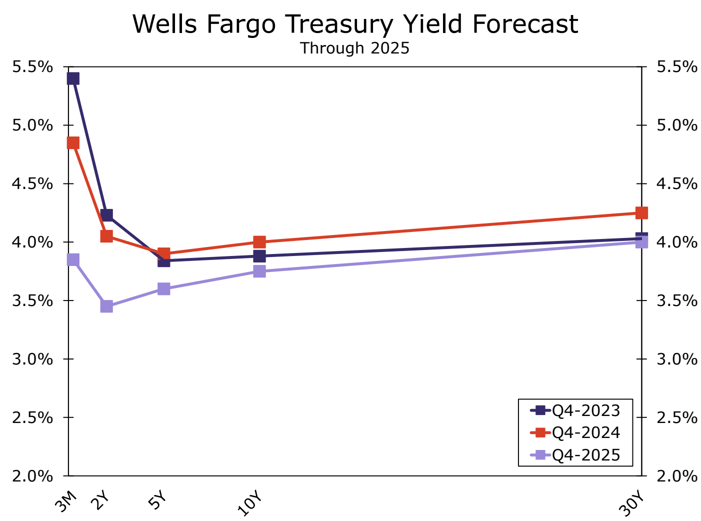
Monetary Policy & Interest Rates

- We have made no changes to our forecasts for U.S. monetary policy and interest rates. We still expect one 25 bps rate cut in September and another 25 bps cut in December followed by four 25 bps rate cuts in 2025.
- Our forecasts for the 10-year Treasury yield at year-end 2024 and 2025 remain unchanged at 4.00% and 3.75%, respectively.

As we discussed in the lead article of this report, our base case forecast for U.S. monetary policy remains unchanged. The ongoing slowdown in inflation and cooling in the labor market leads us to believe that the FOMC will begin the process of reducing the federal funds rate at its September meeting. We expect subsequent rate cuts to occur at every other FOMC meeting. If realized, this would be a relatively slow pace of easing, and monetary policy likely would still be modestly restrictive by year-end 2025. For quantitative tightening (QT), balance sheet runoff continues to run in the background. There are preliminary signs that the Fed's balance sheet is getting closer to its equilibrium size, a topic we explored in the Interest Rate Watch section of a recent weekly publication. We expect the Federal Reserve to reduce its security holdings by an additional $360 billion or so, with runoff ceasing at the end of Q1-2025.



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



Source: Federal Reserve Board and Wells Fargo Economics

Net Exports

- A surge in imports in April, combined with sluggish exports, means that trade will continue to be a sizable drag on GDP in Q2. We now look for net exports to subtract 1.3 percentage points (pp) from real GDP growth in Q2, larger than the 0.6pp drag we had penciled in last month.
- Further out in the forecast horizon, we have made no material changes.

In May, the U.S international trade deficit was at its widest point since late 2022. The widening has stemmed from resilient U.S. demand and steady dollar strength. Over the past year, real imports of merchandise goods are up 4.5%, while real exports are up a softer 1.9%. The divergence will weigh on real GDP growth in the second quarter. We now look for net exports to subtract 1.3pp from headline growth in Q2—a larger drag than previously forecast. As domestic demand cools in the second half of 2024 and the Fed begins lowering its target policy rate, we expect trade to become a neutral factor on overall GDP growth.

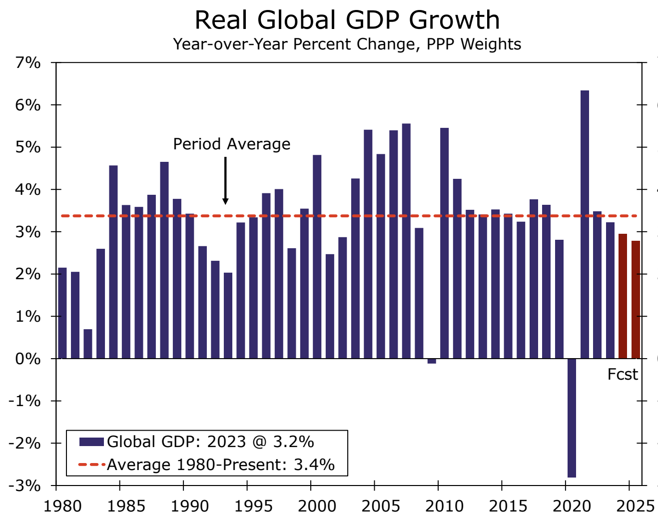
International Developments & the U.S. Dollar

