Economics

Weekly — May 10, 2024

Weekly Economic & Financial Commentary

United States: **The Calm Before the Storm**

- Was it an unwillingness to share the limelight with the world's central banks or just a quirk of the domestic economic calendar? Either way, it was an extraordinarily light week for U.S. economic data.
- Next week: Consumer Price Index (Wed.), Retail Sales (Wed.), Industrial Production (Thu.)

International: **Another Busy Week for Foreign Central Banks**

- It was a busy week for foreign central banks. The Bank of England, Reserve Bank of Australia and Banxico all held their policy rates steady, though the Bank of England offered a dovish outlook in contrast to the hawkish outlooks from Australia and Mexico. Sweden's Riksbank cut its policy rate by 25 bps to 3.75%, as expected, while Brazil's central bank slowed the pace of its monetary easing, with a 25 bps Selic rate cut to 10.50%.
- Next week: U.K. Average Weekly Earnings (Tue.), Japan GDP (Thu.), China Retail Sales and Industrial Output (Fri.)

Credit Market Insights: **Give Me Some Credit**

- Credit card debt is expanding at double its average annual growth in 2019. The strong rise is concerning, given the backdrop of record-high credit card APRs and generally elevated borrowing costs. Have households shown signs of stress?

Topic of the Week: **The Fed's Balance Sheet Begins Its Next Chapter**

- Last week, the FOMC announced a plan to begin slowing the pace of its balance sheet runoff program, commonly known as "quantitative tightening" (QT). Starting on June 1, the monthly redemption cap on Treasury securities will drop to $25 billion. The monthly redemption cap for mortgage-backed securities (MBS) will be left unchanged at $35 billion.

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Wells Fargo U.S. Economic Forecast

	Actual 2023				Forecast 2024				Actual		Forecast	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2022	2023	2024	2025
Real Gross Domestic Product [1]	2.2	2.1	4.9	3.4	1.6	2.7	1.9	1.5	1.9	2.5	2.6	2.0
Personal Consumption	3.8	0.8	3.1	3.3	2.5	3.0	1.6	1.7	2.5	2.2	2.6	1.9
Consumer Price Index [2]	5.7	4.0	3.6	3.2	3.2	3.5	3.3	3.2	8.0	4.1	3.3	2.5
"Core" Consumer Price Index [2]	5.5	5.2	4.4	4.0	3.8	3.6	3.6	3.5	6.2	4.8	3.6	2.9
Quarter-End Interest Rates [3]												
Federal Funds Target Rate[4]	5.00	5.25	5.50	5.50	5.50	5.50	5.25	5.00	2.02	5.23	5.31	4.38
Conventional Mortgage Rate	6.54	6.71	7.20	6.82	6.82	7.05	6.80	6.50	5.38	6.80	6.79	6.09
10 Year Note	3.48	3.81	4.59	3.88	4.20	4.40	4.20	4.00	2.95	3.96	4.20	3.83

Forecast as of: May 08, 2024 [1] Compound Annual Growth Rate Quarter-over-Quarter [2] Year-over-Year Percentage Change
[3] Quarterly Data - Period End; Annual Data - Annual Averages [4] Upper Bound of the Federal Funds Target Range

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.

U.S. Review

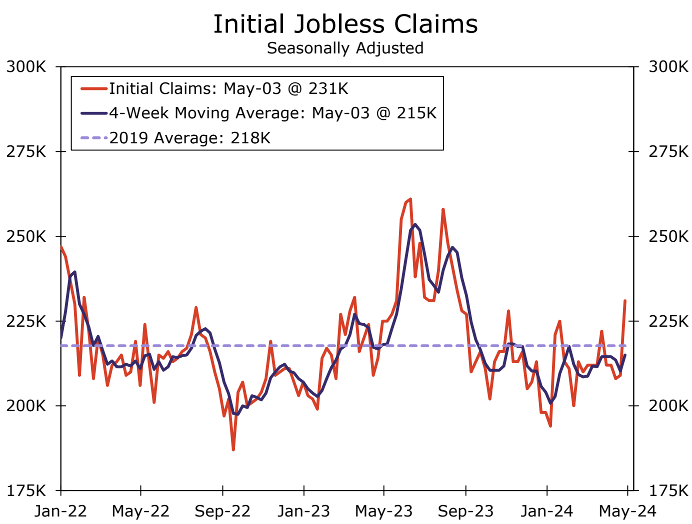
The Calm Before the Storm

Friedrich Nietzsche once famously asked, “Is life not a thousand times too short for us to bore ourselves?” It might have been after a week like this that provoked such an illustrious thought from the famed German philosopher. In a quirk of the calendar, this week brought a five-day stretch with very little in the way of major economic indicators. In Credit Market Insights, we unpack the most important aspects of this week's release of consumer credit data and what the latest senior loan officer survey tells us about prospects for credit.

