Economics

WELLS FARGO

Weekly — March 24, 2023

Weekly Economic & Financial Commentary

United States: **Federal Reserve Hikes the Fed Funds Rate by 25 bps**

- The FOMC hiked the federal funds rate by 25 bps on Wednesday amid continued strength in the labor market and elevated inflation. However, the Committee noted that recent financial system stresses have created considerable uncertainty in the economic outlook and, by extension, the monetary policy outlook.
- Next week: Cons. Confidence (Tue), GDP & Corp. Profits (Thu), Personal Income & Spending (Fri)

International: **Central Bank Bonanza**

- The Federal Reserve was not the only central bank assessing monetary policy this week. Central banks across Europe and the emerging markets also met to decide the direction of interest rates. As far as G10 institutions, the Bank of England and Swiss National Bank were in the spotlight. In the emerging markets, focus was dedicated to the Brazilian Central Bank.
- Next week: Central Bank of Colombia (Thu), Central Bank of Mexico (Thu), Eurozone CPI (Fri)

Interest Rate Watch: **Fed Tightening: The End is Nigh**

- The FOMC's post-meeting statement and latest projections suggest that recent stress in the financial system has pulled forward the end of the Fed's tightening cycle. We look for one more 25 bps hike in May before the FOMC holds at 5.00%-5.25% through most of this year.

Credit Market Insights: **Consumer Credit Conditions Continue to Tighten**

- The latest report from the Federal Reserve Bank of New York's Survey of Consumer Expectations shows that consumers were already demanding and receiving less credit in February.

Topic of the Week: **The Role of Small Banks in U.S. Lending**

- Amid turmoil in the financial sector, regional banks have come under pressure. How integral are smaller banks to the broader U.S. economy?

We have started a new podcast, "Ask Our Economists", where our economists answer questions that readers send in. If you would like to submit a question, please email us at askoureconomists@wellsfargo.com.

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	2.7	0.7	1.2	-0.9	-2.6	5.9	2.1	1.0	0.3
Personal Consumption	1.3	2.0	2.3	1.4	2.8	0.8	-0.2	-3.2	8.3	2.8	1.3	-0.1
Consumer Price Index [2]	8.0	8.6	8.3	7.1	5.8	4.1	3.3	2.8	4.7	8.0	4.0	2.5
"Core" Consumer Price Index [2]	6.3	6.0	6.3	6.0	5.6	5.2	4.5	3.9	3.6	6.1	4.8	2.9
Quarter-End Interest Rates [3]												
Federal Funds Target Rate	0.50	1.75	3.25	4.50	5.00	5.25	5.25	4.75	0.25	2.02	5.06	2.88
Conventional Mortgage Rate	4.27	5.58	6.01	6.36	6.40	6.20	5.75	5.40	3.03	5.38	5.94	5.03
10 Year Note	2.32	2.98	3.83	3.88	3.60	3.50	3.15	2.90	1.45	2.95	3.29	2.83

Forecast as of: March 17, 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

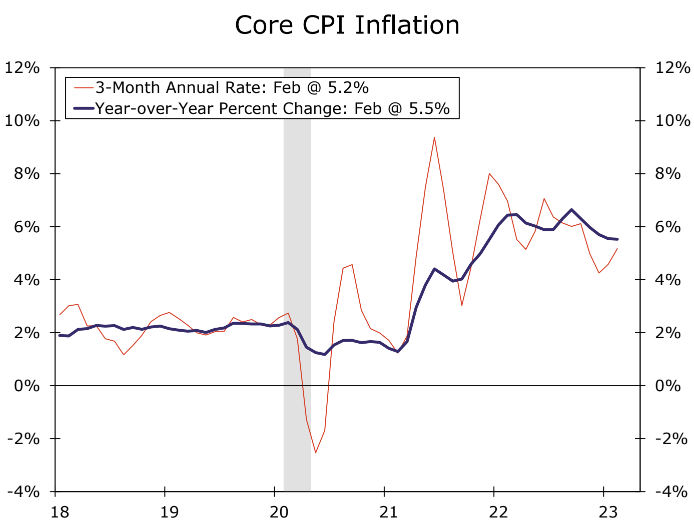
Please see our full U.S. Economic Forecast.

