Economics

WELLS FARGO

Weekly — September 22, 2023

Weekly Economic & Financial Commentary

United States: **U.S. Economy Still Resilient, but Headwinds Building**

- It was a relatively light week on the U.S. economic data front. A slate of housing data offered additional evidence that high mortgage rates and limited inventory are weighing on housing market activity. Jobless claims remained low, but a still-declining LEI and a further climb in Treasury yields and oil prices suggest economic growth will slow in the months ahead.
- Next week: New Home Sales (Tue.), Durable Goods (Wed.), Personal Income and Spending (Fri.)

International: **Central Banks Here, There and Everywhere**

- It was a particularly active week for international central banks across the G10 and emerging markets, with several institutions delivering differing decisions and differing messages. Emerging market central banks saw a combination of rate hikes, rate holds and rate cuts. G10 central banks saw some rate hikes and some rate holds, with differing messages also on the likelihood of further monetary tightening in the months ahead.
- Next week: Mexico Policy Rate Decision (Thu.), Eurozone CPI (Fri.), China PMIs (Sat.)

Interest Rate Watch: **Higher for Longer**

- The Federal Open Market Committee (FOMC) held the target range for the federal funds rate at 5.25%-5.50% this week. While rates were left unchanged, the Committee retained a hawkish bias. The median projection for the midpoint of the target range at the end of 2024 rose to 5.125%, up from 4.625% in June.

Topic of the Week: **Oil Prices Complicate the Fed's Efforts to Reduce Inflation**

- The climb in oil prices to a 10-month high has created a new challenge to corralling inflation. While having a bigger effect on headline inflation, the increase, if sustained, could also pass through to core prices and slow progress in returning inflation to 2%.

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Wells Fargo U.S. Economic Forecast

	Actual		Forecast						Actual	Forecast		
	2023				2024							
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2022	2023	2024	2025
Real Gross Domestic Product [1]	2.0	2.2	3.4	0.4	-0.8	-1.1	1.6	2.3	2.1	2.2	0.5	1.9
Personal Consumption	4.2	1.7	3.4	0.8	-0.8	-1.6	0.4	2.0	2.7	2.4	0.3	1.5
Consumer Price Index [2]	5.8	4.1	3.4	3.0	2.6	2.2	1.9	1.9	8.0	4.1	2.2	2.3
"Core" Consumer Price Index [2]	5.6	5.2	4.3	3.7	3.2	2.6	2.5	2.4	6.1	4.7	2.7	2.2
Quarter-End Interest Rates [3]												
Federal Funds Target Rate[4]	5.00	5.25	5.50	5.50	5.25	4.50	3.75	3.25	2.02	5.31	4.19	3.25
Conventional Mortgage Rate	6.54	6.71	7.05	6.75	6.40	6.15	5.95	5.70	5.38	6.76	6.05	5.74
10 Year Note	3.48	3.81	4.10	3.90	3.60	3.40	3.30	3.25	2.95	3.82	3.39	3.40

Forecast as of: September 22, 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 Range

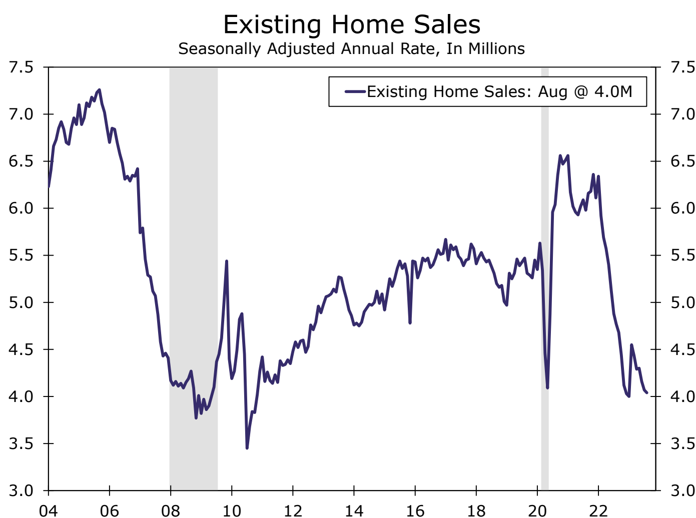
Source: U.S. Dept. of Commerce, U.S. Dept. of Labor, Federal Reserve Board and Wells Fargo Economics

Please see our full U.S. Economic Forecast.

