WELLS FARGO

Weekly — June 10, 2022

Weekly Economic & Financial Commentary

United States: **Prices Push Higher in May, Signaling Little Immediate Relief for Consumers**

- Consumer price inflation continued to push higher in May, with the consumer price index rising more than expected and lifting the annual rate of inflation to a fresh 40-year high. Consumers continue to feel the pinch of higher prices, evident in the persistent deterioration in consumer sentiment. To date, households have demonstrated uncanny staying power in the face of inflation, but with little signs of immediate relief from prices, this will only become more challenging.
- Next week: Retail Sales (Tue), FOMC Rate Decision (Tue), Housing Starts (Wed)

International: **European Central Bank Readies Rate Hike as Reserve Bank of Australia Delivers**

- The European Central Bank (ECB) took another step this week on its path of policy normalization at its latest monetary policy announcement. The ECB said it intends to raise rates by 25 bps in July, perhaps by an even larger amount in September, and deliver a steady series of rate hikes over time. The Reserve Bank of Australia surprised markets with a larger-than-expected 50 bps rate increase, which we expect it will follow up with another 50 bps hike at its July announcement.
- Next week: U.K. GDP (Mon), China Retail & Industrial Activity (Wed), Australia Employment (Thu)

Interest Rate Watch: **SNB and BoE Hold Policy Meetings Next Week**

- We expect the Swiss National Bank to remain on hold next week, but we look for it to commence a tightening cycle later this year. We expect the Bank of England to hike rates by 25 bps on Thursday.

Credit Market Insights: **Consumer Credit Is Up, Household Net Worth Is Down**

- Consumer credit had yet another strong month in April rising $38.1 billion, a near-record increase bested only by the prior month's unprecedented surge. Meanwhile, household balance sheets slipped in the first quarter as household net worth declined for the first time since Q1-2020, when COVID initially struck.

Topic of the Week: **Budget Deficit Shrinks...For Now**

- Fiscal year 2022 is now nearly three-quarters complete, and the federal budget deficit has narrowed significantly. Our current forecast is for the federal government to incur a budget deficit of $900 billion in FY 2022. If realized, this would be a *smaller* deficit than the one that prevailed before the pandemic.

Wells Fargo U.S. Economic Forecast

	Actual				Forecast				Actual		Forecast	
	2021				2022				2020	2021	2022	2023
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product [1]	6.3	6.7	2.3	6.9	-1.5	4.2	2.2	2.1	-3.4	5.7	2.8	2.1
Personal Consumption	11.4	12.0	2.0	2.5	3.1	4.6	1.6	1.5	-3.8	7.9	3.4	1.8
Consumer Price Index [2]	1.9	4.8	5.3	6.7	8.0	8.4	8.7	7.6	1.2	4.7	8.2	3.3
"Core" Consumer Price Index [2]	1.4	3.7	4.1	5.0	6.3	5.8	5.9	5.5	1.7	3.6	5.9	3.4
Quarter-End Interest Rates [3]												
Federal Funds Target Rate	0.25	0.25	0.25	0.25	0.50	1.50	2.50	3.00	0.50	0.25	1.88	3.69
Conventional Mortgage Rate	3.17	3.02	2.88	3.11	4.42	5.30	5.45	5.45	3.12	2.95	5.16	5.19
10 Year Note	1.74	1.45	1.52	1.52	2.32	3.15	3.30	3.35	0.89	1.45	3.03	3.21

Forecast as of: June 08, 2022

[1] Compound Annual Growth Rate Quarter-over-Quarter [2] Year-over-Year Percentage Change [3] Annual Numbers Represent Average

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 and our updated Consumer Dashboard and Pressure Gauge.

All estimates/forecasts are as of 6/10/2022 unless otherwise stated. 6/10/2022 12:35:01 EDT. **This report is available on Bloomberg WFRE**