U.S. Review

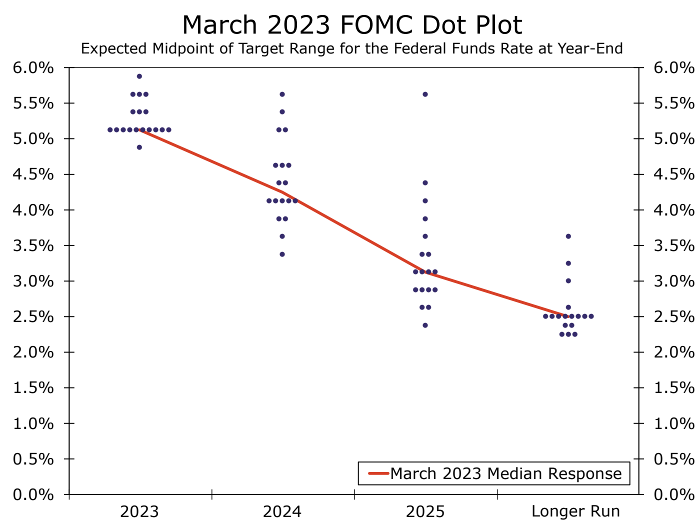
Federal Reserve Hikes the Fed Funds Rate by 25 bps

A highly anticipated Federal Open Market Committee (FOMC) meeting concluded on Wednesday, and monetary policy officials at the Federal Reserve elected to increase the target range for the federal funds rate by 25 bps to 4.75%-5.00%. In addition, the FOMC reaffirmed the current pace of quantitative tightening. Since September, the central bank has allowed up to $60 billion of Treasury securities and $35 billion of mortgage-backed securities to runoff its balance sheet each month.

The FOMC continued to characterize the current state of the economy in favorable terms. The meeting statement noted that "recent indicators point to modest growth in spending and production," and that job gains "are running at a robust pace." According to the FOMC, "inflation remains elevated." Indeed, the core CPI has risen 5.5% over the past year and at a 5.2% annualized pace over the past three months. A very tight labor market and elevated inflation argue for continued monetary policy tightening, but the Committee also noted the strains that have appeared in the banking system recently. In the FOMC's view, these strains "are likely to result in tighter credit conditions for households and businesses and to weigh on economic activity, hiring and inflation," although "the extent of these effects is uncertain."



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



Source: Federal Reserve Board and Wells Fargo Economics

Given the uncertain outlook, Federal Reserve officials made relatively small changes to their projections for the economy and the federal funds rate. The median projection for real GDP growth this year was 0.4%, more or less unchanged from their previous projection of 0.5%. Similarly, the median projections for headline and core inflation in 2023 rose by just 0.2 and 0.1 percentage points, respectively. In the post-meeting press conference, Chair Powell argued that although the recent data have shown faster economic growth and inflation than was previously anticipated, the recent financial system stresses have created additional downside risks to future economic growth and inflation.

Accordingly, the FOMC backed off somewhat on its forward guidance regarding further tightening. Previously, the meeting statement said that "*ongoing increases* (emphasis ours) 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." The FOMC now judges that "*some* additional policy firming *may* be appropriate." The dot plot, which shows each FOMC participant's projection for the year-end federal funds rate over the next few years, had a median projection for 2023 of 5.00%-5.25%. This was unchanged from the previous update in December 2022. If realized, this would imply just one more 25 bps rate hike this year, followed by a long hold and eventual rate *cuts* in 2024. For further reading on our outlook for U.S. monetary policy, please see the Interest Rate Watch section.

(Return to Summary)

U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
28-Mar	Consumer Confidence	Mar	101.5	101	102.9
31-Mar	Personal Income (MoM)	Feb	0.3%	0.3%	0.6%
31-Mar	Personal Spending (MoM)	Feb	0.3%	0.3%	1.8%
31-Mar	PCE Deflator (MoM)	Feb	0.3%	0.4%	0.6%
31-Mar	Core PCE Deflator (MoM)	Feb	0.4%	0.4%	0.6%