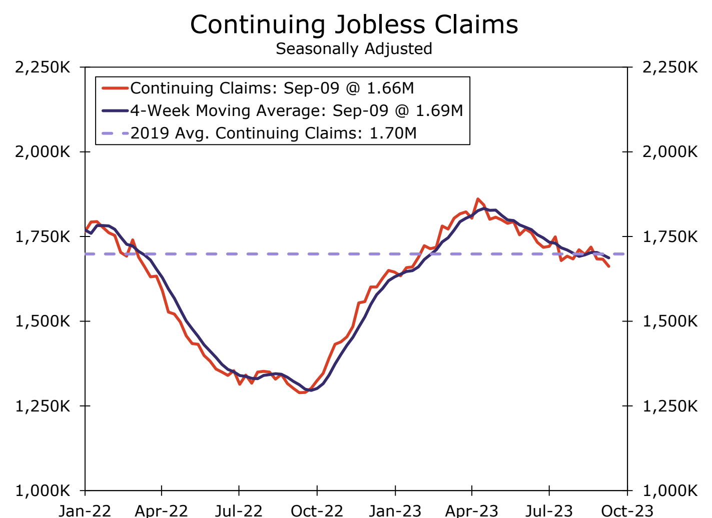
U.S. Review

U.S. Economy Still Resilient, but Headwinds Building

All eyes were on the Federal Open Market Committee (FOMC) meeting this week as Federal Reserve officials continued to chart a path forward in the fight against slowing but still-elevated inflation. We discuss our thoughts on this week's FOMC meeting in the *Interest Rate Watch* section of this report. Outside of the Fed meeting, it was a relatively light week on the economic data front. The housing market data released this week were generally underwhelming. Total housing starts dropped 11.3% to a 1.28 million-unit pace in August. The monthly decline was broad-based, with single-family and multifamily starts falling by 4.3% and 26.3%, respectively. A second consecutive monthly pullback in home builder sentiment suggests builders may be starting to reassess plans to scale up production in light of the recent rise in 30-year mortgage rates, which are now hovering above 7%. The National Association of Home Builders Housing Market Index fell to 45 in September, the lowest reading since April. Existing home sales also dipped in August, falling 0.7% in the month and hitting the slowest pace of sales since January and the second-slowest pace since October 2010 (chart below). A lack of inventory and rising mortgage rates continue to constrain sales. That said, it was not all bad news on the housing front. New building permits posted strong gains for both single-family and multifamily units in August as limited supply still appears to be providing some tailwind to new building.



Source: NAR and Wells Fargo Economics



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

This week's jobless claims data continued to signal a robust labor market that has remained resistant to widespread layoffs. Initial jobless claims, which capture new applicants for unemployment benefits, fell to 201K for the week ending Sept. 16. This was the lowest weekly reading for initial jobless claims since January. Continuing jobless claims, which are a count of those who are currently receiving benefits, dipped slightly in the week ending Sept. 9. Continuing claims have moved sideways in recent months and remain near levels that are consistent with a historically low level of layoffs (chart above). As we wrote in a recent write-up on the monthly JOLTS report, slowing gross hiring and declining voluntary quits without a material increase in layoffs suggest that while demand for *new* workers is moderating, demand for *existing* workers continues to hold up.

The resilience of the U.S. economy continues to be impressive, but the headwinds are becoming stronger as 2024 comes into view. Treasury yields climbed higher yet again this week amid a hawkish message from the FOMC. The recent run-up in oil prices also presents another challenge, and we discuss the economic implications of this development in the *Topic of the Week* section of this report. Leading economic indicators also still point toward a slowdown in the months ahead. The Leading Economic Index (LEI) declined 0.4% in August and has fallen for 17 consecutive months. Shaky consumer confidence, an inverted yield curve and weak new orders in the factory sector are the primary components weighing on the LEI. We still expect economic growth to slow in the coming months and outright contract in the first half of 2024 as part of a mild U.S. recession.

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U.S. Outlook

Weekly Domestic Indicator Forecasts					
Date	**Indicator**	**Period**	**Consensus**	**Wells Fargo**	**Prior**
26-Sep	New Home Sales	Aug	700K	697K	714K
27-Sep	Durable Goods Orders	Aug	-0.4%	-0.3%	-5.2%
27-Sep	Durables Ex Transportation	Aug	0.1%	0.2%	0.4%
29-Sep	Personal Income	Aug	0.5%	0.5%	0.2%
29-Sep	Personal Spending	Aug	0.4%	0.5%	0.8%

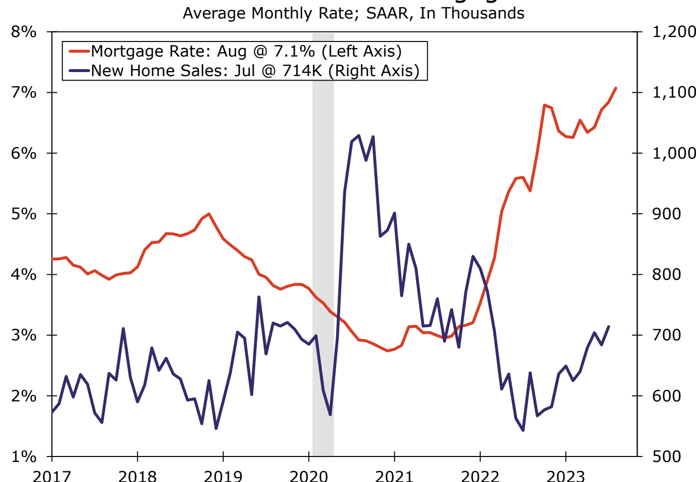
Forecast as of September 22, 2023

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

New Home Sales • Tuesday

New home sales have proven to be a resilient area of a housing market that has been under pressure. Sales in the new homes market have risen over 14% since February, while sales in the existing home sales market have fallen 11% over the same time frame. Constrained supply and elevated prices in the resale market have redirected potential homebuyers toward new construction. While sales have trended higher, builder sentiment has retreated in recent months. The NAHB housing market index is now down to 45 in September following two months of declines.

The slip in builder confidence has coincided with the steady rise in mortgage rates. The 30-year fixed rate is currently averaging above 7%, according to Freddie Mac (chart). As elevated rates continue to eat away at affordability, the new homes market will likely come under more pressure. We forecast some payback in August and look for new home sales to fall 2.4% to a 697K-unit pace.

