

Weekly — June 23, 2023

Weekly Economic & Financial Commentary

United States: Economic Resilience Suggests the Fed Has More Work to Do

- Chair Powell noted this week in Congressional testimony that economic activity has been resilient in the face of higher interest rates, suggesting there is more work to be done by policymakers in order to achieve their 2% inflation target. Housing was the dominant theme this week and intimated the housing market is holding up reasonably well in the face of higher interest rates and the potential for recession early next year.
- [Next week](#): Durable Goods (Tue.), New Home Sales (Tue.), Personal Income & Spending (Fri)

International: Bank of England Revs Up Rate Hikes

- In the wake of disappointing inflation news in recent months, the Bank of England (BoE) this week decided to deliver a large 50 bps policy rate hike to 5.00%. The BoE's hand was essentially forced by especially rapid inflation in recent months, including a May CPI that quickened to 7.1% year-over-year. We doubt wage or price inflation will cool substantially by the time of the Bank of England's August announcement, and expect the U.K. central bank to deliver another 50 bps rate increase, to 5.50%, at that meeting. Beyond that, we also see a 25 bps hike to 5.75% in September, which we expect to be the peak for the current cycle.
- [Next week](#): Riksbank Policy Rate (Thu.), China PMIs (Fri.), Eurozone CPI (Fri.)

Credit Market Insights: H8 to See You Go, Commercial Bank Loans Are Declining

- Credit conditions have tightened in the weeks since the advent of turmoil in the U.S. financial sector and giving the Fed more to consider in its deliberations over the future path of interest rates. Recently released H8 data depict a downward trend in the loans and leases of commercial banks in the U.S. during the weeks since these events, driven primarily by a deceleration in C&I loans.

Topic of the Week: Chairman Powell Reveals a Touch of Grey

- As mandated by the Federal Reserve Reform Act of 1977, Chair Jerome Powell presented the Federal Reserve's semiannual monetary policy report to the House of Representatives and Senate this week.

Submit a question to our ["Ask Our Economists"](#) podcast at askoureconomists@wellsfargo.com.

Wells Fargo U.S. Economic Forecast												
	Actual				Forecast				Actual		Forecast	
	2022				2023				2021	2022	2023	2024
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product ¹	-1.6	-0.6	3.2	2.6	2.0*	1.9	-0.2	-2.8	5.9	2.1	1.3	0.3
Personal Consumption	1.3	2.0	2.3	1.0	4.0*	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-Quarter² Year-over-Year Percentage Change³ Quarterly Data - Period End; Annual Data - Annual Averages⁴ Upper Bound of the Federal Funds Target Rate

*Forecast for third estimate for GDP

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

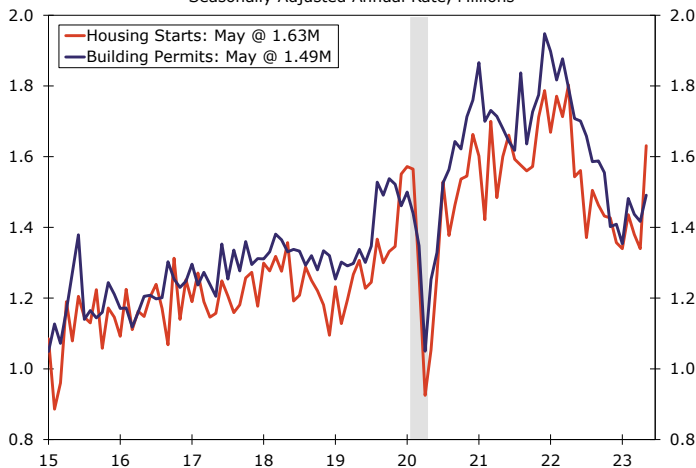
Economic Resilience Suggests the Fed Has More Work to Do

Even as the calendar calmed down a bit this past holiday-shortened week, the economic indicators and Fed officials' comments were no less instructive for market participants gauging the health of the U.S. economy and the appropriate level of monetary policy as the end of the second quarter draws near.

On the Fed front, Chair Powell's semiannual monetary policy testimony before both houses of Congress covered little ground not tread at last week's FOMC meeting where policymakers opted to leave the federal funds rate steady as they continue to evaluate the impact of previous policy tightening on the economy. Chair Powell noted that economic activity has continued to expand at a modest pace so far this year, buoyed by resilient consumer spending. Given the resilience of the U.S. economy in the face of higher interest rates, it appears there is more work to be done by policymakers in order to achieve their 2% inflation target—see [Topic of the Week](#) for more detail.

