WELLS FARGO

Weekly — December 2, 2022

Weekly Economic & Financial Commentary

United States: **Payrolls Beat Expectations, but Signs of Moderation on the Horizon**

- Total payrolls rose by 263K in November, with the unemployment rate holding steady at 3.7% and average hourly earning rising by 0.6%. Personal income and spending increased 0.7% and 0.8%, respectively, in October, while the core PCE deflator increased 0.2% (MoM) and 5.0% (YoY). The ISM manufacturing index fell to 49 in November, while construction spending slipped 0.3% in October.
- Next week: ISM Services Index (Mon), Trade Balance (Tue)

International: **Is This the Peak?**

- There have been recent signs that inflation might have peaked in some countries. In November, Eurozone price pressures cooled for the first time in over a year, as headline CPI slowed to a 10% year-over-year rate, from 10.6% in October. In addition to the Eurozone, Australian inflation data also showed an unexpected softening in price pressures. In October, headline CPI receded to 6.9% year-over-year.
- Next week: Reserve Bank of Australia (Tue), Bank of Canada (Wed), Mexico CPI (Thu)

Interest Rate Watch: **FOMC Set to Hike by 50 bps on December 14**

- Fed Chair Powell indicated in a speech this week that the FOMC likely will hike rates by 50 bps, instead of its recent pace of 75 bps, on December 14. But Powell also suggested that rates need to go even higher and remain in restrictive territory for quite some time.

Credit Market Insights: **The Beige Book Brings A Mixed Bag**

- Economic activity was slightly up on balance. Employment continued to grow and prices continued to disinflate across most regions.

Topic of the Week: **China Inching Toward a Reopening?**

- While our base case scenario remains unchanged in that we continue to believe Zero-COVID will remain the overarching policy in China, we do recognize that authorities have started to ease restrictions and further action toward reopening could be taken going forward.

Wells Fargo U.S. Economic Forecast

	Actual			Forecast					Actual	Forecast		
	2022				2023				2021	2022	2023	2024
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product [1]	-1.6	-0.6	2.9	1.1	0.7	0.1	-2.5	-3.2	5.9	1.9	0.1	-0.2
Personal Consumption	1.3	2.0	1.7	1.5	1.2	0.5	-1.7	-3.0	8.3	2.7	0.6	-0.5
Consumer Price Index [2]	8.0	8.6	8.3	7.4	6.0	4.2	3.4	3.1	4.7	8.1	4.1	2.7
"Core" Consumer Price Index [2]	6.3	6.0	6.3	6.1	5.5	4.7	3.8	3.3	3.6	6.2	4.3	2.9
Quarter-End Interest Rates [3]												
Federal Funds Target Rate	0.50	1.75	3.25	4.50	5.25	5.25	5.25	5.25	0.25	2.50	5.25	3.25
Conventional Mortgage Rate	4.42	5.81	6.70	6.95	7.00	6.80	6.50	5.80	2.95	5.97	6.53	5.10
10 Year Note	2.32	2.98	3.83	4.15	4.25	4.20	4.00	3.40	1.45	3.32	3.96	2.95

Forecast as of: November 10, 2022
[1] Compound Annual Growth Rate Quarter-over-Quarter [2] Year-over-Year Percentage Change [3] Annual Numbers Represent Average

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

Please see our full U.S. Economic Forecast and our updated Pressure Gauge.

Join us for our 2023 Annual Economic Outlook webinar, which will be broadcast **Thursday, December 8 at 11am EST**. If you would like to submit questions for the Q&A portion of the webinar, please email us at economics@wellsfargo.com.

U.S. Review

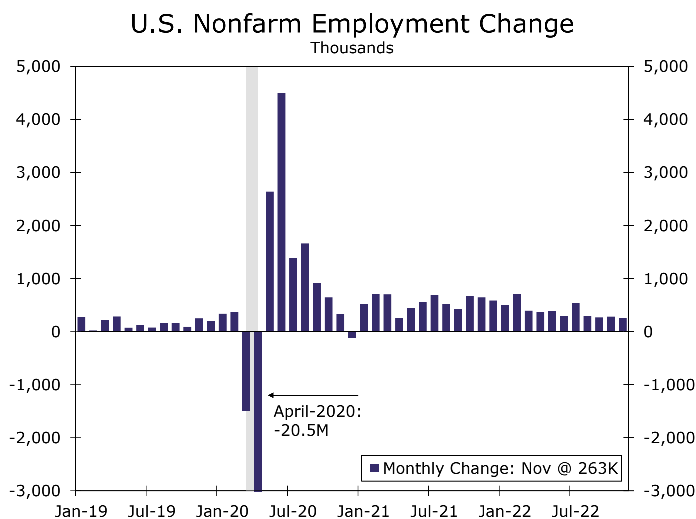
Payrolls Beat Expectations, but Signs of Moderation on the Horizon

Fed Chair Powell's speech at the Brookings Institute on Wednesday was the focus of attention during a week replete with economic data. As we write in the Interest Rate Watch, Chair Powell hinted that the magnitude of rate hikes moving forward could be smaller than the string of 75 bps hikes implemented over the previous four FOMC meetings. While Chair Powell's speech was slightly out of line with market expectations, it was in-line with our current macroeconomic forecast.