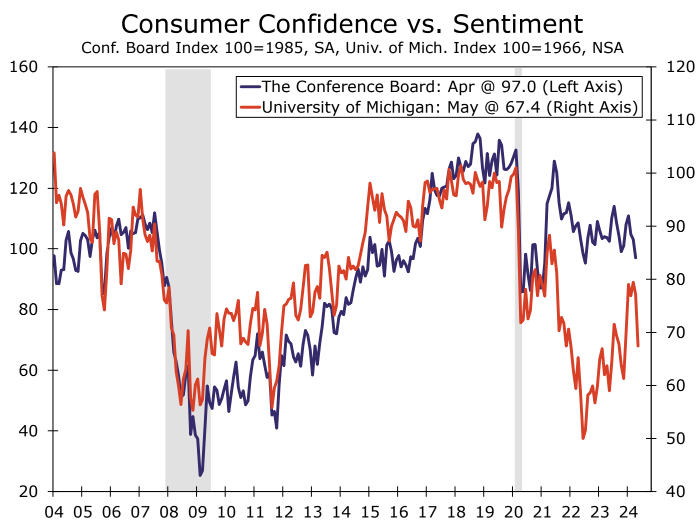
While it is true that we get jobless claims figures every Thursday, it is rare that we include it in our weekly. The fact that we mention it today admittedly may have something to do with the light calendar, but it was a bit of an eyebrow-raising report.

First-time claims for unemployment insurance rose by 22K to 231K in the week ended May 4. That was not only more than the 212K figure consensus had baked-in, it also marks the highest level since August. Yet even at a nine-month high, the claims numbers are still low by historical standards. To smooth the weekly volatility, a four-week moving average rose only 5K to 215K. Continuing claims, the number of people remaining on jobless benefits from prior weeks, posted a gain of 17K in the week ended April 27, to reach 1785K.

One week does not a trend make. Unless sustained for several weeks, the jump in initial jobless claims does not alter our expectation for the Fed to keep policy steady until September. In fact, a modest rise in jobless claims could help further the Federal Reserve's objectives as such a rise could contribute to slowing in wage growth and inflation.



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



Source: The Conference Board, University of Michigan and Wells Fargo Economics

We had to wait until the end of the week for what was arguably the most consequential indicator of the week, the University of Michigan's preliminary assessment of consumer sentiment for the month of May. Consumer sentiment in May was downright gloomy. The index dropped 9.8 points to 67.4 in May's preliminary reading. This accounts for the largest one-month drop in the measure since August 2021, when the emergence of the Delta variant of COVID had sentiment in shambles. Most concerning for the Fed was the jump in year-ahead inflation expectations to 3.5% in May from 3.2% a month prior, the highest short-term expectations have been since November 2023. Longer-term inflation expectations also rose a touch to 3.1%, also the highest since November 2023. These increases may reflect some price-fatigue among consumers as they recognize that progress on inflation has stagnated. And this gives the Fed yet more worrying data points to consider as it seeks to bring inflation down to target.

The slow progress in bringing down inflation and the modest cooling in the labor market continue to dampen consumer spirits even as broad measures of consumer spending have remained largely positive. Consumer sentiment and its closely related cousin, consumer confidence, often do not lead or even correlate with consumer spending significantly. To that end, the recent downtrend in both consumer sentiment and consumer confidence do not necessarily spell trouble for the consumer spending outlook. Perhaps Nietzsche also put it best when he remarked, "I'm not upset that you lied to me, I'm upset that from now on I can't believe you."

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U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
15-May	CPI (MoM)	Apr	0.4%	0.4%	0.4%
15-May	CPI (YoY)	Apr	3.4%	3.4%	3.5%
15-May	Core CPI (MoM)	Apr	0.3%	0.3%	0.4%
15-May	Core CPI (YoY)	Apr	3.6%	3.6%	3.8%
15-May	CPI Index NSA	Apr	313.72	313.762	312.332
15-May	Retail Sales (MoM)	Apr	0.4%	0.4%	0.7%
15-May	Retail Sales Less Autos (MoM)	Apr	0.2%	0.2%	1.1%
16-May	Housing Starts (SAAR)	Apr	1433K	1441K	1321K
16-May	Industrial Production (MoM)	Apr	0.2%	0.2%	0.4%
17-May	Leading Index (MoM)	Apr	-0.3%	-0.3%	-0.3%

Forecast as of May 10, 2024

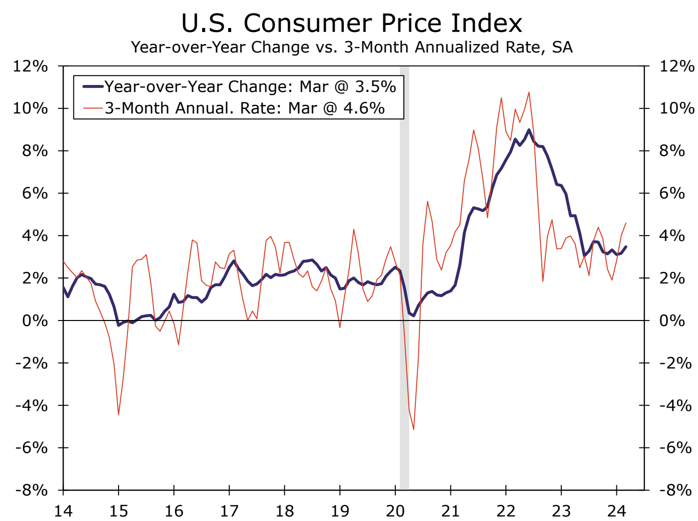
Source: Bloomberg Finance L.P. and Wells Fargo Economics

Consumer Price Index (CPI) • Wednesday

The trend lower in inflation was interrupted in the first quarter, fanning fears of a renewed acceleration in price growth that would encourage later and less easing from the Federal Reserve this year. We expect to see some renewed progress in April, though the data will remain consistent with only a slow journey back to 2%. Specifically, we suspect the CPI rose by 0.4%, which would leave overall prices running at nearly a 5% three-month annualized rate. Progress in lowering core inflation, however, likely resumed. Excluding food and energy, we estimate prices rose 0.3%, which would push the year-over-year rate down to 3.6%, a three-year low.

