WELLS FARGO

Weekly — August 19, 2022

Weekly Economic & Financial Commentary

United States: **Expansion Not Yet Heading to the Gallows**

- An increase in real retail sales by our estimates and a rebound in industrial production in July offered evidence beyond recent jobs data that the U.S. economy is not yet in a recession. That said, with new orders in the manufacturing sector slowing sharply and housing activity continuing to tumble, data this week did little to change our view that a downturn in the coming quarters will be hard to avoid.
- Next week: New Home Sales (Tue), Durable Goods (Wed), Personal Income & Spending (Fri)

International: **Diverging Paths for Inflation in Canada and U.K.**

- Headline inflation in Canada may be showing signs of cooling down. Overall CPI decelerated to a 7.6% year-over-year pace in July, driven by falling gasoline and energy prices. While inflation in Canada may have peaked in July, price pressures in the U.K. have not yet abated. Headline inflation surprised to the upside, reaching 10.1% year-over-year. We expect U.K. inflation to remain elevated for longer, as another sizable increase in electricity prices is planned for October.
- Next week: U.K. PMIs (Tue), Eurozone PMIs (Tue), South Africa CPI (Wed)

Interest Rate Watch: **The Fed Still Has More Work to Do**

- We continue to look for the Fed to hike the federal funds rate another 75 bps at its September 20-21 FOMC meeting and to follow that up with a 50 bps hike in early November and a 25 bps hike in December. After that, we believe the Fed will take a break and see how the rate hikes it has implemented so far affect the broader economy.

Topic of the Week: **China's Renewed Slowdown Prompts Surprise Rate Cut**

- The combination of COVID containment policies and a struggling property sector has led us to revise our annual GDP forecast consistently lower over the course of this year, and as of now, we believe China's economy will grow a little above 3%. We also believe risks are tilted toward even slower growth than we forecast, and July activity data released over the past few weeks reinforces that view.

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	-1.6	-0.5	2.4	0.0	-3.4	5.7	1.7	-0.4
Personal Consumption	11.4	12.0	2.0	2.5	1.8	1.6	2.0	-0.6	-3.8	7.9	2.4	-0.1
Consumer Price Index [2]	1.9	4.8	5.3	6.7	8.0	8.6	8.2	7.2	1.2	4.7	8.0	3.5
"Core" Consumer Price Index [2]	1.4	3.7	4.1	5.0	6.3	6.0	6.2	6.1	1.7	3.6	6.2	4.2
Quarter-End Interest Rates [3]												
Federal Funds Target Rate	0.25	0.25	0.25	0.25	0.50	1.75	3.25	4.00	0.50	0.25	2.38	3.63
Conventional Mortgage Rate	3.17	3.02	2.88	3.11	4.42	5.81	5.20	5.25	3.12	2.95	5.17	4.83
10 Year Note	1.74	1.45	1.52	1.52	2.32	2.98	3.05	3.15	0.89	1.45	2.88	2.86

Forecast as of: August 19, 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

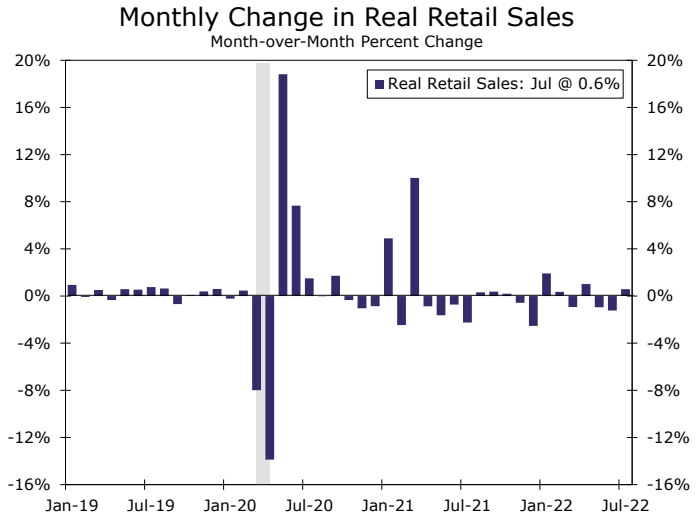
Please see our full U.S. Economic Forecast and our updated Pressure Gauge.

U.S. Review

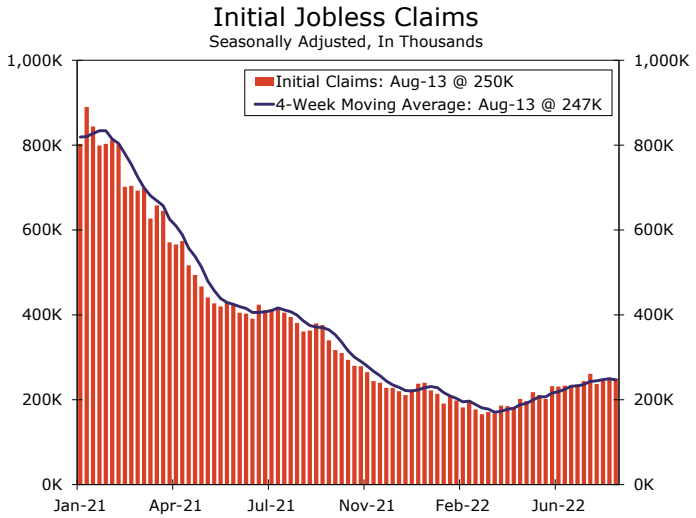
Expansion Not Yet Heading to the Gallows

