Economics

Weekly — June 2, 2023

Weekly Economic & Financial Commentary

United States: **The U.S. Avoids Default**

- This week, Congress and the president prevented what would have been the first default in U.S. history by agreeing to suspend the debt ceiling through the end of 2024. Despite a bewildering jobs gain that defied market expectations, data on balance continued to suggest that economic activity is slowing, albeit gradually.
- Next week: ISM Services (Mon), Trade Balance (Wed)

International: **Canadian Growth Rebounds, Eurozone Inflation Trends Lower**

- The Canadian economy advanced at a 3.1% annualized rate in the first quarter of 2023, boosted by household spending and strong exports. Meanwhile, Eurozone CPI data showed that headline and core inflation slowed more than consensus expectations. The headline rate slowed to 6.1% year-over-year, while the core measure that excludes more volatile items, such as food and fuel, decelerated to 5.3%.
- Next week: RBA Policy Rate & Australia GDP (Tue/Wed), BoC Policy Rate (Wed), Mexico CPI (Thu)

Credit Market Insights: **Beige Book May Be Flashing Red Lights in the Future**

- The Federal Reserve System's latest Beige Book showed that regional economies generally chugged along with little change over April and early May, but a slowdown is evident on the horizon, with some sectors already in decline.

Topic of the Week: **The Mountains vs. Miami: Stacking Up the NBA and NHL Finalists**

- This year's NBA and NHL finals are a mirror matchup between a top-seeded team from the Mountain West and an underdog team from Miami. Shiny hardware and eternal glory aside, how are the local economies poised to benefit from the finals festivities?

We have started a new podcast, "Ask Our Economists," where our economists answer questions that readers send in. If you would like to submit a question, please email us at askoureconomists@wellsfargo.com.

Wells Fargo U.S. Economic Forecast

	Actual					Forecast			Actual		Forecast	
	2022				2023							
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2021	2022	2023	2024
Real Gross Domestic Product [1]	-1.6	-0.6	3.2	2.6	1.3	1.9	-0.2	-2.8	5.9	2.1	1.3	0.3
Personal Consumption	1.3	2.0	2.3	1.0	3.8	1.0	-0.2	-1.5	8.3	2.7	1.6	0.5
Consumer Price Index [2]	8.0	8.6	8.3	7.1	5.8	4.0	3.2	2.7	4.7	8.0	3.9	2.5
"Core" Consumer Price Index [2]	6.3	6.0	6.3	6.0	5.6	5.2	4.6	4.2	3.6	6.1	4.9	3.1
Quarter-End Interest Rates [3]												
Federal Funds Target Rate[4]	0.50	1.75	3.25	4.50	5.00	5.25	5.25	5.25	0.25	2.02	5.19	3.25
Conventional Mortgage Rate	4.27	5.58	6.01	6.36	6.54	6.30	5.90	5.55	3.03	5.38	6.07	5.15
10 Year Note	2.32	2.98	3.83	3.88	3.48	3.50	3.25	3.00	1.45	2.95	3.31	2.90

Forecast as of: May 11, 2023 [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 Rate

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

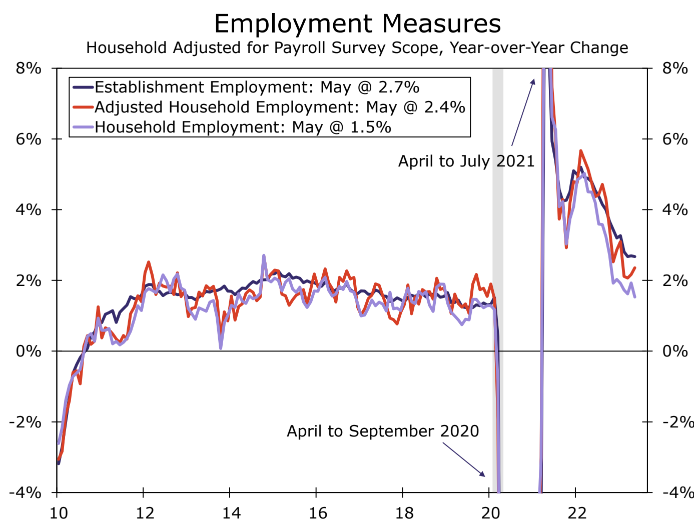
The U.S. Avoids Default

Several developments unfolded over the past few days that carry substantial implications for our economic outlook. This week was chock-full of Fed Speak, showcasing FOMC participants' divided views on their preferred path of policy. Fed Governor Philip Jefferson, President Biden's nominee for vice chair, and Philadelphia Fed President Patrick Harker, another voting member, signaled their preference to "skip" a rate hike at the next meeting. Meanwhile, non-voting members Richmond Fed President Tom Barkin and Cleveland Fed President Loretta Mester voiced their willingness to keep going. Although our base case still assumes that the Fed will hold rates at 5.25% in June, persistent inflation leaves the door open for another rate hike this cycle, especially with a U.S. default now seemingly off the table.