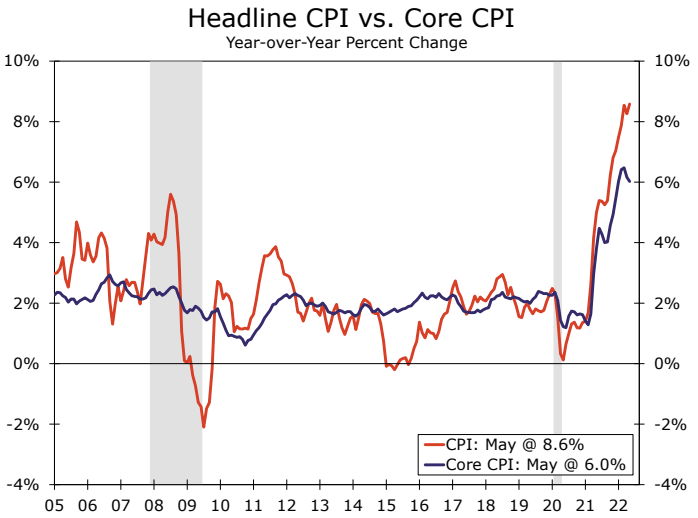
U.S. Review

Prices Push Higher in May, Signaling Little Immediate Relief for Consumers

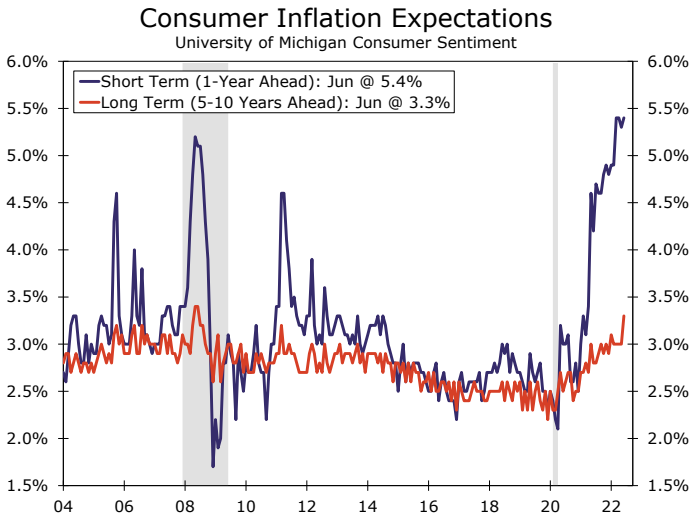
Consumer prices showed little signs of slowing in May with the headline consumer price index rising 1.0% from a month earlier. This gain was not only more than the consensus forecast, but also lifted the year-ago pace of inflation to a fresh 40-year high of 8.6% (chart). Price gains continue to be relatively broad-based, with both goods (+1.3%) and services (+0.8%) prices advancing last month, but much of the upward surprise can be tied to the volatile food and energy components. Food prices advanced 1.2%, while energy costs were particularly strong (+3.9%) due to the 4.1% gain in gasoline prices, reversing some weakness in April. But even when we strip out these volatile categories, core inflation still rose 0.6% during the month. While the gain in the core estimate of inflation was still higher than expected, it did translate to a deceleration in the year-ago pace for core inflation to an annual rate of 6.0% from 6.2% in April.

As we wrote in our dedicated CPI write-up, we believe the worst is still to come for inflation. We suspect the formidable momentum in inflation could push the headline rate for CPI close to 9% as early as next month and stay near those levels through the autumn. In short, inflation is set to remain far too high for the Fed's liking. This suggests the FOMC will fight back aggressively with tighter policy until it sees inflation is demonstrably on the downswing. Another 50 bps rate hike is all but assured at next week's FOMC meeting, and a couple more 50 bps hikes in July and September seem highly likely. It also suggests there will be little immediate relief from prices for consumers.

Persistent and broad price pressure is certainly pinching consumers and is perhaps most evident in the continued deterioration in consumer sentiment. Consumer sentiment plummeted to a new record low of 50.2 in the preliminary read for June. The decline was traced to drops in both consumers' assessment of current conditions and expectations. The current conditions index hit an all-time low, falling almost eight points to 55.4, while at 46.8, the expectations index was the lowest since the 1980s and fell below 50 for the first time since 2011.



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



Source: University of Michigan and Wells Fargo Economics

While many factors have recently weighed on consumers spirits, inflation has been the main culprit. Inflation expectations for the next year rose to 5.4%, to match the 40-year high set this spring, but today's print also set off alarm bells due to the notable rise in longer-term inflation expectations. Longer-term expectations, which have tended to be less reactionary to the current inflation environment, rose to 3.3% in June from the prior month (chart). With longer-term expectations now toward the top end of the past decade's range, consumers increasingly expect inflation to be longer lasting, which only adds further pressure on the Fed to get inflation under control quickly.

Price pressure among necessities such as food and fuel have also led to a fallout in households' opinions of their finances, with more than half of consumers expecting prices to overwhelm income in the next couple of years. In addition to inflation, this seems to be in part driven by more pessimism

surrounding income growth. June's median expected change in household income was 0.5%, the lowest since May 2020 when job losses were still widespread from the pandemic.

Despite growing pessimism, households have demonstrated uncanny staying power. In a recent report, we identified three main reasons this is the case: a slower rate of saving, the ability to tap a pile of accumulated savings and an increased use of credit. The personal saving rate hit its lowest level since 2008 in April, and fresh data this week showed consumers continuing to tap credit. Revolving credit (mostly credit card debt) rose above its pre-pandemic peak for the first time in April as consumers continue to tap credit in order to fund purchases. While taking on more credit card debt is not a sustainable long-term driver of consumer spending, it does help provide at least some short-term relief during a time when gasoline prices are daily breaking all-time record highs. But the longer inflation persists and as the Fed tightens policy, the more challenging consumers' reliance on credit will become. We discuss household balance sheets further in this week's Credit Market Insights. (Return to Summary)

U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
14-Jun	PPI Final Demand (YoY)	May	10.8%	11.1%	11.0%
15-Jun	Retail Sales (MoM)	May	0.2%	0.3%	0.9%
15-Jun	FOMC Rate Decision (Upper Bound)	15-Jun	1.50%	1.50%	1.00%
16-Jun	Housing Starts (SAAR)	May	1709K	1719K	1724K
17-Jun	Industrial Production (MoM)	May	0.4%	0.5%	1.1%
17-Jun	Leading Index (MoM)	May	-0.4%	-0.4%	-0.3%

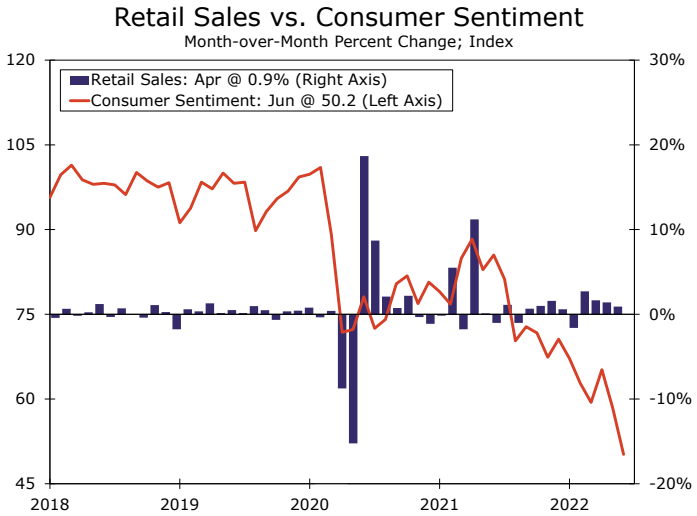
Forecast as of June 10, 2022

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

Retail Sales • Tuesday

Over the past few months, consumers have been pushing through inflationary headwinds the likes of which have not been seen in over 40 years. Retail sales rose 0.9% during April, the fourth consecutive monthly gain. Retail sales are reported in nominal terms, however, meaning they are not adjusted for price changes. Adjusting for inflation, we estimate real retail sales rose a slightly stronger 1.2% during the month. The reason our estimates of real growth in retail sales were higher than the reported nominal figure is that consumer goods prices declined during the same month and retail sales mostly capture spending on goods as opposed to services where prices rose during the period.