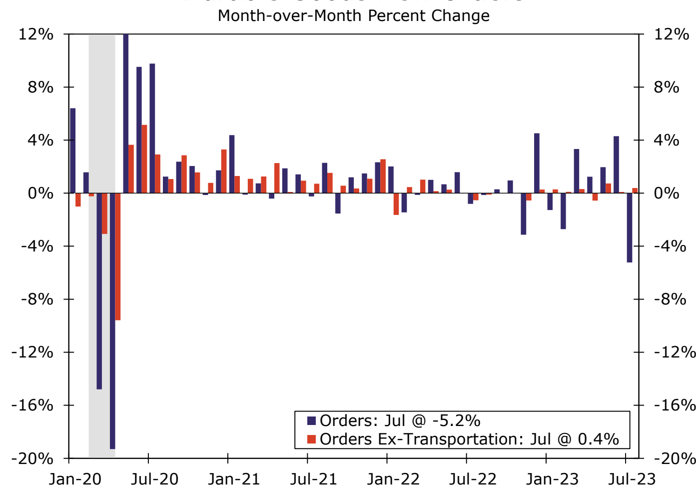


Source: U.S. Department of Commerce, Freddie Mac and Wells Fargo Economics

Durable Goods • Wednesday

Durable goods orders have been highly volatile in recent months, falling 5.2% in July after rising 4.3% in June (chart). Aircraft orders, notoriously volatile month to month, have been an important driver of the volatility in the headline figure, with nondefense aircraft orders only moving less than 25% in either direction once this year. Stripping out transportation, new orders have been strong throughout the year, rising 0.4% in July and in six of the previous seven months. Core capital goods orders (nondefense excluding aircraft) have also been strong as of recently, and though only rising 0.1% in July, they are still up 1.7% at a three-month annualized rate.

New orders for Boeing aircraft declined 13% in August, after declining over 82% in July. The slowdown in declines, likely to be mirrored in the nondefense aircraft orders line of next week's durables report, should weigh less on the headline measure. We forecast new orders declined a more muted 0.3% in August. Excluding transportation, we estimate a 0.2% increase over the month.



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

Personal Income & Spending • Friday

The staying power of the consumer is a key reason why recession has been getting pushed back for the better part of a year now. As we have previously detailed in a special report, the three-legged stool of consumer credit, excess savings and personal income has sustained consumers thus far. However, with borrowing costs continuing to rise and excess savings continuing to dwindle, the primary driver of consumers' capacity to spend is income. July saw real disposable income decline for the first time in 12 months, indicating that this integral leg of the stool may be getting wobbly (chart). Even so, what remains of excess savings should be enough to enable the consumer to continue spending at a decent clip, at least in the short term.

On the inflation front, we forecast the PCE deflator increased 0.4% in August, and the core PCE deflator rose 0.2%. This, along with our forecasts for personal income to rise 0.5% and personal spending to rise 0.5% in the month, should bring real disposable income growth back to the black. If our forecasts are correct, real personal consumption expenditures will continue a 12-month streak of growth. That said, the loosening labor market, less marked improvement in inflation and resumption of student loan payments are headwinds to real PCE in the coming months. Consumer confidence, which we forecast declined to 105.7 in August, should give an early read next week as to how consumers are faring in this kind of environment.

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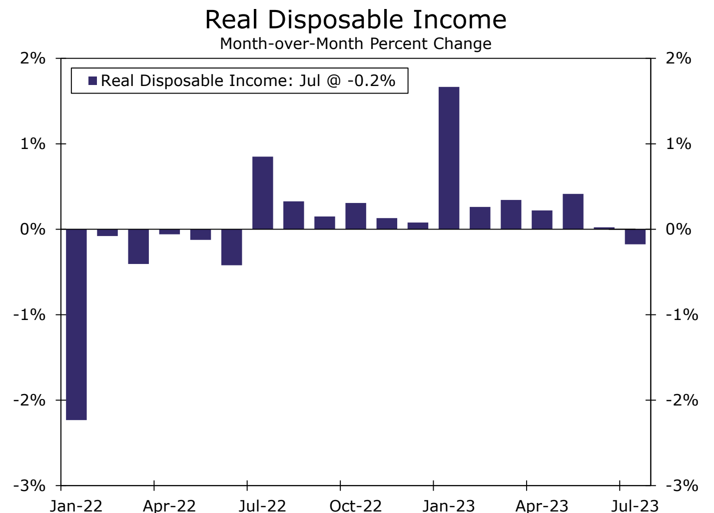