While inflation has been stubborn in recent months, we do not believe the underlying trend is re-accelerating. Supply chain pressures are not easing as rapidly as a year or two ago, but they are not building either. Shelter inflation looks set to moderate further this year, while services ex-housing inflation should benefit from tamer growth in goods-related input costs and gradual loosening in the labor market.

For more detail on next week's release, please see our CPI Preview.

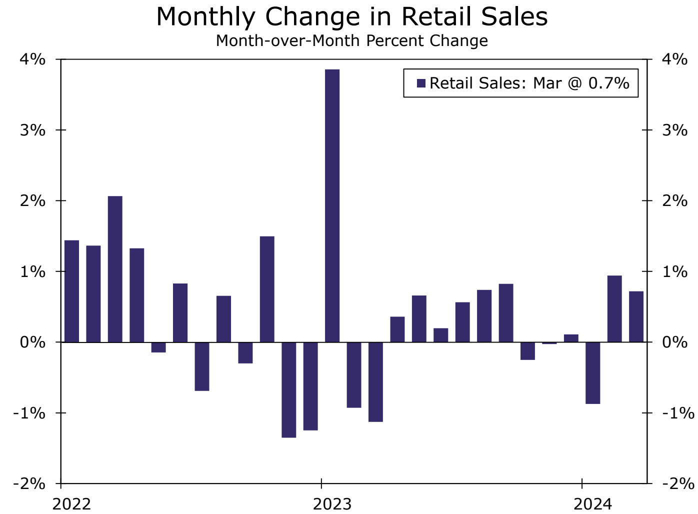


Source: U.S. Department of Labor and Wells Fargo Economics

Retail Sales • Wednesday

Consumer spending remains robust. Real personal consumption expenditures expanded at a 2.5% annualized rate in the first quarter, and after a weak start to the year, goods spending picked up later in the quarter. March retail sales came in better-than-expected, rebounding 0.7%, but we look for sales to advance at a slower 0.4% rate in April. Remember, some of the April sales gain will be due to higher prices, given the retail sales data are reported nominally.

We've long cautioned the ability for households to keep spending this year. Many households have exhausted the savings accumulated during the pandemic and are now facing significantly higher debt costs and more subdued inflation-adjusted income growth. Spending data have continued to surprise to the upside, but we get the sense households are increasingly prioritizing purchases. Although volatile, non-discretionary categories have outpaced discretionary on trend for the past year. Industry comments included in Q1 earnings releases also emphasized a consumer trading down in search for value. This could all shake out in terms of the macro spending data and continue to reveal sustained growth, but we look for a gradual downshift in spending as the year progresses.

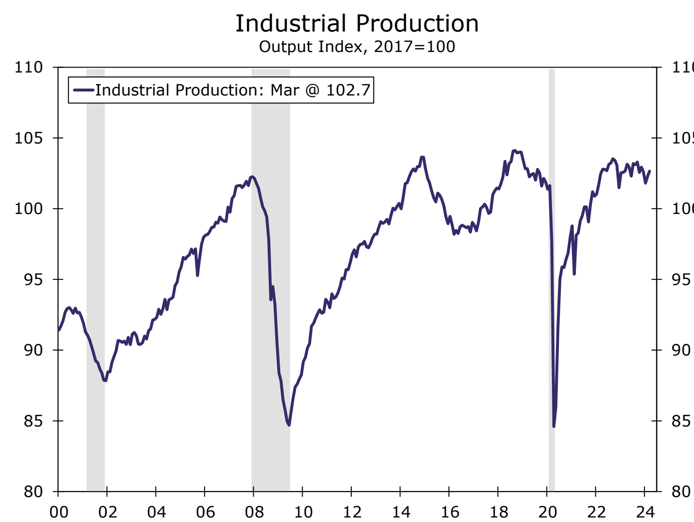


Source: U.S. Department of Commerce and Wells Fargo Economics

Industrial Production (IP) • Thursday

The industrial sector remains under pressure amid tighter credit conditions, elevated borrowing costs and increased macro uncertainty generally, which has all cumulated in a sideways move in overall production the past three years. Manufacturing, a bulk of output accounting for about three-quarters of overall IP, has shown some signs of life recently. Manufacturing production notched its highest index level in 12 months in March. Other data including the ISM flirting with expansionary territory in recent months and durable goods orders stabilizing suggest conditions are improving, or at least not getting any worse.

We expect IP to advance 0.3% in April. Following the largest two-month gain in manufacturing production in eight months, we expect a flat to modestly positive increase. Mining and utilities output likely remained volatile. Utilities is the most volatile component of production and warmer-than-average weather in April may have boosted production last month. While oil prices trended lower over the course of April, the stabilization around $80/barrel may provide some support to mining output.



