

Weekly — September 17, 2021

## Weekly Economic & Financial Commentary

### United States: August Data Holding Up Despite Delta

- Data released this week generally showed a stronger economy in August than many expected in the wake of surging COVID cases. Retail sales jumped 0.7%, defying expectations for a decline, and consumer price inflation came in better than expected, with the factors that boosted price growth this summer weighing on the index in August.
- Next week: Housing Starts (Tue.), Existing Home Sales (Wed.), New Home Sales (Fri.)

### International: China Still Surprising to the Downside, Mix of Data Down Under

- A renewed outbreak of COVID and subsequent restrictions have weighed on economic prospects and have placed uncertainty over China's economic outlook, while a severe flood has also put downward pressure on economic activity lately. In Australia and New Zealand, high frequency activity indicators have slowed noticeably over the past two months.
- Next week: Brazilian Selic Rate Decision (Wed.), Eurozone PMI (Thu.), South African Reserve Bank Interest Rate Decision (Thu.)

### Interest Rate Watch: Hunting for Hints at the September FOMC Meeting

- As a taper announcement draws nearer, the FOMC will likely begin to make some adjustments to its post-meeting statement. Given the disappointing August job numbers, however, such tweaks are more likely to show up in the November statement to foreshadow to an announcement in December.

### Credit Market Insights: Consumer Indicators Mixed, but Finances Remain Solid

- Over the past six weeks, consumer data have been mixed to say the least, and times have been rocky financially as most fiscal support has been phased out and extended unemployment benefits have ended. But consumer fundamentals remain strong, and the threat to spending is not shaky household finances but consumers *choosing* to refrain from spending.

### Topic of the Week: Fiscal Aid Pushes Incomes Up and Poverty Down

- New data released by the Census Bureau provide additional evidence that the massive amounts of fiscal aid deployed over the course of the pandemic helped bolster household incomes throughout the public health crisis and economic downturn.

#### Wells Fargo Securities U.S. Economic Forecast

	Actual				Forecast				Actual 2020	Forecast		
	2021		2022		2022		2021	2022		2023		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product <sup>1</sup>	6.3	6.6	4.6	5.7	4.2	4.1	3.4	2.8	-3.4	5.9	4.5	3.0
Personal Consumption	11.4	11.9	0.9	2.7	3.4	4.0	3.2	2.3	-3.8	7.7	3.5	2.6
Consumer Price Index <sup>2</sup>	1.9	4.8	5.3	5.4	5.1	3.5	2.5	2.3	1.2	4.3	3.3	2.3
"Core" Consumer Price Index <sup>2</sup>	1.4	3.7	4.2	4.4	4.6	3.2	2.3	2.3	1.7	3.4	3.1	2.5
Quarter-End Interest Rates <sup>3</sup>												
Federal Funds Target Rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.25	0.25	0.50
Conventional Mortgage Rate	3.08	2.98	2.90	3.20	3.45	3.60	3.70	3.75	3.12	3.04	3.63	3.83
10 Year Note	1.74	1.45	1.45	1.70	1.90	2.00	2.10	2.15	0.89	1.59	2.04	2.23

Forecast as of: September 09, 2021

<sup>1</sup> Compound Annual Growth Rate Quarter-over-Quarter<sup>3</sup> Annual Numbers Represent Average

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

Please find our full U.S. Economic Forecast [here](#).

All estimates/forecasts are as of 9/17/2021 unless otherwise stated. 9/17/2021 12:45:44 EDT. Please see page 12 for rating definitions, important disclosures and required analyst certifications. Wells Fargo Securities, LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of the report and investors should consider this report as only a single factor in making their investment decision.

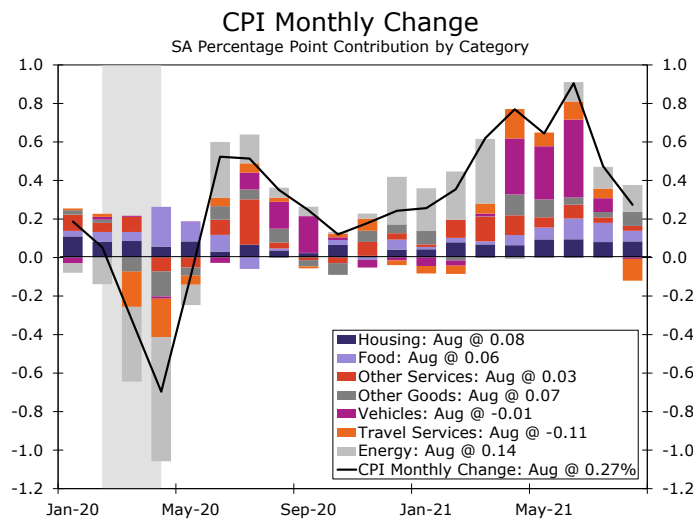
**This report is available on Bloomberg WFRE**

## U.S. Review

### August Data Holding Up Despite Delta

Data released this week generally showed a stronger economy in August than many expected in the wake of surging COVID cases. The NFIB's small business optimism index rose 0.4 points to 100.1, defying expectations for a small pullback. Price pressures remained top-of-mind, however. The net share of respondents raising their average selling prices rose three points in August to 49% and the share expecting to raise prices in the next three months remained unchanged at 44%.

