WELLS FARGO

Weekly — October 1, 2021

Weekly Economic & Financial Commentary

United States: **With Eyes on Washington, the Expansion Continues to Roll Along**

- Data released this week showed the production and housing sectors continued to hum, despite ongoing supply constraints, while consumers kept spending, despite some trepidation about the economic outlook.
- Next week: Trade Balance (Tuesday), ISM Services (Tuesday), Nonfarm Payrolls (Friday)

International: **Rate Hikes Across Latin America; Mixed Signals from China's PMIs**

- With elevated inflation still a concern in Latin America, central banks across the region opted to lift interest rates this week in an effort to control price pressures. While we are not exactly calling for a sudden turn in China's economic prospects, the non-manufacturing PMI gives us hope that the end of the recent economic slowdown could be near.
- Next week: Turkey CPI (Monday), RBNZ Rate Decision (Tuesday), Reserve Bank of India Rate Decision (Friday)

Interest Rate Watch: **Interest Rates Rise in Wake of FOMC Meeting**

- We look for the yield on the two-year note to rise to 0.90% by the end of next year and to 1.60% by the end of 2023. We also see rates at the longer end of the curve moving higher, albeit not to the same extent as the two-year note.

Credit Market Insights: **The iBuyer Phenomenon**

- The United States' housing market has resiliently rebounded from last year's sharp, COVID-driven contraction. Recently, home flipping has become increasingly popular among companies known as "iBuyers." These firms finance their activities with bonds backed by homes they have purchased, but have not yet sold, as collateral.

Topic of the Week: **Shutdown Avoided, but Debt Limit Looms Large**

- On Thursday, Congress passed and President Biden signed a continuing resolution (CR) that funds the federal government until Dec. 3. The CR averted a government shutdown that would have begun today if Congress had not acted in time. However, we are not out of the woods yet when it comes to fiscal deadlines in D.C.

Wells Fargo Securities U.S. Economic Forecast

	Actual				Forecast				Actual	Forecast		
	2021				2022				2020	2021	2022	2023
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product [1]	6.3	6.7	4.6	5.7	4.2	4.1	3.4	2.8	-3.4	5.9	4.5	3.0
Personal Consumption	11.4	12.0	0.9	2.7	3.4	4.0	3.2	2.3	-3.8	7.7	3.5	2.6
Consumer Price Index [2]	1.9	4.8	5.3	5.4	5.1	3.5	2.5	2.3	1.2	4.3	3.3	2.3
"Core" Consumer Price Index [2]	1.4	3.7	4.2	4.4	4.6	3.2	2.3	2.3	1.7	3.4	3.1	2.5
Quarter-End Interest Rates [3]												
Federal Funds Target Rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.25	0.25	0.50
Conventional Mortgage Rate	3.08	2.98	2.90	3.20	3.45	3.60	3.70	3.75	3.12	3.04	3.63	3.83
10 Year Note	1.74	1.45	1.45	1.70	1.90	2.00	2.10	2.15	0.89	1.59	2.04	2.23

Forecast as of: September 09, 2021

[1] Compound Annual Growth Rate Quarter-over-Quarter [3] Annual Numbers Represent Average

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

Please find our full U.S. Economic Forecast here.

All estimates/forecasts are as of 10/1/2021 unless otherwise stated. 10/1/2021 12:30:50 EDT. Please see page 13 for rating definitions, important disclosures and required analyst certifications. Wells Fargo Securities, LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of the report and investors should consider this report as only a single factor in making their investment decision.
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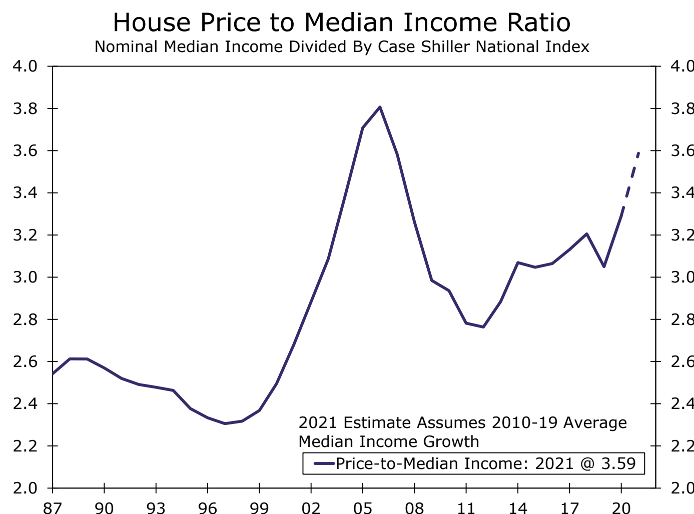
U.S. Review