Source: Federal Reserve Board and Wells Fargo Economics

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International Review

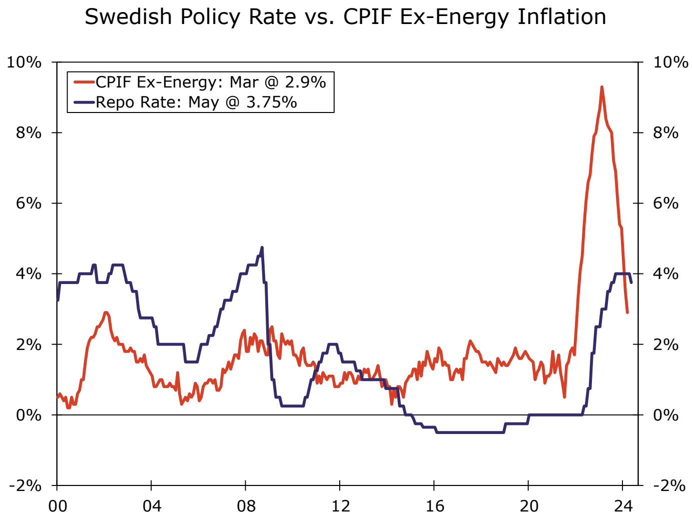
Another Busy Week for Foreign Central Banks

It was another busy week for foreign central banks. In a closely watched announcement, the Bank of England (BoE) held its policy rate steady at 5.25% this week, but offered a dovish outlook that suggests rate cuts are now approaching. The BoE said the restrictive stance of monetary policy is weighing on activity in the real economy, is leading to a looser labor market and is bearing down on inflationary pressures. That is reflected in the BoE's updated economic projections. The inflation forecast of 1.9% in two years' time suggests the BoE is very close to easing, in our view, while the inflation forecast of 1.6% in three years suggests the BoE might lower interest rates more quickly than markets currently expect. In another dovish development, a second policymaker joined the rate cut camp, as policymakers voted 7-2 to hold rates steady, compared to the 8-1 vote split at the previous meeting.

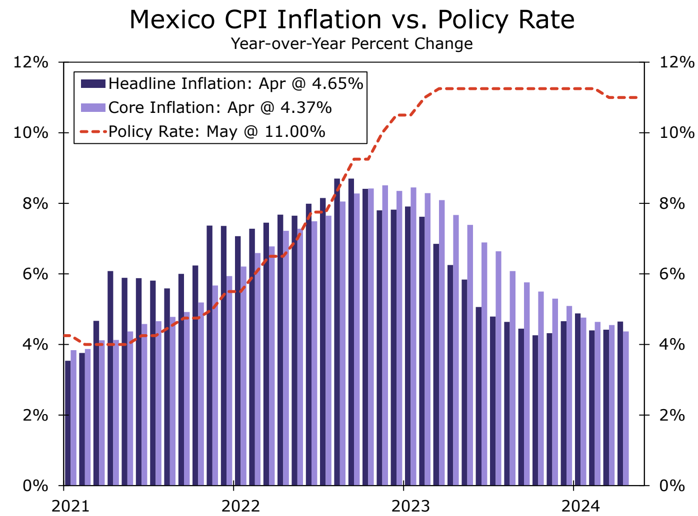
The U.K. releases two more CPI prints and two more wage readings before the next Bank of England monetary policy announcement on June 20. A June rate cut would likely require consistently favorable price and wage data, and for three more BoE policymakers to switch their vote from “hold” to “cut” within one meeting. While those outcomes are possible, they are perhaps not probable. For now, therefore, we remain comfortable with our current outlook which sees the Bank of England delivering an initial 25 bps rate cut to 5.00% at its August meeting, an outcome that is fully priced by market participants. We also forecast 25 bps rate cuts in November and December, for a cumulative 75 bps of easing this year, more than the 60 bps currently reflected in market pricing. Finally, this week's U.K. Q1 GDP data showed a return to growth after a mild technical recession during the second half of last year. Q1 GDP rose 0.6% quarter-over-quarter, more than expected, with private consumption rising 0.2% and business investment up 0.9%. The economy also ended the first quarter on a solid note as March GDP rose 0.4% month-over-month. Services activity rose 0.5% over the month, while industrial output rose 0.2%.

In other G10 central bank news, this week the Reserve Bank of Australia (RBA) held its policy rate steady at 4.35% and communicated increased caution around the prospect of eventual rate cuts. In the statement released following the monetary policy meeting, officials noted that inflation—especially services inflation—has fallen more slowly than expected and remains high. In terms of forward guidance, policymakers reiterated that they suspect it will be some time yet before inflation is sustainably in the target range and added that they remain vigilant to upside risks. The RBA also updated its economic projections this month and, while policymakers continue to forecast inflation returning to the 2%-3% target band in the medium term, they are now assuming that this development could occur in an environment where the policy interest rate remains higher for longer into next year. Given a subdued growth outlook, we still think an initial 25 bps rate cut in November is possible, though we acknowledge the risks of RBA easing getting pushed back into next year.