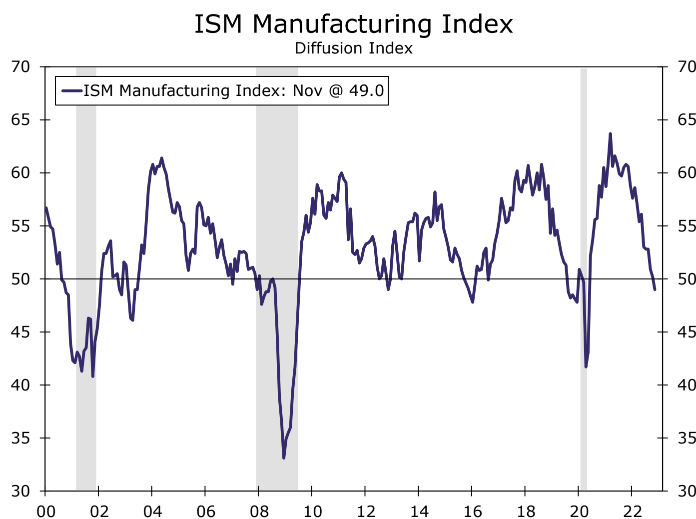
One of the reasons why we believe the Fed will turn slightly less aggressive in the months ahead is that inflation, while still uncomfortably hot, no longer appears to be intensifying. Similar to October's core CPI print, the core PCE deflator rose 0.2% in October, a softer-than-expected increase. Several underlying drivers of inflation also look to be rolling over. For example, the prices paid component of the ISM manufacturing index during November fell to the lowest level since May 2020, suggesting manufacturing input costs are declining outright.

That said, the labor market remains strong, which is a reason why the Fed will want to continue raising rates. Total nonfarm payrolls rose by 263K in November. The gain represents a moderation from the robust pace seen at the start of the year, but still quite strong by historical standards. Nonfarm payroll growth has averaged 272K per month over the past three months, stronger than the average monthly gain of roughly 190K that was registered during the last economic expansion. The unemployment rate was unchanged at 3.7%, while average hourly earnings surprised to the upside and rose 0.6% during the month. Household employment, which is highly volatile and generally viewed as a somewhat less reliable estimate of hiring compared to the payroll number, dropped by 138K, the second straight monthly decline.

The modest downshift in job growth relative to earlier this year is not the only indication of labor market moderation. Reported earlier this week, the Job Openings and Labor Turnover Survey (JOLTS) for October revealed that job openings fell to 10.3 million from 10.7 million the month prior. Job openings remain highly elevated, but have trended lower since peaking in March. One factor that may be contributing to the fall in openings is that the number of quits has now declined in six of the past seven months. The number of job openings per unemployed, a measure of labor market tightness frequently cited by Chair Powell, fell to 1.71 from 1.86 in September, continuing the slide that began in April.



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



Source: Institute for Supply Management and Wells Fargo Economics

But the labor market generally remains tight, which is leading to continued strong wage growth. Over the past three months, average hourly earnings have risen at a 5.8% annualized pace, still significantly above the roughly 3.0%-3.5% rate that would be consistent with 2% inflation assuming trend-like productivity growth. Nevertheless, there are signs that tighter monetary policy is having the intended slowing effect on other parts of the economy. The headline ISM manufacturing index fell to 49 in November, the first sub-50 reading since May 2020. The downswing shows that the factory sector is

feeling the reverberations of higher financing costs in addition to growing economic uncertainty and the unwinding of the boom in goods spending. Another decline in the new orders component points to the factory sector falling further into contraction territory in the months ahead.

Furthermore, construction spending dipped 0.3% in October, as residential spending declined for the fifth consecutive month. Sharply higher mortgage rates has evaporated the pool of home buyers, and home builders are now slashing production in response. Commercial development is also feeling the heat from higher borrowing costs. Not only did nonresidential outlays decline in October, but the forward-looking Architecture Billings Index fell into contraction territory for the first time in 21 months.

And while manufacturing and construction are turning down, the mighty U.S. consumer continues to forge ahead. Real personal spending rose 0.5% in October, up from a 0.3% increase the month prior. Nominal personal income surprised to the upside and rose 0.7% during the month, but consumers increasingly appear to be relying on savings to support spending. The saving rate dipped to 2.3% during the month, the lowest rate in 17 years. Revisions also took a bite out of the pile of excess savings. Defiant in the face of inflation, the consumer represents perhaps the largest challenge for the Fed. Businesses that find that they can pass along price increases are likely to continue to do so while demand remains robust.

Overall, the economic data published this week were supportive of real GDP growth remaining solidly in positive territory in the near term. Indeed, revised data show the U.S. economy expanded at a 2.9% annualized pace in the third quarter, which is slightly stronger than the advance estimate of 2.6%. But still modest growth in the core areas of the economy and weakness in real gross domestic income indicate that the underlying economic growth is losing momentum.