While small businesses are continuing to pass on higher costs, Tuesday's Consumer Price Index report showed some cooling in the pace of inflation. The headline CPI rose 0.3% and the core inched up just 0.1%, as travel services and used car prices, which drove much of the summer surge in inflation, weighed on the index in August. The moderate slowdown is a positive sign that the degree of inflation witnessed earlier this year will likely prove transitory, but how much inflation will moderate remains an open question. Rent and owners' equivalent rent (OER) both edged up 0.3% on the month and should continue to provide a floor on inflation as the run-up in home prices and rents filter into the price indices. Goods inflation may also continue to run hotter than its deflationary, pre-pandemic pace, as a lack of inventory and transportation challenges continue to push up prices.

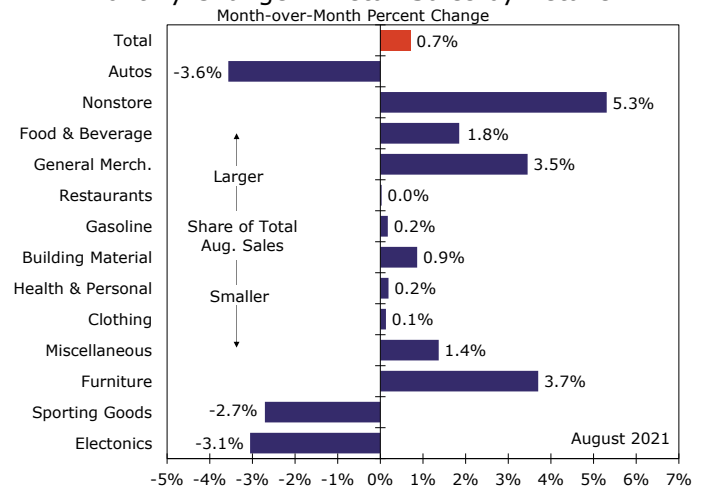


Source: U.S. Department of Labor and Wells Fargo Securities

Despite these ongoing supply chain issues, industrial production managed to increase 0.4% in August, pushing total output above its February 2020 level. The headline gain was driven by a 3.3% bounce back in utilities production, which helped offset a 0.6% drop in mining. Manufacturing output, which accounts for the bulk of industrial activity, increased a tepid 0.2%. Part of this slower-than-expected gain was due to Hurricane Ida, which subtracted 0.2 points off manufacturing output, according to the Federal Reserve. The impact of supply disruptions was a bit more mixed, with motor vehicle and parts production slowing to a crawl after a 9.5% increase in July, while furniture & related products, a notable example of long wait times and lean inventories, had the largest monthly gain among durable goods industries. While autos make up a much larger portion of manufacturing activity and are likely to continue driving the headline, the dispersion of production growth is an indication of the choppy road ahead for industrial production. Generally, we expect production to remain solid as businesses restock inventories, but the pace of production growth seems to be limited by staffing challenges and dearth of key inputs for certain industries, as well as ongoing transportation troubles affecting the industrial sector more broadly.

While we expect consumer goods demand to wane as consumers move away from stay-at-home spending habits, August's retail sales served as a reminder of the American consumers' willingness to spend. Retail sales shot up 0.7% in August and control group sales, which feed into GDP, posted a 2.5% gain, the biggest increase since stimulus checks went out in March. The report showed some indication of consumers returning to their pandemic spending patterns, with nonstore (e.g., eCommerce) and food & beverage (e.g., grocery stores) sales jumping 5.3% and 1.8%, respectively. We did not see a boost to sporting goods sales like we did last year. Instead, back-to-school shopping stole the show.

### Monthly Change in Retail Sales by Retailer



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

Specifically, clothing store sales rose 0.1% in August, which was enough to drive the year-over-year rate to 38.8%, the highest of any category, while sales at general merchandise stores jumped 3.5%. In addition to refitting students, who have been learning remotely for much of the past year, the \$16 billion in Child Tax Credits sent out in July also helped boost spending in August. While the headline beat in retail sales is certainly a welcome development, it has not materially changed our recently downgraded consumer spending forecast, because we expect most of the spending slowdown to come from the services side, which is not well-represented in the retail sales report.

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## U.S. Outlook

Weekly Domestic Indicator Forecasts					
Date	Indicator	Period	Consensus	Wells Fargo	Prior
21-Sep	Housing Starts	Aug	1,550K	1,563K	1,534K
22-Sep	Existing Home Sales	Aug	5.85M	5.87M	5.99M
22-Sep	FOMC Rate Decision (Upper Bound)	Sep-22	0.25%	0.25%	0.25%
23-Sep	Leading Index	Aug	0.5%	0.7%	0.9%
24-Sep	New Home Sales	Aug	709K	721K	708K