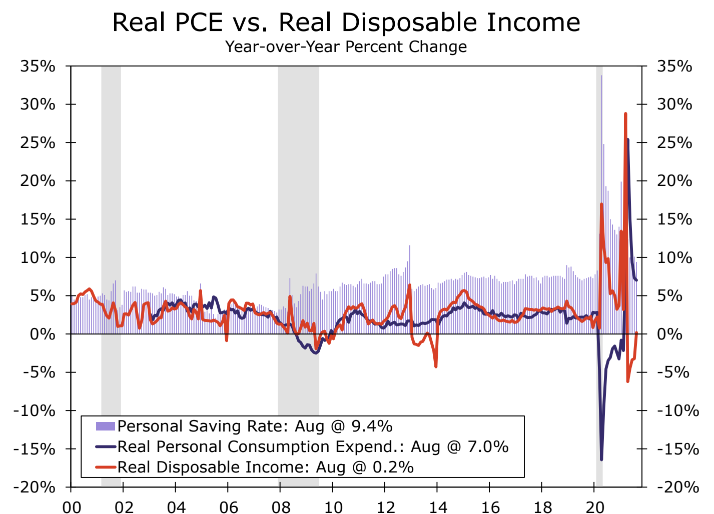
With Eyes on Washington, the Expansion Continues to Trudge Along

Data this week indicated that the expansion maintained some momentum in the face of familiar headwinds, though this week's releases were largely overshadowed by a busy week on Capitol Hill, which we cover in our Topic of the Week. Durable goods orders rose 1.8% in August, nearly trebling expectations for a 0.7% increase. Aircraft orders boosted the headline, but core capital goods orders still rose a healthy 0.5%, suggesting the business investment spree remains on track. While demand is strong, transportation, labor and material problems have made it tough for producers to keep pace, and this morning's ISM manufacturing report suggests issues are only intensifying. Despite these headwinds, core capital goods shipments increased for a sixth-straight month. Part of the increase, however, was likely due to higher prices, as fulfilling orders in this supply-constrained environment is not cheap.

Housing is another area in which prices have picked up meaningfully. While home building is gaining momentum, data released this week showed home prices rising at their fastest year-over-year rate on record. The month-over-month increases have started to moderate at the margin as more inventory comes available, but the housing market remains hot. Pending home sales, which measure signed resale contracts, jumped 8.1% in August, marking the biggest increase in three months. Though strength in home sales may be somewhat difficult to maintain given low inventory and high prices, the underlying demand drivers remain intact and low mortgage rates as well as rising incomes should help offset some affordability concerns.



Source: U.S. Department of Commerce, S&P Dow Jones Indices and Wells Fargo Securities



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

The latest read on consumers' view of the economy suggested optimism about the ongoing recovery remained muted in September. The Conference Board's Consumer Confidence Index, which had been buoyant in the face of higher COVID cases and rising inflation, fell for the third-straight month. The final read on the University of Michigan's consumer sentiment measure confirmed a modest gain in the index, leaving it around the level hit in April 2020. Outside of souring sentiment, the public health picture has shown some improvement, with new COVID case growth slowing from its early September peak. Additionally, the divergence in the "hard" and "soft" survey data, suggest spending may not follow the drop in confidence. Despite confidence tumbling in August, personal spending rose 0.8%, and early indications from card transaction data suggest spending has not slumped in September either. That said, a solid chunk of this increase is due to higher prices. After adjusting for inflation, August's increase was cut in half to 0.4%, which was not enough to offset the revised 0.5% decline in July. While still-high inflation is weighing on real consumption, rising incomes could offset some of the bite. Through August, disposable income was up 3.4% over its pre-COVID level even after controlling for inflation. Overall, we expect consumer spending to improve as we move into Q4 and the holiday shopping season, though goods shortages are likely to persist and the risk of another COVID wave is ever-present. (Return to Summary)

U.S. Outlook

Weekly Domestic Indicator Forecasts					
Date	**Indicator**	**Period**	**Consensus**	**Wells Fargo**	**Prior**
4-Oct	Factory Orders	Aug	1.0%	1.0%	0.4%
5-Oct	Trade Balance	Aug	-$70.2B	-$71.0B	-$70.1B
5-Oct	ISM Services Index	Sep	59.5	61.2	61.7
8-Oct	Nonfarm Payrolls	Sep	488K	650K	235K
8-Oct	Unemployment Rate	Sep	5.1%	5.1%	5.2%
8-Oct	Average Hourly Earnings (MoM)	Sep	0.4%	0.4%	0.6%

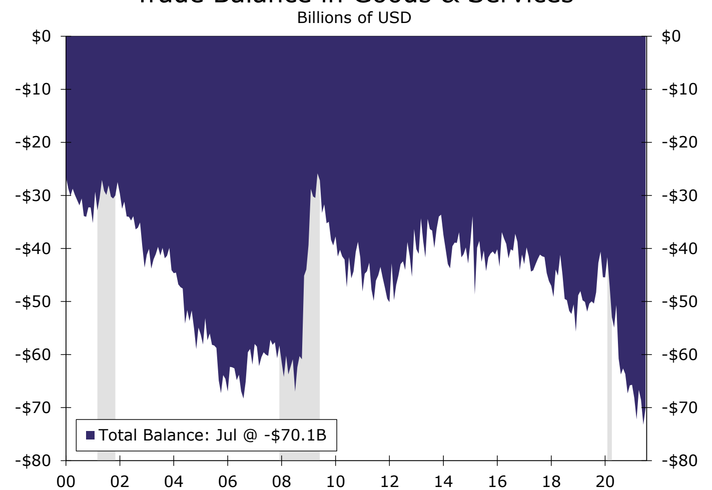
Forecast as of October 01, 2021

Source: Bloomberg LP and Wells Fargo Securities

Trade Balance • Tuesday

During July, the U.S. trade deficit narrowed to $70.1 billion. Exports surged 1.3%, with every major category advancing during the month. On the other side of the ledger, overall imports declined 0.2% alongside a 1.2% dip in goods imports. Aside from auto imports, every other major category of goods imports fell during the month. On the services side, exports of services rose 0.1%, while imports climbed 5.5%. Consumers are again spending on experiences, as evidenced by a jump in both travel services and recreational imports.