Data this week alleviated concerns that the U.S. economy is already in a recession, but did little to change our view that a downturn in the coming quarters will be hard to avoid. Lower gasoline prices in July went a long way toward boosting real consumption based on the latest retail sales figures. Nominal sales were flat over the month, but with gasoline prices tumbling 7.6%, according to the Consumer Price Index, and prices for other goods growing at a more tepid pace, we estimate that real sales rose 0.6%—the first gain after adjusting for inflation in three months (chart). Thus far in August, gasoline prices are down about another 11%, according to AAA, from their average in July and point to consumers getting some additional breathing room in their budgets. But further space may be harder to create come September, with the pace of gasoline price declines slowing and prices already 22% off their mid-June highs. At the same time, consumers' staying power will be put to the test by dwindling pandemic-era savings and households' own downbeat assessments of finances in the face of current inflation.

Instead, spending will be increasingly reliant on labor market income. To that end, the upward trend in initial jobless, claims, the biggest black mark on the current state of the labor market in our view, has paused over the past few weeks (chart). New filings the week ended August 12 edged down to 250K after hitting the year's high of 261K a month ago. The four-week average fell for the first time since April.



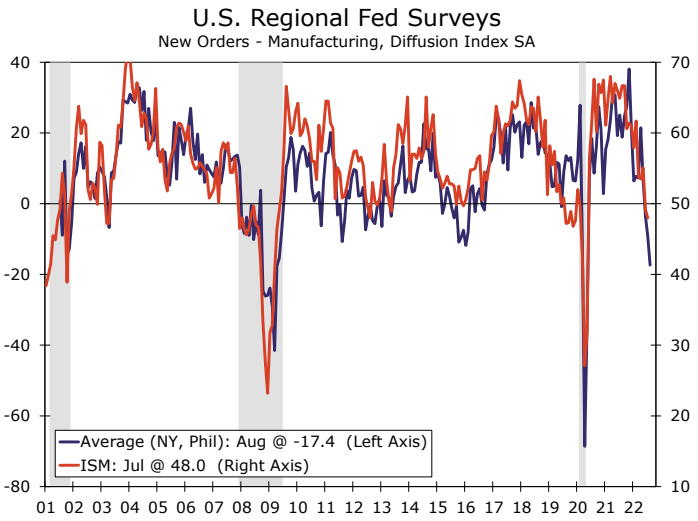
Source: U.S. Department of Commerce and Wells Fargo Economics



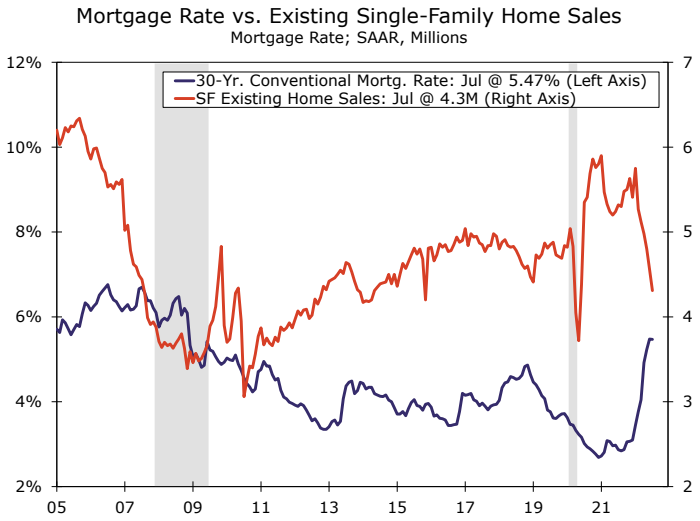
Source: U.S. Department of Labor and Wells Fargo Economics

In another sign economic activity is not yet broadly retrenching, industrial production rose 0.6% in July after more or less stalling the previous two months. The improvement was driven in large part by a surge in auto production (up 6.6%) as the particularly severe supply woes for the industry have been easing. Excluding motor vehicles and parts, manufacturing output also rose. However, the 0.3% gain was not enough to overcome the drops in May and June and offers further signs that the trend in production has weakened since earlier this year.

The outlook for manufacturing was not helped on Monday by the Empire State Manufacturing survey, the first of the August PMIs to be released, posting its second-sharpest decline in records dating back to 2001. The Philadelphia Fed's survey released on Thursday painted a less dire picture; both the stand-alone headline and an ISM weighted version of the survey rose back into positive territory in August. Yet taking the two surveys together shows new orders contracting at pace never witnessed outside a recession (chart), with the cooling in the goods sector evident in delivery times quickly normalizing and input price growth the slowest in 19 months.