Source: U.S. Department of Commerce and Wells Fargo Economics

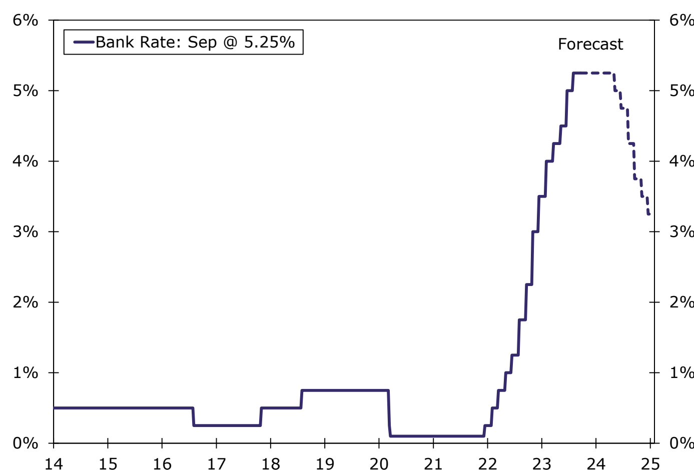
International Review

Central Banks Here, There and Everywhere

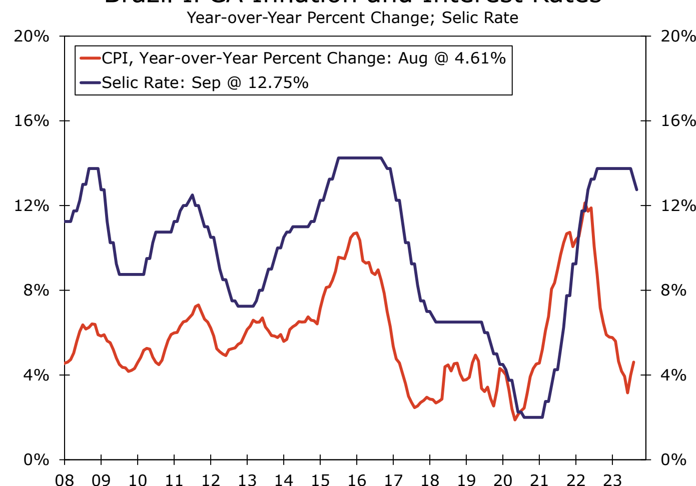
It was a particularly active week for international central banks across the G10 and emerging markets, with several institutions delivering differing decisions and differing messages. With the G10 space, the Bank of England (BoE) sprung a moderate surprise, as BoE policymakers in a finely balanced decision voted 5-4 to hold their policy rate at 5.25%. While holding interest rates steady, the BoE in a key change noted mixed developments on indicators of inflation's persistence. The central bank said the recent acceleration of average weekly earnings is not consistent or apparent in other wage measures, while also noting downside news on services inflation. While the BoE did leave the door open to further tightening, it appears this interest rate pause could also be a peak. We expect the BoE's policy rate to remain at 5.25% for an extended period and do not forecast an initial modest 25 bps rate cut until May 2024.

The Swiss National Bank (SNB) surprised market participants by holding rates steady at 1.75%, while the Riksbank (Sweden's Central Bank) raised its policy rate by 25 bps to 4.00%. While both central banks alluded to the possibility of further tightening, those signals were not necessarily fully supported by updated economic projections. The SNB sees medium-term inflation (for 2025) at 1.9%, just within the range of price stability, while the Riksbank also sees inflation returning to target over time and projected a less than 50% chance of a further rate increase.

One central bank that still appears likely to raise rates further is Norges Bank, Norway's central bank. The Norges Bank raised its policy rate 25 bps this week to 4.25% and said there would likely be one more policy rate hike, most probably in December, given still high core inflation and ongoing wage pressures. The Bank of Japan's (BoJ) monetary policy announcement this week was very benign, with no change to its policy rate or 10-year bond yield target. In the only reference to a possible policy shift, BoJ Governor Ueda said that if the inflation goal comes into sight, authorities would mull whether they need to lift interest rates or end the Yield Curve Control program. Based on recent economic trends and central bank comments, we believe the Bank of Japan is unlikely to contemplate a policy adjustment until next year at the earliest.



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



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

Emerging Market Central Banks Drifting Apart

A diverging monetary policy path theme was in effect across the emerging markets this week. Among the institutions that eased monetary policy, the most significant was the Brazilian Central Bank (BCB). BCB policymakers delivered another 50 bps rate cut, and signaled similar-sized rate cuts at upcoming meetings. Accordingly, we maintain our forecast for the Selic rate to hit 11.75% by the end of 2023. Bank Indonesia held its policy rate at 5.75%, and given the Fed's hawkish leaning announcement and the possibility of U.S. dollar strength, we expect that rate to remain unchanged through the end of 2023. The Philippine Central Bank was explicitly hawkish when holding interest rates steady this week, citing rising inflation concerns and the possibility of renewed tightening. The hawkish hold certainly

opens the door to another 25 bps hike, or possibly two, but regardless of whether those hikes are delivered, a pivot to easing is unlikely in 2023. South Africa's Reserve Bank (SARB) kept rates steady and communicated a hawkish tilt on monetary policy as inflation concerns linger and the rand remains under pressure. While a soft economy might eventually lead to monetary easing, that might not occur for some time, and we look for policy rates in South Africa to remain on hold at 8.25% through year-end. Finally, on the hawkish end of the spectrum, the Central Bank of Turkey (CBRT) delivered a 500 bps policy rate hike, in addition to the 16.50 percentage points of tightening delivered over the past few months. Forward guidance, along with President Erdogan's and Finance Minister Simsek's latest commentary, suggests that jumbo rate hikes are set to continue over the next few meetings. With inflation still trending higher and real interest rates deeply in negative territory, we expect at least another 1,000 bps of CBRT tightening before the end of this year.