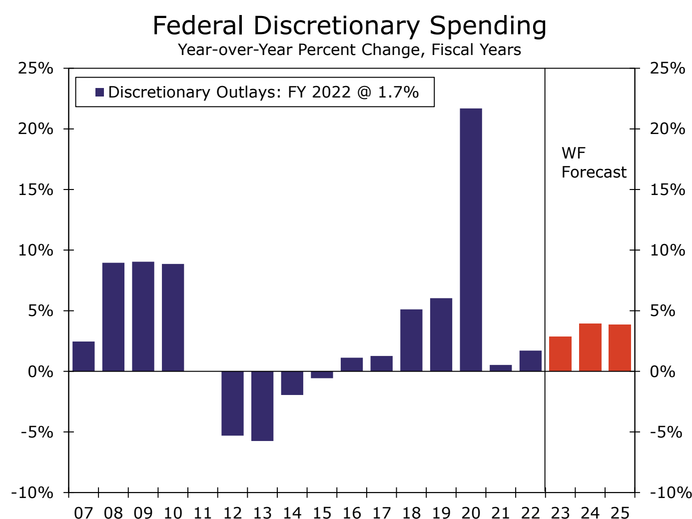
This week, both the House and Senate approved a deal between President Biden and Congressional Republicans to suspend the debt ceiling and avoid what would have been the first default in U.S. history. In exchange for suspending the debt limit through the end of next year (after the election), the legislation set discretionary and nondiscretionary spending caps at $1.65 trillion for FY 2024 and $1.67 trillion for FY 2025, implying a downshift in annual spending growth compared to recent years. The deal would also end the pause on student loan repayments, enact modest permitting reforms for energy-related projects, and add work requirements for certain SNAP and TANF recipients, while exempting populations like veterans and homeless adults from those requirements. The economic benefits of avoiding default cannot be overstated. That said, we expect the caps on fiscal outlays to shave off a modest 0.1 to 0.2 percentage points from annual real GDP growth over the next few years.

This morning's jobs report blew expectations out of the water. The U.S. economy added 339,000 jobs on net in May, dwarfing expectations of a 195,000 gain. The bewildering nonfarm payroll print came on the heels of upward revisions to the prior two months, suggesting employers are even more resilient to macroeconomic headwinds than previously thought. Not all aspects of the report pointed to a white-hot labor market, however. Monthly average hourly earnings growth decelerated to 0.3% in May from April's downwardly revised 0.4% bump, suggesting more plentiful labor supply is easing wage pressures. The unemployment rate also moved up from 3.4% to 3.7%, revealing the largest decline in employment, as measured in the household survey, since April 2022. Although the enduring strength of the labor market continues to baffle observers, we believe the May report gives the Fed just enough room to justify a pause.

JOLTS also surprised to the upside, as job openings popped back up over 10 million in April. This adds to the evidence that the labor market is far from buckling. We caution against reading too much into one month of data, however. The JOLTS series is highly volatile, and the trend in openings is clearly moving downward. Alternative measures also suggest labor demand is softening. For example, Indeed job openings have steadily inched down since the beginning of the year and small business hiring plans in the NFIB survey continue to wane. Although the labor market remains objectively strong compared to its pre-pandemic normal, signs point to a gradual cooling in labor demand.



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



Source: Congressional Budget Office and Wells Fargo Economics

Other sectors of the economy have not demonstrated the same resilience to the Fed's tightening cycle. The manufacturing sector, for instance, has buckled under the weight of higher interest rates. The ISM manufacturing index slipped to 46.9 in March, the seventh straight month that manufacturing has been in contraction. Yet, this month's ISM report brought some mixed signals. The new orders component remained in contraction, signaling that demand for manufactured goods continues to weaken. The order backlog subindex also slipped to its lowest reading since March 2009, suggesting that projects in the pipeline may be running thin. However, the production subcomponent rose back into expansionary territory for the first time in six months. As mentioned earlier, we do not advise reading too much into one month of data, but this result at least suggests that the manufacturing sector is not in total free fall. Importantly for the Fed, manufacturers reported the most widespread net decline in prices paid since July 2022, possibly reducing some of the impetus for a rate hike in June.

Meanwhile, home prices moved up in March as buyer demand continued to stabilize. The seasonally adjusted S&P CoreLogic Case-Shiller National Home Price Index increased 0.4% over the month, echoing February's 0.3% uptick. Lower mortgage rates in January and February seem to have sparked the demand improvement at the start of the year, especially for new buyers who do not need to trade up to higher rates to purchase a home. Yet, uncertainty around the debt ceiling and possible expectations for another rate hike pushed average daily mortgage rates back up above 7% last week, sparking an 11% retreat in mortgage applications for purchase over the month of May. The recent pop in rates likely stifled buyer activity over the past few weeks.