We expect May to bring another positive monthly gain in nominal retail sales, albeit at a slower 0.3% rate. If realized, a 0.3% gain in nominal sales would translate to a 1.0% decline in real sales based on May's CPI reading. Energy and goods prices both jumped higher during the month, which means the dynamic of goods price deflation boosting inflation-adjusted sales will not be present in May. A significant stockpile of household savings has helped consumers manage mounting inflation pressures to this point; however, continued weakness in consumer sentiment is a sign that the above-trend pace of spending will not go on indefinitely.

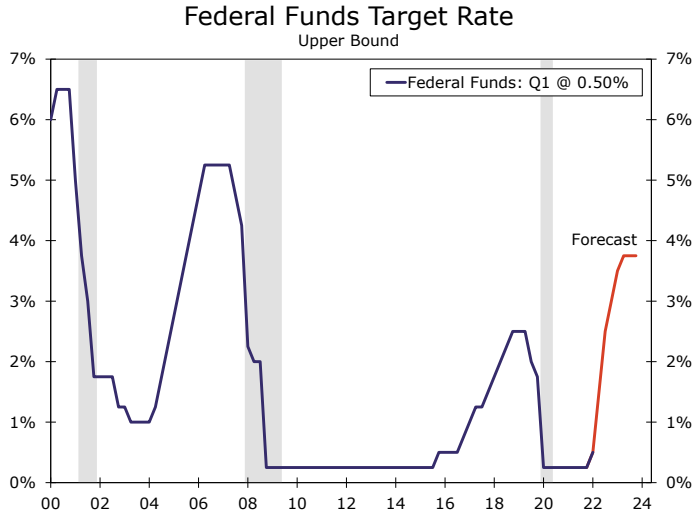


Source: U.S. Department of Commerce, University of Michigan and Wells Fargo Economics

FOMC Decision • Tuesday

We expect the June FOMC meeting to conclude with the announcement that the committee is raising the fed funds rate by 50 bps to a target range of 1.25%-1.50%. The Fed has been telegraphing that it would be stepping up its efforts to tamp down inflation for months. Because a 50 bps hike is all but assured, the market reaction to a hike should be fairly muted. Plans to adjust the balance sheet were adopted at the Committee's meeting in May, leaving no changes to be made at this particular meeting.

The Fed's latest Summary of Economic Projects (SEP) is one thing that is likely to change, however. Currently, core PCE inflation is running close to 5%, so we would not be surprised if the median forecast for the end of this year ticked up modestly. Another potentially consequential change would be a shift higher in the "dot plot." We think the year-end 2022 median dot will be 2.875% or so, which would put the fed funds rate modestly above the neutral estimate by year-end, which is in line with market expectations. If the median dot for the end of this year exceeds that estimate, then the Committee on balance would be more hawkish than most market participants currently judge.

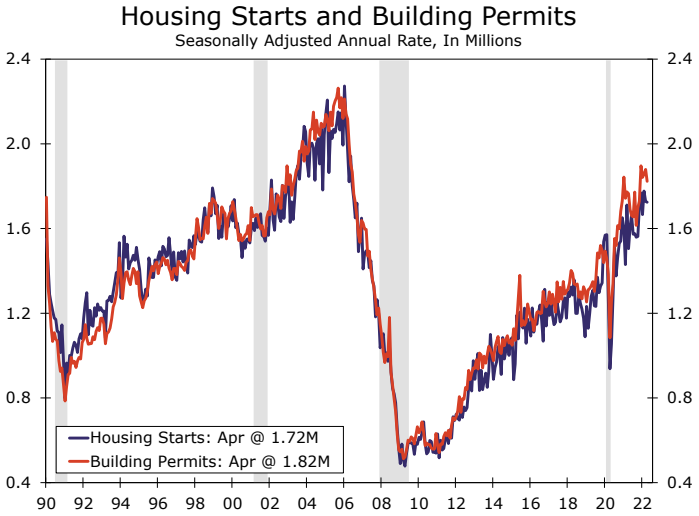


Source: Federal Reserve Board and Wells Fargo Economics

Housing Starts • Wednesday

During April, total housing starts inched 0.2% lower to a 1.72 million-unit pace. New home production likely fell again during May. April's decline in total starts was entirely on the single-family side. The 4.6% drop in single-family permits adds to the evidence that builders are beginning to scale back as sharply higher mortgage rates put a dent in new home demand. The increase in financing costs has occurred just as the construction industry is finally starting to see some relief in terms of building material pricing and availability.

Multifamily starts soared during April; however, multifamily permits fell 1.0% during April. The pullback in permits suggests growth in new multifamily development may soon begin to slow. Compared to last year's record pace, apartment demand has softened somewhat so far this year. That said, apartment vacancy rates still remain near historic lows and rents are still rising at an above-average rate in many large markets. Despite the recent modest declines in total permits, permits are still running ahead of starts, meaning there is still a fairly healthy backlog of projects. All told, we estimate a more-moderate but still strong 1.719 million-unit pace for total housing starts during May. (Return to Summary)



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

International Review

European Central Bank Readies Rate Hike as Reserve Bank of Australia Delivers

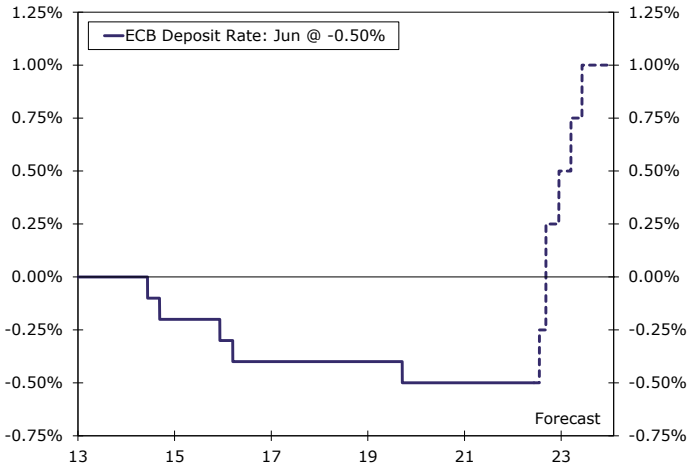
The European Central Bank (ECB) took another step on its path of policy normalization at its latest monetary policy announcement this week. The ECB kept its policy interest rates steady and said the net purchases under the Asset Purchase Program (APP) would end on July 1. More importantly however, the ECB also sent very clear signals of forthcoming policy rate increases in July and beyond. Specifically, the ECB said:

- It intends to raise the key ECB interest rates by 25 bps at its July monetary policy meeting.
- Looking further ahead, the Governing Council expects to raise the key ECB interest rates again in September. The calibration of this rate increase will depend on the updated medium-term inflation outlook. If the medium-term inflation outlook persists or deteriorates, a larger increment will be appropriate at the September meeting.
- Beyond September, based on its current assessment, the Governing Council anticipates that a gradual but sustained path of further increases in interest rates will be appropriate.

The central bank also offered updated economic projections, again raising its CPI inflation forecast and lowering its GDP growth forecast. Following this week's announcement, we now see a 50 bps rate increase in September as more likely than not. We expect inflation to quicken further by the time of the September meeting, while we also expect economic growth will be "steady enough" for the ECB to hike rates by a larger increment. By December, we see a greater chance that headline inflation will begin to recede even if energy prices simply stabilize, and that high energy prices will begin to weigh more noticeably on economic activity. As a result, we expect the ECB to revert to 25 bps increments for December and beyond. To sum up, we expect the ECB to increase its Deposit Rate by 25 bps in July, 50 bps in September and 25 bps at each of the meetings in December 2022, March 2023 and June 2023. This would lift the Deposit Rate to +0.50% by the end of 2022, and +1.00% by mid-2023.

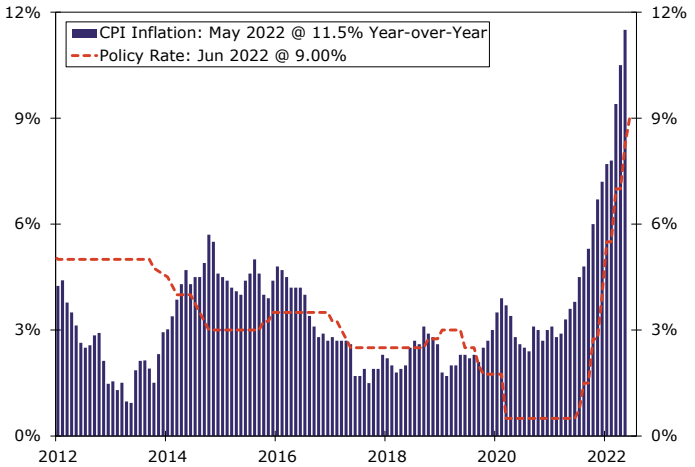
Down under, the Reserve Bank of Australia (RBA) ramped up the pace of rate hikes, surprising market participants for the second meeting in a row. The RBA raised its Cash Rate by 50 bps to 0.85%, twice the 25 bps consensus forecast. The central bank said that inflation is expected to quicken further before returning to 2%-3% next year. As for growth, the RBA said the economy is resilient, noting that household and business balance sheets are generally in good shape. Still, the central bank noted some uncertainties relating to consumers, such as higher inflation weighing on purchasing power. Even with some decline in the household saving rate, savings are also higher than prior to the pandemic. Overall, the RBA's base case is for strong household consumption growth this year and resilient GDP growth. Against this backdrop, we now expect another 50 bps policy rate increase from the RBA at its July announcement, before more typical 25 bps increments later this year.

ECB Deposit Rate



Source: Datastream and Wells Fargo Economics

Chile Inflation vs. Policy Rates



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

Emerging Market Central Banks Active as Well

It was not just the major economy central banks that were active this week. In Chile, the central bank raised its policy rate by 75 bps to 9.00%, which matched the consensus forecast but was smaller than the 125 bps rate hike that was delivered at the May monetary policy announcement. Chile's central bank signaled that further rate hikes should be forthcoming, though of progressively smaller size, saying the "Board estimates that to ensure the convergence of inflation to 3% within the two-year horizon, additional adjustments to the MPR will be needed, although smaller in magnitude." Still, while further rate hikes are on the horizon, the central bank does face an increasing delicate balancing act. Inflation continues to accelerate as the May CPI rose 11.5% year-over-year, although the economy contracted in Q1 and GDP fell 0.8% quarter-over-quarter.

The Reserve Bank of India (RBI) also delivered a rate hike this week, which was slightly larger than expected. The RBI increased its Repurchase Rate by 50 bps to 4.90%, citing inflation pressures. The central bank lifted its CPI inflation forecast for the current fiscal year that began in April to 6.7%, which is above the 2%-6% inflation target band. (Return to Summary)

International Outlook

Weekly International Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
13-Jun	U.K. GDP (MoM)	Apr	0.2%	--	-0.1%
15-Jun	China Retail Sales (YoY)	May	-7.1%	--	-11.1%
15-Jun	China Industrial Output (YoY)	May	-1.0%	--	-2.9%
16-Jun	Australia Employment	May	25.0K	--	4.0K
16-Jun	Australia Unemployment Rate	May	3.8%	--	3.9%