Finally, there was more news on European economic growth trends released this week, which continue to point to slow growth or possible economic contraction. In the Eurozone, the September manufacturing PMI eased to 43.4, while the services PMI rose to 48.4, although both remained in contraction territory. For the service sector specifically, the French index weakened further in September, while the German index improved. In the U.K, the September services PMI fell much more sharply than expected to 47.2, while the manufacturing PMI rose to 44.2. Both readings are at levels consistent with U.K. economic recession.

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International Outlook

Weekly International Indicator Forecasts					
Date	**Indicator**	**Period**	**Consensus**	**Wells Fargo**	**Prior**
28-Sep	Mexico Policy Rate Decision	28-Sep	11.25%	11.25%	11.25%
29-Sep	Eurozone CPI (YoY)	Sep	4.5%	--	5.2%
29-Sep	Eurozone Core CPI (YoY)	Sep	4.8%	--	5.3%
30-Sep	China Manufacturing PMI	Sep	50.2	--	49.7
30-Sep	China Non-manufacturing PMI	Sep	51.5	--	51.0

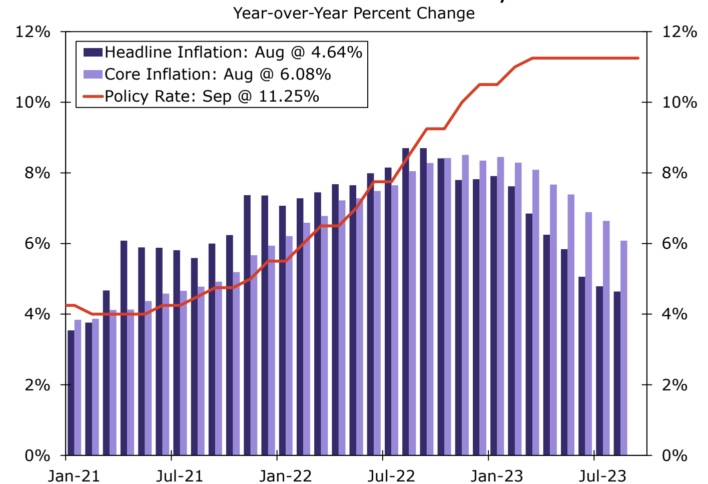
Forecast as of September 22, 2023

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

Mexico Policy Rate Decision • Thursday

Next Thursday, Mexico's central bank will deliver the latest policy rate decision. We expect policymakers to vote to hold the overnight rate steady at 11.25%, the same as their August meeting decision. In their recent monetary policy statement, policymakers signaled that rates would be held at their elevated level "for an extended period" of time, given inflation that, though gradually slowing, remains above target.

Mexican inflation trends in recent months provide insight into why we, as well as consensus economists, believe that Banxico will opt to hold rates steady yet again in September. For both headline and core readings, year-over-year inflation has slowed down every month in 2023. In August, headline CPI was 4.64%, over four percentage points lower than the recent high last September, and Core CPI was 6.08%, almost 2.5 percentage points lower than the recent high in November 2022. Progress on inflation has lessened the need for further rate hikes, but since these figures are still clearly above the target 3% inflation rate, Banxico is not ready to cut rates yet in our view. In addition, given that GDP growth has remained reasonably strong, with 3.6% year-over-year growth in Q2, Banxico will not feel any pressure to cut rates early in response to a softening economy. The August monetary policy statement signaled an extended rate pause, and market participants will be on the lookout for similar forward guidance in the September announcement. Against this backdrop, we forecast policy rates to remain at 11.25% until monetary easing begins in Q1-2024.

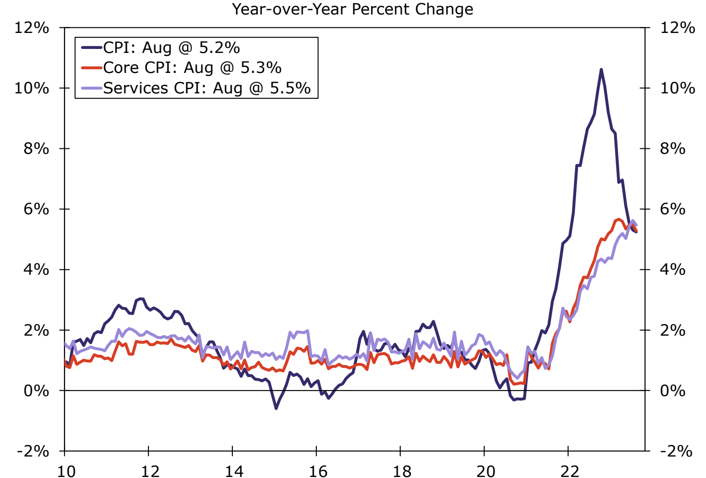


Source: Bloomberg Finance L.P. and Wells Fargo Economics

Eurozone Inflation • Friday

When September Eurozone CPI figures are released next Friday, market participants will be looking for indications of a further deceleration of inflation pressures. August headline inflation slowed to 5.2% year-over-year but remains well above the European Central Bank's (ECB) 2% target, prompting the ECB to opt for a 25 bps hike last week. However, policymakers signaled that rates may have peaked, and instead will likely stay at their current elevated level for an extended period. If the September CPI shows further slowing, that would strengthen the case that policy interest rates will no longer rise.