- We continue to believe the global economy will remain resilient this year, and we forecast global GDP growth of 3% in 2024. The U.S. economy is showing tentative signs of softening; we believe a “soft landing” is the most likely outcome, while international economies also continue to exhibit a degree of resilience.
- Economic resilience is flowing through to central bank monetary policy as institutions around the world have turned more cautious when considering rate cuts. To that point, we pushed back the timing of initial, or further, rate cuts from many of the world's major G10 and EM central banks.
- Our outlook for the U.S. dollar is little changed. In the short term, we continue to believe the U.S. dollar can strengthen, although the extent of any foreign currency depreciation should be modest as foreign central banks stay prudent on rate cuts. Longer term, we believe the greenback can weaken as the Fed lowers policy rates and global financial conditions ease.
- For further reading on the global economy, please see our most recent International Economic Outlook.

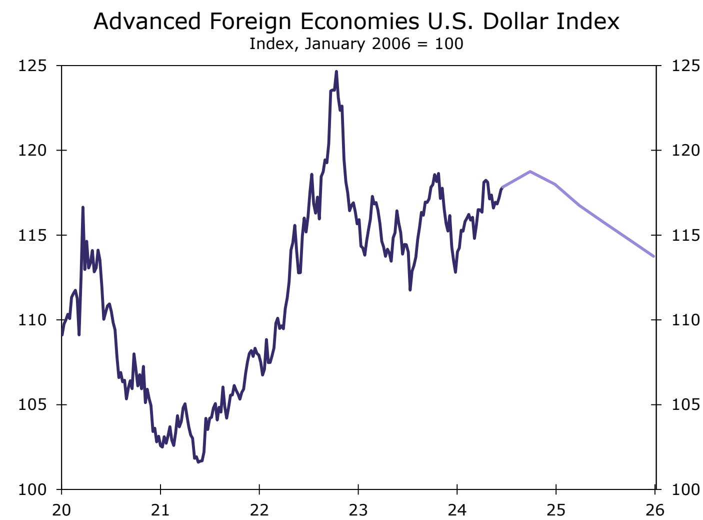
Our outlook for global economic growth is little changed this month. To that point, we believe the global economy can grow 3.0% this year, and while growth is far from exceptional, the global economy is likely to maintain a degree of resilience. As far as the underlying growth trends, the U.S. economy is showing signs of deceleration, while major G10 economies are stabilizing to picking up momentum. Internationally, the United Kingdom has gathered economic momentum as the recovery picks up pace. Eurozone trends have weakened modestly; however, recent downtrends in sentiment data may reflect political uncertainty rather than economic reality. Eurozone growth is likely to be sluggish in 2024, although now that elections in France have concluded and a sense of political clarity has been achieved, broader Eurozone recovery momentum could also pick up pace. And in the emerging markets, we continue to see stable economic activity. China's economy, while still demonstrating structural weaknesses, is still likely to grow around 5% this year. Leading indicators continue to suggest India is on track to be one of the engines of global growth this year, while Mexico and Brazil also demonstrate resilience despite political uncertainty and elevated policy rates.

This theme of economic resilience has implications for central bank monetary policy. Stable growth trends have led to still persistent inflation, ultimately causing central bank policymakers around the world to remain cautious when considering interest rate cuts. While we continue to believe the Federal Reserve will deliver its initial rate cut in September, foreign central banks have likely pushed back the timing of when they will begin, or in select cases continue, easing monetary policy. As far as the major international institutions, we believe persistent wage growth and services inflation will make the European Central Bank (ECB) wary of proceeding too quickly with additional rate cuts. In that sense, we expect the ECB to hold rates steady in July, and now see only two more 25 bps rate cuts from ECB policymakers by the end of this year. In the U.K., we have already adjusted our forecasts toward a more gradual pace of Bank of England (BoE) easing, and while we continue to believe the first BoE cut will come in August, the balance of risk is now tilted toward an even later start. An upside inflation surprise leads us to believe the Bank of Canada could keep rates on hold in July, while sticky inflation in New Zealand and Australia should keep RBNZ policymakers on hold until later this year and the RBA steady into early 2025. Central banks in the emerging markets are also demonstrating caution as inflation lingers and local currencies remain volatile. We now believe the Brazilian Central Bank is on hold through the end of 2025, while currency volatility and political risk should keep Mexico's central bank on hold until December of this year.

