Weekly — February 3, 2023

# Weekly Economic & Financial Commentary

**United States: Jobs Day Fireworks to Start 2023**

- During January, payrolls jumped by 517K, the unemployment rate fell to 3.4% and average hourly earnings rose by 0.3%. The FOMC raised the fed funds target range by 25 bps to 4.5%-4.75% this week. The ISM services index rebounded to 55.2 in January, while the ISM manufacturing index fell to 47.4. The Employment Cost Index (ECI) rose 1.0% in Q4. In December, job openings (JOLTS) jumped to 11.0 million, while construction outlays fell 0.4%.
- Next week: Trade Balance (Tue), Consumer Credit (Tue)

**International: Europe's Central Banks Continue Along Rate Hike Paths**

- The European Central Bank (ECB) delivered a 50 bps increase in its Deposit Rate at this week's monetary policy announcement, and offered a relatively determined message to continue along its monetary tightening path. The ECB pre-committed to another 50 bps increase in March, a somewhat unusual move, and said it would keep interest rates at restrictive levels for some time. The Bank of England (BoE) also raised its policy rate 50 bps at its meeting and delivered relatively balanced commentary. We expect a final 25 bps rate increase at the BoE's March meeting, bringing the policy rate to a peak of 4.25%.
- Next week: RBA Rate Decision (Tue), Riksbank Rate Decision (Thu), U.K. GDP (Fri)

**Interest Rate Watch: FOMC's Job Not Yet Done**

- The FOMC elected to raise the federal funds rate by 25 bps to a range of 4.50%-4.75% at the conclusion of its monetary policy meeting on Wednesday. The clear message was that the job is not yet done in getting inflation back down to 2% and further tightening lies ahead, but just how much remains uncertain.

**Topic of the Week: Gaining Economic & Financial Ground in the Black Community Since COVID**

- Wednesday marked the first day of Black History Month 2023. To coincide with this celebration, we produced a report that analyzes the economic and financial shifts experienced by the Black and African American Community relative to pre-pandemic times. Has the Black and African American community gained or lost economic and financial ground over the past three years?

**Wells Fargo U.S. Economic Forecast**

| | Actual 2022 | | | | Forecast 2023 | | | | Actual | | Forecast | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 2021 | 2022 | 2023 | 2024 |
| Real Gross Domestic Product [1] | -1.6 | -0.6 | 3.2 | 2.9 | 0.0 | 0.3 | -2.6 | -1.9 | 5.9 | 2.1 | 0.5 | 0.3 |
| Personal Consumption | 1.3 | 2.0 | 2.3 | 2.1 | -0.3 | 0.8 | -1.4 | -2.2 | 8.3 | 2.8 | 0.7 | -0.1 |
| Consumer Price Index [2] | 8.0 | 8.6 | 8.3 | 7.1 | 5.3 | 3.3 | 2.4 | 2.2 | 4.7 | 8.0 | 3.3 | 2.4 |
| "Core" Consumer Price Index [2] | 6.3 | 6.0 | 6.3 | 6.0 | 5.2 | 4.3 | 3.4 | 3.0 | 3.6 | 6.1 | 4.0 | 2.8 |
| Quarter-End Interest Rates [3] | | | | | | | | | | | | |
| Federal Funds Target Rate | 0.50 | 1.75 | 3.25 | 4.50 | 5.00 | 5.25 | 5.25 | 5.25 | 0.25 | 2.02 | 5.19 | 3.25 |
| Conventional Mortgage Rate | 4.27 | 5.58 | 6.01 | 6.36 | 6.60 | 6.35 | 5.85 | 5.55 | 3.03 | 5.38 | 6.09 | 5.09 |
| 10 Year Note | 2.32 | 2.98 | 3.83 | 3.88 | 3.85 | 3.75 | 3.35 | 3.15 | 1.45 | 2.95 | 3.53 | 2.94 |

Forecast as of: January 20, 2023
[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.