One of the factors driving the narrowing recorded during July had to do with the re-emergence of foreign travel, which may prove to be short-lived. Looking ahead, the worldwide rise in the Delta variant of COVID continues to weigh on the global economic recovery and impede the functioning of supply chains, which are headwinds for trade. Congestion at U.S. ports is a particular problem. The number of ships at anchor off the coast of California grew in July and continued growing in August, which could constrain goods imports. We look for the trade deficit to widen slightly to $71.0 billion in August.

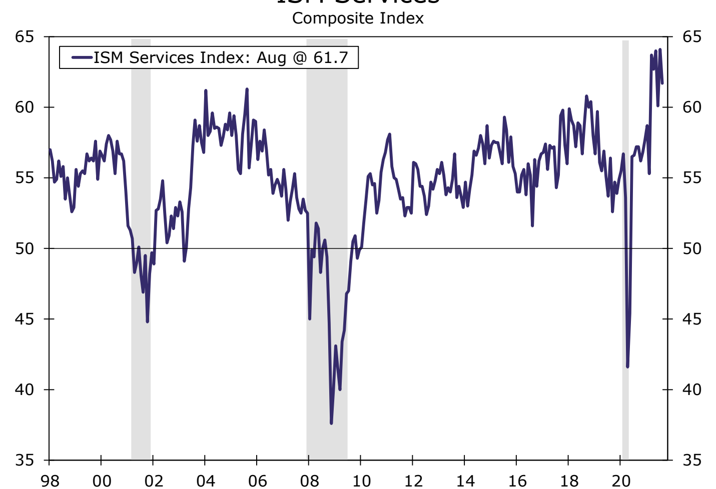


Source: U.S. Department of Commerce and Wells Fargo Securities

ISM Services • Tuesday

The ISM services index fell to 61.7 in August from 64.1 in July. The drop was likely owed to the acceleration in Delta case counts, which led to a pullback in consumer confidence during the month. The move lower also suggests that service providers are still constrained by labor shortages and rising input costs due to supply chain dislocations. The level of the headline index is still solidly above 50, which indicates a solid pace of expansion in the service sector, but the monthly downshift means these headwinds are holding back growth.

Keeping this in mind, we are forecasting a small decline in the ISM services index for September. During August, the new orders component of the index edged lower, as did the backlog of orders sub-index. Similarly, new export orders dropped over five points. The prevalence of Delta and ongoing supply side issues are certainly challenges at present. Demand for services remains quite strong, however, which should keep the index firmly in expansion territory.

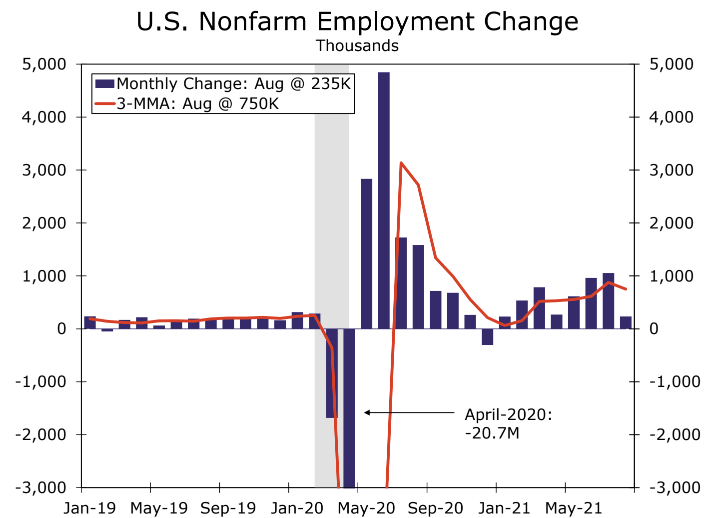


Source: Institute for Supply Management and Wells Fargo Securities

Employment • Friday

Rising COVID concerns also appear to have weighed on hiring in August. Employers added 235K new jobs during the month, a result that was well below consensus expectations. The unemployment rate fell to 5.2% from 5.4% the month prior. However, labor force participation remained unchanged, which is a reminder that many workers are still glued to the sidelines, making filling new positions a challenge for businesses. Wages continue to push higher as a result, with average hourly earning rising 0.6% during August.