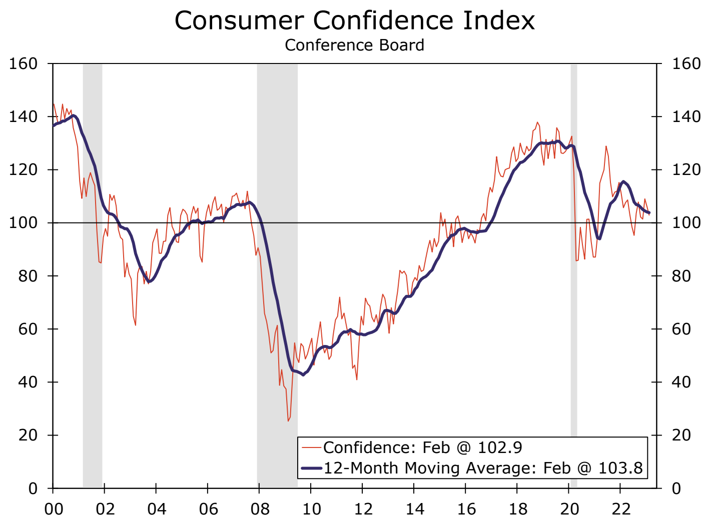
Forecast as of March 24, 2023

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

Consumer Confidence • Tuesday

Consumers have more or less been downbeat since the pandemic hit, and we expect confidence weakened in March. We forecast consumer confidence to slip to 101.0 from 102.9 in February. Confidence readings can be volatile month to month, but the Consumer Confidence Index has averaged around 104 the past 12 months, well below the near-129 reading averaged in the 12 months pre-pandemic.

The recent flare-up in the banking sector may somewhat weigh on confidence, but the average consumer has relatively little exposure to financial markets. The Consumer Confidence Index tends to track business conditions and employment situations more closely, while the other widely followed consumer optimism survey from the University of Michigan on Consumer Sentiment follows financial situations. The preliminary read on sentiment showed the first decline in four months, though the release noted "little impact on consumer attitudes" from the situation in the banking sector. We'll get the final read for sentiment on Friday of next week. Given the employment focus of the confidence survey, a still-sturdy labor market will likely offset weakness elsewhere in March.

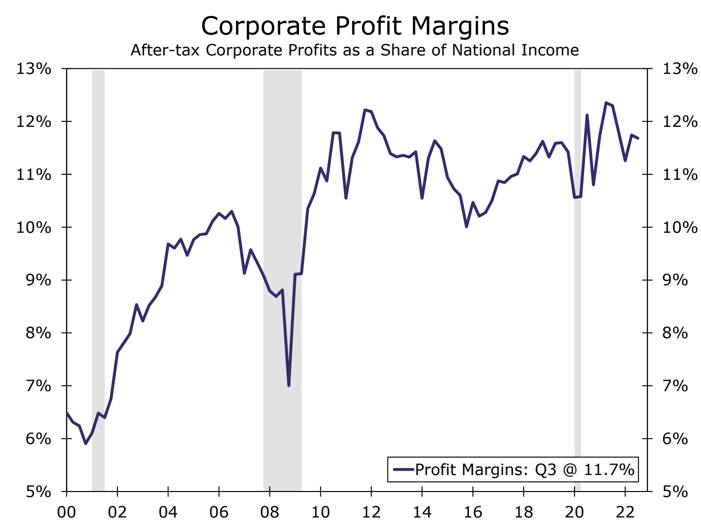


Source: The Conference Board and Wells Fargo Economics

Q4 GDP (Third Estimate) • Thursday

The Bureau of Economic Analysis third estimate of GDP doesn't normally get much attention. While there may be some fine-tuning for major components, we don't expect much revision to headline GDP and expect to see Q4 growth rose at a 2.7% annualized rate. But it's worth watching this release as it provides the first estimate of Q4 corporate profits.

The economy-wide Q4 corporate profits data likely showed a quarterly decline in profit growth as consumer and business demand ended the year on a soft note. Profit margins, measured as after-tax profits as a share of national income, slipped to 11.7% in Q3, and we expect there was further compression in the final quarter of the year. Input costs remain elevated, particularly for labor, which likely dented margins. Furthermore, operating margins of the S&P 500 index fell to 10.9% in Q4. While S&P margins are narrower in scope and more volatile, the timely release makes them a useful gauge in proxying economy-wide margins. Overall, margins remain fairly elevated, but the directional movement is noteworthy and demonstrates the increasingly challenging operating decisions of firms when it comes to new capital investment and managing head count this year.