The Riksbank also announced its policy decision this week, embarking on a monetary easing cycle with a 25 bps policy rate cut to 3.75%. The accompanying statement was also overall dovish in tone, with the central bank citing slowing inflation, moderating wage growth and weak economic activity. The Riksbank said that, should favorable inflation trends continue, the policy rate could be cut two more times this year. While we agree the Riksbank will proceed cautiously for now with just one 25 bps rate cut in Q3, we forecast two 25 bps rate cuts in Q4 as Swedish inflation converges closer to target, and as the European Central Bank potentially accelerates the pace of its monetary easing as well.



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



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

Mexico's central bank, Banxico, held its policy rate steady at this week's meeting, while its accompanying statement was somewhat hawkish in tone. Banxico said services inflation is likely to be more persistent than anticipated, and that a weaker peso would be an upward risk for inflation. The central bank also raised its CPI forecasts, and now sees inflation at 4.0% by the end of 2024, compared to 3.6% previously. In terms of the latest inflation data, the April CPI was mixed. Headline inflation quickened a bit more than forecast to 4.65% year-over-year, but core inflation and services both slowed, to 4.37% and 5.21%, respectively. While our base case is for Banxico to resume easing with a 25 bps rate cut at its June meeting, we view the risks as tilted toward another pause.

Finally, Brazil's central bank downshifted to a slower pace of easing at its May monetary policy announcement. In a split decision, the central bank cut its Selic rate 25 bps to 10.50%, less than the 50 bps rate cut increments it had delivered previously, and also less than it had tentatively signaled at its March announcement. The central bank said that several core inflation measures were above target and that inflation estimates were becoming unanchored. Alluding to a recent slippage in fiscal policy, the central bank added that credible fiscal policy helps to anchor inflation and impacts the rate path. Going forward, we expect the central bank to continue to lower interest rates at a steady 25 bps per meeting pace over the next several meetings.

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International Outlook

Weekly International Indicator Forecasts					
Date	**Indicator**	**Period**	**Consensus**	**Wells Fargo**	**Prior**
14-May	U.K. Avg. Weekly Earnings (3M/YoY)	Mar	5.5%	—	5.6%
16-May	Japan GDP (QoQ Annualized, SA)	Q1-24	-1.4%	1.2%	0.4%
17-May	China Industrial Production (YoY)	Apr	5.5%	—	4.5%
17-May	China Retail Sales (YoY)	Apr	3.7%	—	3.1%

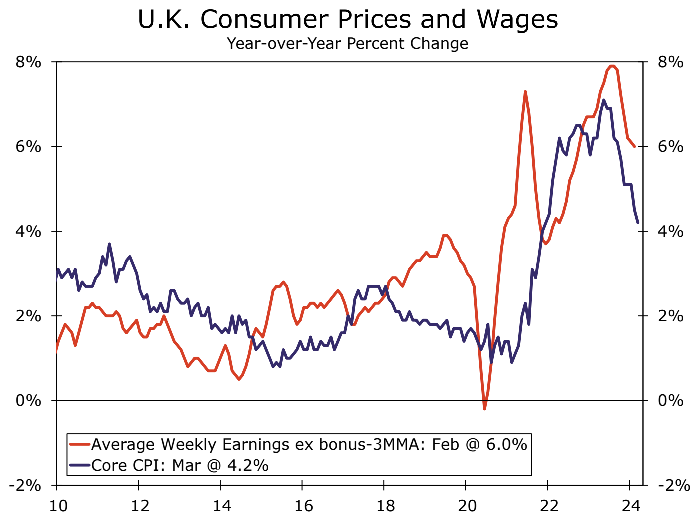
Forecast as of May 10, 2024

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

U.K. Average Weekly Earnings • Tuesday

U.K. labor data released next Tuesday will provide market participants with insight into recent developments in job market dynamics, as well as wage trends and thus inflationary pressures. In their May monetary policy report, Bank of England (BoE) policymakers pointed out that the labor market is still relatively tight by historical standards, but is loosening, and that pay growth may be easing. Wage growth has generally slowed in recent months, though there likely remains some ways to go until BoE policymakers feel comfortable with the overall pace of growth. For the three months to February, average weekly earnings growth held steady at 5.6% year-over-year, and the same measure excluding bonus pay eased to 6.0%. Next week, these measures of pay growth are expected to ease slightly to 5.5% and 5.9%, respectively. The BoE's updated economic forecasts for May also revealed an expectation that regular private sector pay growth will continue to ease over the first half of this year. While there have been some uncertainties around U.K. labor market data amid ongoing efforts to address low survey response rates, it appears that the overall story of a gently loosening labor market and gradually easing pay growth remains in place.

As for monetary policy implications, we believe BoE policymakers will want to see ongoing evidence of an easing in price and wage pressures before lowering the policy rate, and we look for an initial 25 bps rate cut to 5.00% at their August meeting. With that being said, if there is meaningful progress on inflation and wage growth in the near term, that could increase the chance of an earlier June move.