We expect payrolls to rebound in September. The Delta wave appears to have peaked earlier in the month, which should help ease COVID-related concerns. The timing of the survey week falls as late as it possibly could on the calendar, leaving employers and job-seekers more time to gain confidence in the improving health situation. Dining reservations stabilizing in September is a sign that hiring in the leisure & hospitality industry is poised to bounce back after a down month in August. Demand for labor also remains exceptionally strong. Job openings, hiring plans and consumers' views of whether jobs are "plentiful" all rose to record highs over the past month. In addition, school is now back in session which should ease childcare burdens and allow at least some parents to return to the labor force. What's more, the supply of labor should be bolstered by the end of pandemic-era unemployment programs and benefit payouts in all states as of Sept. 6. Overall, we anticipate a 650K gain in payrolls for September, which, as of this writing, is above consensus expectations. Furthermore, we look for the unemployment rate to decline to 5.1% and average hourly earnings to rise 0.4%. (Return to Summary)



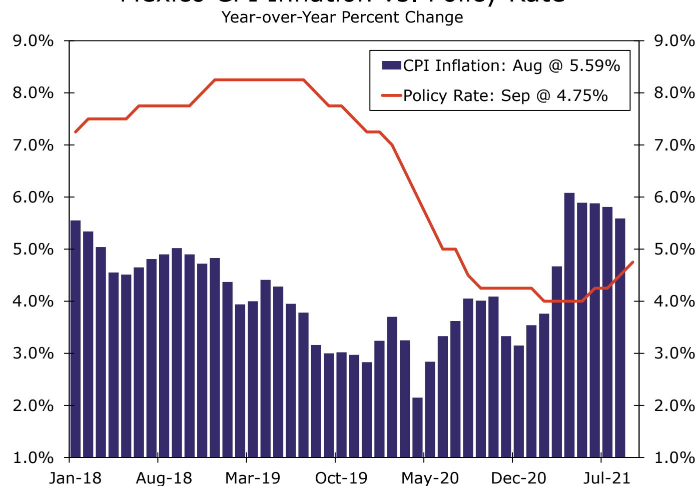
Source: U.S. Department of Labor and Wells Fargo Securities

International Review

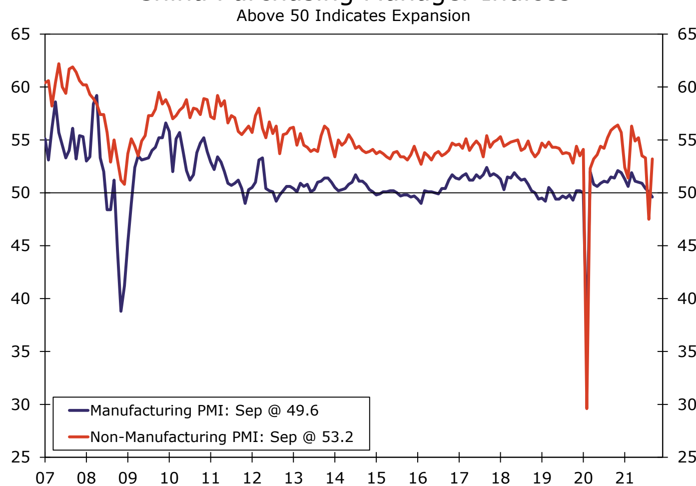
Rate Hikes Across Latin America

With elevated inflation still a concern in Latin America, central banks across the region opted to lift interest rates this week in an effort to control price pressures. Starting in Mexico, the central bank lifted its Overnight Rate by 25 bps to 4.75%, and cited persistent and above-target inflation as the primary justification for tighter monetary policy. With this week's rate hike, the Central Bank of Mexico has lifted policy rates a cumulative 50 bps year to date; however, for most of this year, policymakers have been split on whether interest rates should go higher or stay steady. This week's decision was similar in the sense that policymakers were not unanimous in their decision to tighten policy; however, at the margin, the central bank may have turned slightly more hawkish. To that point, Banxico members voted 4-1 to lift the Overnight Rate, whereas previous meetings had seen a 3-2 split in favor of tightening monetary policy. In addition to more members voting for a rate hike, Banxico also revised its inflation forecasts higher and signaled price pressures may not be as transitory as initially expected. With the Mexican peso under pressure lately and inflation still above the 4% target, we believe additional rate hikes are still likely before the end of this year.

Policy rates also moved higher in Colombia this week, as local policymakers voted to lift the Overnight Lending Rate by 25 bps to 2.00%, the first rate hike in Colombia in five years. Rising inflation and inflation expectations again were cited as key rationale for the decision to tighten monetary policy. Colombia's economy is slowly recovering, especially as oil prices push higher and local politics are steady for the time being. As the economy steadies and inflation drifts higher, we expect policy rates to continue moving higher in Colombia. In our view, an additional 75 bps of tightening could take place before the end of this year.



Source: Bloomberg LP and Wells Fargo Securities



Source: Bloomberg LP and Wells Fargo Securities

Mixed Signals from China's PMIs

News out of China lately has mostly been negative; however, this week's PMI data were more mixed. While we are not exactly calling for a sudden turn in China's economic prospects, the non-manufacturing PMI gives us hope that the end of the recent economic slowdown could be near. To that point, the September non-manufacturing PMI rose back into expansion territory, climbing to 53.2. The jump was mainly tied to a strong rise in the services index due to an easing of COVID-related restrictions. On the other hand, the construction index softened to 57.5, which could speak to just how much stress the real estate and property development industries are under as a result of President Xi's push for common prosperity and the crisis at Evergrande. Mixed signals stem from the manufacturing PMI falling into contraction territory. In September, the manufacturing PMI fell to 49.6, the lowest reading in two years. The drop in the manufacturing PMI is somewhat concerning, especially as the dip in the manufacturing sector came ahead of reports that the power shortages in China have intensified. To that point, local reports indicate factories in multiple provinces have either closed or scaled back production in an effort to conserve power.