Housing Starts and Building Permits

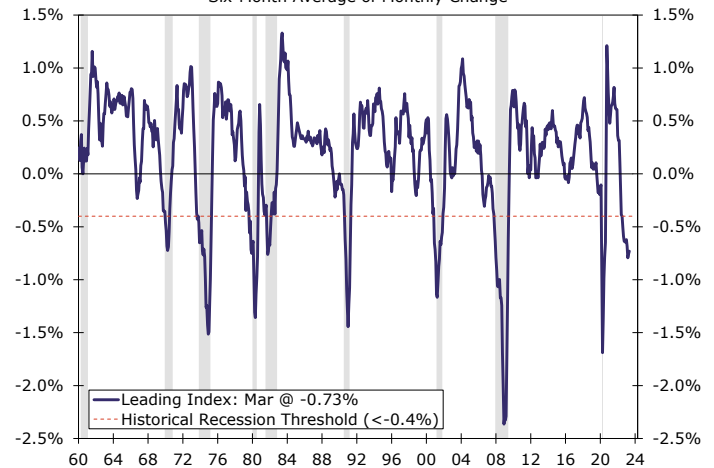
Seasonally Adjusted Annual Rate, Millions



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

Leading Economic Index

Six-Month Average of Monthly Change



Source: The Conference Board and Wells Fargo Economics

On the data front, housing was the dominant theme this week and intimated the housing market is holding up reasonably well in the face of higher interest rates and the potential for recession early next year. Housing starts unexpectedly shot up 21.7% in May from April to a 1.631 million-unit annualized pace. Gains were broad based, with a near three-year-high sequential jump in single-family starts, while multifamily starts rocketed 27.1% on the month. Single-family permits climbed for the fourth straight month in a sign that builders are scaling up development in response to more favorable supply side conditions and a steady stream of buyers. On the multifamily side, apartment market conditions have softened considerably, especially in the Southeast and Mountain West where the bulk of new construction is taking place. That said, the supply pipeline for multifamily units grew larger in May, with units currently under construction rising to nearly one million units and tying for the highest on record.

Existing home sales were little changed in May, up 0.2% to a 4.30 million-unit annualized pace, following declines in March and April as elevated mortgage rates and inventory constraints continue to crimp demand. Sales pulled back in the single-family market (-0.3% month-over-month) though increased with condos and co-ops (4.7%). By region, sales increased in the South and West and declined in the Midwest and Northeast as overall demand continues to be driven by the affordability migration away from high-cost housing markets. The imbalance between housing supply and demand improved slightly last month, with the months' supply of single-family homes available for sale edging up to 3.0 months from 2.8 months in April. While an improvement, there are still 6.1% fewer homes available for sale than there were a year ago. Stabilizing buyer demand has triggered an upshift in prices, with the median single-family home price rising 2.8% to \$401,100 in May. Although still down 3.4% from a year ago, May marks the fourth consecutive monthly uptick in existing single-family home prices. Softening mortgage rates in the first few months on the year incrementally improved affordability for buyers. According to Freddie Mac, the monthly average 30-year fixed mortgage rate steadied between 6.3% and 6.5% in March and April after peaking at 7.1% in October 2022. Despite improved affordability, mortgage rates remain far above their pre-pandemic normal. Low inventory

continues to constrain the resale market and nudge buyers toward new construction. Looking ahead, we expect home sales to gradually lose momentum over the coming months as higher mortgage rates keep many potential sellers on the sidelines.

Last, the Leading Economic Index (LEI) fell for the 14th consecutive month in May. The headline index declined 0.7% over the month and was driven by a weakening manufacturing sector and souring consumer sentiment. This weakness more than offset improvement from building permits and initial jobless claims. As we have highlighted in previous updates, the six-month average change in the LEI has now been below the threshold historically consistent with recession for 11 months. With the Fed to hike interest rates at least one more time this summer, we still see a better-than-even chance the U.S. economy enters a mild recession early next year.

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U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
27-Jun	Durable Goods Orders	May	-1.0%	-0.4%	1.1%
27-Jun	New Home Sales	May	668K	682K	683K
27-Jun	Consumer Confidence	Jun	103.8	104.4%	102.3
28-Jun	GDP Annualized (QoQ)	1Q-23	1.4%	2.0%	1.3%
29-Jun	Personal Income	May	0.4%	0.4%	0.4%
29-Jun	Personal Spending	May	0.2%	0.2%	0.8%
29-Jun	PCE Deflator (MoM)	May	0.1%	0.0%	0.4%
29-Jun	Core PCE Deflator (MoM)	May	0.4%	0.2%	0.4%