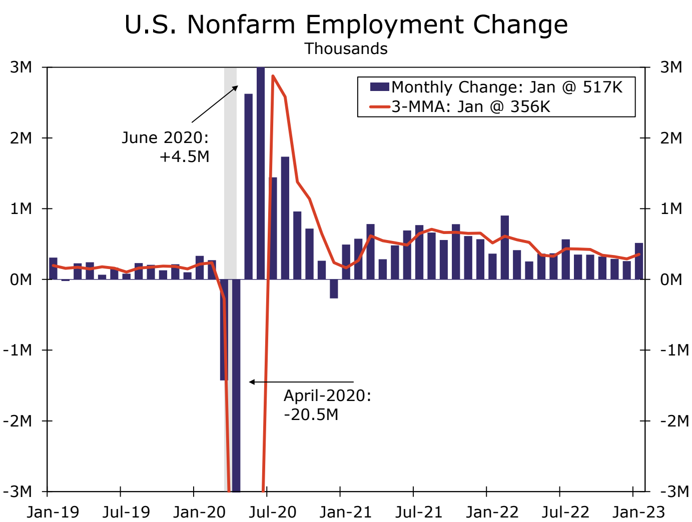
## U.S. Review

### Jobs Day Fireworks to Start 2023

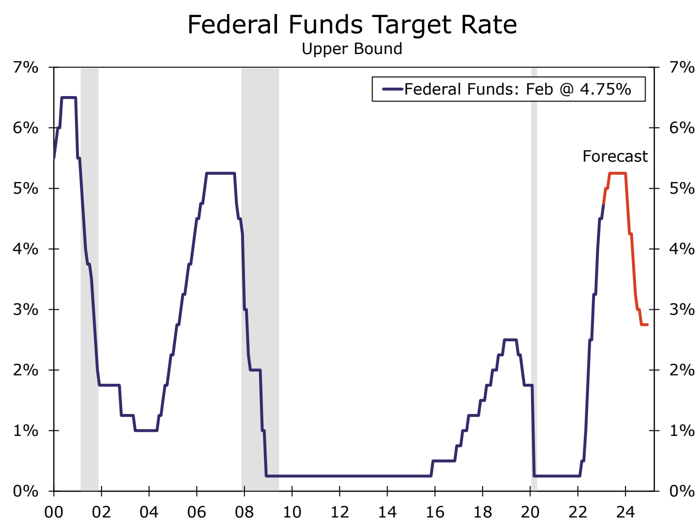
The big news of the week was that the economy added 517K jobs in January, significantly ahead of the 188K consensus expectation. Alongside the robust payroll gain, the unemployment rate fell to 3.4% during the month, the lowest rate in 53 years. The monthly jobs gain comes with the usual caveats that monthly gains can be highly volatile, vulnerable to seasonal adjustment noise and subject to large revisions. That said, the jump in jobs occurred as labor force participation improved and wage growth moderated, both of which are positive signs of a labor market moving into better balance. Average hourly earnings cooled to 0.3%, a monthly pace that was in line with consensus estimates. That noted, wage growth has yet to return to a pace consistent with 2% inflation. All told, January's employment report adds to the evidence that a recession is still a ways off and raises the probability the FOMC will move forward with another 25 bps rate hike at its next meeting in March.

The deceleration in hourly earnings helps corroborate a slowdown in other wage growth measures. On Tuesday morning, the Employment Cost Index (ECI) for Q4-2022 was released. The ECI is a comprehensive measure of wage growth and is closely monitored by the Fed to shed light on the labor market and inflation. The ECI rose 1.0% in Q4, the third straight quarterly moderation and a pace slower than market expectations. In the Fed's view, slower labor cost growth is required for disinflation in the labor-intensive service sector, where price pressures remain elevated even as goods prices move down.

Overall, the slower increase in the ECI suggests that wage growth is easing without a material deterioration in the labor market. The softer ECI gain was likely well-received by Committee members when the FOMC meeting commenced on Tuesday morning. At the conclusion of the meeting, the FOMC raised the fed funds rate target range by 25 bps to 4.50%-4.75%. The hike was widely expected, but comments provided by Fed Chair Powell at the press conference were more of a surprise. For more on the FOMC rate decision, please see the Interest Rate Watch.




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




Source: Federal Reserve Board and Wells Fargo Economics

The Fed will very likely become even more data dependent as it begins to fine-tune monetary policy. Another indicator that the Fed has been monitoring closely, the Job Openings and Labor Turnover Survey (JOLTS), was released on Wednesday morning. The December JOLTS revealed that the count of openings unexpectedly jumped to 11.0 million over the month. Fed Chair Powell has frequently cited the elevated ratio of job openings relative to unemployed, which rose to 1.9 during the month, as evidence of an imbalanced labor market. Seasonal factors were likely behind December's jump in total openings. What's more, the underlying details of the survey suggest some cooling in labor market conditions. Quits fell slightly and layoffs increased a touch, indicating less tightness in the labor market and presaging slower labor cost growth on the horizon.

The labor market remains remarkably strong, yet there are clear areas of weakness in other sectors of the economy. On the heels of December's decline in real personal spending, the Conference Board's measure of consumer confidence dropped 5.6 points in January. Inflation may be moderating, but consumers remain downbeat about the future. Factory sector sentiment also remains gloomy. The ISM manufacturing index extended its recent streak of declines and dropped to 47.4 in January. The headline index has been signaling contraction for the past three months. Furthermore, the forward-looking new orders component declined during the month, suggesting more weakness lies ahead.

Construction is another industry where activity appears to be downshifting. Total construction spending declined 0.4% during December, with residential and nonresidential outlays both falling during the month. That noted, signs of stabilization are beginning to emerge. Mortgage rates dipped below 6% on Thursday for the first time since September 2022. Lower financing costs could help sliding residential building activity find a floor. In addition, total nonresidential starts (released separately by Dodge Data & Analytics) jumped 51% in December, a gain driven by a massive 596% rise in manufacturing project starts. This substantial rise is a reminder of the ongoing surge in domestic electric vehicle and semiconductor investment that is unlikely to be swayed by business cycle fluctuations. A rebound in service sector activity is another potential green shoot. The ISM services index climbed 6.0 points to 55.2 in January after a temporary drop below the 50 demarcation line indicating contraction in December.