Against this economic and monetary policy backdrop, we have not made significant changes to our outlook for the U.S. dollar. Over the next few months, we continue to believe the U.S. dollar can strengthen as the Fed waits until September for monetary easing and the U.S. economy avoids recession. However, with many international central banks also easing at a more gradual pace, the extent of foreign currency depreciation could be somewhat limited in the short term. Longer term, we continue to believe the greenback can weaken against many G10 and emerging market currencies. In our view, once the Fed starts cutting interest rates, depreciation pressures on the greenback can build. Lower Fed policy rates can create easier global financial conditions, which can contribute to a “risk on” sentiment across global financial markets and reduce demand for the safe-haven U.S. dollar. As these dynamics play out, we believe foreign currencies can strengthen against the greenback, with currencies associated with attractive real interest rates likely to outperform over the longer term. In that sense, select “carry currencies” in the emerging world can outperform, while trends in the Japanese yen can turn more positive as yield differentials shift to be more supportive of the Japanese currency.



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%	2.7%	8.7%	6.8%	3.6%	3.4%
Advanced Economies[1]	2.6%	1.6%	1.6%	1.9%	7.3%	4.6%	2.9%	2.4%
United States	1.9%	2.5%	2.3%	1.9%	8.0%	4.1%	3.0%	2.4%
Eurozone	3.4%	0.6%	0.8%	1.6%	8.4%	5.4%	2.4%	2.2%
United Kingdom	4.3%	0.1%	0.9%	1.5%	9.1%	7.3%	2.7%	2.3%
Japan	1.0%	1.8%	-0.3%	1.4%	2.5%	3.3%	2.5%	2.0%
Canada	3.8%	1.2%	0.8%	1.8%	6.8%	3.9%	2.5%	2.1%
Switzerland	2.7%	0.7%	1.3%	1.5%	2.8%	2.1%	1.4%	1.2%
Australia	3.8%	2.0%	1.2%	2.1%	6.6%	5.6%	3.4%	2.7%
New Zealand	2.4%	0.6%	0.7%	2.3%	7.2%	5.7%	3.3%	2.2%
Sweden	2.7%	0.1%	1.1%	1.7%	8.1%	5.9%	2.9%	1.9%
Norway	3.0%	1.1%	0.7%	1.5%	5.8%	5.5%	3.4%	2.5%
Developing Economies[1]	4.1%	4.3%	3.9%	3.2%	9.8%	8.3%	4.1%	4.2%
China	3.0%	5.2%	5.1%	4.3%	2.0%	0.2%	0.8%	1.6%
India	6.5%	7.7%	7.3%	6.1%	6.7%	5.4%	4.8%	4.5%
Mexico	3.9%	3.2%	1.8%	2.1%	7.9%	5.5%	4.6%	4.1%
Brazil	3.0%	2.9%	1.8%	2.0%	9.3%	4.6%	4.0%	3.6%

Forecast as of: July 12, 2024

[1]Aggregated Using PPP Weights

Source: International Monetary Fund and Wells Fargo Economics

Wells Fargo International Interest Rate Forecast

(End of Quarter Rates)

	Central Bank Key Policy Rate						
	2024			2025			
	Current	Q3	Q4	Q1	Q2	Q3	Q4
United States	5.50%	5.25%	5.00%	4.75%	4.50%	4.25%	4.00%
Eurozone[1]	3.75%	3.50%	3.25%	3.00%	2.75%	2.50%	2.25%
United Kingdom	5.25%	5.00%	4.75%	4.25%	4.00%	3.75%	3.50%
Japan	0.10%	0.10%	0.25%	0.25%	0.50%	0.50%	0.50%
Canada	4.75%	4.50%	4.00%	3.75%	3.50%	3.25%	3.00%
Switzerland	1.25%	1.00%	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%	5.00%	4.75%	4.50%	4.25%
Sweden	3.75%	3.50%	3.00%	2.75%	2.50%	2.25%	2.25%
Norway	4.50%	4.50%	4.25%	4.00%	3.75%	3.50%	3.25%
China[3]	10.00%	9.50%	9.50%	9.00%	9.00%	8.50%	8.50%
India	6.50%	6.50%	6.00%	5.75%	5.75%	5.75%	5.75%
Mexico	11.00%	11.00%	10.75%	10.25%	9.75%	9.25%	8.75%
Brazil	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
Chile	5.75%	5.25%	5.00%	5.00%	5.00%	5.00%	5.00%
Colombia	11.25%	10.25%	9.25%	8.75%	8.25%	8.00%	8.00%