Forecast as of June 23, 2023

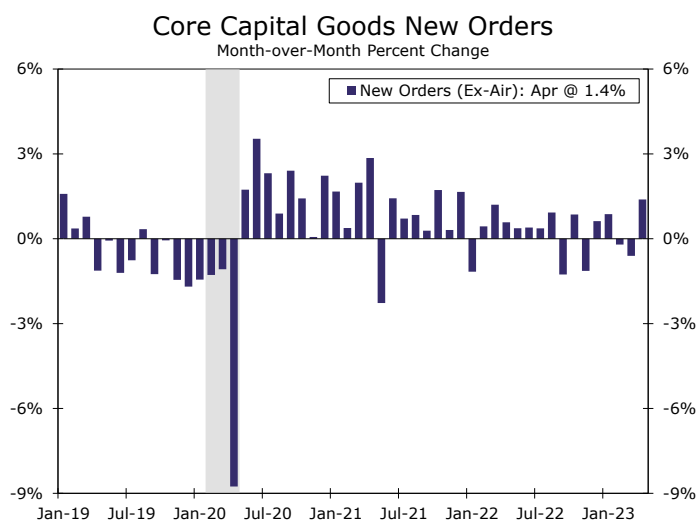
Source: Bloomberg Finance L.P. and Wells Fargo Economics

Durable Goods • Tuesday

The manufacturing sector continues to reel. The ISM manufacturing index has been signaling contraction for seven straight months, and manufacturing production rose just 0.1% in May. Demand for new capital expenditures has faltered amid high financing costs and elevated uncertainty about the economy's trajectory.

Core capital goods orders jumped 1.4% in April, and we look for some payback in May. Specifically, we look for durable goods orders to slip 0.4% in May, but excluding transportation, we expect orders were flat in May.

Nondefense capital goods shipments started the second quarter off on a rocky start, declining 1.8% in April. This measure feeds into the BEA's calculation for equipment spending and positions overall investment spending for another weak outturn in Q2.



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

New Home Sales • Tuesday

The housing market looks to have caught somewhat of a second wind. Existing home sales defied the Bloomberg consensus expectation for a modest decline and rose 0.2% in May. Housing starts surged 21.7% in May, marking the strongest monthly gain since 2016. Building permits also rose last month, signaling builders are scaling up development. The extraordinary low level of single-family home inventories may be giving developers confidence to move forward with new projects. The National Association of Home Builders/Wells Fargo Housing Market Index rose for the second straight month in June, signaling increased confidence.

We look for new home sales to pull back only modestly to 682K from 683K in April. Buyers have grown disheartened by a lack of existing inventory and find rate buydowns and other incentives builders have to offer enticing. Overall, housing activity looks to have steadied following the dramatic downturn experienced for most of last year.

Personal Income & Spending • Friday

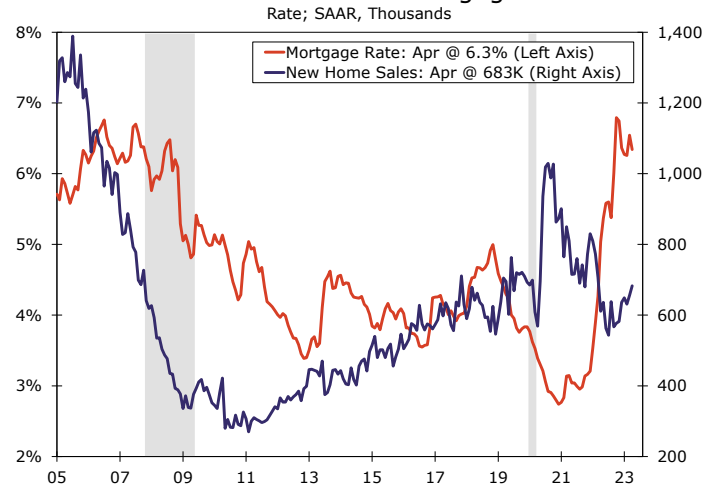
There remains an undeniable resilience in household spending. Retail sales surprised to the upside in May with an outsized gain in building materials and auto dealers specifically. But even stripping through some of the volatility, control group retail sales were still up 0.2%. While there has been some loss in momentum over the past six months, households' staying power is still intact. We expect to see overall personal spending rise 0.1% in May, amid a lift in services spending specifically.

As inflation subsides, consumer purchasing power has recovered with real disposable personal income up for the past 10 consecutive months. We look for income to post another favorable gain in May (+0.4%) and for the PCE deflator to remain flat, resulting in another gain in real disposable income.