Source: Federal Reserve System, Institute for Supply Management and Wells Fargo Economics



Source: National Association of Realtors, Freddie Mac and Wells Fargo Economics

Staving off a recession also looks difficult with the housing market still seemingly in free fall. Existing home sales fell for a sixth-straight month to the lowest level in over two years. The near doubling in mortgage rates over the past year is more clearly starting to weigh on prices. Price growth on a year-over-year basis slipped to 10.8% in July for the median existing home sold, down from over 15% as recently as February. With sale prices under pressure, builders continue to scale back plans for new constriction. Single-family permits in July fell for a fifth consecutive month, while builder sentiment continued to dive lower in August. If there is a modicum of good news for the housing sector, it is that mortgage rates have come down slightly in recent weeks. Builders are also moving forward with multifamily units, limiting the total hit to housing supply from single-family construction declining under the weight of reduced affordability.

All told, leading indicators of activity continue to show the economy struggling to grow. July's 0.4% drop in the Leading Economic Index marked the fifth monthly decline in a row. Over the past six months, the LEI is down 0.27%, which is not quite consistent with the historic threshold for a recession we described in a recent special report. However, the trend decline in the index along with our expectation for further monetary policy tightening supports our view that the economy may very well slip into a recession around the beginning of next year. (Return to Summary)

U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
23-Aug	New Home Sales (SAAR)	Jul	580K	581K	590K
24-Aug	Durable Goods Orders (MoM)	Jul	0.6%	1.1%	2.0%
25-Aug	GDP Annualized (QoQ)	Q2 2nd	-0.9%	-0.5%	-0.9%
25-Aug	Personal Consumption (QoQ)	Q2 2nd	--	1.6%	1.0%
26-Aug	Personal Income (MoM)	Jul	0.6%	0.7%	0.6%
26-Aug	Personal Spending (MoM)	Jul	0.4%	0.4%	1.1%
26-Aug	PCE Deflator (YoY)	Jul	6.4%	0.063	6.8%
26-Aug	Core PCE Deflator (YoY)	Jul	4.7%	4.7%	4.8%

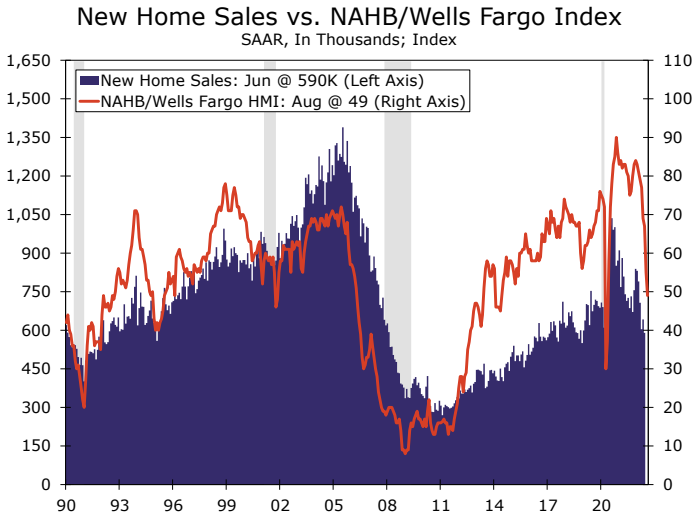
Forecast as of August 19, 2022

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

New Home Sales • Tuesday

The housing market is under severe pressure from the weight of higher mortgage rates, which are further reducing affordability and pushing prospective buyers to the sideline. This has been particularly evident in the sentiment data with a rapid deterioration in consumers' views of now being a "good time" to buy a home. Home builders are also loosing confidence fast. The NAHB/Wells Fargo Housing Market Index tumbled 12 points in July (chart), marking its second-largest one-month drop on record.

Through June, new home sales were 17.4% below the pace registered during the same period last year, and we expect further weakness in July. Specifically, we estimate new home sales slipped to a 581,000-unit annual pace last month. With sales slowing, inventories are rising. In June, the current sales and inventory dynamics indicated a 9.3-month supply of new homes, which was the highest level since May 2010. We would not be surprised to see this inch even higher in July. Rising inventories and slowing buyer demand has led to a softer pace of home price appreciation, which may eventually help reduce growing affordability issues. For now, the recent slide in new home sales suggests price increases and rising interest rates are choking off demand much more quickly, and are ushering in a more pronounced overall economic slowdown.



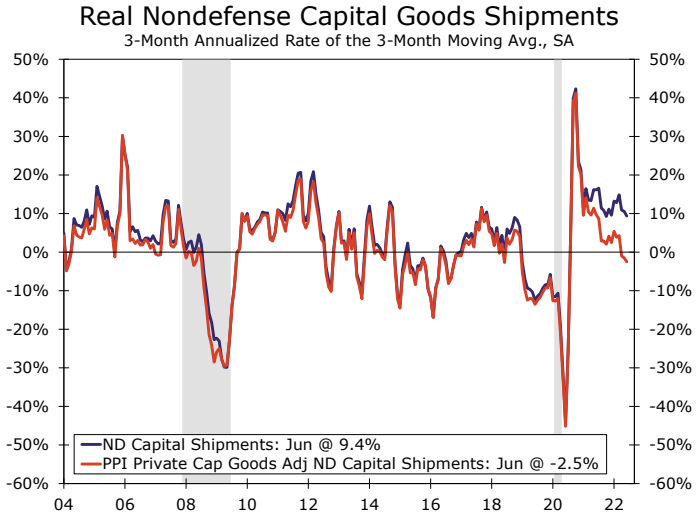
Source: U.S. Department of Commerce, NAHB and Wells Fargo Economics

Durable Goods Orders • Wednesday

At first glance, the recent durable goods data look to be defying expectations for signs of a slowdown in manufacturing. Durable goods orders rose at the fastest pace in six months in June, up 1.6%. But adjusting for transportation and the run-up in prices suggests the *real* gain in core capital goods orders was modestly negative. We expect a similar outturn for July.