Forecast as of September 17, 2021

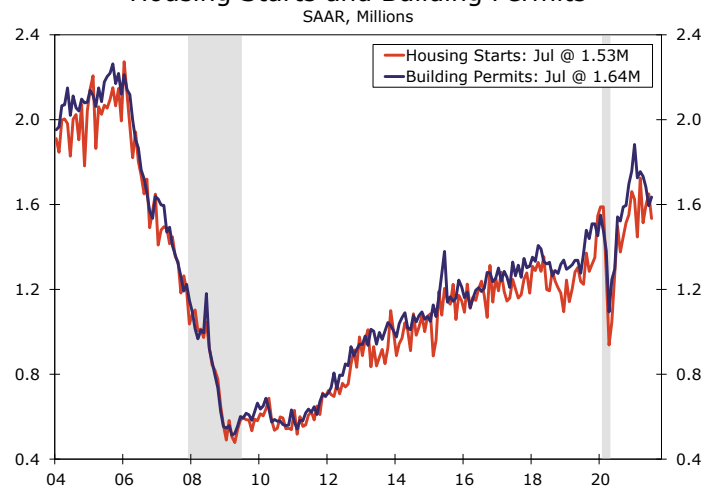
Source: Bloomberg LP and Wells Fargo Securities

### Housing Starts • Tuesday

Housing starts fell 7% in July, but upward revisions to the prior months' data left the recent trend rate of starts on slightly firmer footing. Moreover, building permits rose 2.6% in July and are now back above starts. Home builders are selling virtually everything they build and are having to restrict sales due to ongoing supply shortages, which are making it difficult to know when they can complete a home. While spot prices for lumber have trended lower, the cost of lumber to build a home is still well above where it was prior to the pandemic and shortage of materials remain a major hurdle for builders around the country.

We are looking for housing starts to rise 1.9% to a 1.563 million-unit pace. Both single-family and multifamily starts are primed for an increase, as builders have significant backlogs of homes that have been sold but have not yet started construction. Moreover, demand for apartments remains strong across most of the country and rents are rising solidly. The limitations on housing construction are almost entirely on the supply side, with uncertainty about the ability to source labor and materials and obtain government approvals being the greatest hurdles.

### Housing Starts and Building Permits



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

**Existing Home Sales • Wednesday**

Existing home sales rose 2% in July to a 5.99 million-unit pace. The gain marked the second consecutive monthly increase, following a string of declines during the prior three months. July also saw a further increase in the number of existing homes available for sale and a slight moderation in existing home prices.

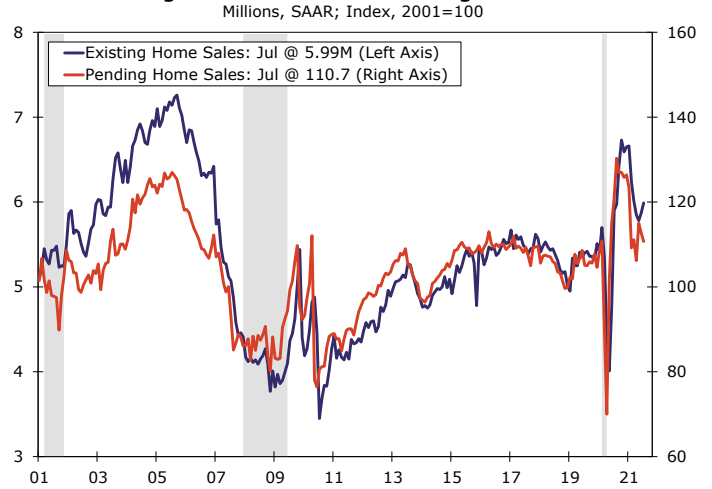
We are looking for existing home sales to decline 2% to a 5.87 million-unit pace. Pending home sales, which are signed purchase contracts for existing homes, fell 1.8% in July after falling 2% in June. Existing sales reflect closings, which usually take place 45 days to two months following signed purchase contracts. The June and July declines follow an 8.3% jump in May, which might still provide some residual support for closings in August and creates some modest upside risk. Moreover, inventories of existing homes have been rising since February and asking prices have softened, which means buyers have a little more spending power.

**New Home Sales • Friday**

New home sales perked up 1.0% in July, ending a three-month streak of declines. Home-buying activity has cooled in recent months amid soaring prices and limited inventories. Builders are also restricting sales in many communities because of the inability to know when they will be able to deliver a new home, due to continuing shortages of building materials and labor. That said, underlying demand for homes remains fairly strong.

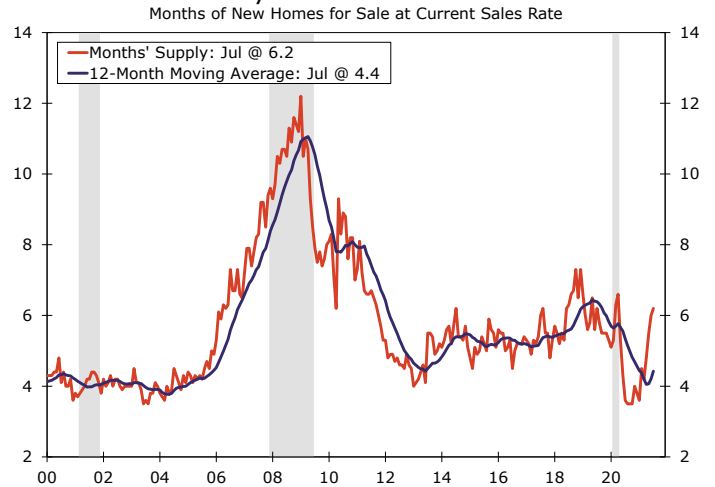
We expect new home sales to rise 1.8% to a 721,000-unit pace in August. Given that supply shortages have eased somewhat and lumber prices have fallen in the spot market, there is some upside risk to the August data. ([Return to Summary](#))