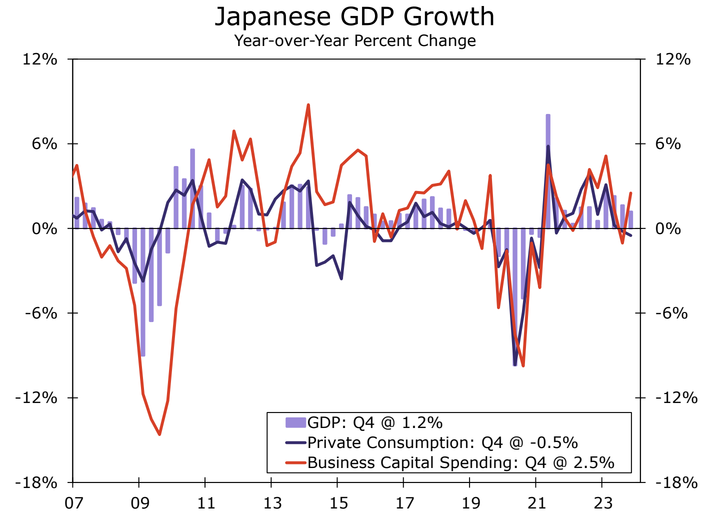


Source: Bloomberg Finance L.P. and Wells Fargo Economics

Japan GDP • Thursday

Next week's first quarter GDP report for Japan will provide color on how the economy performed at the beginning of 2024. Japan's economic growth was quite modest in the final quarter of 2023, growing at a 0.4% annualized pace. This modest economic expansion is expected to have reversed course during Q1, with consensus economists expecting a 1.4% annualized contraction in Japan's economy. Market participants will also be interested in the underlying details of the release—namely consumer and business spending—for insight into whether softer growth is concentrated in certain sectors, or more broad-based. Consensus economists currently expect consumer spending to have contracted in Q1, though at a slightly slower pace than in Q4. Business spending is also expected to decline in Q1, partially reversing the increase seen in Q4.

In our view, we do not expect next week's GDP release to materially alter the outlook for the Bank of Japan's (BoJ) monetary policy. A soft growth print would reaffirm our expectation for BoJ policymakers to take a very gradual and cautious approach to ongoing monetary policy normalization. For now, we remain comfortable with our view for the central bank to wait until October to lift the range of its policy rate by 10 bps, to 0.10%-0.20%.

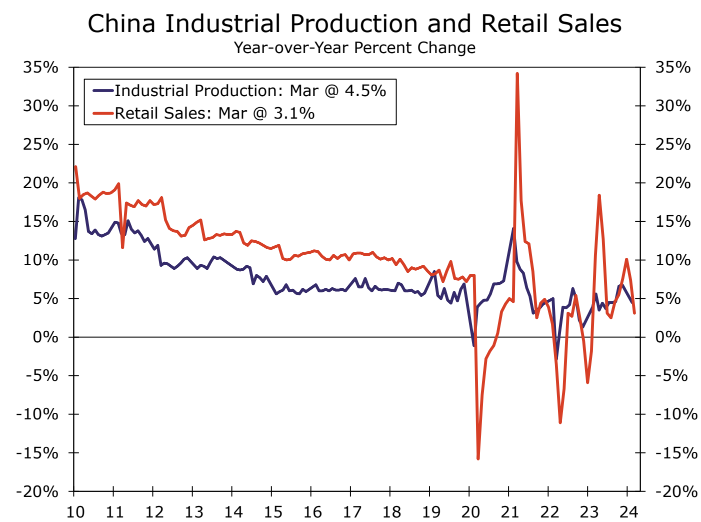


Source: Datastream and Wells Fargo Economics

China Retail Sales & Industrial Output • Friday

Next week's retail sales and industrial production data for April will provide an early read on how China's economy fared at the beginning of the second quarter. While the economy got off to a solid start to 2024, recent economic data have been a bit more mixed. To that point, the official manufacturing and non-manufacturing PMIs showed some improvement in Q1 before reversing course in April. The latest industrial production and retail sales data have also fluctuated. In March, industrial production growth slowed to 4.5% year-over-year and retail sales growth also decelerated to 3.1%. Consensus economists expect both measures recovered somewhat in April and look for year-over-year industrial production growth of 5.5% and retail sales growth of 3.7%.

Looking at the bigger picture, we expect recent strength in China's economy to gradually abate as we progress further into this year and into 2025. Structural challenges within the property sector and demographic trends will, in our view, act as headwinds on growth over time. Accordingly, we look for China's annual GDP growth to ease to 5.1% in 2024, before slowing further to 4.3% in 2025.



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

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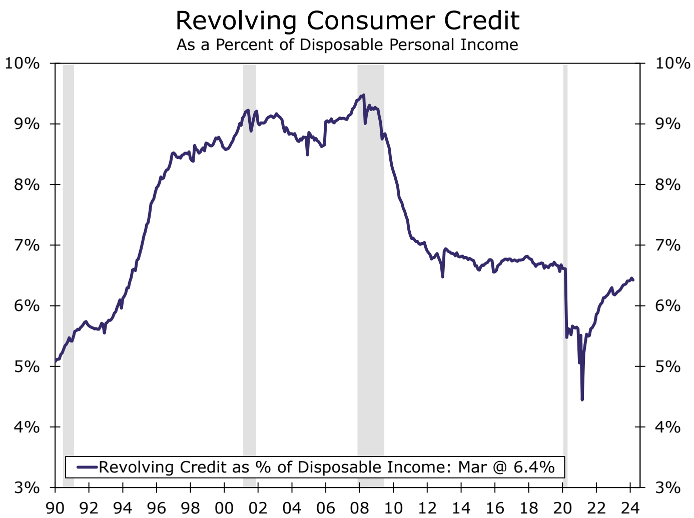
Credit Market Insights