Scarce resale supply has nudged buyers toward new homes, supporting a modest rebound in residential construction. As of April, single-family housing starts have ticked up for two of the past three months and single-family building permits have posted three consecutive monthly gains. These improvements are yet to be reflected in the Census' residential construction spending data, however. April's construction spending report showed a 0.8% drop in private single-family outlays, marking one full year of sliding single-family construction spending. Alternatively, private multifamily construction outlays rose for the ninth straight month as the number of multifamily units under construction remains at its highest level since 1973. Private nonresidential spending has also demonstrated resilience, rising 2.4% in April. This category has been bolstered by an influx of new domestic projects in electric vehicle and semiconductor manufacturing, prompting private manufacturing construction outlays to surge over 100% year-over-year in April.

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U.S. Outlook

Weekly Domestic Indicator Forecasts					
Date	**Indicator**	**Period**	**Consensus**	**Wells Fargo**	**Prior**
5-Jun	ISM Services Index	May	52.5	52.0	51.9
7-Jun	Trade Balance	Apr	-$75.3B	-$75.3B	-$64.2B

Forecast as of June 02, 2023

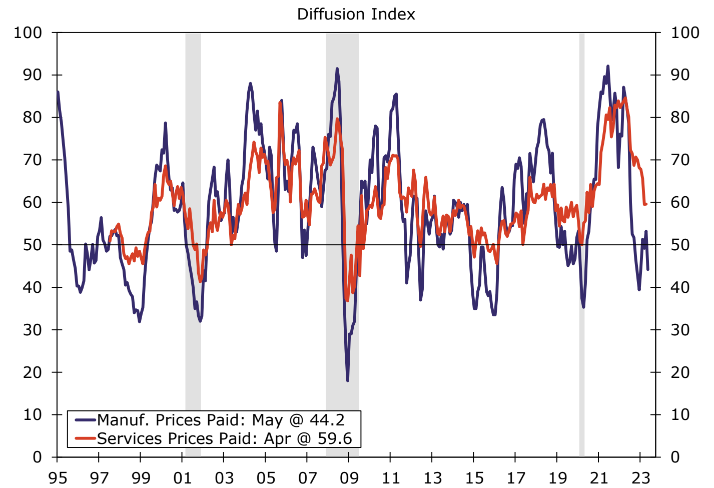
Source: Bloomberg Finance L.P. and Wells Fargo Economics

ISM Services Index • Monday

The ISM services index briefly slipped below the 50-threshold designating expansion from contraction late last year, but has since been in expansion the past four months. Data continue to signal that services sector activity is broadly holding up, and we expect the ISM services index to increase modestly to 52.0 in May.

We learned this week that the ISM manufacturing index slid further in May, signaling the seventh straight month of contraction in the sector. The divergence in services and manufacturing activity is clearly evident in the prices paid components of the two surveys, which have diverged substantially over the past couple of months. The services prices paid measure remains consistent with a broad expansion in prices across the industry, a top concern of the Fed on its campaign to quell inflation.

In addition to prices paid, we will be paying close attention to the new orders component. In April, new orders moved slightly higher into expansion territory, signaling a still-elevated pace of demand for service activity. The employment component should increase based on the robust gain in nonfarm payrolls in May.



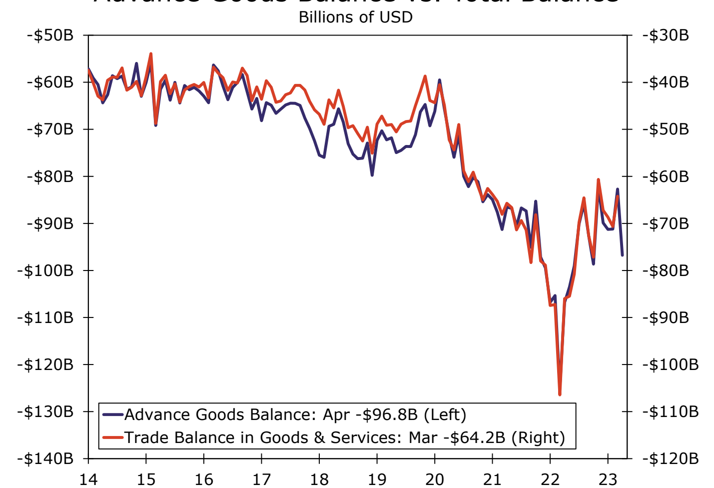
Source: Institute for Supply Management and Wells Fargo Economics

Trade Balance • Wednesday

International trade flows are volatile on a month-to-month basis. After widening sharply in the wake of the pandemic, the U.S. trade deficit has narrowed on trend since early last year.