**Existing Home Sales vs. Pending Home Sales**



Source: National Association of Realtors and Wells Fargo Securities

**Inventory of New Homes for Sale**



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

## International Review

### China Still Surprising to the Downside

The slowdown in China's economy has been well-documented over the past few months. As a reminder, we have revised our GDP forecast lower multiple times this year, and as of now, forecast China's economy to grow 8.2% this year. However, we have also noted how we felt risks around our GDP forecast were still tilted to the downside and additional downward revisions could be imminent. A renewed outbreak of COVID and subsequent restrictions have weighed on economic prospects and have placed uncertainty over China's economic outlook, while a severe flood has also put downward pressure on economic activity lately. On top of virus and natural disaster shocks, Chinese authorities have embarked on a regulatory crackdown targeting a wide array of sectors. The combination of these events has resulted in a noticeable decline in economic activity as well as sentiment over the past couple of months.

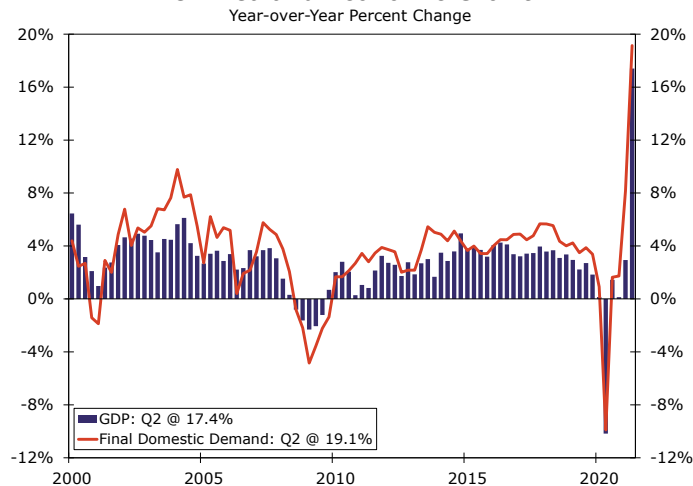
Our bias toward additional downward revisions to the growth forecast may have been reinforced this week. To that point, this week's data revealed retail sales slowed considerably in August, missing consensus forecast expectations by a wide margin. In addition, industrial production was not as robust as earlier in the year, while indicators of investment and financing conditions also softened. The downside miss in retail sales was particularly surprising, given the magnitude of the slowdown. In August, retail sales grew 2.5% year over year against consensus expectations for a 7% rise. This week's data, especially the large miss in retail sales, contributed to China's economic surprise index, which took a sharp leg lower, following a trend in place since mid-June. Given the uncertainty hovering over the Chinese economy at present, we would not be surprised to see additional economic and sentiment data surprise to the downside. As of now, weak economic data have not filtered down to China's local financial markets, as bond yields and the currency have remained stable. However, additional downside surprises could result in the People's Bank of China (PBoC) accommodating a weaker currency, while regulatory escalations and a disorderly resolution of Evergrande could result in renewed financial market volatility.

China Economic Surprise Index



Source: Bloomberg LP and Wells Fargo Securities

New Zealand Economic Growth



Source: Datastream and Wells Fargo Securities

### Mix of Data Down Under

New Zealand Q2 GDP data beat expectations this week, with data indicating the economy grew 17.4% year over year in the second quarter. Base effects were the reason for the outsized surge in the economy; however, the underlying details of the data were encouraging as well. Final domestic demand, a key indicator of aggregate demand for goods and services, rose over 19% year over year, suggesting consumer activity was not disrupted all that much by COVID. While Q2 GDP data were, in our opinion, quite strong, we do not expect the same type of outperformance in Q3. In fact, we expect output data to come under pressure as a recent spike in COVID cases and nationwide lockdown should weigh on the economy quite heavily. The effects of the COVID lockdown are already showing up in higher frequency data for August and September. Credit card spending declined 21.8% in August, while

business confidence contracted 6.8% in September. Restrictions combined with elevated business and consumer caution could even contribute to a sequential GDP contraction in Q3.

COVID-related lockdowns were also responsible for a large monthly decline in Australia's employment data. In August, Australia's economy lost a net 146k jobs as the virus and subsequent restrictions spread across Sydney, Melbourne and other major cities. The state of New South Wales, where Sydney is located, lost 185k jobs, while the state of Queensland lost close to 25k jobs over the course of the month. Perhaps more concerning, Australia's labor force participation rate dropped to 65.2% in August from 66% a month earlier. Worsening labor market indicators suggest the potential for a sharp slowdown in Australia's economy in Q3 as well. Similarly to New Zealand, high frequency activity indicators have slowed noticeably over the past two months and a quarterly economic contraction in Australia seems more than possible.