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## U.S. Outlook

**Weekly Domestic Indicator Forecasts**

| Date | Indicator | Period | Consensus | Wells Fargo | Prior |
|---|---|---|---|---|---|
| 7-Feb | Trade Balance | Dec | -$68.5B | -$69.1B | -$61.5B |

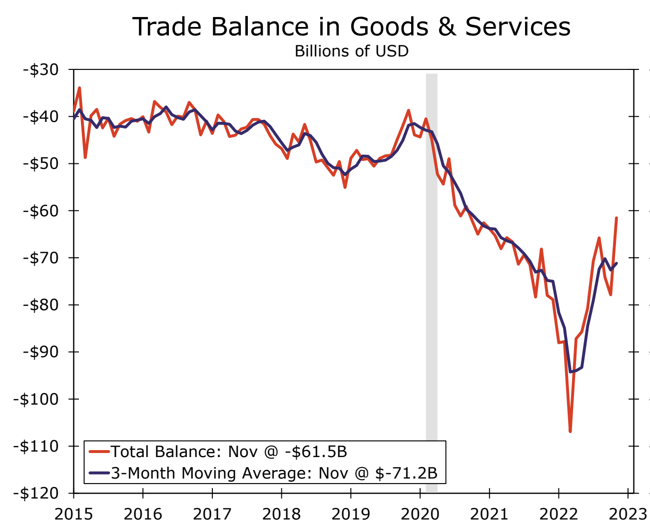
Forecast as of February 03, 2023

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

### Trade Balance • Tuesday

The U.S. trade deficit narrowed sharply in November as imports collapsed and exports continued to soften. Since the most recent monthly trade report, advance data on Q4 real GDP show net exports were additive to overall economic growth at the end of last year, boosting output by 0.6 percentage points. That said, the boost stemmed from real imports (-4.6%) declining more than real exports (-1.3%), which is hardly a sign of strength in trade flows.

We forecast the U.S. trade balance widened to -$69.1B in the final month of 2022. Advance data on goods trade reveal goods imports reversed course in December, rising nearly 2% after plummeting 7.5% the prior month. Meanwhile, exports of goods slipped 1.5%, marking the fourth consecutive month of declines. Looking ahead, we suspect exports will continue to weaken this year amid deteriorating economic growth abroad. Imports, on the other hand, are likely to gain firmer footing in the near term as supply and demand come into better balance. But further down the road, we expect import growth to weaken as the U.S. economy tips into recession in the second half of this year.

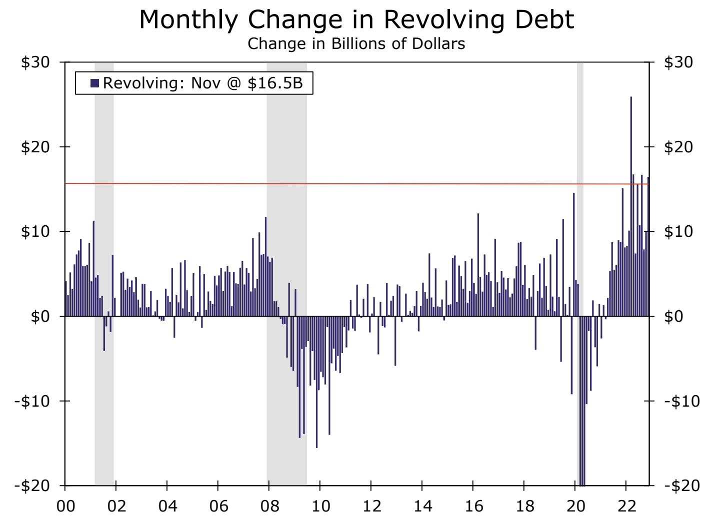



Source: U.S. Department of Commerce and Wells Fargo Economics

**Consumer Credit • Tuesday**

Consumers tapped sources of credit at incredible rates last year. Revolving credit, which is mostly composed of credit card debt, increased by $16.5B in November. As shown in the nearby chart, the five biggest monthly increases in revolving credit in the past 20 years have occurred within the past 12 months. Non-revolving credit, which includes installment debt such as auto and student loans, increased a more modest $11.5B in November.

Looking ahead, the consensus expectation calls for total consumer credit to increase $25B in December. Should that forecast prove correct, it would be the smallest increase in five months. While inflation has recently cooled off and given way to gains in real disposable income, we still expect consumers to continue to pull back on consumption this year. Real consumer spending posted back-to-back declines in the final two months of 2022, and we estimate the excess savings built up during pandemic lockdown days have about nine more months to run their course (assuming the same drawdown rate over the past six months). As savings run dry and borrowing costs trend higher amid the FOMC's policy tightening, consumers are likely to pull back on borrowing this year.




Source: Federal Reserve Board and Wells Fargo Economics

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## International Review

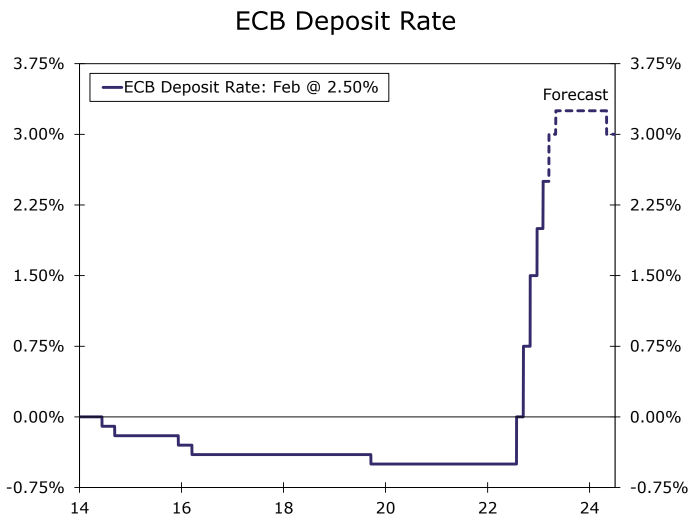
### Europe's Central Banks Continue Along Rate Hike Paths