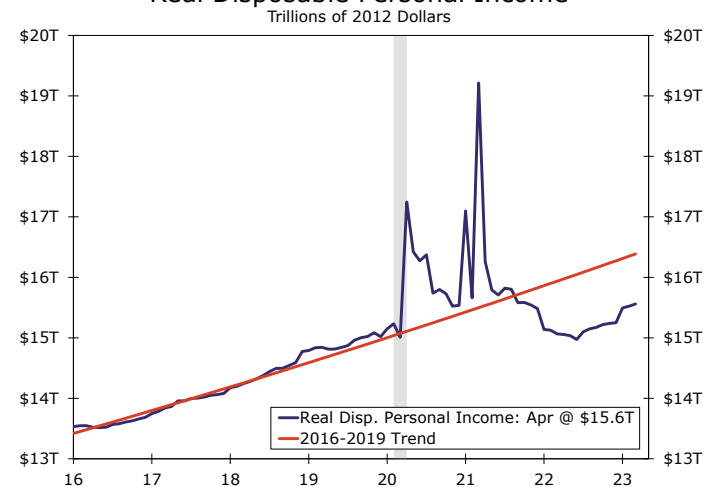
While households continue to spend, we still believe conditions are growing somewhat less favorable. Credit standards are tightening and there is less excess liquidity to rely on. Renewed strength in income is helping to offset these factors, enabling consumers to spend in the near term.

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New Home Sales vs. Mortgage Rate



Real Disposable Personal Income



International Review

Bank of England Revs Up Rate Hikes

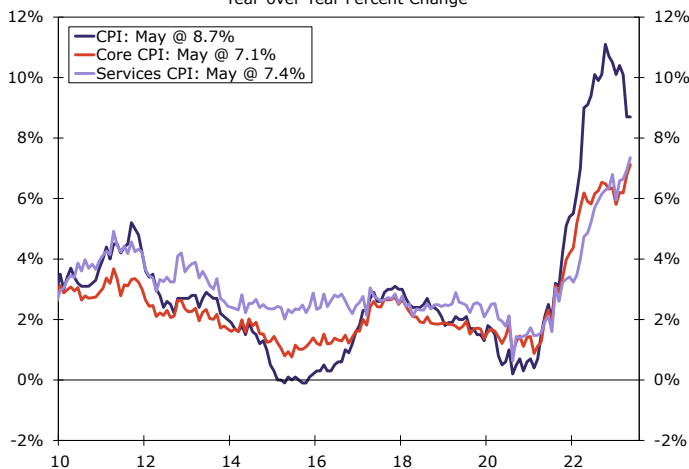
In the wake of disappointing inflation news in recent months, the Bank of England (BoE) this week decided to deliver a large 50 bps policy rate hike to 5.00%. The BoE's hand was essentially forced by especially rapid inflation in recent months. The May CPI saw another upside surprise, as headline inflation held steady at 8.7% year-over-year, and core CPI inflation accelerated further to 7.1%.

In raising interest rates by a 7-2 vote (with the two dissenters voting for no rate change), the BoE said "the second-round effects in domestic price and wage developments generated by external cost shocks are likely to take longer to unwind than they did to emerge" and that if "there were to be evidence of more persistent pressures, then further tightening in monetary policy would be required."

We doubt wage or price inflation will cool substantially by the time of the BoE's August announcement. With the BoE's economic projections in August likely to show much higher inflation forecasts, we expect the U.K. central bank to deliver another 50 bps rate increase, to 5.50%. Beyond that, we also see a 25 bps hike to 5.75% in September, which we expect to be the peak for the current cycle. With the BoE set to raise rates substantially further, we expect the U.K. economy to come under renewed pressure by late 2023. Indeed, given still-high inflation and rising interest rates, we now expect a mild recession, forecasting U.K. GDP to contract in Q4-2023 and Q1-2024. In terms of our full-year GDP growth outlook, we forecast modest U.K. GDP growth of 0.2% for 2023 and 0.4% for 2024. While we do not expect the Bank of England to cut rates until Q2-2024, against a backdrop of mild recession and more quickly declining inflation, we forecast a cumulative 250 bps of rate cuts next year, an aggressive pace of monetary easing that would broadly match that of the Federal Reserve.

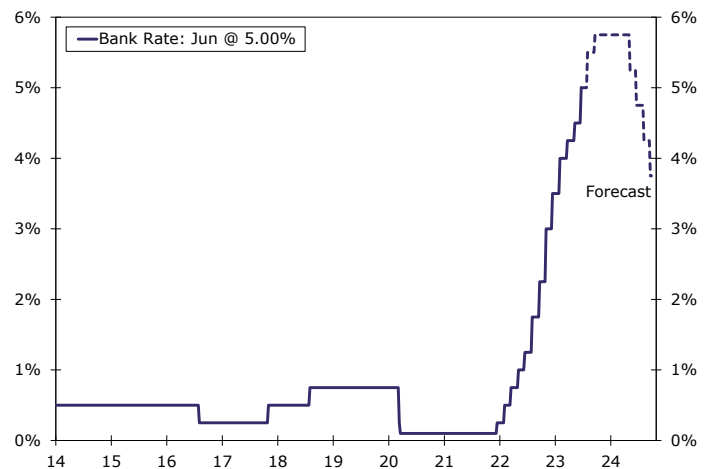
There were also some U.K. and European activity and sentiment data on this week's schedule. In the U.K., economic figures were mixed. The June U.K. manufacturing PMI slipped further to 46.2 and the services PMI also fell to 53.7, but May retail sales rose 0.3% month-over-month. Eurozone June PMI surveys were soft in tone, as the manufacturing PMI fell to 43.6 and the services PMI fell to 52.4.