We forecast durable goods orders advanced 1.1% in July with orders set to get a sizable boost from aircraft specifically. Data from Boeing revealed 130 new gross orders during the month of July, the largest monthly order volume in a year. Excluding transportation, we suspect durable goods orders advanced just 0.1% last month.

Inflation will likely chip away at the gain even further with the Producer Price Index (PPI) for private capital equipment rising 0.5% last month. Higher prices continue to boost the durable goods estimates. When we adjust nondefense capital goods shipments for higher prices, the recent trajectory looks much weaker (chart). Most manufacturing data point to a weakened trend since earlier this year. The new orders component of the ISM manufacturing index



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

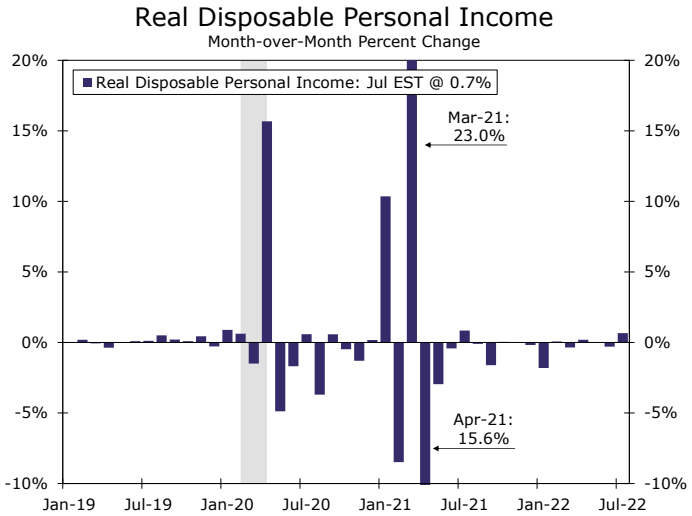
slipped further into contraction territory in July, and the comparable component of the New York and Philadelphia Fed's purchasing manager survey's for August also indicated contraction in new demand. Factory-sector activity is slowing, though we expect the fulfillment of backlogs as supply chains continue to ease will help partially offset weakness coming from new demand.

Personal Income & Spending • Friday

Consumer spending held up reasonably well during the first half of the year and the retail sales data suggest continued resiliency through July. In fact, some upward revisions to past months' data cause us to expect real personal consumption expenditures will be revised higher for the second quarter when data print on Thursday of next week in the second estimate of GDP.

We forecast broader personal spending advanced 0.4% last month. Inflation remains the biggest issue for consumers, but the Consumer Price Index points to some moderation in July prices. If our forecast for no change in the PCE deflator in July is correct, real personal spending would rise 0.4% as well. The spending details of the report will likely be mixed and continue to demonstrate consumers' gradual shift away from goods purchases toward services.

The effect of more moderate inflation on income will be more interesting, as it will give way to the fastest monthly pace of real disposable personal income growth in a year (chart). These dynamics should result in an uptick in the personal saving rate from its lowest level since the 2008 recession at 5.1% in June. But how household consumption evolves from here is less certain. Consumers are transitioning away from goods purchases to services, but this is happening only at a gradual pace. Supply chains are thawing, which may finally give way to some normalization in the auto sector specifically. The staying power of consumers has been quite robust, but it's showing signs of running out. How these factors evolve from here will determine the trajectory for spending and, thereby, the overall economy. (Return to Summary)



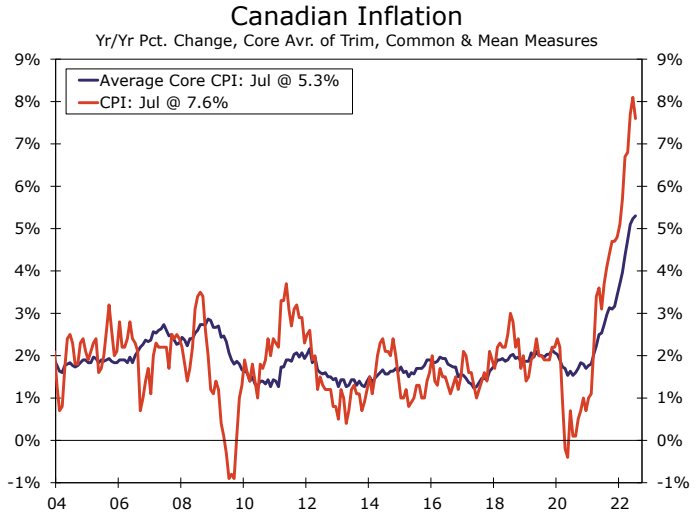
Source: U.S. Department of Commerce and Wells Fargo Economics