The European Central Bank (ECB) delivered a 50 bps increase in its Deposit Rate at this week's monetary policy announcement, and offered a relatively determined message to continue along its monetary tightening path. In addition to this week's interest rate increase, the ECB said in "view of the underlying inflation pressures, the Governing Council intends to raise interest rates by another 50 bps at its next monetary policy meeting in March, and it will then evaluate the subsequent path of its monetary policy. Keeping interest rates at restrictive levels will over time reduce inflation by dampening demand and will also guard against the risk of a persistent upward shift in inflation expectations. In any event, the Governing Council's future policy rate decisions will continue to be data-dependent and follow a meeting-by-meeting approach."

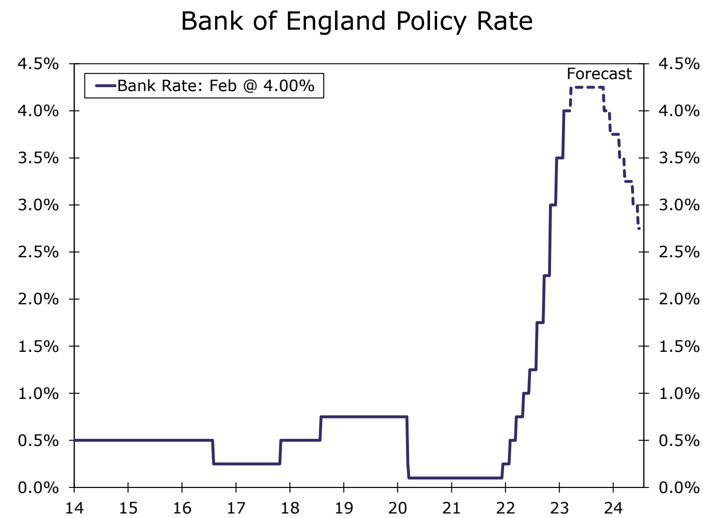
Meanwhile, with respect to its quantitative tightening plans, the ECB said it would reduce its Asset Purchase Program portfolio by €15 billion per month from March through June, with the subsequent pace of portfolio reduction to be determined over time. Partial reinvestment will be conducted in line with current practice. The quantitative tightening plans were in line with those signaled at the ECB's December meeting. We view the ECB's announcement as notably—though not ultra-aggressively—hawkish, and it does not alter our outlook for the path of ECB monetary policy. We expect a further 50 bps increase in the Deposit Rate in March and a final 25 bps increase in May, which would see the ECB's Deposit Rate peak at 3.25% for the current cycle. This week's ECB announcement also comes across a backdrop of resilient activity data and still elevated core inflation. Eurozone Q4 GDP eked out a 0.1% quarter-over-quarter gain, in contrast to an expected 0.1% decline. Meanwhile, although the Eurozone headline CPI slowed to 8.5% year-over-year, the core CPI was a slight upside surprise, holding steady at 5.2% year-over-year.

The Bank of England (BoE) raised its policy rate 50 bps to 4.00% at this week's announcement, while also delivering relatively balanced accompanying commentary. The BoE noted that domestic inflation pressures have been firmer than expected and the labor market remains tight by historical standards, although there has started to be some loosening in labor market conditions. Meanwhile, the central bank also expects inflation to fall back sharply in the coming quarters, driven by softer energy prices. In fact, in its updated economic projections, which is based on a market-implied path for the policy rate that rises to around 4.5% in mid-2023 and falls back to just over 3.25% in three years time, CPI inflation declines below the 2% inflation in the medium term. Indeed, even with a constant policy rate of 4.00%, the medium-term inflation forecast also falls belows 2%.

Nonetheless, BoE policymakers also noted there "are considerable uncertainties around this medium-term outlook, and the Committee continues to judge that the risks to inflation are skewed significantly to the upside." While the BoE could conceivably already be done, the upside inflation risks combined with a desire from BoE policymakers to ensure they "finish the job" in returning inflation sustainability back toward the 2% inflation target means we believe some modest further tightening is more likely than not. We expect a final 25 bps rate increase at the March meeting, bringing the policy rate to a peak of 4.25%. We expect the policy rate to remain at that level through until late 2023, before the BoE embarks on rate cuts in Q4 of this year.




Source: Datastream and Wells Fargo Economics




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

With respect to emerging economies, the most consequential news this week was from China, with the January PMIs offering insight into the performance of the economy in early 2023. With the lifting of Zero-COVID policies and easing of restrictions, activity appears have improved markedly in January. The official manufacturing PMI improved in line with the consensus forecast to 50.1, edging back above the "breakeven" 50 level. The gain in the official services PMI was even more impressive, jumping more than forecast to 54.4, the best reading since June last year. The message from the January Caixin PMIs was similar, as the manufacturing PMI edged up to 49.2 and the services PMI rose to 52.9. Given the positive start to 2023, as well as resilient Q4 GDP and December activity data, the outlook for China's economy this year is becoming more encouraging. Indeed, we recently revised our China GDP growth forecast for 2023 higher, to 5.2%. Elsewhere, Mexico's Q4 GDP rose more than expected, by 0.4% quarter-over-quarter, while in Brazil, the central bank held its Selic rate at 13.75%, saying it would keep rates elevated for a sufficiently long period and that there had been some deterioration of inflation expectations on the longer-term horizon.