(Return to Summary)

U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
5-Dec	ISM Services Index	Nov	53.5	53.5	54.4
6-Dec	Trade Balance	Oct	-$79.4B	-$80.5B	-$73.3B
9-Dec	PPI Final Demand (YoY)	Nov	7.2%	7.2%	8.0%

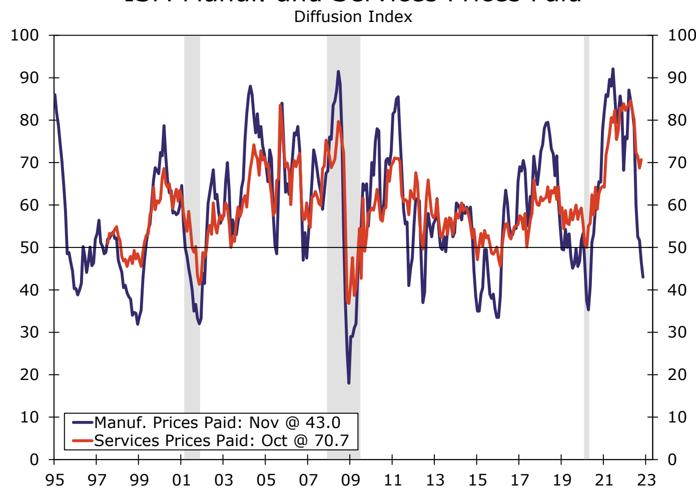
Forecast as of December 02, 2022

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

ISM Services Index • Monday

In October, the ISM services index slid to 54.4, marking its lowest reading in almost two and a half years with a decline in current activity and new orders. The details of the report, including the selected industry comments, suggested service firms are becoming more cautious amid economic uncertainty. We expect to see some continued caution in the data for November and forecast the ISM services index to decline further to 53.5.

This week we learned the ISM manufacturing index slipped into contraction territory for the first time since 2020, a worrying indication of weakening activity. Conditions have held up a bit better for the services side of the economy as households continue to chip away at some pent-up demand for in-person services, but weaker growth prospects are weighing on activity. We'll be paying attention to the prices paid component in next week's release. As the nearby chart shows, there has been a divergence between prices paid in the manufacturing and services surveys, which is consistent with what we're seeing in the broader consumer price data. Goods inflation has begun to ease, but services inflation remains elevated as providers aren't seeing the same relief on costs as manufacturers.

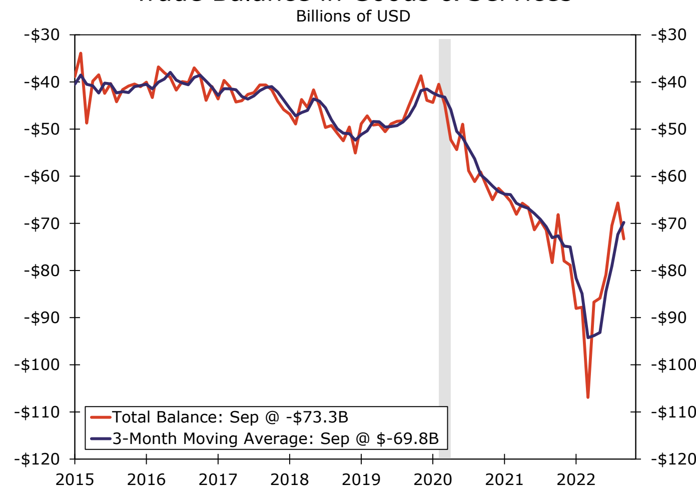


Source: Institute for Supply Management and Wells Fargo Economics

International Trade Balance • Tuesday

The advance merchandise trade data showed the goods trade balance slid to -$99.0 billion in October, marking the largest deficit in four months. Squaring the advance data with the decline in export and import prices last month suggests real goods imports will rise around 1% in October while real exports will decline around 2%.

We expect some reversal is underway in trade flows after an unsustainable annualized pace of real exports (+15.3%) and imports (-7.3%) in the third quarter. Imports are certain to reverse course in the current quarter amid resilient domestic demand, while clear signs of economic deceleration in some of America's major trading partners and the strength of the U.S. dollar mean that exports likely will weaken going forward. On Tuesday we expect to see the total U.S. trade balance widened to a deficit of $80.5 billion in October, which if realized will present downside risk to the 0.2 percentage point drag on fourth quarter GDP growth from net exports we are currently forecasting.



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

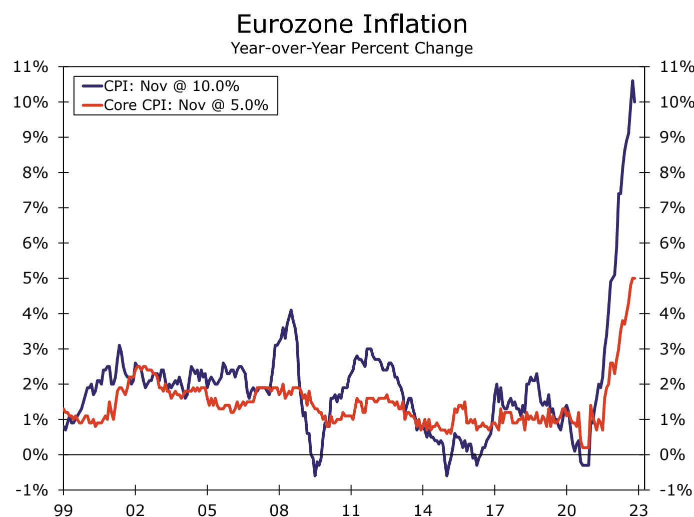
(Return to Summary)