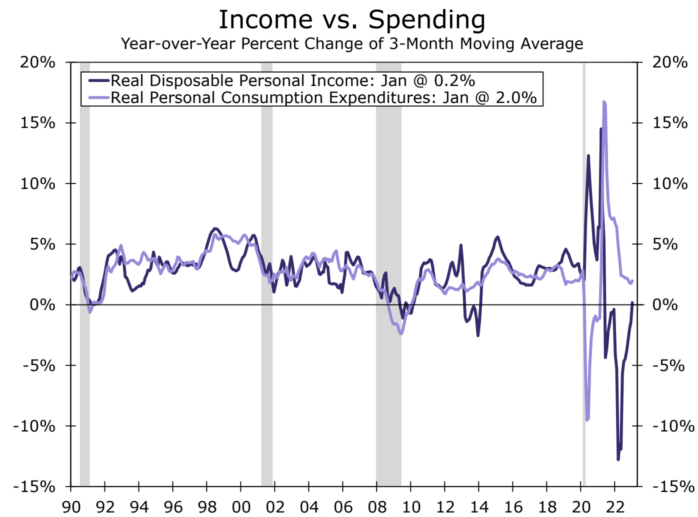
Source: U.S. Department of Commerce and Wells Fargo Economics

Personal Income & Spending • Friday

Consumer spending was remarkably strong to start the year with real spending jumping 1.1% in January, marking the largest monthly gain since March 2021. Some of the strength in consumption is undeniable, but we also suspect seasonal distortions to spending data at the end of 2022 may be influencing recent figures. We look for a modest pullback in February, forecasting real personal spending to decline 0.1% as a result. Part of this weakness can be explained by persistent inflation, as we forecast the PCE deflator (+0.4%) to outpace nominal spending (+0.3%).

Consumers have increasingly relied on their balance sheets to spend, but as inflation has begun to subside, real income has found firmer footing. Income growth is converging back toward spending and has become a key driver of spending. For February, we expect to see personal income rose another 0.3%. The sturdy jobs market and still-elevated levels of excess saving can help sustain spending beyond February even amid the recent flare-up in the banking sector potentially constraining future reliance on credit cards. See this week's Credit Market Insights section for detail on consumers' recent demand for credit.

(Return to Summary)



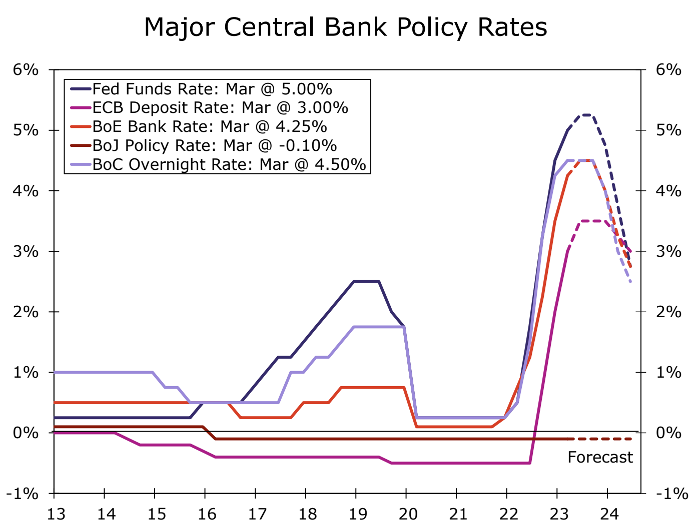
Source: U.S. Department of Commerce and Wells Fargo Economics