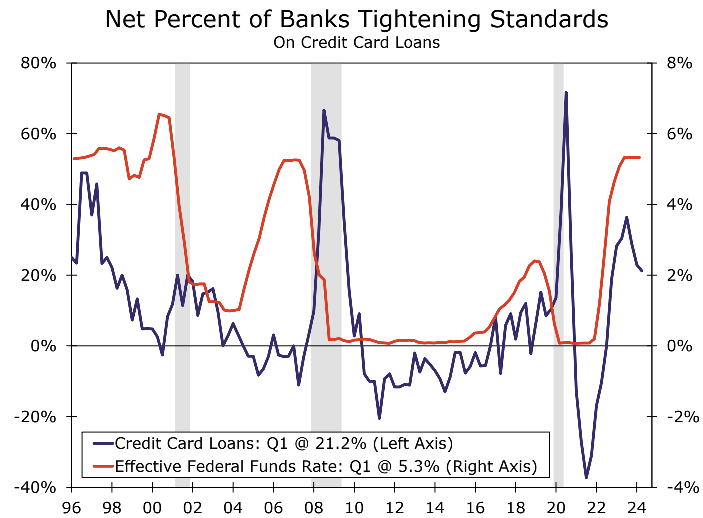
Give Me Some Credit

Consumer spending has been solid over the past few months despite softening real disposable income growth. To make ends meet, households have been stowing away less of their monthly income; the personal savings rate slipped to 3.2% in March, or the lowest since late 2022. The pullback in savings has coincided with a steady rise in the level of outstanding revolving consumer credit, signaling that households are also tapping their credit cards to sustain spending. On a year-over-year basis, credit card debt was up 8% in March, which is double its average annual growth in 2019. The strong rise is concerning given the backdrop of record-high credit card APRs and generally elevated borrowing costs. Have households shown signs of stress?

As we outlined in a recent special report, the run-up in credit card debt looks less menacing when viewed in the context of rising nominal disposable income (chart). At 6.4% in March, this ratio is lower today than at any point in the 25-year stretch that preceded the pandemic. So, while the level of revolving consumer credit outstanding has shot higher, so too has income. Taken together, this metric signals that the household sector's ability to service its debt has not meaningfully deteriorated.



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



Source: Federal Reserve Board and Wells Fargo Economics

That said, consumers have not been immune to the bite of higher interest rates. The share of disposable income that households are allotting to non-mortgage interest expenses (e.g., interest payments on credit cards, auto loans, student loans, etc.) each month is the highest it has been since the financial crisis in 2008. Higher debt service costs have the potential to crowd out discretionary spending. Furthermore, delinquency rates on credit cards and auto loans have surpassed their pre-pandemic norms.

These signs of stress have not been ignored—and were even predicted—by banks. As shown in the nearby chart, the net percentage of commercial banks tightening standards on credit card loans broke into positive territory in Q4-2022. Said another way, more banks reported making access to credit cards harder than those who reported making access easier at the end of 2022. The tightening came as the Federal Reserve was embarking on its most aggressive interest rate hiking cycle since the 1980s.

Yet, the latest Senior Loan Officer Opinion Survey shows that the net percentage of banks tightening standards on credit cards has fallen for three consecutive quarters. The move lower indicates banks are growing more confident in the financial well-being of the household sector, as solid nominal income growth over the past year has helped keep households afloat amid elevated interest rates. The momentum in nominal income is waning, however, which suggests consumers may face tougher spending decisions in the coming months.

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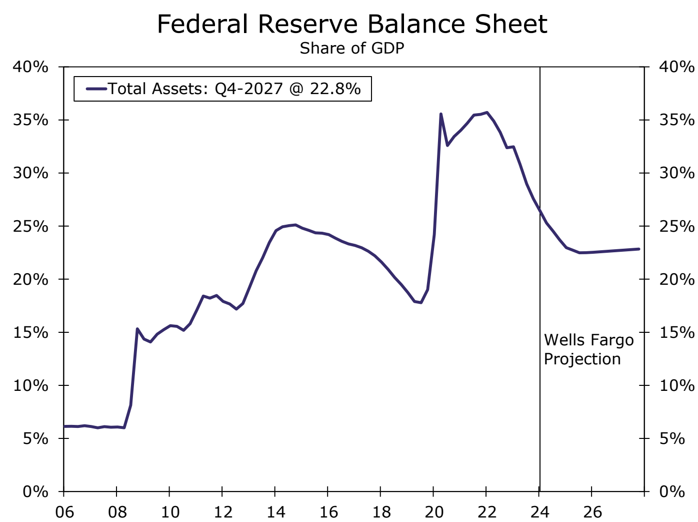
Topic of the Week

The Fed's Balance Sheet Begins Its Next Chapter

Last week, the FOMC announced a plan to begin slowing the pace of its balance sheet runoff program, commonly known as "quantitative tightening" (QT). The Federal Reserve has been steadily reducing its security holdings since June 2022. At the onset of the pandemic, the central bank's balance sheet ballooned from roughly $4.2 trillion in February 2020 to nearly $9 trillion in April 2022. Most of the increase could be attributed to purchases of Treasury securities and mortgage-backed securities (MBS) that were intended to provide support to the U.S. economy during the worst parts of the pandemic. As the U.S. economy rapidly recovered and inflation surged, the FOMC switched gears and began allowing a maximum of $30 billion of Treasury securities and $17.5 billion of mortgage-backed securities per month to roll off its balance sheet starting in June 2022. These caps were increased to $60 billion and $35 billion, respectively, in September 2022, and they were left unchanged until last week. Since balance sheet runoff began, the Fed's security holdings have declined by roughly $1.6 trillion, driven by a $1.2 trillion decline in Treasury security holdings and a roughly $400 billion dip in MBS holdings.