International Review

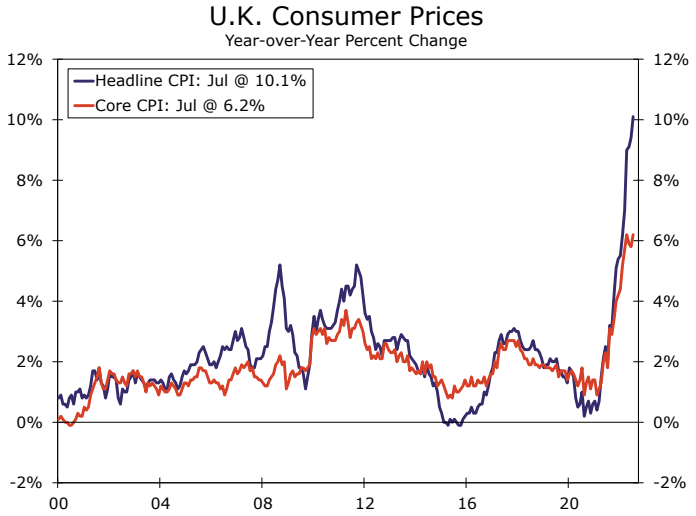
Diverging Paths for Inflation in Canada and the U.K.

Headline inflation in Canada may be showing signs of cooling down. Overall CPI decelerated to a 7.6% year-over-year pace in July, driven by falling gasoline and energy prices. However, the average of three core inflation measures ticked up to 5.3%, indicating that underlying price pressures still remain elevated for now. In a hawkish-leaning op-ed following the inflation release, Bank of Canada (BoC) Governor Macklem said that despite the possibility of a peak in prices, inflation will likely remain too high for some time, which will require additional monetary tightening—in the form of front-loading rate hikes now to avoid a sharper slowdown down the road. Last, Macklem expressed that the central bank's job won't be done until inflation falls back to the 2% target. We expect the BoC to deliver a 50 bps hike in September and end its monetary tightening cycle by the end of 2022 after two additional 25 bps rate hikes in Q4. At the end of the tightening cycle, we forecast the BoC policy rate to be 3.50%. Given our anticipation for a sharp slowdown in growth, we expect the Bank of Canada to begin unwinding some of these rate hikes, and begin cutting interest rates in the second half of 2023.

While inflation in Canada may have peaked in July, price pressures in the U.K. have not yet abated. Headline inflation surprised to the upside, reaching 10.1% year-over-year. The food category posted the largest contribution to overall CPI, and energy prices continue to be extremely elevated. Another sizable increase in electricity prices is planned for October, and the Bank of England (BoE) recently revised its CPI forecast up to a peak of 13% in Q4, compared to 11% previously. However, price pressures cannot only be attributed to more volatile components like food and energy, as core CPI still quickened to 6.2% year-over-year. We expect higher inflation to continue to place pressure on real household incomes, consumer purchasing power and overall GDP growth going forward. Also as a result of higher inflation, we have become more hawkish on Bank of England monetary policy. Despite our forecast for a recession in 2023, we still expect another 50 bps rate increase from the Bank of England at its September meeting, followed by 25 bps increases in October, December and February. Those rate increases would see the Bank of England's policy rate peak at 3.00% by early next year. We expect the policy rate to remain at 3.00% for an extended period, before the BoE begins lowering interest rates in late 2023.



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



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

RBNZ Hawks Not Done Yet

The Reserve Bank of New Zealand (RBNZ) ramped up monetary tightening earlier than many major central banks, and as a result, it is in the midst of a more mature tightening cycle. However, this week RBNZ policymakers signaled they are not quite done yet. At its August monetary policy meeting, it raised its Official Cash Rate (OCR) by another 50 bps to 3.00% and signaled further monetary tightening to come, as core CPI is still too high and labor resources remain scarce.

With the release of the RBNZ's August Monetary Policy Statement came updated economic forecasts. Taking a closer look at the projections, the central bank brought forward its forecast policy rate peak,

and now expects the OCR to peak at 4.1% in Q2-2023 before declining in 2024. The RBNZ also made upward revisions to its CPI forecast. As of now, inflation in New Zealand is elevated significantly above target at 7.3% year-over-year. The RBNZ expects CPI inflation to begin to fall to 5.8% by the end of 2022 and 3.8% by the end of 2023, and only return to the midpoint of the target by mid-2024. In comments following the meeting, RBNZ Governor Orr signaled that bringing the OCR to around 4% would bring the MPC significant comfort that the central bank has done enough to bring inflation back to the 1%-3% target.

But alas, we are not at 4% yet. Like in past months, the accompanying statement said that "the Committee agreed it remains appropriate to continue to tighten monetary conditions at pace to maintain price stability and contribute to maximum sustainable employment." Seeing as the RBNZ now expects inflation to remain elevated for longer, we expect additional rate hikes in the months to come until we are closer to the 4% range. (Return to Summary)

International Outlook

Weekly International Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
23-Aug	Eurozone Manufacturing PMI	Aug	48.9	--	49.8
23-Aug	Eurozone Services PMI	Aug	50.5	--	51.2
23-Aug	UK Manufacturing PMI	Aug	51.0	--	52.1
23-Aug	UK Services PMI	Aug	51.9	--	52.6
24-Aug	South Africa CPI (YoY)	Jul	7.8%	--	7.4%