	2-Year Note						
	2024			2025			
	Current	Q3	Q4	Q1	Q2	Q3	Q4
United States	4.49%	4.35%	4.05%	3.85%	3.70%	3.55%	3.45%
Eurozone[2]	2.79%	2.80%	2.75%	2.65%	2.55%	2.45%	2.35%
United Kingdom	4.07%	4.05%	3.95%	3.80%	3.70%	3.60%	3.50%
Japan	0.34%	0.35%	0.40%	0.45%	0.50%	0.55%	0.55%
Canada	3.85%	3.80%	3.65%	3.50%	3.35%	3.20%	3.10%

	10-Year Note						
	2024			2025			
	Current	Q3	Q4	Q1	Q2	Q3	Q4
United States	4.18%	4.15%	4.00%	3.90%	3.85%	3.80%	3.75%
Eurozone[2]	2.46%	2.50%	2.45%	2.40%	2.35%	2.30%	2.30%
United Kingdom	4.07%	4.05%	3.95%	3.85%	3.75%	3.70%	3.65%
Japan	1.09%	1.10%	1.15%	1.20%	1.25%	1.20%	1.15%
Canada	3.41%	3.35%	3.25%	3.20%	3.15%	3.10%	3.10%

Forecast as of: July 12, 2024

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

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

This Month's Economic Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
July 8	**9**	**10**	**11**	**12**
	China CPI (YoY) Jun 0.2% **Reserve Bank of New Zealand Rate Decision** Prior 5.50% ***Barr* and Bowman* speak*** ***Powell* Congressional testimony***	***Goolsbee, Bowman* and Cook* speak*** ***Powell* Congressional testimony***	**CPI (MoM)** Jun -0.1% **Core CPI (MoM)** Jun 0.1% ***Bostic* and Musalem speak***	**PPI Final Demand (MoM)** May -0.2%
15	**16**	**17**	**18**	**19**
China GDP (YoY) Q1 5.3% ***Powell* and Daly* speak***	**Retail Sales (MoM)** May 0.1% **Import Price Index (MoM)** May -0.4% **Canada CPI (YoY)** May 2.9% ***Kugler* speaks***	**Housing Starts (SAAR)** May 1,277K **Industrial Production (MoM)** May 0.7% **United Kingdom CPI (YoY)** May 2.0% ***Barkin* speaks*** ***Federal Reserve releases Beige Book***	**ECB Deposit Rate Decision** Prior 3.75% **Japan CPI (YoY)** May 2.8% ***Logan, Daly* and Bowman* speak***	***Williams* and Bostic* speak***
22	**23**	**24**	**25**	**26**
	Existing Home Sales (SAAR) May 4,110K	**New Home Sales (SAAR)** May 619K **Bank of Canada Rate Decision** Prior 4.75% ***Logan and Bowman* speak***	**GDP (QoQ, Annualized)** Q1 1.4% **Durable Goods Orders (MoM)** May 0.1%	**Personal Income & Spending (MoM)** May 0.5%; 0.2%
29	**30**	**31**	**August 1**	**2**
	JOLTS Job Openings May 8,140K **Consumer Confidence** Jun 100.4 **Eurozone GDP (QoQ, Annualized)** Q1 0.3%	**Employment Cost Index (QoQ)** Q1 1.2% **FOMC Rate Decision (Upper Bound)** Prior 5.50% **Bank of Japan Rate Decision (Upper Bound)** Prior 0.10% ***Treasury Refunding Announcement***	**Productivity (QoQ)** Q1 0.2% **ISM Manufacturing** Jun 48.5 **Bank of England Rate Decision** Prior 5.25%	**Employment** Jun 206K

Note: * = voting FOMC member in 2024, Purple = Market Moving Releases

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

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