Starting on June 1, the monthly redemption cap on Treasury securities will drop to $25 billion. The monthly redemption cap for mortgage-backed securities will be left unchanged at $35 billion. The logic for slowing runoff is fairly straightforward: The ultimate “equilibrium” size of the Fed's balance sheet is uncertain, and a prudent risk management policy calls for a slow-but-don't-stop approach as the Fed feels out the optimal size for its balance sheet. Chair Powell reiterated in his post-meeting press conference that slowing the pace of runoff will help ensure a "smooth transition" and "reduce the possibility that money markets experience stress."



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

When will QT end? The FOMC will be monitoring financial markets closely for signs that it has drained enough liquidity from the system. We expect this slower pace of runoff to continue through Q1-2025. If realized, the Federal Reserve's balance sheet would bottom out around $6.8 trillion. After Q1-2025, we look for the Fed to hold the size of its balance sheet flat for a couple of quarters. Such a move would allow the central bank to “grow into” its balance sheet, i.e., a flat balance sheet would still be shrinking as a share of the growing U.S. economy (chart). At some point later in 2025, we expect balance sheet growth to resume to accommodate organic growth in Federal Reserve liabilities (e.g., paper currency and bank reserves).

We do not believe slowing the pace of QT will have a material impact on the level of interest rates. If the Fed's balance sheet bottoms out a bit under $7 trillion as we expect, then runoff is already three-quarters complete. Furthermore, the FOMC's communication with the public on this topic is well-established, and financial markets should be well-prepared for the pending change. The outlook for the federal funds rate will be far more critical to determining the level and shape of the yield curve in the months ahead, in our view.

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Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 5/10/2024	1 Week Ago	1 Year Ago
SOFR	5.31	5.31	5.06
Effective Fed Funds Rate	5.33	5.33	5.08
3-Month T-Bill	5.40	5.39	5.20
1-Year Treasury	5.18	5.21	4.50
2-Year Treasury	4.85	4.82	3.91
5-Year Treasury	4.51	4.50	3.38
10-Year Treasury	4.50	4.51	3.44
30-Year Treasury	4.64	4.66	3.80
Bond Buyer Index	3.93	4.07	3.53

Foreign Exchange Rates

	Friday 5/10/2024	1 Week Ago	1 Year Ago
Euro ($/€)	1.077	1.076	1.098
British Pound ($/£)	1.252	1.255	1.263
British Pound (£/€)	0.860	0.858	0.870
Japanese Yen (¥/$)	155.880	153.050	134.340
Canadian Dollar (C$/$)	1.366	1.369	1.337
Swiss Franc (CHF/$)	0.907	0.905	0.890
Australian Dollar (US$/A$)	0.660	0.661	0.678
Mexican Peso (MXN/$)	16.752	16.974	17.550
Chinese Yuan (CNY/$)	7.226	7.241	6.930
Indian Rupee (INR/$)	83.499	83.430	81.993
Brazilian Real (BRL/$)	5.151	5.073	4.945
U.S. Dollar Index	105.337	105.030	101.477

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

Foreign Interest Rates

	Friday 5/10/2024	1 Week Ago	1 Year Ago
3-Month German Govt Bill Yield	3.63	3.61	2.86
3-Month U.K. Govt Bill Yield	5.20	5.23	3.89
3-Month Canadian Govt Bill Yield	4.90	4.92	4.43
3-Month Japanese Govt Bill Yield	0.05	0.04	-0.17
2-Year German Note Yield	2.97	2.92	2.58
2-Year U.K. Note Yield	4.32	4.36	3.83
2-Year Canadian Note Yield	4.28	4.17	3.69
2-Year Japanese Note Yield	0.32	0.29	-0.03
10-Year German Bond Yield	2.52	2.50	2.29
10-Year U.K. Bond Yield	4.17	4.22	3.80
10-Year Canadian Bond Yield	3.70	3.65	2.90
10-Year Japanese Bond Yield	0.91	0.90	0.43

Commodity Prices

	Friday 5/10/2024	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	79.13	78.11	72.56
Brent Crude ($/Barrel)	83.65	82.96	76.41
Gold ($/Ounce)	2363.41	2229.87	2030.09
Hot-Rolled Steel ($/S.Ton)	780.00	813.00	1095.00
Copper (¢/Pound)	466.70	457.35	382.80
Soybeans ($/Bushel)	12.07	12.14	14.37
Natural Gas ($/MMBTU)	2.29	2.14	2.19
Nickel ($/Metric Ton)	18,861	18,696	23,410
CRB Spot Inds.	556.30	551.59	555.99

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Required Disclosures