While the short-term outlook for the New Zealand and Australian economies may be headed in the same direction, the paths for monetary policy are likely to diverge. In our view, given New Zealand's position as one of the top performing economies over the entirety of the COVID crisis, we believe the Reserve Bank of New Zealand (RBNZ) is on pace to lift interest rates this year. RBNZ policymaker commentary would indicate the same, as Governor Orr recently suggested the upcoming meeting in October is "live." On the other hand, a sluggish Australian economy and relatively muted inflation pressures should keep the Reserve Bank of Australia from lifting policy rates for at least the next few years. [\(Return to Summary\)](#)

## International Outlook

### Weekly International Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
22-Sep	Brazil Selic Rate Decision	Sep-22	6.25%	6.25%	5.25%
23-Sep	Eurozone Composite PMI	Sep	58.5	-	59.0
23-Sep	Japan Natl CPI (YoY)	Aug	-0.3%	-0.4%	-0.3%
23-Sep	SARB Interest Rate Decision	Sep-23	3.50%	-	3.50%

Forecast as of September 17, 2021

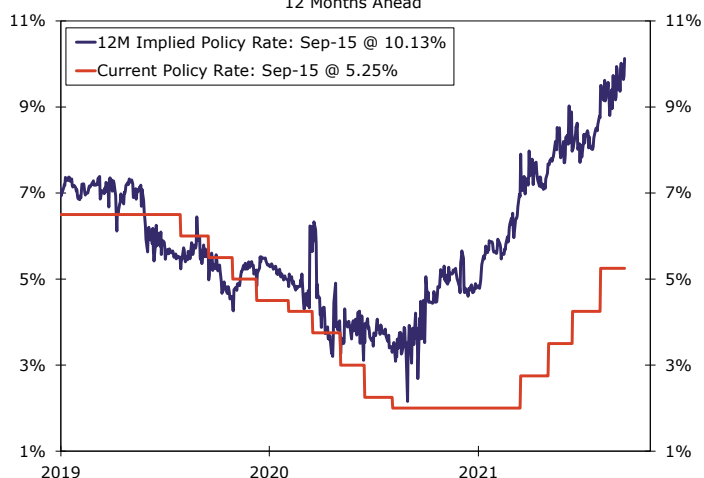
Source: Bloomberg LP and Wells Fargo Securities

### Brazilian Central Bank • Wednesday

Next week, the Brazilian Central Bank (BCB) is likely to raise interest rates again and maintain its position as one of the most hawkish central banks in the world. On Wednesday, we expect Brazilian policymakers to lift the Selic rate another 100 bps and take the policy rate to 6.25%. A decision to lift the Selic rate to 6.25% would mark 425 bps of cumulative BCB rate hikes over the course of 2021. Such aggressive monetary tightening is in an effort to control inflation, which at present, is much higher than the central bank's target range. Given elevated commodity prices, a volatile currency as well as supply-chain disruptions, inflation may continue to rise for the next few months regardless of tighter policy.

Looking past next week, financial markets are priced for even more BCB tightening. To that point, markets are priced for the Selic rate to jump to over 10% in the next 12 months. Admittedly, we believe markets may be too aggressive in their expectations for BCB rate hikes; however, we do agree that policy rates are likely to continue to rise at least through the remainder of this year and possibly into 2022 as inflation remains elevated and the currency weakens due to political risk tied to next year's election.

Brazil Implied Policy Rate  
12 Months Ahead



Source: Bloomberg LP and Wells Fargo Securities

### Eurozone PMIs • Thursday

The Eurozone economy has demonstrated a fair amount of resilience over the past few months, and we expect next week's PMI data to suggest the economic recovery has remained intact. Currently, the manufacturing and services PMIs are both in expansionary territory, an optimistic signal for the Eurozone economy. In fact, the manufacturing PMI sits at 61.4, the highest reading since at least 2007, while the services PMI is currently at levels last seen before the Global Financial Crisis. Consensus forecasts expect a modest softening next week in both the manufacturing and services sectors amid the spread of the Delta variant; however, we remain optimistic in regard to the Eurozone's economic prospects this year.

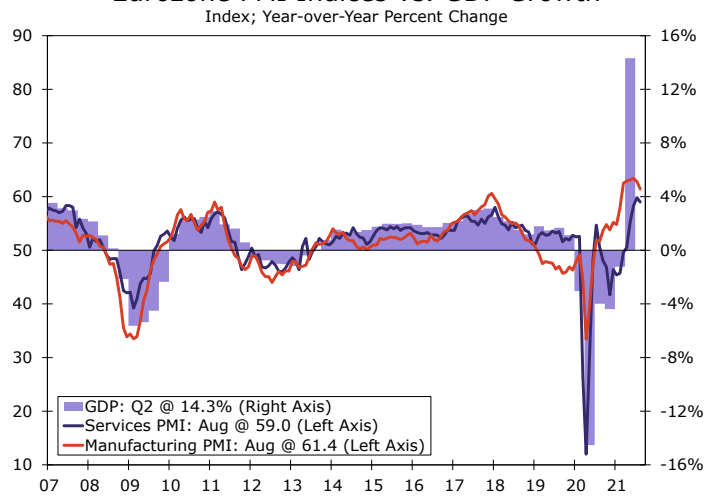
In addition, we expect the European Central Bank to keep monetary policy rather accommodative for the foreseeable future, which also bodes well for the longer-term economic prospects of the Eurozone. Despite slowing asset purchases at its latest meeting, we expect interest rates to remain on hold for the next few years. Fiscal stimulus via the European Recovery Fund should also provide a tailwind to the broader European economy and stimulate the economy over the medium to longer term as well.