International Review

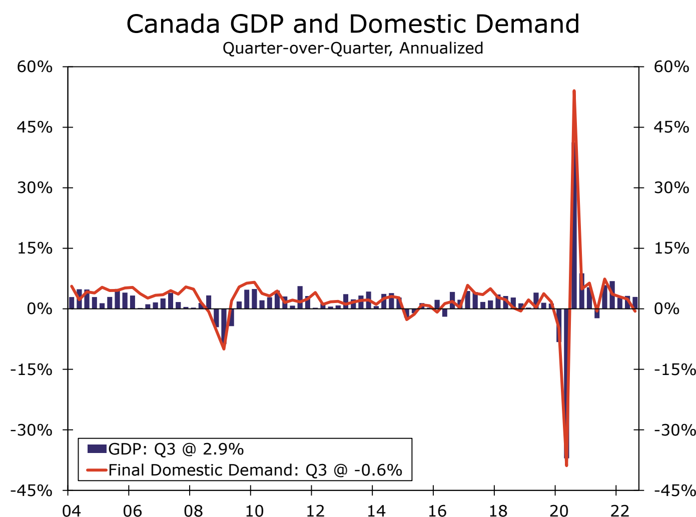
Is This the Peak?

There have been recent signs that inflation might have peaked in some countries. One example can be seen in the Eurozone, where November prices cooled for the first time in over a year. Headline CPI slowed to a 10% year-over-year rate, down from 10.6% in October (chart). In addition, prices slowed more than expected, as the consensus expected a 10.4% reading. While prices for energy and services are still elevated, the silver lining is that they rose at a slower pace in November, driving the slowdown. Nevertheless, energy prices are still up 35%, while services are up a more modest 4.2%. As for underlying inflation trends, core CPI (excluding energy, food, alcohol and tobacco) was unchanged at 5% year-over-year. Given the European Central Bank (ECB) has stressed its data-dependent stance, all eyes are on whether the central bank delivers a 75 bps or 50 bps rate hike at its December monetary policy meeting. In our view, the ECB will go for 50 bps, bringing its Deposit Rate to 2.00%, a view supported by the softer November inflation reading.

In addition to the Eurozone, a newly-established monthly reading for Australian inflation also showed an unexpected softening in price pressures. In October, headline CPI receded to 6.9% year-over-year, while the trimmed mean measure of core CPI eased to 5.3%. Consensus expectations were for an increase in inflation, and this welcome surprise allows the RBA to continue tightening monetary policy at a gradual 25 bps pace per meeting, slower than many of its global peers. We expect another 25 bps rate hike at the RBA's December meeting. Read more about our RBA outlook below.



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



Source: Datastream and Wells Fargo Economics

O Canada

Canada's Q3 GDP figures were released this week. Quarterly annualized GDP grew 2.9% in the third quarter (chart). On a month-over-month basis, growth eked out a 0.1% increase in September, driven by the goods-producing sectors of the economy. While growth trends have been sturdy this year, growth in domestic demand has slowed since the beginning of the year, indicating that an economic slowdown may be approaching. There are a few factors weighing on the outlook for Canada, including declining real household incomes and saving rates, lower oil prices, as well as mixed employment growth. Indeed, preliminary data from Statistics Canada reinforces this outlook, indicating real GDP was essentially unchanged in October (the data will be finalized later this month).

Other data coming out of Canada this week also reflect the dimming growth outlook. An underwhelming November employment report suggests that labor trends ahead may be subdued as well. Taking a closer look at the jobs data, the net change in employment was only +10,100, a disappointing result following a sizable gain of 108,300 in October. The November increase in jobs was driven by full-time employment (+50,700). However, a large drop in part-time employment (-40,600) offset most of that gain. Against a backdrop of slower growth and elevated inflation, we expect the Bank of Canada to deliver a 25 bps rate hike next week. (Return to Summary)

International Outlook

Date	Indicator	Period	Consensus	Wells Fargo	Prior
Weekly International Indicator Forecasts					
6-Dec	Reserve Bank of Australia Decision	6-Dec	3.10%	3.10%	2.85%
7-Dec	Bank of Canada Decision	7-Dec	4.00%	4.00%	3.75%
8-Dec	Mexico CPI (YoY)	Nov	7.95%	--	8.41%