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## International Outlook

| Weekly International Indicator Forecasts | | | | | |
|---|---|---|---|---|---|
| **Date** | **Indicator** | **Period** | **Consensus** | **Wells Fargo** | **Prior** |
| 7-Feb | Reserve Bank of Australia Decision | 7-Feb | 3.35% | 3.35% | 3.10% |
| 9-Feb | Sweden Central Bank Decision | 9-Feb | 3.00% | 3.00% | 2.50% |
| 10-Feb | U.K. GDP (QoQ) | Q4 | 0.0% | 0.1% | -0.3% |

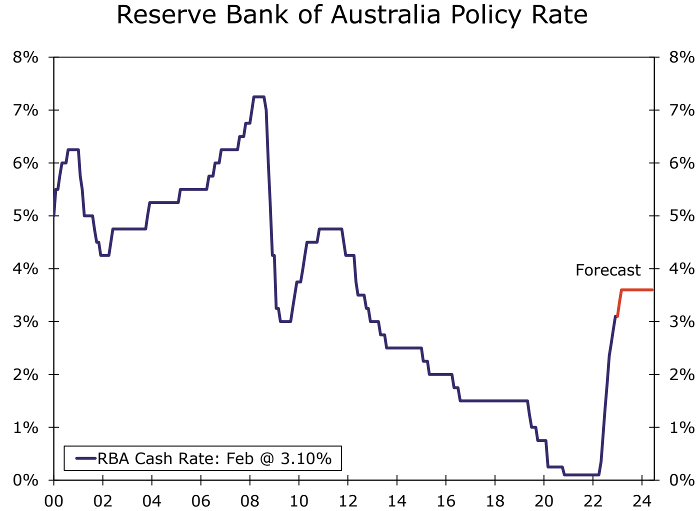
Forecast as of February 02, 2023

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

### Reserve Bank of Australia Rate Decision • Tuesday

The Reserve Bank of Australia (RBA) announces its first monetary policy decision of 2023 next week, an announcement at which we and the consensus expect the RBA to increase its policy rate another 25 bps to 3.35%.

The RBA faces mixed economic signals heading into its first decision of the year. On the one hand, December employment disappointed with a decline of 14,600, although that was entirely due to a fall in part-time jobs. The January manufacturing PMI fell slightly and the services PMI improved, although both remained at historically subdued levels. More encouragingly, a reopening of China's economy could also improve Australia's growth prospects for 2023. Meanwhile, more significantly from a monetary policy perspective, inflation remained persistent late last year. The Q4 headline CPI quickened more than expected to 7.8% year-over-year, and the trimmed mean CPI also quickened more than expected to 6.9%. Thus even with mixed activity trends, we believe persistent inflation will result in another 25 bps rate hike next week. The RBA also publishes updated economic projections, which could see an upward revision to its inflation forecasts and likely only limited changes to its growth forecasts. That said, the inflation forecasts in particular will be carefully scrutinized for insights on whether the RBA could continue along its rate hike path, or if the central bank's monetary tightening may instead be nearing an end.



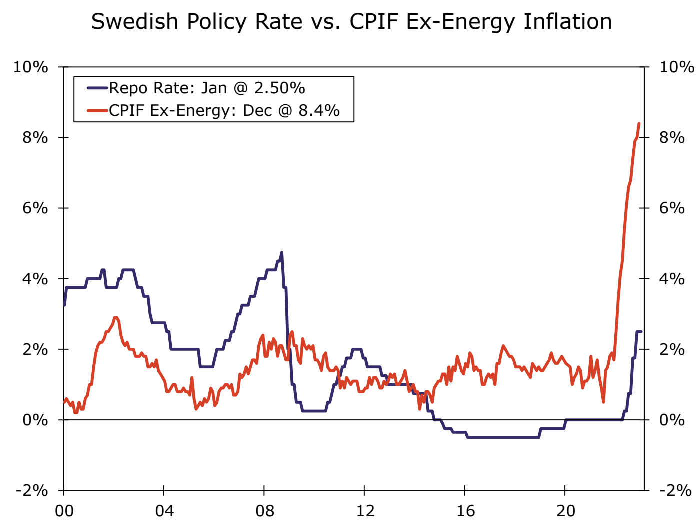

Source: Bloomberg Finance L.P. and Wells Fargo Economics

### Riksbank Rate Decision • Thursday

Sweden's central bank, the Riksbank, also announces its monetary policy decision next week. And much like Australia, the Riksbank faces mixed activity and inflation trends heading into that monetary policy decision.

Growth indicators have shown a distinct weakening in recent months, as confidence surveys have softened, and Sweden's month GDP indicator showed a sequential decline in both November and December. In fact, should the monthly GDP indicator prove an accurate signal, then Sweden's economy will have contracted for the fourth quarter as a whole. In contrast to marked slowing in growth, inflation has continued to ratchet higher.CPIF inflation excluding energy quickened more than forecast in December, reaching a new high of 8.4% year-over-year.