U.K. Consumer Prices
Year-over-Year Percent Change



Source: Datastream and Wells Fargo Economics

Bank of England Policy Rate



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

Altogether, it was a very active week for central banks across the world. The Swiss National Bank raised its policy rate 25 bps to 1.75%, while Norway's central bank raised its policy rate a larger-than-forecast 50 bps to 3.75%. We expect both central banks to raise interest rates further through September. Turkey's central bank hiked its policy rate to 15.00% from 8.50%, although that was a disappointment, given that market participants had been looking for an increase to 20.00%. Elsewhere, several central banks held their policy rates steady this week, including Chile (11.25%), Brazil (13.75%), Mexico (11.25%), Hungary (13.00%), Czech Republic (7.00%) and Indonesia (5.75%). The People's Bank of China reduced its one-year loan prime rate 10 bps to 3.55% and reduced its five-year loan prime rate 10 bps to 4.20%, unsurprising given previous reductions to other benchmark interest rates.

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International Outlook

Weekly International Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
29-Jun	Riksbank Policy Rate	29-Jun	3.75%	3.75%	3.50%
30-Jun	China Manufacturing PMI	Jun	49.0	--	48.8
30-Jun	China Services PMI	Jun	53.7	--	54.5
30-Jun	Eurozone CPI (YoY)	Jun	5.6%	--	6.1%
30-Jun	Eurozone Core CPI (YoY)	Jun	5.5%	--	5.3%

Forecast as of June 23, 2023

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

Riksbank Policy Rate • Thursday

Sweden's central bank, the Riksbank, announces its latest monetary policy decision next week. There will be interest not only in the size of any rate increase from the Riksbank, but also whether the central bank signals any further tightening beyond this June meeting. The Riksbank faces mixed growth and inflation trends for Sweden. Economic growth remains subdued overall but has shown some improvement, as Q1 GDP rose 0.6% quarter-over-quarter, and the economic tendency survey has firmed moderately to 89.4 as of May. Meanwhile, underlying inflation trends remain elevated with CPIF ex-energy inflation of 8.2% year-over-year in May, still well above the central bank's inflation target.

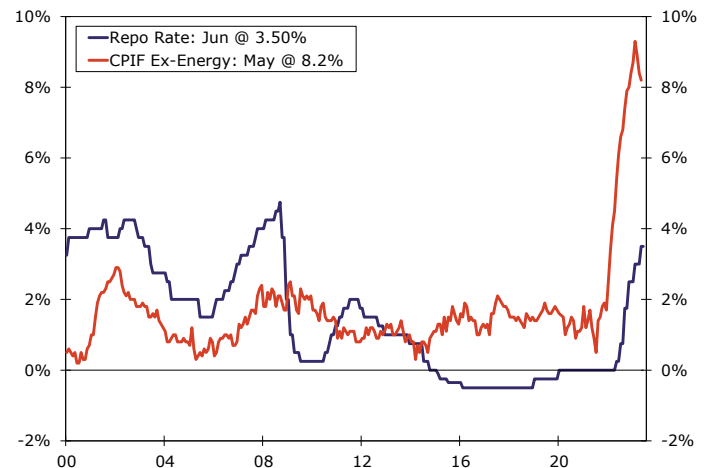
Against this backdrop, the Riksbank will almost certainly hike rates again next week. Our forecast, and the consensus forecast, is for the Riksbank to raise its policy rate 25 bps to 3.75%, which we forecast will be the peak for the current cycle. However, considering still-elevated inflation we would not be surprised if the Riksbank raised rates 50 bps. Just as important will be whether the Riksbank signals further tightening, either in its accompanying statement or updated economic projections. Should the central bank offer that guidance, we would likely adjust our outlook for Riksbank monetary policy outlook by incorporating further monetary tightening during Q3.

China PMIs • Friday

China's manufacturing and service sector PMIs for June are released next week and will be closely scrutinized for timely insights into the extent to which China's recovery continues to lose momentum. Following the lifting of COVID containment measures late last year, China's economy rebounded in the first quarter as GDP rose 2.2% quarter-over-quarter. China's growth momentum has not been able to sustain itself, however, and both survey and activity data in recent months point to slower growth going forward.