Forecast as of December 02, 2022

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

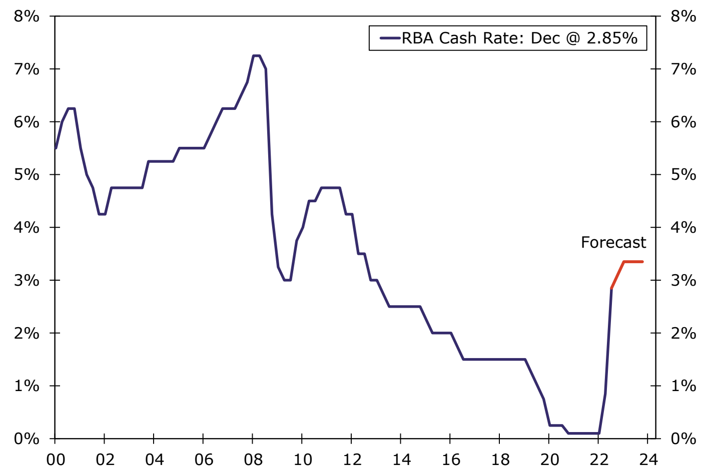
Reserve Bank of Australia • Tuesday

The Reserve Bank of Australia (RBA) will hold its last monetary policy meeting of 2022 next week. We expect another 25 bps rate hike to 3.10%.

At its early November meeting, the RBA also increased the cash rate target by 25 bps. The announcement outlined an expectation for inflation to peak at 8% by the end of the year, before declining in 2023. While the RBA continues to see moderate economic growth along with a tight labor market and signs wage growth is picking up, it also continues to see some uncertainties to the outlook, including deteriorating global growth as well as downside risks to household spending amid tighter financing conditions.

The November statement added that the Board has increased interest rates "materially" since May, which may signal that the RBA believes it has already done a significant amount of monetary tightening and may be close to the end.

Notably, RBA Governor Lowe has argued that Australia's economy has a greater probability of achieving a "soft landing" compared to other central banks among developed nations due to its slower pace of tightening and more contained wage growth.



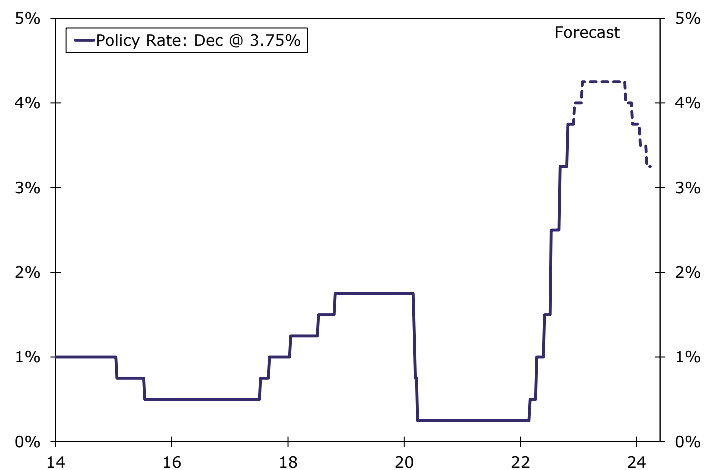
Source: Bloomberg Finance L.P. and Wells Fargo Economics

Bank of Canada • Wednesday

The Bank of Canada (BoC) also holds its final monetary policy meeting of the year next week. We expect a 25 bps rate hike, bringing the policy rate to 4.00%.

The Overnight Rate currently sits at 3.75%, with the Bank of Canada having delivered 350 bps of monetary tightening since March 2022. Even with these aggressive rate hikes, BoC Governor Macklem recently said that in hindsight, the BoC should have tightened earlier, and although the tightening cycle is close to the end, they are still far from the goal of low inflation.

As of October, headline inflation in Canada came down from a recent peak, but remained stuck at a 6.9% year-over-year rate. While the headline rate of inflation remained the same from September to October, underlying prices accelerated. The average of trim and median inflation, two measures of core inflation tracked closely by the central bank, quickened to 5.1% year-over-year, showing that even though headline inflation may have peaked, underlying price pressures remain persistent. This should keep the BoC on its tightening path for the time being.



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

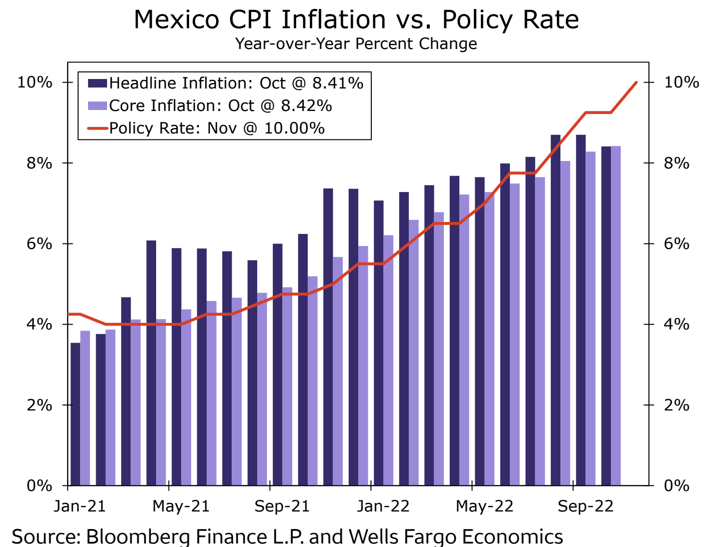
Mexico CPI • Thursday

Inflation data releasing next week for Mexico should show that in November, prices continued their descent from a recent peak of 8.70% year-over-year. Consensus estimates expect November headline CPI slowed to 7.95% while core CPI ticked up to an 8.53% rate.