Given the dip in the manufacturing PMI, which could still fall further amid the power shortages, and supply chain disruptions, we remain concerned regarding the short-term economic outlook for China. For the time being, the People's Bank of China (PBoC) has injected liquidity into China's financial system to ease funding pressure and any additional stress the economy could face. We also believe the PBoC will lower the Reserve Requirement Ratio in the near future. These policy adjustments will support the economy over the medium term; however, they may not be enough to prevent a sharp slowdown in output when Q3 GDP data are released. Going forward, we will pay close attention to local reports of power shortages and how the manufacturing sector is evolving, as well as if the PBoC continues to inject liquidity into China's system. Data will be relatively light for the next week as China's Golden Week arrives; however, we will continue to monitor local news reports for additional insight. (Return to Summary)

International Outlook

Weekly International Indicator Forecasts					
Date	**Indicator**	**Period**	**Consensus**	**Wells Fargo**	**Prior**
4-Oct	Turkey CPI (YoY)	Sep	19.65%	-	19.25%
5-Oct	RBNZ Cash Rate	5-Oct	0.50%	-	0.25%
8-Oct	RBI Repurchase Rate	8-Oct	4.00%	-	4.00%
8-Oct	RBI Reverse Repo Rate	8-Oct	3.35%	-	3.35%

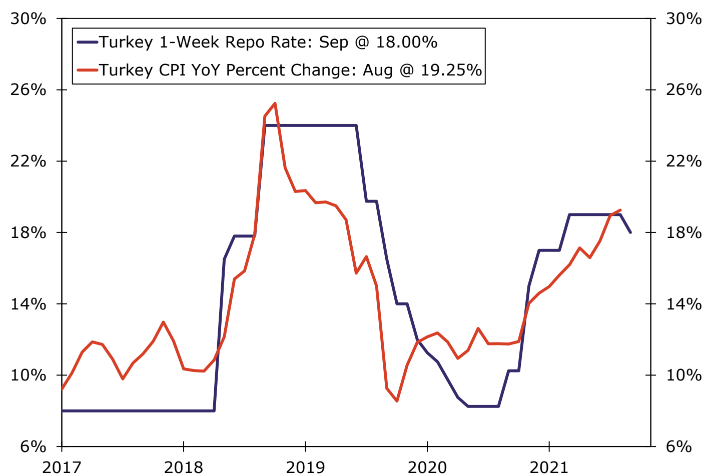
Forecast as of October 01, 2021

Source: Bloomberg LP and Wells Fargo Securities

Turkey Inflation • Monday

Elevated inflation has been an issue in Turkey for quite a long time. As of August, CPI inflation is 19.25% year over year, which is well above the central bank's official inflation target of 5%. We can point to a mix of factors that have kept inflation above target: A weak lira, easy monetary policy, elevated commodity prices and supply chain disruptions have all contributed to inflationary pressures. In our view, we believe the central bank is unlikely to contain inflation and CPI will remain elevated going forward.

Just recently, the central bank lowered its one-week repurchase rate by 100 bps to 18%, which we believe should fuel additional inflationary pressures in the near future. The lira has hit new lows against the U.S. dollar, and currency weakness should filter through to higher prices over time as well. Next week, September inflation data will be released, and consensus forecasts expect CPI to move higher to 19.65% year over year. Higher inflation should create more negative real interest rate dynamics in Turkey and weigh on the lira even further, possibly fueling even higher inflation. Given the unorthodox approach to monetary policy in Turkey, higher inflation could also lead to further policy rate cuts and possibly another Turkish lira currency crisis. We will be keeping an eye on inflation and monetary policy developments in Turkey, and whether another crisis could unfold in the near future.

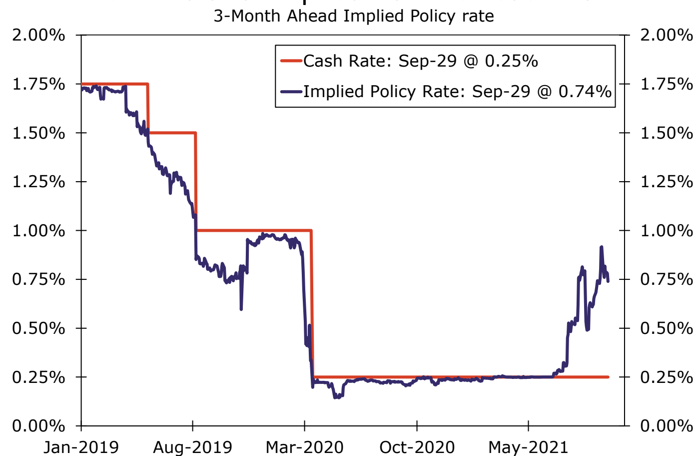


Source: Bloomberg LP and Wells Fargo Securities

Reserve Bank of New Zealand • Tuesday

A renewed COVID outbreak dissuaded the Reserve Bank of New Zealand (RBNZ) from tightening monetary policy a few months ago; however, we expect RBNZ policymakers to raise interest rates next week. While the economic shock from a nationwide lockdown may be harsh in Q3, COVID cases are now under control and the economic outlook looks more positive. Inflation expectations are also rising, which we believe should provide RBNZ policymakers with justification to begin tightening policy at next week's meeting.