### South African Reserve Bank • Thursday

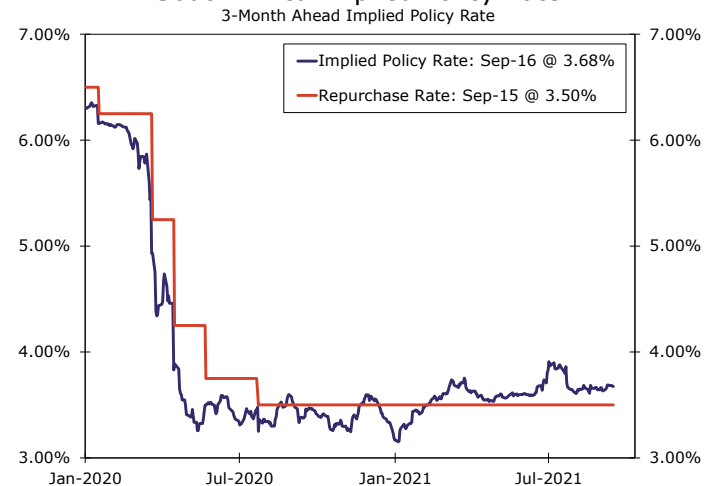
The South African Reserve Bank (SARB) will meet to assess monetary policy on Thursday and, in our view, is likely to keep policy settings steady for the time being. South Africa's economy has struggled to gather momentum after being hit with multiple COVID waves. In addition, mass demonstrations earlier in the year eventually turned violent and disrupted the economic recovery. With the economy still struggling, we expect monetary policy to remain as accommodative as possible for at least the next few months as policymakers prioritize GDP growth.

With interest rates in South Africa likely on hold for the remainder of this year, it is possible the currency will come under renewed pressure. Policy rates across the emerging markets complex have risen, but given the state of South Africa's economy, policy has been on hold since mid-2020. Should interest rate differentials continue to widen, market participants could seek higher yielding currencies other than the rand. In addition, South Africa's public finance position remains challenging, which could also place longer-term pressure on the currency. ([Return to Summary](#))

### Eurozone PMI Indices vs. GDP Growth



### South Africa Implied Policy Rate



## Interest Rate Watch

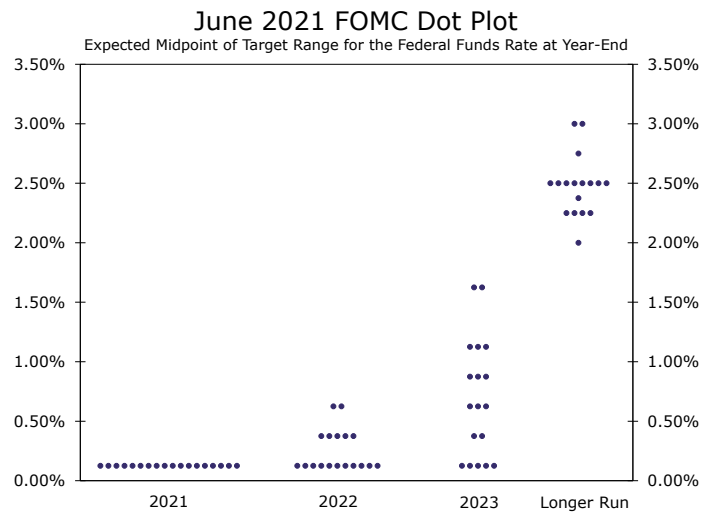
### Hunting for Hints at the September FOMC Meeting

The September FOMC meeting has been highly anticipated all year, having been pegged as the first real possibility of a formal taper announcement. While September always seemed to be a push in our view, any chance was dashed by the most recent employment and inflation data. Since last December, the FOMC had stated it would need to see "substantial further progress" on its employment and inflation goals. Many FOMC officials suggested another month or two of job gains in the ballpark of May-July's run would qualify, but August payroll growth slowed sharply, increasing by 235K. Meanwhile, the softer-than-expected CPI print this week supports the argument that the spring's burst of inflation will be fleeting and gives the FOMC a bit more breathing room. Along with the uncertainties brought on by the most recent surge of COVID cases, the probability of a taper announcement at next week's FOMC meeting has fallen to essentially zero, in our view.

However, even with a weaker *pace* of hiring in August, progress continues. The impact of Delta has been less damaging on hiring compared to prior waves, and a rebound in hiring in September and/or upward revision to August looks promising based on indications of labor demand. Therefore, we believe the November and December FOMC meetings are still very much "in play" for a reduction in asset purchases (currently \$80B per month in Treasuries, \$40B per month in mortgage-backed securities) to be announced.

As a taper announcement draws nearer, the FOMC will likely begin to make some adjustments to its post-meeting statement. Removing, or stating later, its lead-off statement promising to use its full range of tools in this "challenging time" could be one indication. Noting the risks to the outlook are becoming more balanced could be another sign the committee is getting more comfortable paring back accommodation. Given the disappointing August job numbers, however, such tweaks are more likely to show up in the November statement to foreshadow an announcement in December.