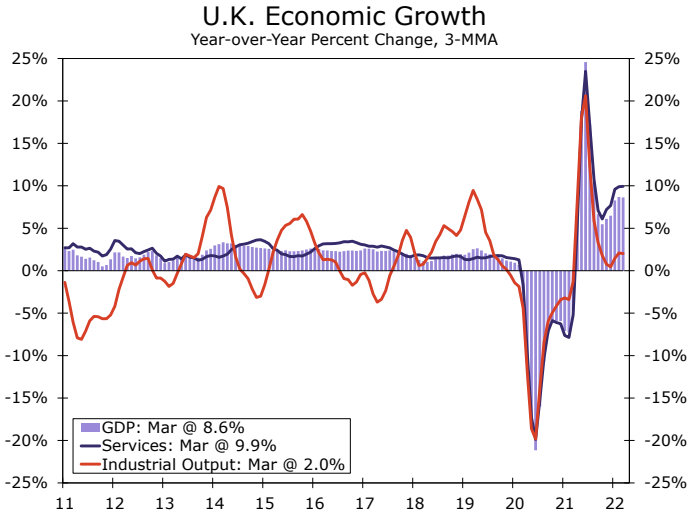
Forecast as of June 10, 2022

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

U.K. GDP • Monday

Next week's U.K. April GDP figures will be closely scrutinized for any signs of high energy prices weighing on real income and thus depressing economic growth. The March outcome was a downside surprise as GDP dipped 0.1% month-over-month, with service sector activity and industrial output both declining. The early indicators for April so far are somewhat mixed. The U.K. services PMI fell in April (although subsequently much more sharply in May), while April retail sales unexpectedly rose 1.4%. Meanwhile, the U.K. manufacturing PMI increased modestly during April.

Given these mildly mixed signals, market participants could look toward the April GDP figures for some clarity on how quickly the U.K. economy is slowing (or not). The consensus forecast is for April GDP to have risen 0.2% month-over-month, with services activity expected to rise 0.2% and industrial output expected to rise a slightly larger 0.3%. Given elevated inflation, even a moderate increase in U.K. GDP should be enough for the Bank of England to raise interest rates again at its June monetary policy meeting.



Source: Datastream and Wells Fargo Economics

China Retail Sales & Industrial Output • Wednesday

It has been a challenging year for China's economy so far in 2022. Against that backdrop, next week's activity data for May will likely be closely scrutinized for signs the economy is passing the worst. With COVID restrictions starting to be gradually removed in recent weeks, the manufacturing and service sector PMIs showed moderate improvements in May and, likewise, activity data for May are also likely to indicate some improvement.

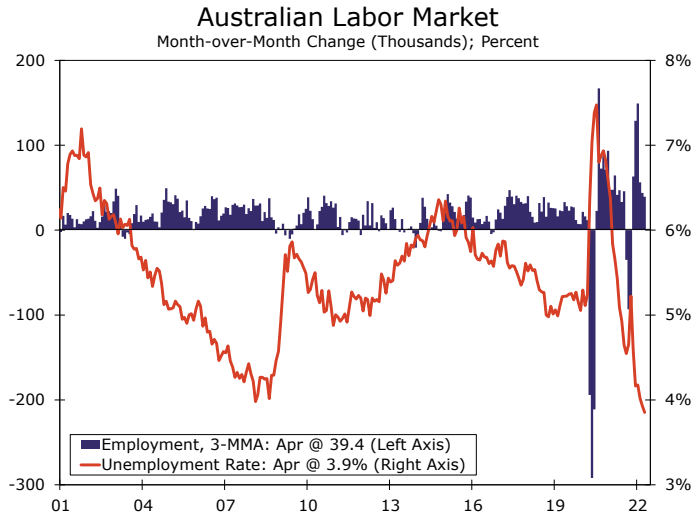
On the consumer front, May retail sales are expected to fall 7.1% year-over-year, which would still be a soft outcome but less weak than the 11.1% decline in April. In a similar vein, May industrial output is expected to fall 1.0%, which would be less than the 2.9% in April. Altogether, these figures would still be consistent with an underwhelming Chinese economic performance in 2022. Specifically for Q2-2022, we expect zero growth on a quarterly sequential basis, while for calendar year 2022, we expect GDP growth of just 4.2%.

Source: Datastream and Wells Fargo Economics

Australian Employment • Thursday

Australia's economy has been on a steadily improving path through much of 2022, a trend that likely continued with the May labor market report. From a broader growth perspective, Q1 GDP surprised to the upside with a gain of 0.8% quarter-over-quarter and 3.3% year-over-year. With respect to the labor market, employment has increased for six months in a row.

The consensus forecast is that the string of employment increases continued in May. Total employment is forecast to have increased by 25,000 last month, which would be an improvement from the 4,000 job increase seen in April. There will also be some interest in the split of that employment gain between full-time jobs and part-time jobs. Meanwhile, the unemployment rate is expected to edge lower to 3.8%. Given sturdy economic growth, elevated CPI inflation and the likelihood of faster wage growth in the quarters ahead, another solid Australian labor market report would be consistent with further monetary tightening by the Reserve Bank of Australia in the months and quarters ahead. (Return to Summary)



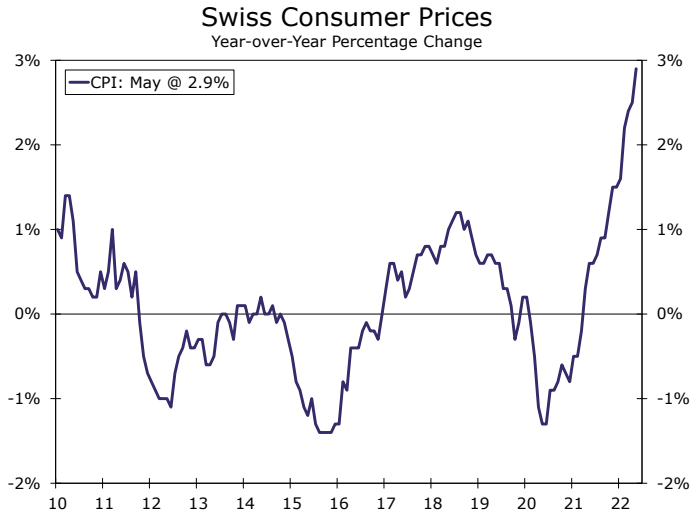
Source: Datastream and Wells Fargo Economics