Next week's inflation figures should be consistent with the ECB's decision to hike rates and then pause. It appears that inflationary pressures will continue to ease. In August, the headline year-over-year CPI slowed to 5.2% from 5.3% previously, and core CPI also slowed to 5.3% from 5.5%. The deceleration in core CPI signals that underlying price pressures are starting to abate, and further signs of this become evident when examining labor costs. The Eurozone hourly labor cost index slowed to 4.5% year-over-year in Q2, from 5.2% in Q1. Furthering the case for the ECB's rate pause is the fact that economic growth has shown signs of deceleration, with Q2 GDP rising just 0.1% quarter-over-quarter and with the September manufacturing and services PMIs in contractionary territory. Overall, we expect next week's inflation data to reinforce the overall inflation-slowing trend, with the consensus forecast for headline inflation to slow to 4.5% year-over-year and core inflation forecast to slow to 4.8%. With economic growth also looking weak, we expect the ECB to remain on hold in the months ahead.

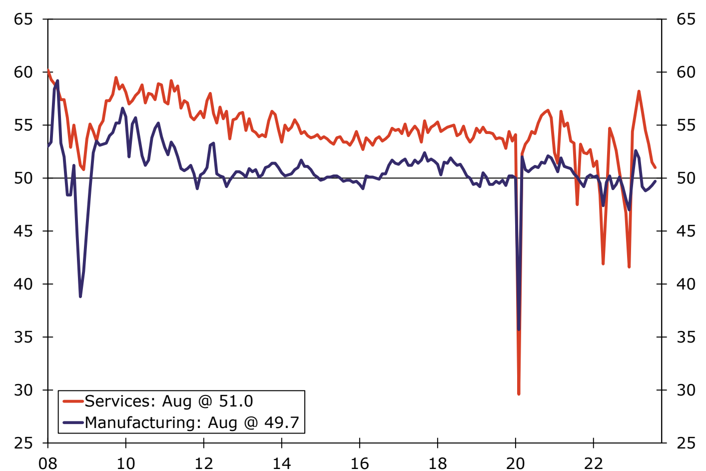


Source: Datastream and Wells Fargo Economics

China PMIs • Saturday

Next week, market participants will be watching the release of China's September PMIs for any hints of potential economic stabilization. China's economy has seen a sharp slowing of growth for the past several months, and though Chinese authorities have made modest policy adjustments, it is not clear how effective these have been to date. Thus, we will be looking to see whether the forthcoming PMI figures will further reinforce the theme of a Chinese economic stumble.

China's economic growth has been underwhelming in recent months, with a noticeable slowdown of Q2 GDP growth to just 0.8% quarter-over-quarter. Domestic demand remains weak due to a variety of structural factors, and the property sector continues to struggle. In light of this, PBoC policymakers have made some changes, such as lowering the Reserve Requirement Ratio by 0.25 percentage points most recently, as well as delivering modest cuts to other benchmark interest rates. However, it is not yet clear whether those policy changes will effectively cushion the slowdown. It is true some economic data—retail sales and industrial production—surprised to the upside for August, and it is also possible that the September PMIs could also show modest improvement. The consensus forecast is for the manufacturing PMI to rise to 50.2, which would be the first reading above the breakeven 50 level since March, while the services PMI is forecast to rise to 51.5. Nonetheless, those PMI readings would still be at subdued levels by historical standards, and accordingly, our outlook remains for a subpar performance from the Chinese economy through 2023 and 2024. (Return to Summary)



Source: Datastream and Wells Fargo Economics

Interest Rate Watch

Higher for Longer

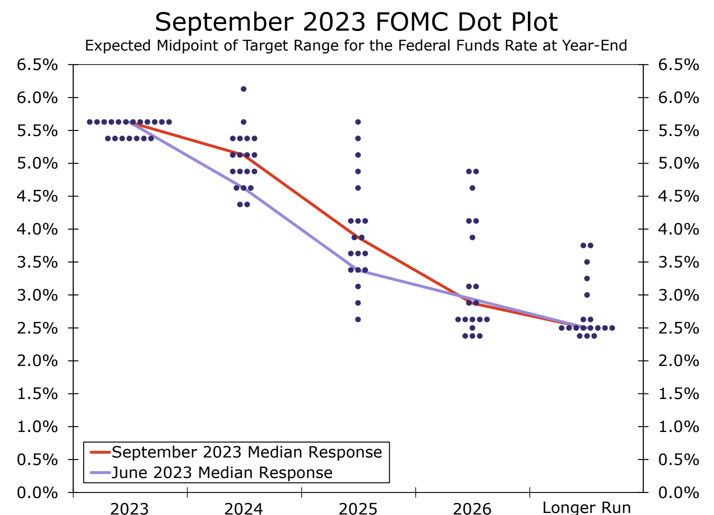
The Federal Open Market Committee (FOMC) held the target range for the federal funds rate at 5.25%-5.50% this week. All 12 voting members of the Committee voted in support of the decision. In the accompanying statement, the FOMC acknowledged the economy's solid run-rate and moderating job growth. The Committee continued to characterize inflation as "elevated." The year-over-year rate of core PCE inflation, which is the Fed's preferred measure of the underlying rate of consumer inflation, printed at 4.2% in July, although the three-month annualized change slipped below 3%. Nevertheless, core PCE inflation remains above the FOMC's 2% target.