We forecast a 25-bp rate hike next week, which would take the Cash Rate to 0.50%. In addition to next week's rate hike, we also expect another 25-bp rate increase at the RBNZ's November meeting. Our views on monetary policy in New Zealand seem to be fully priced by financial markets. Looking at the implied policy rate three months from now, market participants expect interest rates in New Zealand to rise to 0.75%, implying 50 bps of rate hikes before the end of this year. Looking even further out, we expect the RBNZ to continue raising policy rates to be at the forefront of tightening monetary policy within the G10.

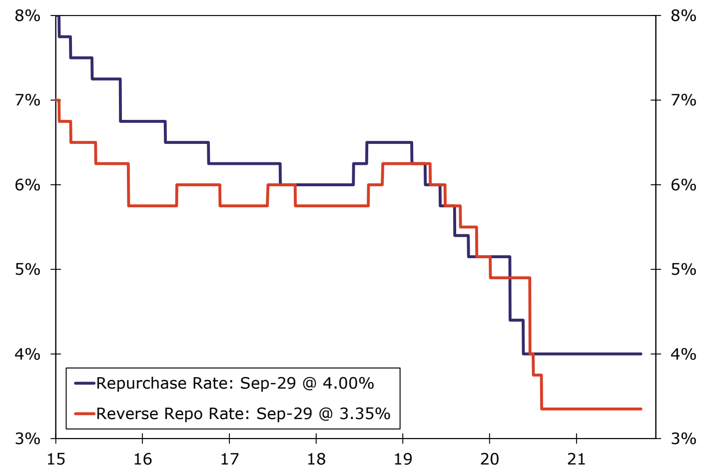


Source: Bloomberg LP and Wells Fargo Securities

Reserve Bank of India • Friday

India's economy has been hit with multiple shocks during the COVID pandemic. The initial wave of virus infections in early 2020 resulted in a significant contraction, while a severe second wave crippled the economy earlier this year. Leading indicators have suggested the economy is recovering; however, nominal GDP is still well below pre-pandemic levels. In addition, rising oil prices should complicate the recovery, as India is one of the largest oil importing countries in the world. The combination of a fragile recovery and inflation currently within the central bank's target range should keep monetary policy accommodative for foreseeable future. To that point, we expect no major changes to policy settings when the Reserve Bank of India (RBI) meets next week.

Next week, we expect RBI policymakers to keep the repurchase rate at 4.00% and the reverse repurchase rate at 3.35%. We also expect RBI policymakers to communicate that the policy priorities are GDP growth and keeping policy as accommodative as possible to assist economic growth. As far as our policy rate forecasts, we expect the RBI to keep policy steady through the end of 2022, and would only adjust our outlook should inflation spike above target or the economy show signs of a persistent and solid economic recovery. As of now, we find that combination unlikely. (Return to Summary)



Source: Bloomberg LP and Wells Fargo Securities

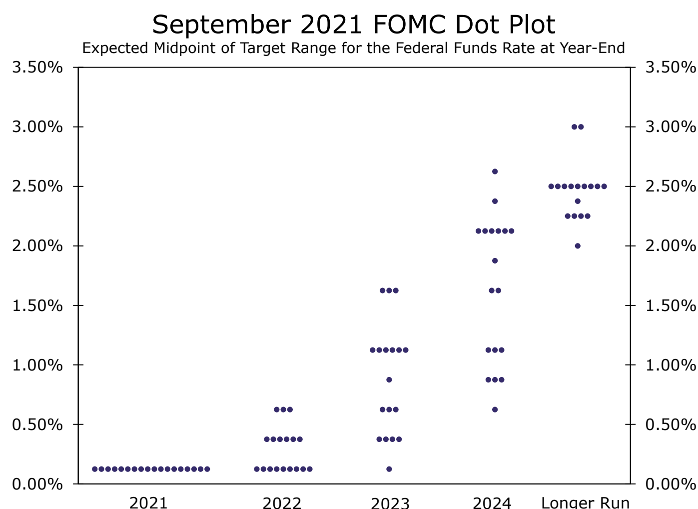
Interest Rate Watch

Interest Rates Rise in Wake of FOMC Meeting

As we wrote in this space last week, the Federal Open Market Committee (FOMC) sent a relatively hawkish signal at the conclusion of its policy meeting last week. Not only did the FOMC signal that it likely will begin to "taper" its asset purchases soon, but policymakers indicated that they may begin to raise the target range for the fed funds rate sooner than previously expected. Specifically, nine of the 18 committee members believe that it would be appropriate to raise rates by the end of next year, and only one member currently sees rates on hold through the end of 2023 (see chart). The so-called "dot plot" that was released after the June FOMC meeting showed that only seven members thought at that time that higher rates would be appropriate by the end of next year.

These expectations of sooner-than-expected Fed tightening have led to a move higher in rates. The yield on the two-year Treasury security has risen 7 bps since the day before the FOMC meeting. True, the yield is only 0.28% as of this writing, but it is the highest yield on the two-year note since March 2020 when the economy was in free fall. The yield on the 10-year note has shot up roughly 20 bps since the FOMC meeting, and it currently sits at 1.48%, near its three-month high of 1.54% reached on Tuesday.