While the marked slowing in growth could generate some caution among Riksbank policymakers about tightening policy too aggressively, the remarkable and persistent acceleration of inflation could force their hand at upcoming meeting. For February, we expect the Riksbank to raise its repo rate 50 bps to 3.00%. Moreover, given how elevated inflation is, we now also expect the Riksbank to hike its rate another 25 bps to 3.25% in April, above our previous forecast peak for the policy rate of 3.00%.




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

The Riksbank also publishes updated projections next week, including for economic growth, inflation and the policy rate path, which should also provide an indication of whether the central bank believes interest rates will need to be raised by more than previously anticipated.

### United Kingdom GDP • Friday

The U.K. publishes its initial estimate of fourth quarter GDP next week, a report that will reveal whether the economy fell into technical recession in the second half of last year. While there have been mild hints of improvement in recent months, including a mild uptick in some sentiment surveys and gains in October and November GDP, the performance of the economy remains decidedly subpar. As a result, the consensus forecast is for U.K. Q4 GDP to be flat for the quarter, barely avoiding a second straight quarterly decline. We forecast a slightly firmer outcome, forecasting a 0.1% quarter-over-quarter increase in Q4 GDP. Consumer spending is likely to remain weak, given the decline in retail sales reported through the quarter.

In addition to the performance of the U.K. economy for Q4 as whole, there will also be interest in the momentum of the economy as the quarter progressed. On that front, the consensus expectation is for some loss of momentum toward the end of Q4. December GDP is forecast to fall 0.3% month-over-month, with services activity expected to decline by 0.4% and industrial output expected to fall by 0.2%. Overall, we expect the U.K. economy to remain weak during early 2023, with our base case for further quarterly declines in U.K. during the first half of this year.

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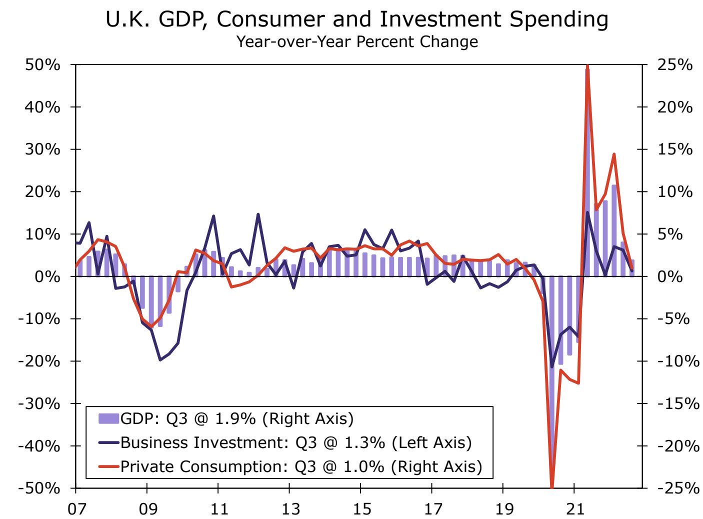


Source: Datastream and Wells Fargo Economics

## Interest Rate Watch

### FOMC's Job Not Done

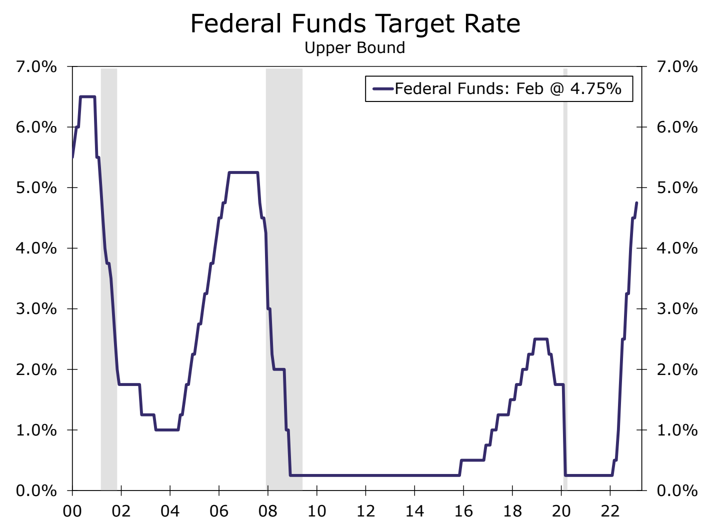
The Federal Open Market Committee (FOMC) elected to raise the federal funds rate by 25 bps at the conclusion of its monetary policy meeting on Wednesday. This action lifted the range of the federal funds rate to 4.50%-4.75%, which is 450 bps higher than it was when the FOMC first started its tightening cycle last March. The outcome was largely anticipated, with little surprise coming from the statement or post-meeting press conference.

Chair Powell acknowledged that the disinflationary process has started, but continued to emphasize the Committee's job is not yet done. Powell explicitly stated "we have more work to do" and it's "very premature to declare victory" when it comes to inflation. In regard to further tightening, the statement noted "the Committee anticipates that ongoing increases in the target range will be appropriate in order to attain a stance of monetary policy that is sufficiently restrictive to return inflation to 2 percent over time." This sentence is a clear indication that further tightening lies ahead, but how much remains uncertain.