As has become standard boilerplate, the Committee said that it "will continue to assess additional information and its implications for monetary policy." In that regard, the FOMC retained a hawkish bias by reiterating that "additional policy firming may be appropriate to return inflation to 2 percent over time." The bias was reinforced in the Summary of Economic Projections (SEP), in which each FOMC member outlined their macroeconomic forecasts.

The median GDP growth forecast for 2023 rose just over a full percentage point to 2.1%, reflecting the run of stronger-than-expected economic data. The median projection for the unemployment rate at the end of this year fell to 3.8%, down from 4.1% in the June SEP. Furthermore, the median forecast for core PCE inflation at the end of this year edged down to 3.7% from 3.9% previously. Notably, all FOMC members forecast that PCE inflation, whether measured by the overall rate or by the core rate, will remain above 2% at the end of next year.

The FOMC also seems to think that a "soft landing" for the economy is increasingly likely. The median forecast for real GDP growth in 2024 was revised up to 1.5% from 1.1% in the June SEP. The forecast for the unemployment rate at the end of 2024 fell to 4.1% from 4.5%.

These macroeconomic forecasts underpin the Committee's expectations for monetary policy. The median dot for the end of 2023 remains at 5.625% (i.e., the median of a 5.50%-5.75% fed funds target range). In other words, 12 of the 19 members of the FOMC think it would be appropriate to hike rates by 25 bps by the end of this year. Looking ahead, the median dot for 2024 stood at 4.625% in June, which indicated 100 bps of rate cuts next year would likely be appropriate—that dot rose to 5.125% this week (chart). If the FOMC does indeed raise rates by 25 bps by the end of this year, then this means the Committee would cut rates by only 50 bps in 2024. In short, the message from the FOMC is higher for longer.



Source: Federal Reserve Board and Wells Fargo Economics

We tend to side with the seven FOMC members who believe that no further rate hikes are needed this year, although we acknowledge the risk that the Committee could indeed hike one more time. As we outlined in our most recent U.S. Economic Outlook, monetary policy will tighten passively in coming months. That is, even with the FOMC on hold, the real fed funds rate will creep higher in coming months if, as we forecast, inflation continues to recede. This rise in real interest rates will exert stronger headwinds on the economy, which we believe will lead to a modest contraction in economy activity next year.

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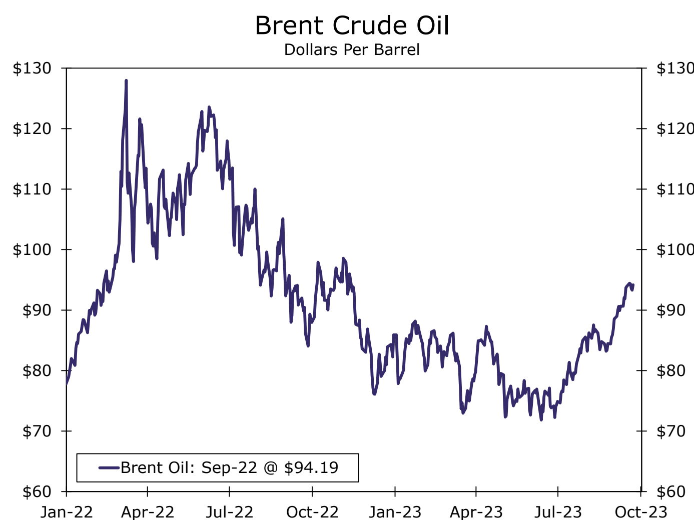
Topic of the Week

Oil Prices Complicate the Fed's Efforts to Reduce Inflation

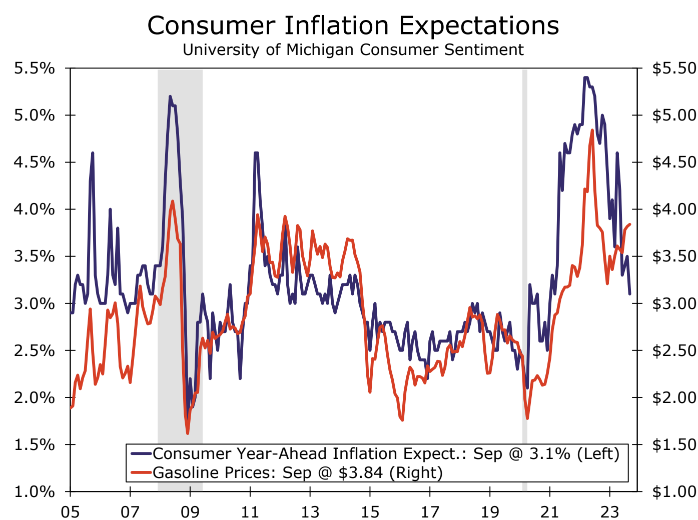
The path to returning inflation from a four-decade high back to 2% was never likely to be smooth, and it recently hit a bump. The price of oil this week climbed to a 10-month high and is up nearly 30% since June (chart). The breakout in September from the range that has persisted since last December has been attributed in large part to the extension of production cuts by Saudi Arabia and Russia through the end of this year, rather than a meaningful upgrade to the global demand outlook.

How much harder could it be to rein in inflation if oil prices were to persist near this week's level? We ran a simulation using a macroeconomic model where the price of Brent oil rose to $100 in the fourth quarter of this year and remained at that level through 2024. Under this scenario, oil prices would average approximately$15 more than the model's baseline. Not surprisingly, the effect would be most pronounced on headline inflation, given the tight linkages between oil and retail gasoline prices as well as energy being a key input to food production. The model suggests the year-over-year rate of headline inflation as measured by the PCE deflator would average0.55 percentage points higher than the baseline over the next four quarters.