As for where inflation is expected to head in the coming months and quarters, one of the few changes to the Central Bank of Mexico's November monetary policy statement was that Banxico now expects a slower pace of headline inflation compared to its outlook in September. However, it now also believes core inflation will be stickier than previously expected.

The central bank now expects that headline inflation has peaked, but with core inflation now anticipated to rise at a faster pace than previously expected, Banxico policymakers are likely to continue monetary tightening in the coming quarters. We believe that Banxico will continue to stick to the same path as the Federal Reserve, as it has done recently. Thus, in December we expect Banxico to mirror the Fed and deliver a 50 bps rate hike, bringing its policy rate to 10.50%.

(Return to Summary)



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

Interest Rate Watch

FOMC Set to Hike by 50 bps on December 14

Fed Chair Jerome Powell made headlines this week when he spoke at the Brookings Institution on November 30. In a speech that was largely devoted to discussing the elevated rate of inflation at present and the challenges the FOMC faces in bringing it to heel, Powell's comment that "the time for moderating the pace of rate increases may come as soon as the December meeting" garnered most of the attention.

We have been forecasting for some time that the Committee would dial back the magnitude of its rate hikes from 75 bps, which have occurred at each of the last four policy meetings, to 50 bps on December 14. Powell's comments reinforce our expectation that the FOMC will indeed raise its target range for the fed funds rate by 50 bps at its next meeting. But a smaller rate of increase should not be interpreted as a "pivot" to more accommodative policy. Powell went on to say "given our progress in tightening policy, the timing of that moderation is far less significant than the questions of *how much further* (emphasis ours) we will need to raise rates." He also suggested that the Committee will need to hold rates in restrictive territory for some time to ensure that inflation is on a trajectory that returns to the Fed's 2% target.

The comments by the Fed Chair are consistent with our views regarding U.S. monetary policy in 2023. As noted above, we forecast the FOMC will hike rates by 50 bps on December 14. But as Powell indicated in his speech, the next rate hike will likely not mark the end of this tightening cycle. In that regard, we look for the FOMC to raise rates by another 50 bps on February 1 with a final 25 bps rate hike on March 22. If our forecast proves to be correct, then the FOMC will have raised its target range for the fed funds rate to 5.00%-5.25% at the conclusion of its March meeting. We also think the FOMC will maintain this range through the end of 2023. In short, be prepared for higher rates for an extended period of time.

For further reading on our expectations for the December 14 meeting, see our *December Flashlight for the FOMC Blackout Period*, which we plan to publish on Monday.

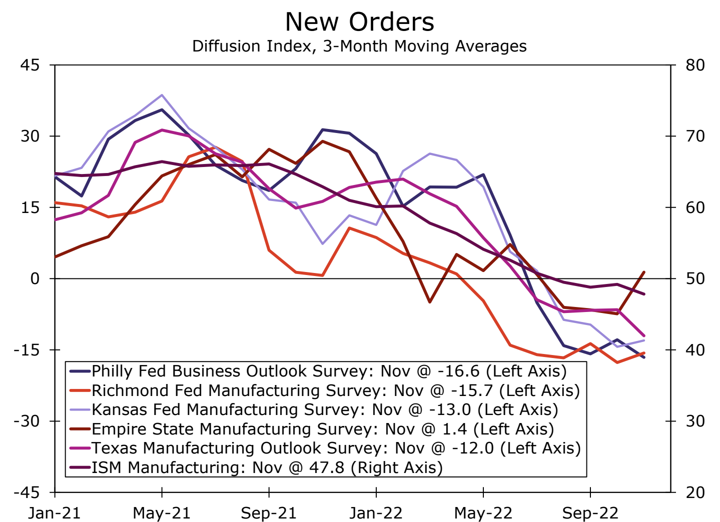
(Return to Summary)

Credit Market Insights

The Beige Book Brings A Mixed Bag

The final Beige Book of 2022 was released this week. Across the country, respondents to the regional Federal Reserve banks appear to be discussing similar issues. Economic activity was slightly up on balance, while employment continued to grow and prices continued to disinflate. The Beige Book's overall sentiment mirrors our own outlook, as we look for things to slowly improve in some areas (prices) while other areas of the economy gradually worsen (labor market, output and spending). Credit conditions continued to generally tighten over the survey period, as rising credit standards met falling demand for an overall decrease in lending activity.

The Northeast seems to have borne the brunt of the downturns in economic activity, as both the Boston and New York Fed noted slowdowns in their districts. However, both the Kansas City and Cleveland Feds also noted slowdowns in their districts. Employment was certainly the indicator with the most positive outlook, as employment was noted to have grown in nine out of 12 districts. The Federal Reserve Bank of Atlanta provided an example of a reoccurring story among businesses, noting that most employers were worried about employee retainment and sought to "catch-up" rather than expand. Worries about rising wage costs continue to plague businesses, and retention and hiring remain difficult.