Interest Rate Watch

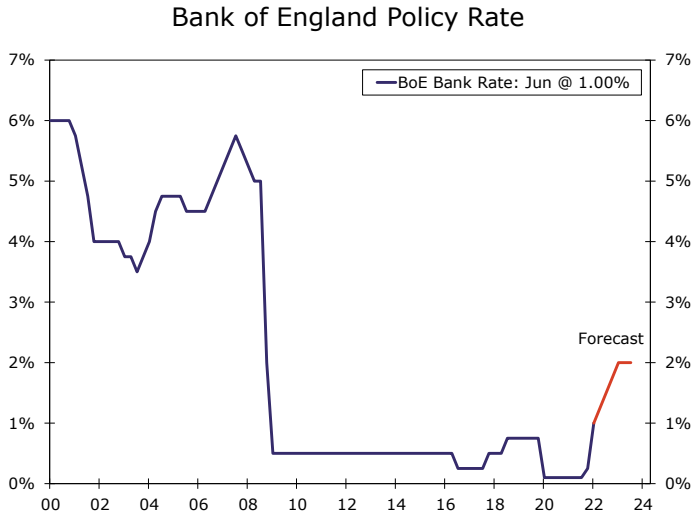
SNB and BoE Hold Policy Meetings Next Week

As discussed in the International Review section, the European Central Bank did not raise interest rates at its policy meeting this week, although the Governing Council indicated that it intends to hike rates by 25 bps at its next meeting on July 21. Elsewhere in Europe, the Swiss National Bank (SNB) will hold its next quarterly policy meeting on June 16. Most observers, ourselves included, expect the Governing Board to keep its policy rate at -0.75%, where it has been maintained since January 2015. The Swiss economy was plagued with a mild case of deflation for most of the past decade, but the overall rate of CPI inflation is approaching 3%, the highest rate in nearly 14 years (see left chart below). With the economy appearing to be on firm footing at present—real GDP grew 0.5% (not annualized) on a sequential basis in Q1-2022—we look for the first SNB tightening cycle since 2005-2007 to commence later this year. Specifically, we expect the SNB to hike rates by 25 bps in December followed by two more 25 bps increases in the first half of 2023.

The Bank of England's Monetary Policy Committee (MPC) is also slated to meet on Thursday. The MPC has raised its Bank Rate by 90 bps since December, and we look for further tightening in the months ahead. The overall rate of CPI inflation in the United Kingdom has ballooned to 9.0%, which is significantly higher than the BoE's 2% target, and a double-digit rate in the next few months does not seem far-fetched. Therefore, we expect the MPC to hike rates by 25 bps on Thursday with another 25 bps increment at its next policy meeting on August 4. We look for another 50 bps of tightening this autumn and early next year, which would take the Bank Rate to 2.00% (see right chart below). We do not expect the MPC to tighten as much as current market pricing indicates—the market is currently priced for a Bank Rate of nearly 3.00% by next May—due to the downside risks that significant monetary tightening poses to the economy. Real income is being eroded rapidly by high inflation, and the combination of potential retrenchment in consumer spending and significant monetary tightening could cause economic activity to crater (See our International Economic Outlook for details about our forecasts.) (Return to Summary)



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

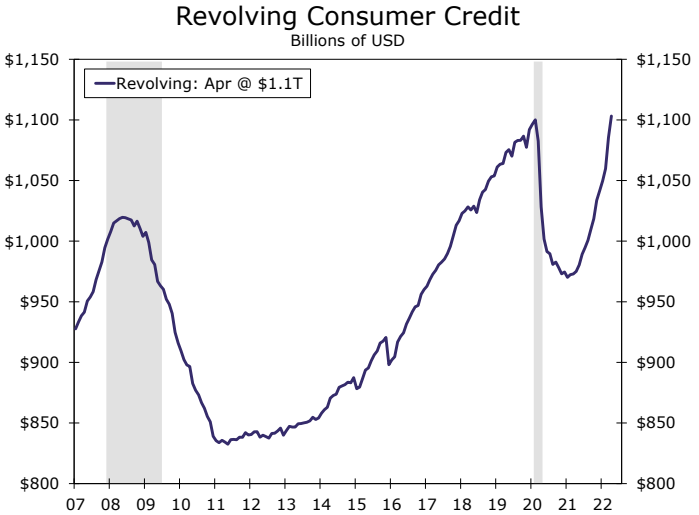


Source: Bloomberg Finance L.P. and Wells Fargo Economics

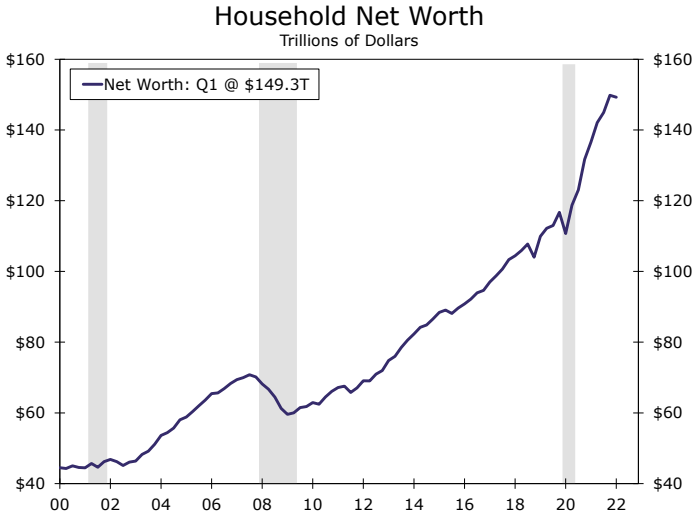
Credit Market Insights

Consumer Credit Is Up, Household Net Worth Is Down

Consumer credit had yet another strong month in April rising $38.1 billion, a near-record increase bested only by the prior month's unprecedented surge. The boost was enough to send revolving credit, which encapsulates credit card spending, back above its pre-pandemic level more than a year after falling to its pandemic low in early 2021 (chart). Consumers have had to increasingly rely on credit as high inflation has dwindled real disposable income in recent months. This is one of the three ways to explain consumers resilient spending along with the drawing down of balance sheets and saving at a slower rate, all of which we detailed in a recent report.We expect that until consumers' incomes are able to catch up to inflation, credit will continue to serve as a bridge in an environment where prices are affecting consumers from every angle. With gas prices currently around $5 a gallon—an all-time high—and food prices up 10.1% over the year, it is hard to escape the impact of inflation.