Next week's meeting will provide updated economic projections from the committee. We suspect it will show downwardly revised expectations for growth this year since the previous publication in June, but an upward revision to inflation this year. Amid these crosscurrents, we do not expect any major shifts in the "dot plot," but will be keeping an eye on it for hints of how monetary policy will likely respond to a given outlook. For a more in-depth look at our expectations for the September FOMC meeting and when tapering is likely to eventually be announced, please refer to our [September Flashlight for the FOMC Blackout Period](#). ([Return to Summary](#))



Source: Federal Reserve Board and Wells Fargo Securities



## Credit Market Insights

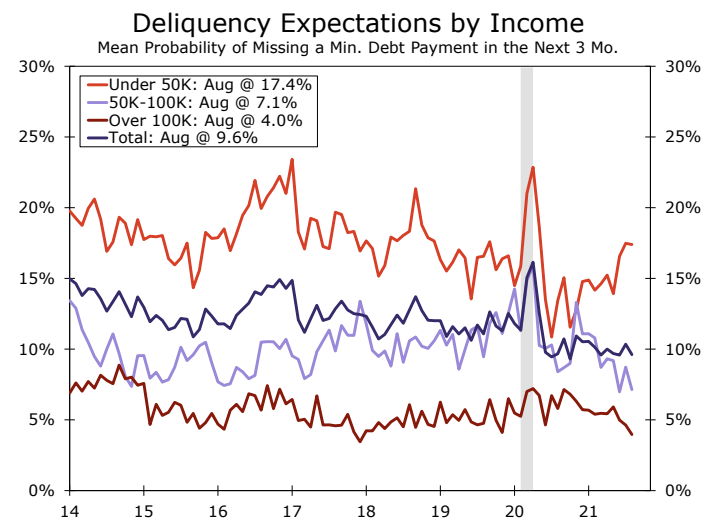
### Consumer Indicators Mixed, but Finances Remain Solid

Consumer data over the past six weeks have been mixed to say the least. The emergence of the Delta variant, dismal confidence and a slowdown in consumer credit growth all signaled that fall 2021 is looking worryingly similar to fall 2020. However, a better-than-expected personal income print in July and an upside surprise in August retail sales suggest that consumers are more resilient than initially thought. The past month and a half has also been [rocky](#) financially, as most fiscal support has been phased out, and extended unemployment benefits have recently ended. That said, consumer fundamentals remain strong, and the threat to spending is not shaky household finances, but rather consumers refraining from spending due to high prices, COVID concerns or wavering confidence about the outlook.

Households remain fairly at ease about their finances. The latest Survey of Consumer Expectations (SCE) released Monday showed that most households anticipate staying on top of their upcoming payments. The mean proportion expecting to not be able to make their minimum debt payment in the next three months decreased to 9.6% in August, which is near the lowest reading since the series started in mid-2013. The pandemic-era has been defined by low delinquency rates, and consumers' optimism surrounding their ability to pay speaks to their current financial confidence, even amid dwindling fiscal support.

Delinquency expectations vary by income cohort, however, and there has been a notable development in the lowest income cohort (under \$50K). As seen in this [chart](#), delinquency expectations still remain within their pre-pandemic range for this group, but the move higher is in stark contrast to the other income cohorts and a noteworthy change from the record lows seen last summer. Many of these households were likely previously benefiting from stimulus support and forbearance programs—these efforts were enough to push the poverty rate down in 2020 (see the [Topic of the Week](#)). As these programs have started to end though, it likely has weighed on perceived financial health.

Even with this unfortunate trend, we believe consumers are in healthy financial positions. Net worth has risen across income cohorts and households have accumulated roughly \$2.3 trillion in excess savings throughout the pandemic. Wages are also rising across a number of industries, and a recent report from Experian showed the average consumer credit score climbed seven points to 695 in 2021, the highest in over 13 years. For these reasons, consumers remain in a good position to spend, if they so choose. ([Return to Summary](#))



Source: New York Federal Reserve and Wells Fargo Securities

## Topic of the Week

### Fiscal Aid Pushes Incomes Up and Poverty Down

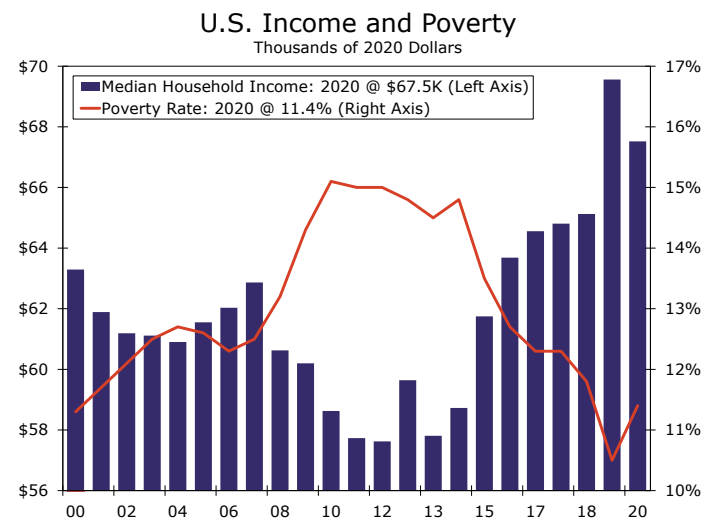
New data released by the Census Bureau provide additional evidence that the massive amounts of fiscal aid deployed over the course of the pandemic helped bolster household incomes throughout the public health crisis and economic downturn. During 2020, median household income was \$67,521, a 2.9% decline from the 2019 median of \$69,560. The drop marks the first decline since 2011 and is the largest decline on record. The fall in median household income makes sense considering the severe contraction in employment and overall economic activity that occurred last year. The total number of people with earnings decreased by about 3.0 million between 2019 and 2020. That noted, the income figures are based on pretax money income, such as wages and social security, which does not include stimulus payments and tax credits. On a post-tax basis, real median household income actually *increased* 4.0% between 2019 and 2020.