We forecast a sharp widening in the trade balance to -$75.3 billion in April. The advance data on merchandise trade revealed that the goods trade deficit widened to a six-month high amid a plunge in export growth. Goods exports slid 5.5%, driven by weakness in industrial supplies and consumer goods, though every category other than the volatile foods & feeds looks to have declined. Imports look to have bounced back with advance goods imports up 1.8% amid a gain in autos. Services should provide a slight offset to the widening on the goods side amid continued activity, and we expect to see a slight uptick in the services surplus to $22.5 billion.

These data suggest net exports are tracking to provide a considerable drag on second quarter real GDP growth.



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

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International Review

Canadian Growth Rebounds, Eurozone Inflation Trends Lower

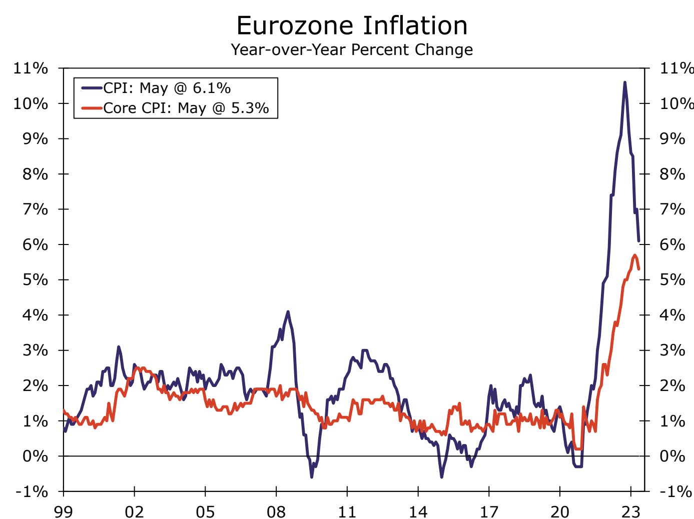
This week, GDP data out of Canada revealed the economy rebounded in the first quarter of 2023 after flat growth in Q4-2022. In Q1, Canada's economy expanded at a 3.1% quarter-over-quarter annualized rate, a stronger pace of growth than was expected by the consensus as well as the Bank of Canada (BoC). Growth in the first quarter was boosted by household spending and strong exports. On the household front, spending rose for both goods (+1.5% quarter-over-quarter, not annualized) and services (+1.3%), after two quarters of sluggish consumption. Durable goods and services spending in particular helped lift the headline growth rate.

On the flip side, Canadian housing and business investment declined in the first quarter, though not enough to outweigh the boost from household consumption. At the same time, while consumers continue to spend, the household saving rate fell alongside lower disposable incomes. Household disposable income decreased by 1.0% quarter-over-quarter in Q1, the first reduction since Q4-2021, as gains in employee compensation and rental income were offset by decreases in current transfers and net property income. And as consumption expenditures have increased, the household saving rate fell to 2.9% in the first quarter of 2023, down from 5.8% at the end of 2022.

Lastly, employee compensation rose 1.7% in Q1, with total wages and salaries in the goods-producing sector up 2.3% over the quarter and service-producing industries up 1.6%. The major contributions to wage growth were professional and personal services (+3.2%), manufacturing (+2.8%) and construction (+2.0%).

Elsewhere among the developed economies, Eurozone CPI data for May were released this week, showing that headline and core inflation slowed more than consensus expectations. The headline rate slowed to 6.1% year-over-year, while the core measure that excludes more volatile items such as food and energy slowed to 5.3%. Notably, energy prices were down 1.7% compared to a year ago. Meanwhile, services CPI eased to 5.0%. On a monthly basis, CPI was flat in May. This slowing was also broad-based in terms of geography, with German inflation slowing to 6.3% year-over-year, France moving lower to 6.0%, and Italy decelerating to 8.1%.

Following the May inflation data, European Central Bank (ECB) President Lagarde said, "There is no clear evidence that underlying inflation has peaked," and "we have made clear that we still have ground to cover to bring interest rates to sufficiently restrictive levels." In our view, the slowing in inflation so far will not prevent the ECB from hiking rates at its next monetary policy meeting in June. We believe the ECB will deliver one last 25 bps rate hike to a terminal rate of 3.50%, before beginning a pause that will maintain a restrictive monetary policy stance. We eventually expect the central bank to begin cutting rates at the start of 2024 as inflation dynamics improve.



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

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

Softening Sentiment in China

In the emerging markets, China's May PMIs released this week reflected some softening in sentiment for the manufacturing and services sectors. The manufacturing PMI declined for the third straight month, ticking down 0.4 points to 48.8, while the services PMI remained in expansionary territory but fell for the second straight month, by 1.9 points in May to 54.5. Within the services sector, construction activity and services business activity both declined in the month of May. Overall, there are signs of diminishing momentum in China's economic rebound. Activity data for the past two months have surprised to the downside, suggesting the risks to our full-year 2023 China GDP growth forecast of 6.0% are tilted to the downside.