Source: Federal Reserve Board and Wells Fargo Economics



Source: Federal Reserve Board and Wells Fargo Economics

These same inflationary forces were a drag on household balance sheets as well in the first quarter as household net worth declined for the first time since Q1-2020, when COVID initially struck (chart). The $544 billion drop can be traced back to weakness in financial assets as a disappointing stock market in the first quarter led to a $1.70 trillion decrease in corporate equities at market value during Q1. More liquid measures such as deposits held up relatively well, but there has been a clear shift down since this period last year. Checkable deposits and currency rose $210 billion, which is around half of the typical gain in the first half of 2021. Real estate continued to add to balance sheets, increasing $1.69 trillion over the quarter, the largest quarterly increase ever, which is impressive, given the already strong gains seen over the pandemic. From such a strong starting point, we are not currently worried about household balance sheets, but it would not be surprising to see further payback in future quarters as we enter a period of more moderate growth with tighter monetary policy. But even with that weakness, it would be a long way down to return household net worth to where it stood pre-pandemic. (Return to Summary)

Topic of the Week

Budget Deficit Shrinks...For Now

When the COVID-19 pandemic struck the United States, the ensuing economic and fiscal policy fallout caused the federal budget deficit to explode. The economy contracted sharply, leading to weaker tax revenue collections and more automatically-triggered economic support spending. In addition, Congress passed several COVID relief bills that provided a flood of additional financial support to households, businesses and state and local governments. In the fiscal year prior to the pandemic, the federal government ran a budget deficit of $984 billion. In FY 2020, the federal budget deficit ballooned to $3.1 trillion, and it remained a sizable $2.8 trillion in FY 2021.

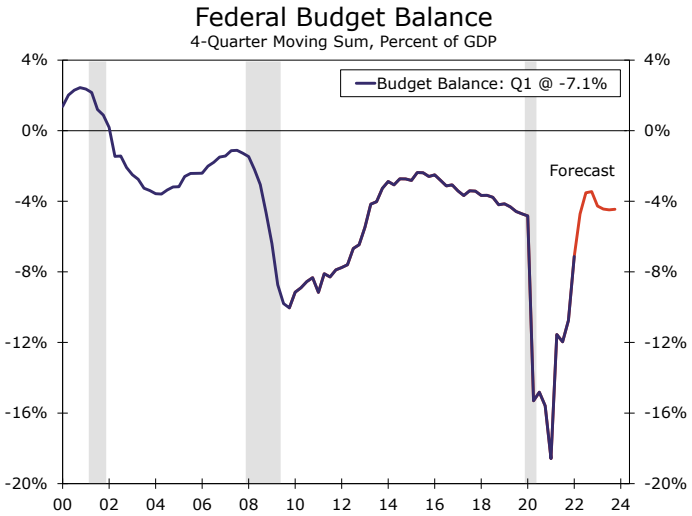
Fiscal year 2022 is now nearly three-quarters complete, and the budget deficit has narrowed significantly. Our current forecast is for the federal government to incur a budget deficit of $900 billion in FY 2022. If realized, this would be just 3.7% of GDP and would be a *smaller* deficit than the one that prevailed before the pandemic. The rapid rebound in the U.S. economy and robust asset price returns have led to surging tax receipts, while federal spending is declining as one-time COVID relief spending largely has run its course.

The significant improvement in the near-term fiscal outlook is one reason we are not overly concerned about the near-term risks related to rising rates and debt servicing costs for the federal government. Federal budget deficits are poised to be manageable this year and next. Interest rates have risen substantially this year, but the increase has come off a very low base, and *real* interest rates are likely to be negative for at least the next few quarters, if not longer.

Past 2023, longer-term projections for the fiscal outlook are highly sensitive to assumptions about the primary budget deficit and steady-state real interest rates. Despite the surge in Treasury yields this year, financial markets are still priced for real long-term interest rates to remain very low years into the future. Directionally, 10-year real yields have increased substantially this year, but in level terms, they are still barely positive. All else equal, very low real long-term interest rates make the national debt much more manageable.

That said, the heightened uncertainty in today's macroeconomic outlook increases the risk of an unexpected interest rate shock, and medium- to longer-run primary budget deficits are set to grow materially under current law. These are risks we will be monitoring closely in the quarters ahead as the economic outlook hopefully becomes more clear.

For further reading on the outlook for the national debt amid rising interest rates, see our recent special report. (Return to Summary)



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

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 6/10/2022	1 Week Ago	1 Year Ago
SOFR	0.75	0.79	0.01
3-Month LIBOR	1.72	1.63	0.12
3-Month T-Bill	1.30	1.13	0.02
1-Year Treasury	2.14	1.95	0.03
2-Year Treasury	3.00	2.65	0.14
5-Year Treasury	3.22	2.93	0.71
10-Year Treasury	3.15	2.93	1.43
30-Year Treasury	3.22	3.09	2.13
Bond Buyer Index	3.16	3.03	2.07

Foreign Exchange Rates

	Friday 6/10/2022	1 Week Ago	1 Year Ago
Euro ($/€)	1.052	1.072	1.217
British Pound ($/£)	1.232	1.249	1.418
British Pound (£/€)	0.854	0.858	0.859
Japanese Yen (¥/$)	134.210	130.880	109.330
Canadian Dollar (C$/$)	1.280	1.259	1.210
Swiss Franc (CHF/$)	0.989	0.962	0.895
Australian Dollar (US$/A$)	0.705	0.721	0.775
Mexican Peso (MXN/$)	19.922	19.559	19.699
Chinese Yuan (CNY/$)	6.709	6.660	6.393
Indian Rupee (INR/$)	77.841	77.633	73.054
Brazilian Real (BRL/$)	4.996	4.774	5.056
U.S. Dollar Index	104.220	102.140	90.075