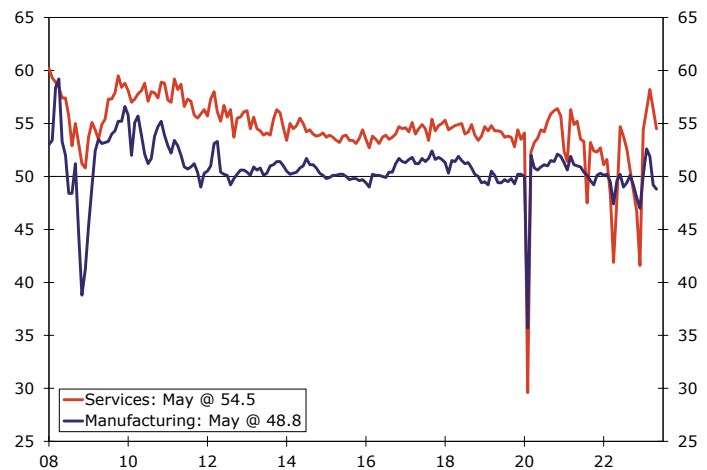
The manufacturing PMI fell to 48.8 in May, while for June, the consensus forecast is for the index to edge up to 49.0. However, that would still be the third month in a row the manufacturing PMI will have remained below the breakeven 50 level. Meanwhile, the services PMI is expected to fall further in June, with the consensus forecast for a further decline to 53.7. Overall, we expect China's June PMIs to provide further confirmation that China's economic momentum is waning. That would be consistent with our slightly more cautious outlook for China's economy, which recently saw us revise our 2023 GDP growth forecast down to 5.7%, from 6.0% previously.

Swedish Policy Rate vs. CPIF Ex-Energy Inflation



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

Chinese PMI Surveys



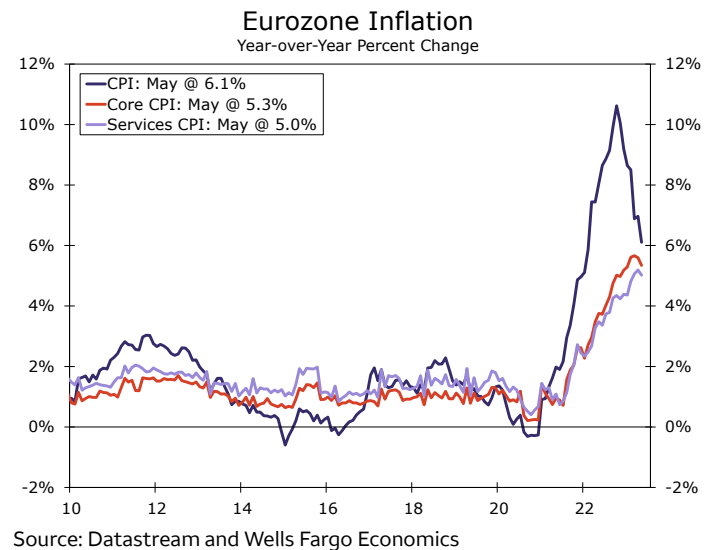
Source: Datastream and Wells Fargo Economics

Eurozone CPI • Friday

The Eurozone June CPI scheduled release next week is likely to be an important influence for the path for European Central Bank (ECB) monetary policy in the months ahead. The ECB raised its Deposit Rate 25 bps to 3.50% at its June meeting, while saying that inflation remains much too high, substantially raising its core CPI inflation forecasts and signaling that another rate hike in July was very likely. With a July rate increase just about baked in, there is also plenty of interest from market participants on whether policy rates could be raised in September as well.

For the first time in many months, the Eurozone CPI surprised to the downside in May. Headline inflation slowed more than forecast to 6.1% year-over-year, while core inflation also slowed to 5.3%. For June, the consensus forecast is for headline inflation to slow further to 5.6%, while core inflation is seen ticking up to 5.5%. Another significant downside surprise might be enough to persuade ECB policymakers to pause their rate hike cycle in July, at a Deposit Rate of 3.75%. However, if inflation surprises to the upside, the case for further tightening beyond July could gather momentum.