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International Outlook

Weekly International Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
6-Jun	RBA Rate Decision	6-Jun	3.85%	4.10%	3.85%
7-Jun	Australia GDP SA (QoQ)	Q1	0.3%	--	0.5%
7-Jun	Australia GDP (YoY)	Q1	2.4%	--	2.7%
7-Jun	BoC Rate Decision	7-Jun	4.50%	4.50%	4.50%
8-Jun	Mexico CPI (YoY)	May	5.90%	--	6.25%
8-Jun	Mexico Core CPI (YoY)	May	7.40%	--	7.67%

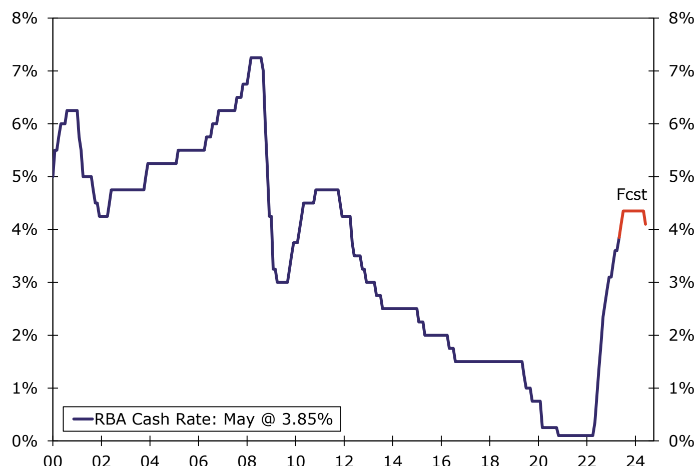
Forecast as of June 02, 2023

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

Reserve Bank of Australia & Australia GDP • Tuesday/ Wednesday

Next week, GDP data from Australia are expected to show the economy continued to expand in the first quarter of 2023. The consensus expects the economy to have grown 0.3% quarter-over-quarter and 2.4% year-over-year.

On the inflation front, this week's monthly CPI data showed that inflation jumped to 6.8% year-over-year in April, up from 6.3% in March, boosted by the end of a government fuel subsidy put into place in April 2022, as well as price gains in housing, food and transportation. Meanwhile, the trimmed mean CPI, an underlying measure of inflation, firmed slightly to 6.7%. Notably, this is the most recent inflation data point the Reserve Bank of Australia (RBA) has in its possession before its June monetary policy meeting next week. RBA Governor Lowe recently said the central bank is in a "data dependent mode," and "monetary policy is restrictive and it's working." Indeed, in early May, the RBA surprised market participants by delivering a 25 bps rate hike to 3.85%. Lowe mentioned he believes risks to inflation are tilted to the upside and that the central bank is "not going to declare victory until victory's achieved." Overall, given that inflation dynamics remain stubbornly high in Australia, we believe the RBA will deliver another 25 bps rate hike at its June meeting to 4.10%.



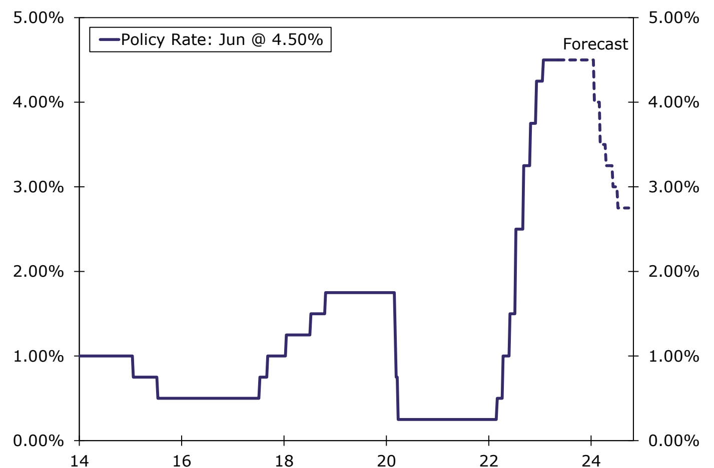
Source: Bloomberg Finance L.P. and Wells Fargo Economics

Bank of Canada • Wednesday

The Bank of Canada (BoC) holds its June monetary policy meeting next week, and in our view, the central bank will opt to keep rates on hold at 4.50% for the third meeting in a row, in line with consensus expectations.

Inflation dynamics in Canada have been mixed recently when it comes to the headline rate versus underlying inflation. While April's headline CPI ticked up to 4.4% year-over-year, the core inflation measures have receded compared to a year ago and have shown overall downward momentum over the past few months. If inflation trends remain elevated and activity remains resilient, there certainly remains a risk the Bank of Canada will raise its policy rate further beyond 4.50%. However, in our view, the more relevant debate is how quickly the BoC turns to monetary easing in the quarters ahead.