Our base case expectation continues to be for the FOMC to hike the federal funds rate by 25 bps at each of its next two policy meetings on March 22 and May 2, which would bring the target range for the federal funds rate to 5.00%-5.25%. That said, the Committee is in the fine-tuning stage of its tightening cycle, and the number of remaining rate hikes will depend on incoming economic data in coming weeks and months.

While the end of the FOMC's tightening cycle may be pulling into sight, we believe there is a long way to go before the Committee begins to ease policy. We do not look for rate cuts to begin until early 2024.

This view continues to differ from market expectations. Stock and bond markets rallied following the FOMC's decision on Wednesday, which was likely in response to Chair Powell acknowledging disinflation has started without a significant deterioration in the labor market. The January jobs report then surprised to the upside on Friday morning, signaling employers added a whopping 517K workers during the month. This report demonstrates the labor market is still *too* hot, and fed futures came up slightly on the news, pricing in a 90% chance of a 25 bps rate hike in March in light of the jobs report. That said, market pricing still implies the federal funds rate will peak in June and finish the year around an upper-bound of 4.65%.



Source: Federal Reserve Board and Wells Fargo Economics

When questioned about this divergence—between Fed forecasts and market projections—at the post-meeting press conference Chair Powell attributed it to markets' expectation that inflation will move down more quickly. He also went on to say "I don't see cutting rates this year if our outlook turns true." Recall, as of the December Summary of Economic Projections, the Fed's median projection for inflation was for the core PCE deflator to average an annual rate of 3.5% in the fourth quarter of this year. Ultimately, the Fed wants to ensure inflation is truly making its way back to target before it eases policy. The latest jobs data suggest it has more work to do.

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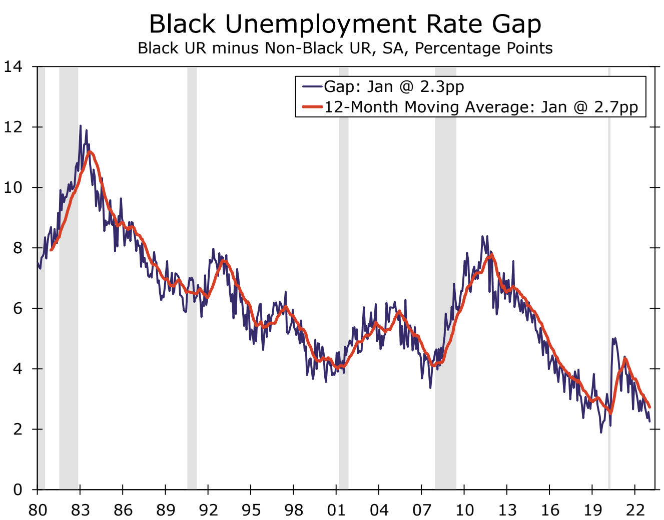
## Topic of the Week

### Gaining Economic & Financial Ground in the Black Community Since COVID

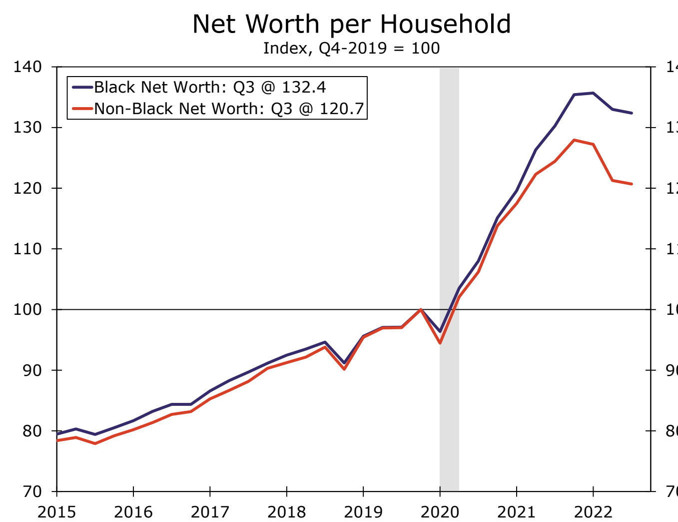
Wednesday marked the first day of Black History Month 2023. To coincide with this celebration, we produced a report that analyzes the economic and financial shifts experienced by the Black and African American Community relative to pre-pandemic times. Has the Black and African American community gained or lost economic and financial ground over the past three years?

Prior to the pandemic, the Black jobless rate reached all-time low of 5.3% in August 2019 and the gap between the Black and non-Black unemployment rates fell to the smallest difference on record (chart). This gap widened at the onset of the pandemic, but the gap was not as severe as the one reached in the aftermath of the 2008 financial crisis. Subsequently, Black workers have enjoyed a strong labor market recovery from the pandemic. As of January, the Black unemployment rate was 5.4%, just a tenth of a percentage point higher than its all-time low.

The strength in the labor market extends beyond just the low rate of unemployment. The labor force participation rate among Black and African American workers has also risen to be roughly on par with the nationwide rate of 62.4% after historically running below the national average. The gap between real median weekly earnings for the Black cohort relative to the population as a whole also narrowed in recent years. Inflation-adjusted median weekly earnings for Black workers have risen modestly compared to pre-pandemic levels. In contrast, inflation-adjusted median earnings for the total population have declined slightly over the same period.