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Credit Market Insights

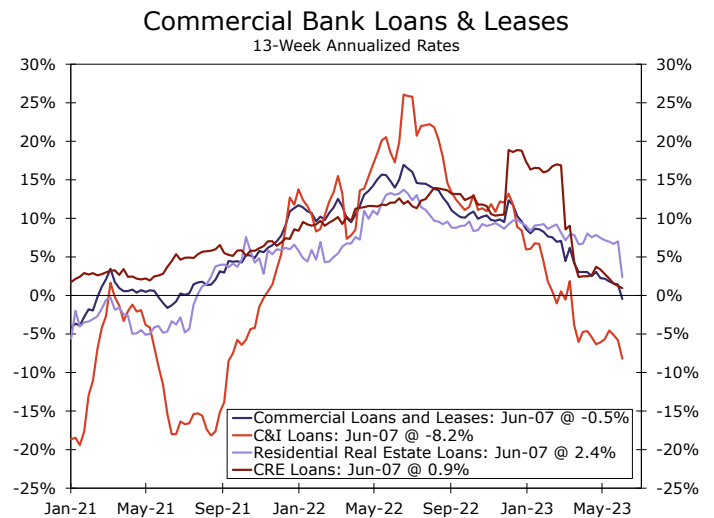
H8 to See You Go, Commercial Bank Loans Are Declining

The advent of turmoil in the financial sector roughly three months ago evoked fears that some financial institutions may not be able to meet their obligations to depositors due to losses on securities holdings. Credit conditions have tightened in the weeks since these events, giving the Federal Reserve more to consider in its deliberations over the future path of interest rates. Recently released H8 data from the Fed depict the downward trend in the loans and leases of commercial banks in the U.S. in the time period since this turmoil.

Across the board, usage of credit lines from commercial banks has declined. The 13-week annualized rate of change for all commercial loans and leases recently fell to -0.5% for the week ending June 7, the first time this measure has been negative since June 2021. The 13-week base of comparison within this measure happens to be the week ending March 8, or right before the collapse of a large financial institution that catalyzed larger fear within the industry. Growth rates have declined across all major categories of commercial loans, with residential real estate loans falling from a year-to-date high of over 9% to a year-to-date low of only 2.4%. The decline in growth rates for CRE loans, which comprise nearly a quarter of all commercial bank loans, was even more dramatic, falling from its 2023 high of over 17% in the first week of January to a yearly low of only 0.9% most recently.

However, an even bigger driver of the negative growth rate for the headline commercial bank loan measure was the negative growth rate in commercial and industrial (C&I) loans. C&I loans, which constitute over 22% of all commercial bank loans, reached a considerable downshift to a 13-week annualized growth rate of -8.2%. While the growth rate for C&I loans has been largely declining since the start of the year, the onset of financial sector turbulence coincided with a steep decline in the growth rate for these loans.

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Source: Federal Reserve Board and Wells Fargo Economics

Topic of the Week

Chairman Powell Reveals a Touch of Grey

As mandated by the Federal Reserve Reform Act of 1977, Chair Jerome Powell presented the Federal Reserve's semiannual monetary policy report to the House of Representatives and Senate this week. Chair Powell submitted identical prepared remarks to the chambers, which largely reiterated the sentiment of last week's Federal Open Market Committee (FOMC) meeting. The testimony continued to stress the Fed's commitment to bringing inflation back down to its 2% target and suggested the FOMC is likely not done tightening monetary policy yet.

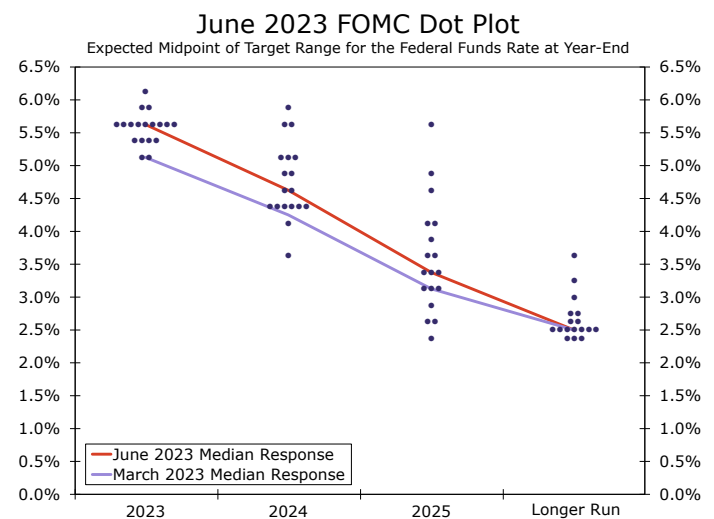
In explaining the contours of the federal funds rate's path, Chair Powell said, "now we are moderating that pace, much as you might do if you were to be driving 75 miles an hour on a highway, then 50 miles an hour on a local highway. Then as you get closer to your destination, you try to find that destination; you slow down even further." The analogy is salient and well characterizes the FOMC's decision to pause rate hikes in June in order to slow down and assess the cumulative effects of policy tightening thus far.