With our expectation for the Fed to begin monetary easing in 2024, and with inflation in Canada slowing down steadily but gradually, we also now expect Bank of Canada rate cuts to be delayed until the first quarter of next year, compared to our previous forecast for rate cuts to begin in Q4-2023.

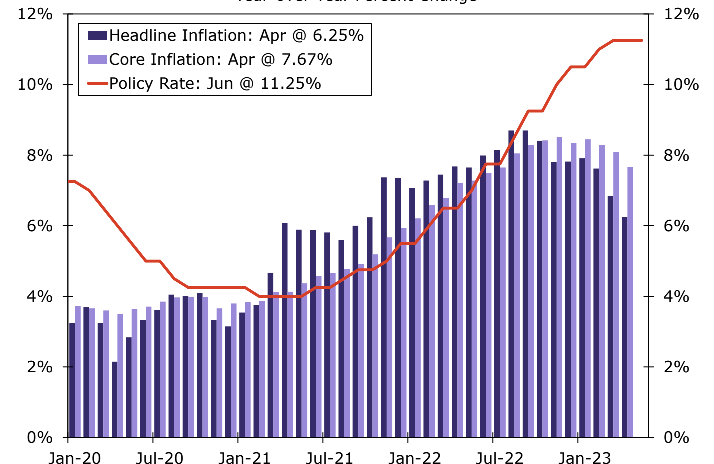


Source: Bloomberg Finance L.P. and Wells Fargo Economics

Mexico CPI • Thursday

May inflation figures from Mexico will be released next week and should show a further deceleration in consumer prices. In April, headline inflation receded to 6.25%, while the core measure fell to 7.67%—still substantially above Banxico's inflation target of 3% plus or minus 1%. However, given receding inflation trends, where does this put our central bank outlook?

For context, the Central Bank of Mexico delivered its final rate hike of this cycle in May; though in our view, the accompanying statement was hawkish in tone. Even with inflation trending lower, we believe Banxico policymakers will be hesitant to prematurely cut rates and risk renewed inflationary pressures. Banxico's guidance that rates will be elevated "for an extended period" signals to us that rate cuts will likely not be delivered until next year. As such, we have made an explicit adjustment to our Banxico forecast, and now believe it will delay monetary easing until Q1-2024, rather than our previous forecast for rate cuts beginning in Q4-2023. This is in line with our expectation for the Fed to begin easing in Q1-2024 as well, given that the Banxico policy rate is often highly connected with the federal funds rate.



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

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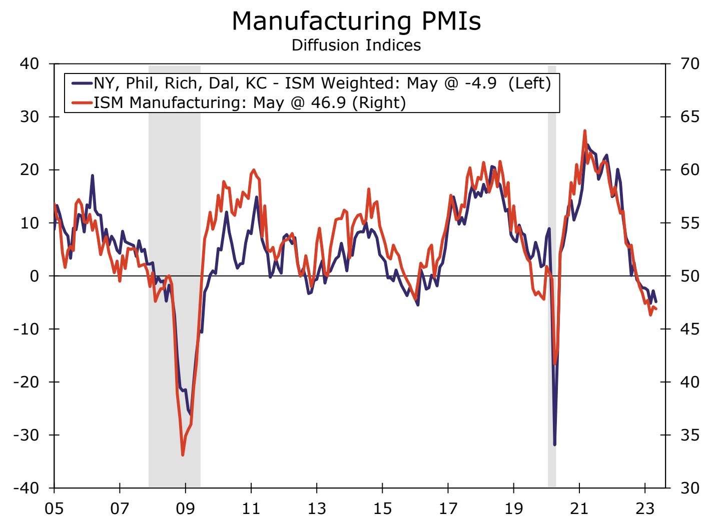
Credit Market Insights

Beige Book May Be Flashing Red Lights in the Future

The Federal Reserve System's latest Beige Book showed that regional economies generally chugged along with little change over April and early May, but a slowdown is evident on the horizon, with some sectors already in decline. The labor market remains tight across many districts, but some noted that hiring is easier than it was before, even as wage growth remained modest. Demand for labor is also cooling, as firms believe that they are fully-staffed or scaling back hiring plans in the wake of a poor economic outlook. Finally, prices are rising at a moderate pace.

On balance, conditions did not significantly change over the past month. Respondents continued to indicate the possibility of a looming recession despite the generally strong current performance of the economy as a whole.

Perhaps the most interesting theme was indicated by respondents in Richmond's and Atlanta's districts: a "freight recession." Demand for transportation services notably softened, from trucks to ocean freight. Nationally, the American Trucking Associations' Truck Tonnage Index declined in March and April. However, these industry movements may not be indicative of the overall economy; personal spending has risen in every month since November, including big gains in January and April. Some of the freight weakness may reflect the slow spending shift from goods to services, and the need for firms to reduce inventories (the ISM Manufacturing inventories index has reported inventories contracting for three straight months). Philadelphia's manufacturers noted no signs of a recession, but Philadelphia and New York were the only districts to note a contraction in overall economic activity.