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

Foreign Interest Rates

	Friday 6/10/2022	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.58	-0.59	-0.57
3-Month Sterling LIBOR	1.50	1.42	0.08
3-Month Canada Banker's Acceptance	2.28	2.20	0.44
3-Month Yen LIBOR	-0.03	-0.02	-0.10
2-Year German	0.97	0.66	-0.69
2-Year U.K.	2.04	1.69	0.07
2-Year Canadian	3.18	2.91	0.31
2-Year Japanese	-0.08	-0.07	-0.12
10-Year German	1.51	1.27	-0.26
10-Year U.K.	2.44	2.16	0.75
10-Year Canadian	3.31	3.06	1.37
10-Year Japanese	0.25	0.23	0.06

Commodity Prices

	Friday 6/10/2022	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	119.40	118.87	70.29
Brent Crude ($/Barrel)	120.81	119.72	72.52
Gold ($/Ounce)	1865.04	1851.19	1898.51
Hot-Rolled Steel ($/S.Ton)	1028.00	1025.00	1665.00
Copper (¢/Pound)	428.85	447.20	448.50
Soybeans ($/Bushel)	18.07	17.33	15.93
Natural Gas ($/MMBTU)	8.68	8.52	3.15
Nickel ($/Metric Ton)	27,946	28,344	18,106
CRB Spot Inds.	659.19	661.48	606.72

Subscription Information

To subscribe please visit: www.wellsfargo.com/economicsemail

Via The Bloomberg Professional Services at WFRE

Economics Group

Jay H. Bryson, Ph.D.	Chief Economist	704-410-3274	Jay.Bryson@wellsfargo.com
Mark Vitner	Senior Economist	704-410-3277	Mark.Vitner@wellsfargo.com
Sam Bullard	Senior Economist	704-410-3280	Sam.Bullard@wellsfargo.com
Nick Bennenbroek	International Economist	212-214-5636	Nicholas.Bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	704-410-3283	Tim.Quinlan@wellsfargo.com
Sarah House	Senior Economist	704-410-3282	Sarah.House@wellsfargo.com
Azhar Iqbal	Econometrician	212-214-2029	Azhar.Iqbal@wellsfargo.com
Charlie Dougherty	Economist	212-214-8984	Charles.Dougherty@wellsfargo.com
Michael Pugliese	Economist	212-214-5058	Michael.D.Pugliese@wellsfargo.com
Brendan McKenna	International Economist	212-214-5637	Brendan.Mckenna@wellsfargo.com
Shannon Seery	Economist	332-204-0693	Shannon.Seery@wellsfargo.com
Nicole Cervi	Economic Analyst	704-410-3059	Nicole.Cervi@wellsfargo.com
Sara Cotsakis	Economic Analyst	704-410-1437	Sara.Cotsakis@wellsfargo.com
Jessica Guo	Economic Analyst	704-410-4405	Jessica.Guo@wellsfargo.com
Karl Vesely	Economic Analyst	704-410-2911	Karl.Vesely@wellsfargo.com
Patrick Barley	Economic Analyst	704-410-1232	Patrick.Barley@wellsfargo.com
Coren Burton	Administrative Assistant	704-410-6010	Coren.Burton@wellsfargo.com

Required Disclosures

This report is produced by the Economics Group of Wells Fargo Bank, N.A. (“WFBNA”). This report is not a product of Wells Fargo Global Research and the information contained in this report is not financial research. This report should not be copied, distributed, published or reproduced, in whole or in part. WFBNA distributes this report directly and through affiliates including, but not limited to, Wells Fargo Securities, LLC, Wells Fargo & Company, Wells Fargo Clearing Services, LLC, Wells Fargo Securities International Limited, Wells Fargo Securities Europe S.A., Wells Fargo Securities Canada, Ltd., Wells Fargo Securities Asia Limited and Wells Fargo Securities (Japan) Co. Limited. Wells Fargo Securities, LLC is registered with the Commodity Futures Trading Commission as a futures commission merchant and is a member in good standing of the National Futures Association. WFBNA is registered with the Commodity Futures Trading Commission as a swap dealer and is a member in good standing of the National Futures Association. Wells Fargo Securities, LLC and WFBNA are generally engaged in the trading of futures and derivative products, any of which may be discussed within this report.

This publication has been prepared for informational purposes only and is not intended as a recommendation offer or solicitation with respect to the purchase or sale of any security or other financial product nor does it constitute professional advice. The information in this report has been obtained or derived from sources believed by WFBNA to be reliable, but has not been independently verified by WFBNA, may not be current, and WFBNA has no obligation to provide any updates or changes. All price references and market forecasts are as of the date of the report. The views and opinions expressed in this report are not necessarily those of WFBNA and may differ from the views and opinions of other departments or divisions of WFBNA and its affiliates. WFBNA is not providing any financial, economic, legal, accounting, or tax advice or recommendations in this report, neither WFBNA nor any of its affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the statements or any information contained in this report and any liability therefore (including in respect of direct, indirect or consequential loss or damage) is expressly disclaimed. WFBNA is a separate legal entity and distinct from affiliated banks and is a wholly owned subsidiary of Wells Fargo & Company.

Important Information for Non-U.S. Recipients

For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a U.K. incorporated investment firm authorized and regulated by the Financial Conduct Authority (“FCA”). For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (“the Act”), the content of this report has been approved by WFSIL, an authorized person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU (“MiFID2”). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. For recipients in the EFTA, this report is distributed by WFSIL. For recipients in the EU, it is distributed by Wells Fargo Securities Europe S.A. (“WFSE”). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in the Directive 2014/65/EU (“MiFID2”). This report is not intended for, and should not be relied upon by, retail clients.