Monetary policymakers tend to focus on inflation excluding food and energy due to volatility in these components frequently obscuring the trend in inflation as well as the sensitivity of prices to weather and geopolitical events—factors outside monetary policymakers' control. However, if persistent, higher oil prices would bleed into core inflation as non-food and energy goods became more costly to produce and transport and the provision of some services (like airline transportation) also become more costly. Under our simulation, the year-over-year rate of core PCE inflation would average 0.16 percentage points higher than the baseline over the next year.



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



Source: University of Michigan, Bloomberg Finance L.P. and Wells Fargo Economics

With inflation running well above the FOMC's 2% target for more than two years now, the recent jump in oil prices puts the Fed in an even more difficult position at present. While the impact to core inflation should be small if higher oil prices are sustained near current levels, it would nonetheless work against the current effort to slow price growth. In addition to the direct channel of raising input costs, higher oil prices could also extend the journey back to 2% inflation by boosting inflation expectations, which are particularly sensitive to highly-visible gasoline prices (chart). At the same time, the stronger rate of inflation caused by a supply-induced rise in energy prices would dent real disposable income, thereby dampening consumer spending. In our higher oil price scenario, real personal consumption expenditure growth on a year-over-year basis would be reduced by an average of 0.26 percentage points over the next four quarters. The impact to real GDP would be somewhat less (-0.13 percentage points) due to modestly stronger business investment.

In our view, the recent jump in oil prices is likely to stall the downward trend in inflation, but not derail it. While oil supply has been hampered by planned production cuts, the balance between supply and demand for goods and services more generally continues to improve. Workers are funneling back into the labor market, helping to reduce wage pressures, at the same time consumer demand is being dampened by higher credit costs, dwindling pandemic-era savings and the restart of student loan payments. We expect inflation, particularly core inflation, to continue to trend lower as a result. However, the recent increase in oil prices presents some upside risk to our most recent inflation forecast and suggests progress in reducing inflation will likely be slower going. At the same time, it also intensifies the headwinds to growth, making the Fed's efforts to return inflation to target without the economy falling into a recession somewhat more difficult.

(Return to Summary)

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 9/22/2023	1 Week Ago	1 Year Ago
SOFR	5.30	5.30	2.25
Effective Fed Funds Rate	5.33	5.33	2.33
3-Month T-Bill	5.47	5.45	3.17
1-Year Treasury	5.34	5.29	3.94
2-Year Treasury	5.10	5.03	4.12
5-Year Treasury	4.55	4.46	3.94
10-Year Treasury	4.43	4.33	3.71
30-Year Treasury	4.52	4.42	3.64
Bond Buyer Index	3.90	3.87	3.89

Foreign Exchange Rates

	Friday 9/22/2023	1 Week Ago	1 Year Ago
Euro ($/€)	1.066	1.066	0.984
British Pound ($/₤)	1.227	1.238	1.126
British Pound (₤/€)	0.869	0.861	0.874
Japanese Yen (¥/$)	148.210	147.850	142.390
Canadian Dollar (C$/$)	1.347	1.353	1.349
Swiss Franc (CHF/$)	0.906	0.897	0.978
Australian Dollar (US$/A$)	0.646	0.643	0.665
Mexican Peso (MXN/$)	17.129	17.078	19.946
Chinese Yuan (CNY/$)	7.299	7.276	7.078
Indian Rupee (INR/$)	82.938	83.180	80.865
Brazilian Real (BRL/$)	4.914	4.865	5.117
U.S. Dollar Index	105.457	105.322	111.353

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

Foreign Interest Rates

	Friday 9/22/2023	1 Week Ago	1 Year Ago
3-Month German Govt Bill Yield	3.66	3.74	0.71
3-Month U.K. Govt Bill Yield	5.35	5.55	2.48
3-Month Canadian Govt Bill Yield	5.11	5.10	3.54
3-Month Japanese Govt Bill Yield	-0.18	-0.12	-0.23
2-Year German Note Yield	3.25	3.22	1.85
2-Year U.K. Note Yield	4.80	5.02	3.53
2-Year Canadian Note Yield	4.90	4.73	3.78
2-Year Japanese Note Yield	0.03	0.03	-0.07
10-Year German Bond Yield	2.74	2.68	1.97
10-Year U.K. Bond Yield	4.25	4.36	3.50
10-Year Canadian Bond Yield	3.90	3.74	3.12
10-Year Japanese Bond Yield	0.75	0.72	0.24

Commodity Prices

	Friday 9/22/2023	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	90.09	90.77	83.49
Brent Crude ($/Barrel)	93.53	93.93	90.46
Gold ($/Ounce)	1927.86	1923.91	1671.22
Hot-Rolled Steel ($/S.Ton)	705.00	704.00	798.00
Copper (¢/Pound)	368.65	376.35	349.85
Soybeans ($/Bushel)	12.86	13.33	14.66
Natural Gas ($/MMBTU)	2.61	2.64	7.09
Nickel ($/Metric Ton)	18,869	20,093	24,882
CRB Spot Inds.	555.49	558.11	577.76

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