The yield on the two-year note essentially sits at our current year-end target of 0.30%, but we look for it to rise further in coming quarters as Fed tightening draws nearer. That is, we expect the FOMC to remain on hold through 2022, but that it will raise its target range for the fed funds rate by 75 bps in 2023. We look for the yield on the two-year note to rise to 0.90% by the end of next year and to 1.60% by the end of 2023. We also see rates at the longer end of the curve moving higher, albeit not to the same extent as the two-year note. Our forecast currently looks for a yield of 1.70% on the 10-year note at the end of this year and 2.15% at the end of 2022. (Return to Summary)



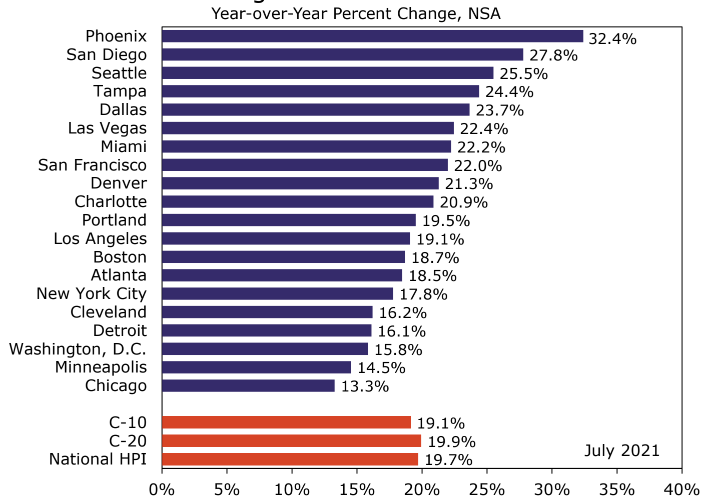
Source: Federal Reserve Board and Wells Fargo Securities

Credit Market Insights

The iBuyer Phenomenon

The United States' housing market has rebounded resiliently from last year's sharp, COVID-driven contraction. It has seen high demand not only from potential homebuyers seeking more living space, but also from investors looking to increase their exposure to the real estate sector. Recently, home flipping has become increasingly popular among companies known as “iBuyers.” These firms finance their activities with bonds backed by homes they have purchased, but have not yet sold, as collateral.

The process starts by allowing homeowners to request an offer on a house they intend to sell. Companies use data and algorithms to produce an offer price that should be in line with its estimated market value, and if the homeowners accept, the company purchases the home from them, makes any necessary repairs, and then resells it on the market, profiting off of a convenience fee. This could potentially alleviate timing mismatches that may occur when consumers are selling a house and subsequently buying another. After the home is resold, it can no longer be part of the bond, and the company will need to replace it with other inventory. At the end of the bond’s term, the company can either pay the loan off, or in a more likely scenario, refinance it into a new loan facility. iBuyers have gained market share in the past year, and in the second quarter of 2021, the top four iBuyers (Zillow, Offerpad, Opendoor and RedfinNow),purchased around 15,000 homes—around 1% of total home purchases in the United States. Declining loan facility rates have also meant that iBuyers have seen their cost of borrowing decrease as home flipping becomes more common.



Source: S&P CoreLogic and Wells Fargo Securities

Financial markets have long been intertwined with the housing market. While some financial instruments like mortgage-backed securities have been around for some time, the use of bonds backed by a company’s inventory of homes gives investors exposure to the U.S. real estate sector without being tied specifically to consumer credit. However, in addition to potentially putting upward pressure on already high home prices, which climbed this week to 19.7% year over year as of July, there is also the risk that the housing market slows and home prices drop, which could make repayment of these credit facilities more challenging. (Return to Summary)

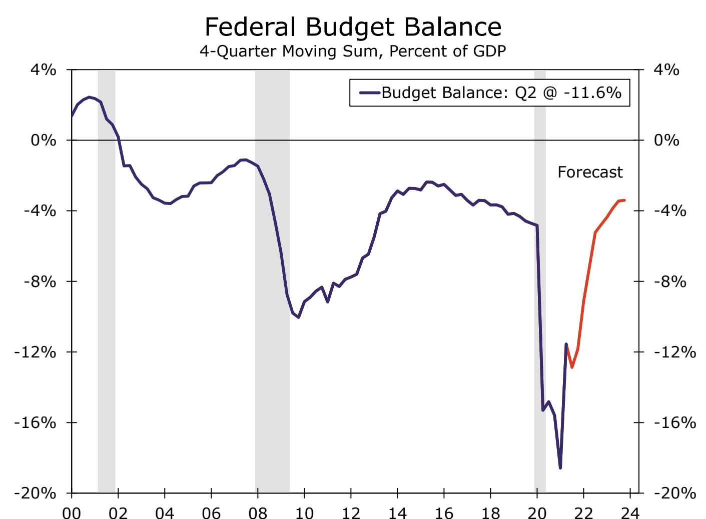
Topic of the Week

Shutdown Avoided, but Debt Limit Looms Large

On Thursday, Congress passed and President Biden signed a continuing resolution (CR) that funds the federal government until Dec. 3. The CR averted a government shutdown that would have begun today if Congress had not acted in time. Averting a shutdown has some important economic implications. As we have written previously, past shutdowns have imparted a modest drag on economic growth. In addition, a shutdown can delay or even cancel important economic data releases, such as the monthly employment report or quarterly GDP releases.