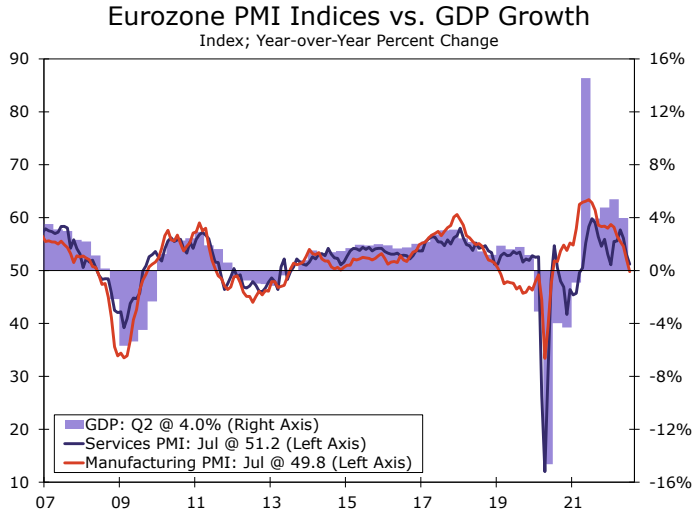
Forecast as of August 19, 2022

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

Eurozone PMIs • Tuesday

PMI readings for the Eurozone will be released next Tuesday, providing an initial glimpse into recent sentiment trends for the manufacturing and services sectors of some of Europe's key economies. Consensus estimates expect the August manufacturing PMI to slow to 48.9, while the services PMI is expected to decline to 50.5.

In July, the manufacturing PMI fell into contraction territory for the first time since June 2020, while the services component, which composes a larger proportion of the economy, hovered in expansion territory but registered the lowest reading in six months. This dampening sentiment reflects a more pessimistic outlook for Eurozone growth, as inflation weighs on economic activity. With Eurozone CPI reaching 8.9% year-over-year in July, we expect these elevated price pressures to continue to put pressure on growth and sentiment in the quarters to come. We expect the Eurozone to fall into recession early next year against a backdrop of diminished purchasing power for consumers and energy supply issues.

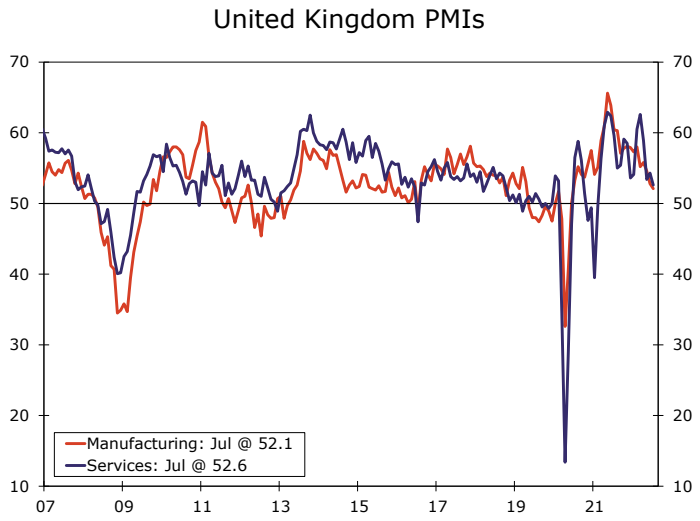


Source: Datastream, Bloomberg Finance L.P. and Wells Fargo Economics

U.K. PMIs • Tuesday

August PMI data will be released for the United Kingdom next Tuesday. Against a backdrop of slowing growth, consensus expectations are for August manufacturing PMI to slow to 51.0, while the services PMI is expected to tick down to 51.9.

U.K. Q2 GDP slumped 0.1% quarter-over-quarter, and we anticipate this slowing in growth will be reflected in softening trends for August PMI survey data released next week. Persistently elevated inflation should weigh on sentiment. In July, U.K. inflation surged to 10.1% year-over-year, driven by higher food and energy prices, the latter of which are expected to surge for many households in October as the energy price cap is raised. High household inflation should depress consumer purchasing power and weigh on activity and growth. Against a backdrop of higher energy prices, we have lifted our CPI forecasts to show inflation elevated for a longer period of time. As a result, we expect more Bank of England tightening than previously, and have downgraded our outlook for the U.K. economy to include a deeper recession in 2023.



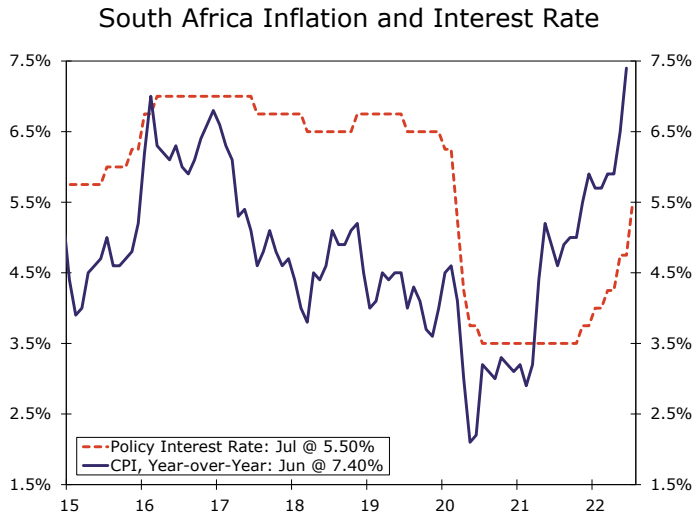
Source: Datastream and Wells Fargo Economics

South Africa CPI • Wednesday

CPI figures from South Africa released next week are expected to show inflation still elevated above the Central Bank of South Africa (SARB) target band of 3% to 6%. Consensus expects CPI to reach 7.8% year-over-year in July, while core inflation is anticipated to have ticked up to 4.5%.