Chair Powell acknowledged that economic activity has continued to expand at a moderate pace, as consumer spending has remained strong while the manufacturing and housing sectors have materially weakened. He pointed to the strong labor market and said the FOMC has "overachieved" on its maximum employment mandate while it has underachieved at maintaining low and stable inflation. When asked about balancing the Fed's dual mandate, Chair Powell underscored that heightened policy focus on inflation now is needed in order to achieve a sustained period of strong labor market conditions in the longer run.

To that end, Chair Powell said "nearly all FOMC participants expect that it will be appropriate to raise interest rates somewhat further by the end of the year," as signaled by the dot plot released on June 14 ([chart](#)). Even so, the Committee has emphasized that future decisions will be based on the totality of incoming economic data. Between now and the FOMC's next meeting on July 26, we will get a look at May's personal consumption expenditures (PCE) deflator, June's consumer price index and June's employment situation. We look for inflation to remain elevated, leading the Committee to hike by another 25 bps at its July meeting, which the market has priced in at a 70% probability.

Beyond the near-term economic outlook, several questions were posed on forthcoming changes in banking regulations. Chair Powell touched on the Fed's latest [Financial Stability Report](#) (released in May) and said any changes to capital requirements will not have much effect in the near term and are not a key factor in the FOMC's assessment of the economy. In addition, Chair Powell received a question on where interest rates will be once the U.S. economy returns to 2% inflation. While he was cut short, Chair Powell commented the outlook for the natural rate of interest is uncertain, and it may be somewhat higher than it was before the pandemic. Last, but certainly not least, Representative Wiley Nickel of North Carolina asked Chair Powell if he enjoyed the Dead & Company concert in Virginia. "It was terrific. What can I say? It was great," Powell replied. That's all he had to say, and it's alright.

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Source: Federal Reserve Board and Wells Fargo Economics

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 6/23/2023	1 Week Ago	1 Year Ago
SOFR	5.05	5.06	1.45
3-Month LIBOR	5.54	5.51	2.15
3-Month T-Bill	5.26	5.22	1.57
1-Year Treasury	5.09	4.97	2.52
2-Year Treasury	4.75	4.71	3.01
5-Year Treasury	4.00	3.98	3.15
10-Year Treasury	3.74	3.76	3.09
30-Year Treasury	3.82	3.85	3.20
Bond Buyer Index	3.65	3.67	3.54

Foreign Exchange Rates

	Friday 6/23/2023	1 Week Ago	1 Year Ago
Euro (\$/€)	1.088	1.094	1.052
British Pound (\$/£)	1.271	1.282	1.226
British Pound (£/€)	0.856	0.853	0.858
Japanese Yen (¥/\$)	143.730	141.820	134.950
Canadian Dollar (C\$/ \$)	1.319	1.320	1.300
Swiss Franc (CHF/\$)	0.898	0.894	0.961
Australian Dollar (US\$/A\$)	0.668	0.688	0.690
Mexican Peso (MXN/\$)	17.210	17.089	20.016
Chinese Yuan (CNY/\$)	7.179	7.162	6.690
Indian Rupee (INR/\$)	82.034	81.938	78.313
Brazilian Real (BRL/\$)	4.778	4.823	5.240
U.S. Dollar Index	102.980	102.115	104.431

Foreign Interest Rates

	Friday 6/23/2023	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.58	-0.59	-0.57
3-Month Sterling LIBOR	5.11	4.99	1.62
3-Month Canada Banker's Acceptance	5.35	5.28	2.58
3-Month Yen LIBOR	-0.03	-0.03	-0.08
2-Year German	3.11	3.12	0.81
2-Year U.K.	5.16	4.95	1.94
2-Year Canadian	4.69	4.56	3.12
2-Year Japanese	-0.07	-0.06	-0.09
10-Year German	2.35	2.47	1.43
10-Year U.K.	4.30	4.41	2.32
10-Year Canadian	3.36	3.35	3.30
10-Year Japanese	0.37	0.41	0.24

Commodity Prices

	Friday 6/23/2023	1 Week Ago	1 Year Ago
WTI Crude (\$/Barrel)	68.45	70.62	104.27
Brent Crude (\$/Barrel)	73.15	76.61	110.05
Gold (\$/Ounce)	1927.24	1957.98	1822.77
Hot-Rolled Steel (\$/S.Ton)	912.00	923.00	1118.00
Copper (¢/Pound)	380.20	390.10	373.90
Soybeans (\$/Bushel)	15.08	14.84	17.00
Natural Gas (\$/MMBTU)	2.56	2.53	6.24
Nickel (\$/Metric Ton)	21,018	22,901	24,389
CRB Spot Inds.	554.00	553.95	631.30

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

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