Source: Federal Reserve System, Institute for Supply Management and Wells Fargo Economics

While the pace of wage growth is significantly slower than the overall rate of inflation, the fears that wages are driving, at least in part, rapid price growth has some validity—average hourly earnings were up 0.6% in November as competition continues for workers. The monthly gain translates to a three-month annualized pace of 5.8%. Wages are continuing to rise even as other business costs are moderating. The power of the tight labor market and still pressured supply chains are causing firms to try to pass on prices to consumers, but the power to do so appears mixed. While corporate profits remain historically elevated, there was a decline in profits over the third quarter of this year.

Four out of five of the regional Fed surveys on new orders are in decline on a three-month moving average basis, as New York's survey barely peaked above treading water. Combined with Thursday's decline in the ISM manufacturing index, economic activity, both in regional observations and nationally, appears to have tailwinds from declining demand. Monday's ISM services index report has more to offer on the national outlook, as we receive more information on employment, prices and demand in the national services sector. We expect to see a slight expansion in services.

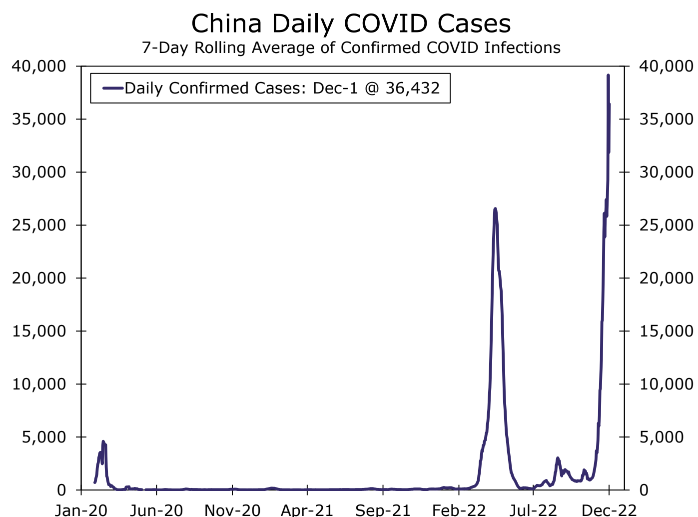
Credit conditions in the Beige Book precede logically from this economic outlook. Delinquency rates are low but rising, and both households and businesses are increasingly tapping into credit to finance ongoing expenses. Credit conditions are tightening as lending institutions raise standards and increase loan loss provisions in preparation for higher delinquency rates.

(Return to Summary)

Topic of the Week

China Inching Toward a Reopening?

For the entirety of 2022, we have highlighted the uninspiring growth prospects for China's economy. Persistent implementation of Zero-COVID policies and a deteriorating real estate sector have placed significant downward pressure on sentiment and economic activity over the last 11 months. With activity struggling to gather momentum, we believe China's economy is on track to grow just 3% this year. Aside from the initial COVID shock in 2020, 3% growth would represent the slowest pace of economic expansion since the power struggle surrounding Mao's death in 1976. Growth prospects for 2023 are not much more robust. While we forecast annual growth of 4.9% next year, the majority of the rebound comes from base effects—not from an assumption of renewed economic activity. As of now, our 2022 and 2023 annual GDP growth forecasts are below consensus, a position we feel comfortable taking at the current juncture.



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

Underpinning our below-consensus growth outlook is an assumption that Zero-COVID policies remain in place through all of 2023. With that said, upside risks to our forecasts may be starting to build, as Chinese authorities could be inching toward taking more concrete steps to gradually reopen the economy. While the situation remains fluid, especially as Chinese authorities have at times communicated contradicting messages and actions, on balance COVID restrictions do appear to be easing. Over the last few weeks, authorities have shortened quarantine times for close contacts and have eliminated "circuit breaker" measures—which were designed to penalize airlines should they carry infected passengers into China. Just recently, nationwide demonstrations against COVID lockdown protocols have prompted local officials to scale back quarantine times further and even allow for home isolation in certain circumstances. In response to protests, government officials have also acknowledged the need to improve the local vaccination effort, especially amongst the elderly population.

While our base case scenario remains unchanged in that we continue to believe Zero-COVID will remain the overarching policy in China, we do recognize that authorities have started to ease restrictions and further action toward reopening could be taken going forward. In our view, we would need to see even more concrete signs that China is moving away from Zero-COVID to change our assumptions, but we also acknowledge risks around our economic forecasts are starting to tilt to the upside. Should further progress be made on reopening and COVID cases recede from all-time highs (chart), our assumptions could change, and our below-consensus GDP forecasts may gravitate more toward the consensus or possibly even above the consensus.