Source: Federal Reserve System, ISM and Wells Fargo Economics

Concern over the debt ceiling and the potential for a default were raised by respondents in the Cleveland, Boston and Philadelphia Fed districts, and it had some impact on current sentiment. However, the next Beige Book and future data should reflect some relief on this front, as a bill to suspend the debt ceiling appears set to be signed into law soon. Moving past the debt ceiling, respondents in Chicago, St. Louis and Dallas discussed a weak or negative economic outlook. The tone in Boston was a bit different, where they noted that respondents were "cautiously optimistic" despite weakening labor demand. Rising rates, still strong price pressures and a potential for weakening demand are keeping firms worried about the future, even as some relief on labor, demand and profits are allowing them to carry on for now.

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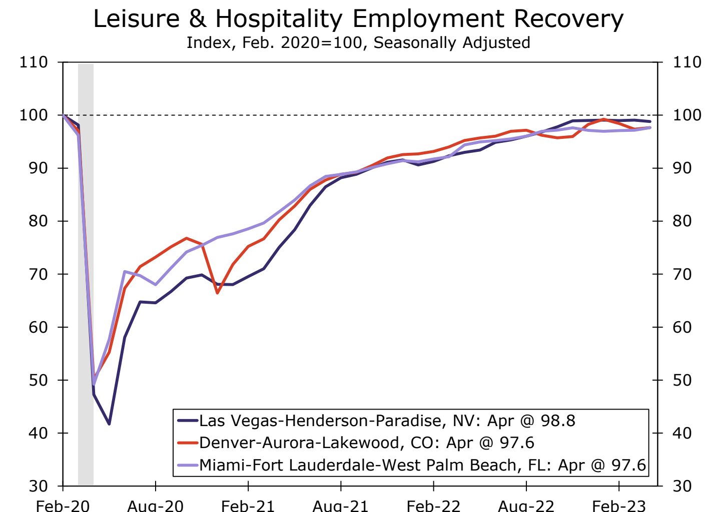
Topic of the Week

The Mountains vs. Miami: Stacking Up the NBA and NHL Finalists

This year's NBA and NHL finals are a mirror matchup between a top-seeded team from the Mountain West and an underdog team from Miami. The NBA finals commenced Thursday with the Denver Nuggets taking a 1-0 series lead over the Miami Heat. The Nuggets are off to a fast start in their first-ever finals appearance and are strong favorites after sweeping the Los Angeles Lakers in the Western Conference Finals. Led by two-time MVP center Nikola Jokić and point guard Jamal Murray, the Nuggets are in prime position to win their first championship in their 47 seasons in the NBA. They will have to overcome a Heat squad that has defied expectations, becoming the first 8-seed since the 1999 Knicks to earn a finals berth. The Heat survived a nerve-wracking seven-game series against the Boston Celtics to earn their seventh finals appearance with key contributions from all-stars Jimmy Butler and Bam Adebayo and clutch performances from small forward Caleb Martin.

Off the court, the Las Vegas Golden Knights and the Florida Panthers hit the ice in game one of the Stanley Cup Finals on Saturday. Vegas returns to the cup five years after a miraculous run in their 2018 inaugural season. The Knights dispatched Dallas in six games to win the West after previously knocking out Edmonton and Winnipeg. Vegas has gone all-in on this cup run and the gamble has paid off so far. Core players Jonathan Marchessault and William Karlsson return from the 2018 team, and marquee signing Jack Eichel has been a revelation in his playoff debut. Out of the East comes the Florida Panthers, a team of destiny making its second Stanley Cup appearance and first since 1996. Florida has looked nothing like the bottom seed it was expected to be. Since upsetting a Boston Bruins team that had set the record for the best regular season in NHL history, the Panthers have been on a tear, losing just one game in the second round against Toronto and sweeping Carolina in the conference final. Goaltender Sergei Bobrovsky has been an anchor for this team, averaging a career-high .935 save percentage. The only player to rival his contribution is all-star Matthew Tkachuk, who continues to find the net when it matters most. This matchup proves to be more even than the NBA finals and is expected to go the distance. Shiny hardware and eternal glory aside, how are the local economies poised to benefit from the finals festivities?

Denver, Las Vegas and Miami are abuzz with finals fever, and the leisure & hospitality sector stands to benefit the most as fans flock to stadiums, bars, restaurants and hotels. Precedence shows playoffs pay off for local businesses. According to Forbes, Denver received between $4 million and $8 million in regional economic impact per game when the Colorado Avalanche appeared in last year's Stanley Cup Finals. Benefits from the NBA Finals are estimated to be even larger. The Denver Metro Chamber of Commerce estimates Denver and Miami to take in $25 million each in direct spending on travel expenses and as much as four times that amount in total economic impact over the course of the series. Tourism dollars have been hard to measure for playoff series in the past, but a comprehensive publication from Visit Milwaukee in 2021 shined a light on the potential economic impact a finals run can bring. The Milwaukee Bucks championship run brought in an estimated $57.6 million to the metro, half of that from the finals alone. All three metros are major tourist destinations in their own right, but the pandemic affected each economy uniquely.