In June, headline CPI quickened to 7.4% year-over-year, the highest pace of price growth since the Great Recession. Recent comments from SARB Governor Lesetja Kganyago indicate that the central bank views global inflation to have reached "crisis levels," and inflation's descent back to the target band is likely to be sluggish, which means central bank policy must respond more forcefully.

Against this backdrop, SARB surprised market participants in July, delivering a 75 bps rate hike to 5.50%. Seeing as SARB projections now show inflation only coming back down to its target midpoint at the end of 2024, we expect the central bank to continue its aggressive monetary tightening schedule at its upcoming meeting in September with another 75 bps rate hike to 6.25%. (Return to Summary)



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

Interest Rate Watch

The Fed Still Has More Work to Do

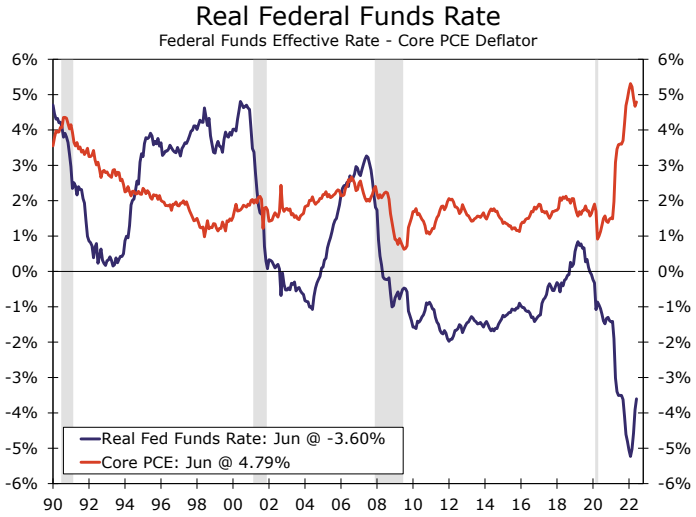
Market participants focused a great deal of attention this week on trying to determine whether, after ramping up the pace of rate hikes, monetary policy had reached a pivot point. The verdict following this week's release of the minutes from the July 26-27 FOMC meeting is that it is still too soon to tell. A handful of committee members voiced their belief that the Fed would eventually temper the magnitude of its rate hikes. Most members, however, stated that efforts to bring down inflation would take more time. We continue to look for the Fed to hike the federal funds rate another 75 bps at its September 20-21 FOMC meeting and to follow that up with a 50 bps hike in early November and a 25 bps hike in December. After that, we believe the Fed will take a break and see how the rate hikes it has implemented so far affect the broader economy.

More Work to Be Done

The financial markets have enjoyed a brief respite from their inflation worries ever since the July CPI and PPI came in slightly better than expected. Market participants would do well to remember that a sense of relief really has more to do finally seeing an inflation print that did not blow past consensus estimates. Inflation is still much higher than almost everyone at the FOMC believed it would be one year ago, and price increases are also much more broadly based. Even this past month's good news leaves the CPI very close to where consensus expectations had it over the past couple of months. June's CPI came in 0.2 percentage points above expectations and July's number was 0.2 percentage points below expectations. Put the champagne back in the box.

Past inflation cycles have required the Fed to raise the federal funds rate above the prevailing inflation rate in order to break inflation's upward momentum. That will prove problematic today, given the still-low nominal interest rate and a core PCE deflator in the 5% range. The bottom line is that market participants should be on guard for higher short-term interest rates than the current consensus forecast. One only has to look back to where interest rate forecasts were one year ago to gauge the extent of how much higher rates can rise in the coming year.

A little more light will be shed on the Fed's thinking this coming week, as policymakers convene in Jackson Hole, Wyoming. Fed Chair Jerome Powell will speak Friday morning at 10 EDT. Powell is expected to reiterate the Fed's commitment to tighten policy enough to bring inflation back down to 2%. While that does not rule out the possibility that the Fed will pivot toward smaller rate hikes in coming meetings, it will need to do so in a way that shows it is not backing off its commitment to bringing inflation back down. (Return to Summary)



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

Topic of the Week

China's Renewed Slowdown Prompts Surprise Rate Cut

2022 has been a difficult year for China's economy. Sporadic waves of COVID infections and a commitment to a no-tolerance policy has placed downward pressure on sentiment as well as broader economic activity across the country. In addition, China's real estate sector has been a drag on the economy. Property developers have defaulted on dollar-debt over the course of the past few years and have left investors with heavy losses. Those same defaults have left home purchasers making payments toward homes they may not receive and have sparked a social protest "mortgage strike" over the past few weeks. The combination of COVID containment policies and a struggling property sector has led us to revise our annual GDP forecast consistently lower over the course of this year, and as of now, we believe China's economy will grow a little above 3%. We also believe risks are tilted toward even slower growth than we forecast, and July activity data released over the past few weeks reinforces that view.