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




Source: Federal Reserve Board and Wells Fargo Economics

Although labor market prospects have improved for Black households, there still exists a substantial wealth gap between the Black community and the overall population. Disparities in homeownership explain part of the wealth gap. The homeownership rate in the Black community is roughly 45%, compared to 75% among non-Hispanic White households.

And yet, household wealth in the Black community has grown at a relatively rapid rate in recent years, partially because of the higher concentration in real estate. The white-hot housing market combined with a rising Black homeownership rate boosted the value of real estate holdings of Black and African American individuals by 72% since the onset of the pandemic versus 38% for non-Black individuals.

Another factor at play is the relatively low proportion of household assets that are held in corporate equities and mutual funds by Black and African American individuals. Because Black and African American households have less exposure to equity markets—accounting for 5% of household assets compared to 24% for non-Black households—their overall wealth levels have suffered less from the recent downdraft in stock prices.

All told, average net worth among black households rose from about $257K in Q4-2019 to more than $340K in Q3-2022, an increase of 32% over just 11 quarters (chart). Average net worth among non-Black households started at a much higher level, roughly $950K just before the onset of the pandemic and rose 21% over the same period. As a result, the wealth gap between Black and non-Black households has narrowed over the past three years. These positive developments should be viewed in the context that long-standing disparities between the Black community and the overall population remain. The directional improvement is notable, however, and it points to strengthening economic and financial fundamentals across Black and African American households.

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## Market Data • Mid-Day Friday

### U.S. Interest Rates

| | Friday 2/3/2023 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| SOFR | 4.56 | 4.30 | 0.05 |
| 3-Month LIBOR | 4.81 | 4.80 | 0.31 |
| 3-Month T-Bill | 4.61 | 4.66 | 0.19 |
| 1-Year Treasury | 4.56 | 4.56 | 0.75 |
| 2-Year Treasury | 4.27 | 4.20 | 1.20 |
| 5-Year Treasury | 3.65 | 3.61 | 1.67 |
| 10-Year Treasury | 3.53 | 3.50 | 1.83 |
| 30-Year Treasury | 3.64 | 3.62 | 2.15 |
| Bond Buyer Index | 3.39 | 3.37 | 2.32 |

### Foreign Exchange Rates

| | Friday 2/3/2023 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| Euro ($/€) | 1.084 | 1.087 | 1.144 |
| British Pound ($/£) | 1.208 | 1.238 | 1.360 |
| British Pound (£/€) | 0.897 | 0.877 | 0.841 |
| Japanese Yen (¥/$) | 130.960 | 129.880 | 114.970 |
| Canadian Dollar (C$/$) | 1.339 | 1.331 | 1.268 |
| Swiss Franc (CHF/$) | 0.924 | 0.921 | 0.920 |
| Australian Dollar (US$/A$) | 0.696 | 0.710 | 0.714 |
| Mexican Peso (MXN/$) | 18.880 | 18.767 | 20.549 |
| Chinese Yuan (CNY/$) | 6.779 | 6.785 | 6.361 |
| Indian Rupee (INR/$) | 81.841 | 81.521 | 74.860 |
| Brazilian Real (BRL/$) | 5.125 | 5.109 | 5.287 |
| U.S. Dollar Index | 102.539 | 101.927 | 95.379 |

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

### Foreign Interest Rates

| | Friday 2/3/2023 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| 3-Month Euro LIBOR | -0.58 | -0.59 | -0.57 |
| 3-Month Sterling LIBOR | 4.13 | 4.10 | 0.65 |
| 3-Month Canada Banker's Acceptance | 5.00 | 5.03 | 0.75 |
| 3-Month Yen LIBOR | -0.03 | -0.03 | -0.08 |
| 2-Year German | 2.55 | 2.58 | -0.33 |
| 2-Year U.K. | 3.28 | 3.47 | 1.14 |
| 2-Year Canadian | 3.79 | 3.68 | 1.30 |
| 2-Year Japanese | -0.02 | 0.00 | -0.05 |
| 10-Year German | 2.20 | 2.24 | 0.14 |
| 10-Year U.K. | 3.07 | 3.32 | 1.37 |
| 10-Year Canadian | 2.94 | 2.89 | 1.80 |
| 10-Year Japanese | 0.50 | 0.49 | 0.18 |

### Commodity Prices

| | Friday 2/3/2023 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| WTI Crude ($/Barrel) | 75.93 | 79.68 | 90.27 |
| Brent Crude ($/Barrel) | 82.13 | 86.66 | 91.11 |
| Gold ($/Ounce) | 1865.90 | 1928.04 | 1804.85 |
| Hot-Rolled Steel ($/S.Ton) | 797.00 | 775.00 | 1186.00 |
| Copper (¢/Pound) | 407.50 | 422.25 | 447.10 |
| Soybeans ($/Bushel) | 14.99 | 14.80 | 15.33 |
| Natural Gas ($/MMBTU) | 2.38 | 3.11 | 4.89 |
| Nickel ($/Metric Ton) | 29,610 | 29,194 | 23,321 |
| CRB Spot Inds. | 579.13 | 589.77 | 646.57 |

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**Economics Group**


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