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

The Las Vegas metro, and its heavy reliance on tourism, was disproportionately affected by the pandemic and its associated effects. The unemployment rate skyrocketed to 34.3% in May 2020 and as of April 2023 is still over two percentage points above the national average of 3.4%. The story is similar to that in other cities. Leisure & hospitality employment has struggled to return to pre-pandemic levels (chart), even as travelers flock to vacation destinations to make up for lost time. The Vegas economy has made efforts to diversify beyond tourism and is aiming to become a hub for technology and business services. In a sense, Vegas is a nontraditional hockey market looking to break its own economic tradition.

The Miami metro area, being another nontraditional hockey market, has also seen a break from its own economic tradition of tourism as of late. Strong domestic migration and business migration to Florida have fueled diversification of the local economy, particularly in financial services and logistics and trade. Through April, employment in financial services and trade, transportation & utilities are up 12.0% and 4.9%, respectively, against pre-pandemic levels. The metro area's tourism industry has steadily improved in recent years, but leisure & hospitality employment is still about 2.4% below pre-pandemic levels.

Denver's leisure & hospitality employment recovery is roughly tied with Miami's but has lost some ground in recent months. The metro area's location at the base of the Rocky Mountains makes it a popular tourist destination as well as a distribution hub for the rest of the Mountain West. Denver's tight labor market has proved challenging for recovering industries seeking to hire workers. Not only is labor force participation relatively high, the metro's unemployment rate was 2.7% in April, well below the national average.

As these exciting playoffs draw to their conclusions, Las Vegas, Denver and Miami are guaranteed to be economic winners, but it remains to be seen which one will hoist the Larry O'Brien Trophy or the Stanley Cup. In the case of Miami, maybe even both.

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Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 6/2/2023	1 Week Ago	1 Year Ago
SOFR	5.08	5.06	0.80
3-Month LIBOR	5.50	5.46	1.63
3-Month T-Bill	5.41	5.23	1.12
1-Year Treasury	4.87	4.95	1.96
2-Year Treasury	4.48	4.56	2.63
5-Year Treasury	3.81	3.93	2.91
10-Year Treasury	3.67	3.80	2.91
30-Year Treasury	3.86	3.96	3.07
Bond Buyer Index	3.67	3.74	3.03

Foreign Exchange Rates

	Friday 6/2/2023	1 Week Ago	1 Year Ago
Euro ($/€)	1.072	1.072	1.075
British Pound ($/£)	1.246	1.234	1.258
British Pound (£/€)	0.860	0.869	0.854
Japanese Yen (¥/$)	139.770	140.600	129.840
Canadian Dollar (C$/$)	1.344	1.362	1.257
Swiss Franc (CHF/$)	0.908	0.906	0.958
Australian Dollar (US$/A$)	0.662	0.652	0.727
Mexican Peso (MXN/$)	17.500	17.626	19.525
Chinese Yuan (CNY/$)	7.085	7.064	6.660
Indian Rupee (INR/$)	82.301	82.571	77.614
Brazilian Real (BRL/$)	4.959	4.995	4.797
U.S. Dollar Index	103.941	104.251	101.824

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

Foreign Interest Rates

	Friday 6/2/2023	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.58	-0.59	-0.57
3-Month Sterling LIBOR	4.88	4.87	1.42
3-Month Canada Banker's Acceptance	5.09	5.05	2.17
3-Month Yen LIBOR	-0.03	-0.03	-0.08
2-Year German	2.80	2.94	0.63
2-Year U.K.	4.36	4.49	1.69
2-Year Canadian	4.28	4.30	2.85
2-Year Japanese	-0.07	-0.06	-0.07
10-Year German	2.31	2.54	1.24
10-Year U.K.	4.16	4.33	2.16
10-Year Canadian	3.21	3.33	3.00
10-Year Japanese	0.41	0.42	0.24

Commodity Prices

	Friday 6/2/2023	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	71.36	71.83	116.87
Brent Crude ($/Barrel)	75.64	76.95	117.61
Gold ($/Ounce)	1961.37	1946.46	1868.58
Hot-Rolled Steel ($/S.Ton)	941.00	1099.00	1160.00
Copper (¢/Pound)	372.05	358.05	455.25
Soybeans ($/Bushel)	13.30	13.60	17.25
Natural Gas ($/MMBTU)	2.19	2.31	8.49
Nickel ($/Metric Ton)	21,185	20,522	28,062
CRB Spot Inds.	550.22	542.82	657.75

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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	Senior Economist	212-214-8984	Charles.Dougherty@wellsfargo.com
Michael Pugliese	Senior 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

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