As far as July data, most indicators were relatively underwhelming and suggest a still-tough road ahead for China's economy. To that point, retail sales and industrial production slowed from June. The slowdown was sharp; however, more concerning was that consensus forecasts were looking for retail and manufacturing activity to improve in July. In addition to activity data, fixed asset investment and aggregate financing were also uninspiring. Less robust lending data suggest consumers are unwilling to borrow to purchase new homes and that government fiscal support is not being extended to support overall activity. In an effort to try and jumpstart activity, the People's Bank of China (PBoC) surprised markets and cut interest rates. On Monday, PBoC policymakers lowered the one-year medium-term lending facility 10 bps to 2.75%, and also allowed for an outsized renminbi depreciation to cushion the impact and support overall economic activity. Easier PBoC monetary policy is at direct odds with the tighter policy trend seen around the world this year. Diverging paths for monetary policy between the Fed and PBoC contributed to a softer renminbi this week; however, limited PBoC intervention exacerbated the currency's move above the CNY6.80 level.

While this week's surprise rate cut may not spark economic activity significantly, the PBoC may not be done easing policy just yet. Going forward, there is a high likelihood that monetary authorities take action to support the local economy. These actions could mean additional lending rate reductions as well as lowering Reserve Requirement Ratios for banks. Typically, Chinese authorities prefer to give financial markets a heads up that interest rate adjustments are coming. In the coming weeks, particularly if new parts of the country go into lockdown or have COVID restrictions placed on them, the incentive to support economic activity could rise and authorities could be more proactive in signaling to market participants that further interest rate cuts are imminent.

In addition to easier monetary policy, we would not be surprised to see Chinese authorities make a more concerted effort to extend fiscal support, particularly targeted at infrastructure spending. China's economy has relied on infrastructure spending to drive growth for years, and with the economy struggling to gather momentum, fiscal budgets could be extended to provide an additional lifeline to the economy. Going forward, easier monetary policy and looser fiscal policy could result in further renminbi depreciation. We stop at suggesting the PBoC would outright devalue the currency; however, diverging paths for policy could continue to weigh on the currency through the end of this year. Right now, we believe the renminbi will hover around current levels, as PBoC authorities are likely to intervene in FX markets to stabilize the currency and protect against destabilizing capital outflows. (Return to Summary)

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

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 8/19/2022	1 Week Ago	1 Year Ago
SOFR	2.28	2.28	0.05
3-Month LIBOR	2.98	2.92	0.13
3-Month T-Bill	2.65	2.52	0.05
1-Year Treasury	2.98	3.04	0.05
2-Year Treasury	3.28	3.24	0.22
5-Year Treasury	3.11	2.96	0.77
10-Year Treasury	2.99	2.83	1.24
30-Year Treasury	3.23	3.11	1.87
Bond Buyer Index	3.44	3.27	2.14

Foreign Exchange Rates

	Friday 8/19/2022	1 Week Ago	1 Year Ago
Euro ($/€)	1.005	1.026	1.168
British Pound ($/£)	1.181	1.214	1.364
British Pound (£/€)	0.851	0.845	0.856
Japanese Yen (¥/$)	137.170	133.420	109.740
Canadian Dollar (C$/$)	1.300	1.278	1.283
Swiss Franc (CHF/$)	0.959	0.942	0.919
Australian Dollar (US$/A$)	0.687	0.712	0.715
Mexican Peso (MXN/$)	20.218	19.849	20.163
Chinese Yuan (CNY/$)	6.818	6.743	6.495
Indian Rupee (INR/$)	79.783	79.655	74.248
Brazilian Real (BRL/$)	5.212	5.075	5.415
U.S. Dollar Index	108.103	105.631	93.568

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

Foreign Interest Rates

	Friday 8/19/2022	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.58	-0.59	-0.57
3-Month Sterling LIBOR	2.25	2.12	0.07
3-Month Canada Banker's Acceptance	3.65	3.59	0.44
3-Month Yen LIBOR	-0.01	-0.01	-0.10
2-Year German	0.84	0.61	-0.75
2-Year U.K.	2.54	2.05	0.12
2-Year Canadian	3.43	3.24	0.45
2-Year Japanese	-0.08	-0.08	-0.13
10-Year German	1.23	0.99	-0.49
10-Year U.K.	2.43	2.11	0.54
10-Year Canadian	2.94	2.74	1.13
10-Year Japanese	0.20	0.19	0.02

Commodity Prices

	Friday 8/19/2022	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	91.23	92.09	63.69
Brent Crude ($/Barrel)	96.94	98.15	66.45
Gold ($/Ounce)	1748.29	1802.40	1780.38
Hot-Rolled Steel ($/S.Ton)	800.00	849.00	1920.00
Copper (¢/Pound)	365.65	366.85	404.10
Soybeans ($/Bushel)	14.88	15.37	13.73
Natural Gas ($/MMBTU)	9.12	8.77	3.83
Nickel ($/Metric Ton)	21,704	23,585	18,890
CRB Spot Inds.	609.18	611.15	620.60

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