While fiscal support helped keep some households afloat last year, it's important not to overlook the financial hardship faced throughout the pandemic. Over 20 million people lost their jobs in April 2020 alone, and millions remain out of the labor force today. The official poverty rate ended a five-year string of declines and rose from 10.5% in 2019 to 11.4% in 2020. In other words, there were 37.2 million people in poverty in 2020, approximately 3.3 million more than in 2019. The rise in the official poverty rate is concerning, but not entirely unexpected, given the sharp contraction in economic growth last year. During the Great Recession, the poverty rate rose from 12.5% in 2007 to 14.3% in 2009. This increase was actually larger than the rise in poverty experienced during the swift-but-severe COVID recession that occurred from February to April 2020.

Similarly to pretax estimates of household income, the official poverty rate does not take into account the impact of fiscal aid. Along with the official poverty rate, the Census published a Supplemental Poverty Measure (SPM), which is a broader estimate that counts stimulus payments as well as many of the government programs designed to assist low-income families and individuals that are not included in the official measure. Taking these factors into account, the SPM rate was 9.1% in 2020, *lower* than the 11.8% rate registered in 2019. Along with continued support from Social Security, the drop in the SPM is clearly owed to ample fiscal support provided over the past year. Economic impact payments, or direct checks sent to households in March and December 2020, helped move 11.7 million individuals out of poverty. Meanwhile, unemployment insurance benefits prevented 5.5 million individuals from falling into poverty.

Fiscal aid likely supported many households through most of 2021 as well. The third and considerably larger economic impact payments were sent to households in March 2021, and enhanced unemployment benefits only recently expired in early September. The impacts of fiscal stimulus on income and poverty are likely to fade, however. Demand for labor remains robust, as exhibited by the record 10.9 million job openings in July. Average hourly earnings are also rising across industries as the labor market tightens. Many unemployed households should therefore be able to secure jobs that will provide them with a more durable source of income going forward.

[\(Return to Summary\)](#)



## Market Data • Mid-Day Friday

**U.S. Interest Rates**

	Friday 9/17/2021	1 Week Ago	1 Year Ago
1-Month LIBOR	0.09	0.08	0.15
3-Month LIBOR	0.12	0.11	0.23
3-Month T-Bill	0.03	0.04	0.08
1-Year Treasury	0.05	0.05	0.10
2-Year Treasury	0.23	0.21	0.14
5-Year Treasury	0.87	0.82	0.28
10-Year Treasury	1.37	1.34	0.69
30-Year Treasury	1.91	1.93	1.44
Bond Buyer Index	2.14	2.15	2.22

**Foreign Exchange Rates**

	Friday 9/17/2021	1 Week Ago	1 Year Ago
Euro (\$/€)	1.173	1.181	1.185
British Pound (\$/£)	1.375	1.384	1.297
British Pound (£/€)	0.853	0.854	0.913
Japanese Yen (¥/\$)	109.960	109.940	104.740
Canadian Dollar (C\$/A\$)	1.276	1.269	1.317
Swiss Franc (CHF/\$)	0.932	0.918	0.908
Australian Dollar (US\$/A\$)	0.727	0.736	0.731
Mexican Peso (MXN/\$)	20.010	19.892	20.869
Chinese Yuan (CNY/\$)	6.468	6.444	6.764
Indian Rupee (INR/\$)	73.485	73.498	73.655
Brazilian Real (BRL/\$)	5.316	5.247	5.240
U.S. Dollar Index	93.168	92.582	92.970

**Foreign Interest Rates**

	Friday 9/17/2021	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.56	-0.56	-0.52
3-Month Sterling LIBOR	0.07	0.06	0.05
3-Month Canada Banker's Acceptance	0.45	0.45	0.51
3-Month Yen LIBOR	-0.09	-0.09	-0.10
2-Year German	-0.70	-0.70	-0.70
2-Year U.K.	0.29	0.23	-0.11
2-Year Canadian	0.46	0.41	0.27
2-Year Japanese	-0.12	-0.12	-0.13
10-Year German	-0.28	-0.33	-0.49
10-Year U.K.	0.85	0.76	0.19
10-Year Canadian	1.29	1.24	0.57
10-Year Japanese	0.05	0.05	0.02

**Commodity Prices**

	Friday 9/17/2021	1 Week Ago	1 Year Ago
WTI Crude (\$/Barrel)	71.70	69.72	40.97
Brent Crude (\$/Barrel)	74.95	72.92	43.30
Gold (\$/Ounce)	1752.03	1787.58	1944.44
Hot-Rolled Steel (\$/S.Ton)	1845.00	1892.00	590.00
Copper (¢/Pound)	426.05	444.80	306.80
Soybeans (\$/Bushel)	12.71	12.77	10.08
Natural Gas (\$/MMBTU)	5.21	4.94	2.04
Nickel (\$/Metric Ton)	19,416	20,208	15,173
CRB Spot Inds.	618.19	615.86	460.47

Source: Bloomberg LP and Wells Fargo Securities

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