However, we are not out of the woods yet when it comes to fiscal deadlines in D.C. First, the CR only funds the government until Dec. 3, which is just nine weeks away. The hope is that between now and then Congress can agree on an omnibus budget bill that would fund the government's activities through the remainder of the fiscal year. But there is of course the possibility that we will again face more shutdown brinkmanship in two months if a deal is not reached by then.

More pressing is that the CR Congress passed this week did *not* include a debt ceiling increase or suspension. As a reminder, the debt ceiling (also called the debt limit) imposes a cap on the amount of money the federal government can borrow. The federal government has been up against that cap since Aug. 1, and the U.S. Treasury has been utilizing "extraordinary measures" and cash on hand to finance the gap between its revenues and outlays.



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

In a letter to Congress dated Sept. 28, Treasury Secretary Yellen estimated that the Treasury would exhaust its extraordinary measures by Oct. 18 if Congress did not raise or suspend the debt ceiling by that date. One day later, the Congressional Budget Office released a report estimating that the Treasury would run out of cash "near the end of October or the beginning of November," which is more in line with our previous projections. Regardless, the date on which the federal government would no longer be able to meet all of its obligations on time is rapidly approaching.

As of this writing, Congress has not made much progress on the debt ceiling front. Democrats have repeatedly tried to suspend the debt ceiling, but Republicans have filibustered it in the Senate. Republicans have countered that Democrats can increase the debt ceiling by using the budget reconciliation process, which can circumvent a filibuster, but Democrats have been equally steadfast in their opposition to this idea. Ultimately, one of these two approaches has to be adopted, but it remains to be seen what it will take to break the logjam.

The United States has never defaulted on its obligations, so no one knows exactly what would happen if the "X date" were breached. It is possible the Treasury would prioritize interest payments on Treasury securities to avoid a technical default. The transcript from an Aug. 1, 2011, FOMC conference call seems to suggest this option was on the table during that debt ceiling dispute.

However, this could come with political ramifications if other government payments to individuals or businesses are not made while interest payments are. In addition, financial markets may view prioritization as a de facto default if not a de jure one. Either way, the financial market fallout could be very significant, with potential spillovers into the real economy as financial conditions tighten severely. We will be closely monitoring the situation over the next few weeks and will keep our readers abreast of any important developments. (Return to Summary)

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 10/1/2021	1 Week Ago	1 Year Ago
1-Month LIBOR	0.08	0.08	0.15
3-Month LIBOR	0.13	0.13	0.23
3-Month T-Bill	0.03	0.03	0.09
1-Year Treasury	0.07	0.07	0.08
2-Year Treasury	0.27	0.27	0.13
5-Year Treasury	0.96	0.95	0.27
10-Year Treasury	1.49	1.45	0.68
30-Year Treasury	2.05	1.98	1.46
Bond Buyer Index	2.26	2.15	2.21

Foreign Exchange Rates

	Friday 10/1/2021	1 Week Ago	1 Year Ago
Euro ($/€)	1.160	1.172	1.175
British Pound ($/£)	1.354	1.368	1.289
British Pound (£/€)	0.857	0.857	0.911
Japanese Yen (¥/$)	111.080	110.730	105.530
Canadian Dollar (C$/$)	1.268	1.265	1.329
Swiss Franc (CHF/$)	0.929	0.925	0.919
Australian Dollar (US$/A$)	0.726	0.726	0.719
Mexican Peso (MXN/$)	20.542	20.053	21.825
Chinese Yuan (CNY/$)	6.445	6.459	6.791
Indian Rupee (INR/$)	74.125	73.691	73.146
Brazilian Real (BRL/$)	5.416	5.335	5.646
U.S. Dollar Index	94.050	93.327	93.711

Source: Bloomberg LP and Wells Fargo Securities

Foreign Interest Rates

	Friday 10/1/2021	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.56	-0.56	-0.51
3-Month Sterling LIBOR	0.08	0.07	0.07
3-Month Canada Banker's Acceptance	0.45	0.45	0.51
3-Month Yen LIBOR	-0.08	-0.07	-0.10
2-Year German	-0.70	-0.69	-0.71
2-Year U.K.	0.40	0.38	-0.04
2-Year Canadian	0.52	0.50	0.25
2-Year Japanese	-0.11	-0.10	-0.12
10-Year German	-0.24	-0.23	-0.54
10-Year U.K.	1.00	0.93	0.23
10-Year Canadian	1.47	1.38	0.55
10-Year Japanese	0.06	0.06	0.02

Commodity Prices

	Friday 10/1/2021	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	74.56	73.98	38.72
Brent Crude ($/Barrel)	77.94	78.09	40.93
Gold ($/Ounce)	1756.47	1750.42	1906.01
Hot-Rolled Steel ($/S.Ton)	1799.00	1870.00	615.00
Copper (¢/Pound)	414.00	428.40	286.35
Soybeans ($/Bushel)	12.46	12.70	8.97
Natural Gas ($/MMBTU)	5.67	5.14	2.53
Nickel ($/Metric Ton)	17,947	19,374	14,480
CRB Spot Inds.	619.63	620.38	474.96

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