(Return to Summary)

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 12/2/2022	1 Week Ago	1 Year Ago
SOFR	3.82	3.79	0.05
3-Month LIBOR	4.77	4.74	0.17
3-Month T-Bill	4.30	4.26	0.04
1-Year Treasury	4.62	4.60	0.12
2-Year Treasury	4.35	4.45	0.61
5-Year Treasury	3.76	3.86	1.21
10-Year Treasury	3.59	3.68	1.44
30-Year Treasury	3.63	3.73	1.76
Bond Buyer Index	3.65	3.72	2.05

Foreign Exchange Rates

	Friday 12/2/2022	1 Week Ago	1 Year Ago
Euro ($/€)	1.049	1.040	1.130
British Pound ($/£)	1.225	1.209	1.331
British Pound (£/€)	0.856	0.860	0.849
Japanese Yen (¥/$)	135.380	139.190	113.110
Canadian Dollar (C$/$)	1.347	1.338	1.281
Swiss Franc (CHF/$)	0.940	0.946	0.920
Australian Dollar (US$/A$)	0.678	0.675	0.709
Mexican Peso (MXN/$)	19.367	19.333	21.265
Chinese Yuan (CNY/$)	7.054	7.165	6.377
Indian Rupee (INR/$)	81.318	81.684	74.991
Brazilian Real (BRL/$)	5.226	5.399	5.639
U.S. Dollar Index	105.034	105.959	96.156

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

Foreign Interest Rates

	Friday 12/2/2022	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.58	-0.59	-0.57
3-Month Sterling LIBOR	3.68	3.60	0.11
3-Month Canada Banker's Acceptance	4.75	4.70	0.49
3-Month Yen LIBOR	-0.05	-0.05	-0.08
2-Year German	2.11	2.20	-0.74
2-Year U.K.	3.36	3.29	0.54
2-Year Canadian	3.85	3.89	0.97
2-Year Japanese	-0.02	-0.02	-0.11
10-Year German	1.86	1.97	-0.37
10-Year U.K.	3.17	3.12	0.81
10-Year Canadian	2.88	2.93	1.51
10-Year Japanese	0.26	0.25	0.06

Commodity Prices

	Friday 12/2/2022	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	81.36	76.28	66.50
Brent Crude ($/Barrel)	86.82	83.63	69.67
Gold ($/Ounce)	1789.60	1754.93	1768.74
Hot-Rolled Steel ($/S.Ton)	672.00	656.00	1600.00
Copper (¢/Pound)	381.60	362.75	429.90
Soybeans ($/Bushel)	14.25	14.34	12.23
Natural Gas ($/MMBTU)	6.61	7.02	4.06
Nickel ($/Metric Ton)	27,496	25,986	20,052
CRB Spot Inds.	571.46	563.80	637.94

Subscription Information

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

Via The Bloomberg Professional Services at WFRE

Economics Group

Jay H. Bryson, Ph.D.	Chief Economist	704-410-3274	Jay.Bryson@wellsfargo.com
Sam Bullard	Senior Economist	704-410-3280	Sam.Bullard@wellsfargo.com
Nick Bennenbroek	International Economist	212-214-5636	Nicholas.Bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	704-410-3283	Tim.Quinlan@wellsfargo.com
Sarah House	Senior Economist	704-410-3282	Sarah.House@wellsfargo.com
Azhar Iqbal	Econometrician	212-214-2029	Azhar.Iqbal@wellsfargo.com
Charlie Dougherty	Economist	212-214-8984	Charles.Dougherty@wellsfargo.com
Michael Pugliese	Economist	212-214-5058	Michael.D.Pugliese@wellsfargo.com
Brendan McKenna	International Economist	212-214-5637	Brendan.Mckenna@wellsfargo.com
Jackie Benson	Economist	704-410-4468	Jackie.Benson@wellsfargo.com
Shannon Seery	Economist	332-204-0693	Shannon.Seery@wellsfargo.com
Nicole Cervi	Economic Analyst	704-410-3059	Nicole.Cervi@wellsfargo.com
Jessica Guo	Economic Analyst	212-214-1063	Jessica.Guo@wellsfargo.com
Karl Vesely	Economic Analyst	704-410-2911	Karl.Vesely@wellsfargo.com
Patrick Barley	Economic Analyst	704-410-1232	Patrick.Barley@wellsfargo.com
Jeremiah Kohl	Economic Analyst	704-410-1437	Jeremiah.J.Kohl@wellsfargo.com
Coren Burton	Administrative Assistant	704-410-6010	Coren.Burton@wellsfargo.com

Required Disclosures

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

This publication has been prepared for informational purposes only and is not intended as a recommendation offer or solicitation with respect to the purchase or sale of any security or other financial product nor does it constitute professional advice. The information in this report has been obtained or derived from sources believed by WFBNA to be reliable, but has not been independently verified by WFBNA, may not be current, and WFBNA has no obligation to provide any updates or changes. All price references and market forecasts are as of the date of the report. The views and opinions expressed in this report are not necessarily those of WFBNA and may differ from the views and opinions of other departments or divisions of WFBNA and its affiliates. WFBNA is not providing any financial, economic, legal, accounting, or tax advice or recommendations in this report, neither WFBNA nor any of its affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the statements or any information contained in this report and any liability therefore (including in respect of direct, indirect or consequential loss or damage) is expressly disclaimed. WFBNA is a separate legal entity and distinct from affiliated banks and is a wholly owned subsidiary of Wells Fargo & Company. © 2022 Wells Fargo Bank, N.A.

Important Information for Non-U.S. Recipients

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

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