International Review

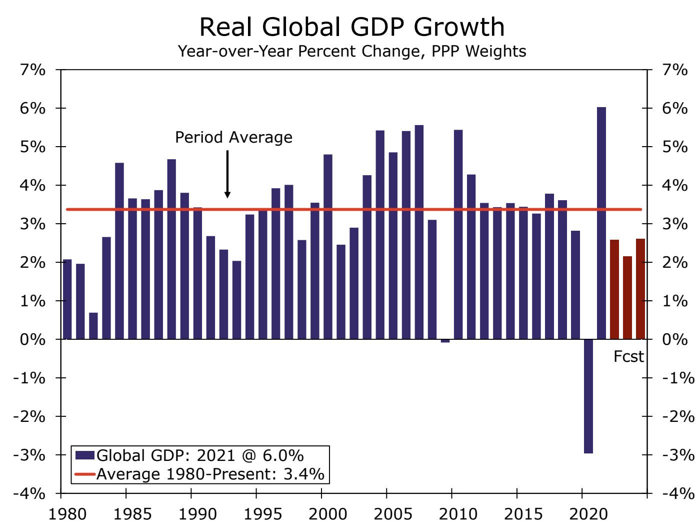
Central Bank Bonanza

The Federal Reserve was not the only central bank assessing monetary policy this week. Central banks across Europe and the emerging markets also met to decide the direction of interest rates. As far as G10 institutions, the Bank of England (BoE) and Swiss National Bank (SNB) were in the spotlight. In the U.K., the Bank of England opted to lift policy rates 25 bps to 4.25%, as we expected and as financial markets priced. However, heading into the meeting uncertainties arose over whether the March meeting would represent the BoE's final hike of this cycle, or whether renewed inflationary pressures in February could prompt additional tightening. As far as forward guidance, policymakers indeed noted that recent inflationary trends could yield further rate hikes. While inflation is expected to fall quickly over the course of the year, policymakers voting 7-2 in favor of a March hike lead us to believe the tightening cycle is not yet over. In that sense, we revised our BoE forecast to reflect additional tightening, and now believe policymakers will opt for one last 25 bps hike in May. In Switzerland, against a backdrop of local banking stresses and the acquisition of Credit Suisse by UBS, SNB policymakers lifted its policy rate 50 bps to 1.50%. Banking sector challenges seem to be contained, given the Swiss government's backstop and liquidity provisions (for now), which likely prompted SNB policymakers to deliver further tightening to contain inflation. In our view, SNB tightening is not over yet, and we believe another 25 bps hike will be delivered in June.

In the emerging markets, focus was dedicated to the Brazilian Central Bank (BCB). Our BCB preview report signaled our view that policymakers would leave the Selic rate on hold and remain steadfast in their forward guidance that they could resume the tightening cycle should conditions warrant higher interest rates. Since last August, policy settings and forward guidance have been left unchanged; though we felt risks were tilted toward a shift in a less hawkish direction at the March meeting as the Brazilian economy approaches recession and as the Lula administration applies pressure for lower interest rates. Despite those dynamics, the Brazilian Central Bank did not shift in a less hawkish direction. Commentary suggests Brazilian policymakers are not considering easing monetary policy at the current juncture. In our view, the March meeting was consistent with the BCB easing monetary policy in Q3-2023, later than financial markets are priced for. In addition, we believe the BCB will move more gradually than prior easing cycles, opting for easing in 25 bps clips rather than 50 bps rate cuts. We also remain constructive on the Brazilian real as markets should adjust to a more gradual pace of easing, and as we believe the Lula administration will choose to exercise fiscal responsibility going forward.



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



Source: International Monetary Fund and Wells Fargo Economics

We No Longer Forecast Global Recession

This week, we published our March International Economic Outlook where we revised our global GDP forecast higher once again. The upward revision stems from a U.S. economy that remains resilient, while the Eurozone, U.K., and Chinese economies all appear healthier than initially expected. We now forecast the global economy to grow 2.2% this year, up from a prior forecast of under 2% last month.

Using the IMF's definition of what constitutes a “global recession” (2% growth or lower), we no longer forecast the global economy to enter recession in 2023. While we continue to believe select individual economies such as the Eurozone, U.K., and United States will experience recessionary conditions this year, global activity has improved to the point where the global slowdown may also not be as sharp as originally expected. Risks to the outlook have presented themselves, particularly in the context of the banking sector stresses of the past few weeks. Tighter lending standards along with tighter regulations/oversight could place new downward pressure on global economic activity in the coming months. But to quote Fed Chair Powell, “the economic impact of the latest financial sector developments is uncertain as of now.”

(Return to Summary)

International Outlook

Weekly International Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
30-Mar	Central Bank of Colombia Policy Rate	30-Mar	13.00%	13.00%	12.75%
30-Mar	Central Bank of Mexico Policy Rate	30-Mar	11.25%	11.25%	11.00%
31-Mar	Eurozone CPI Estimate YoY	Mar	7.2%	--	8.5%

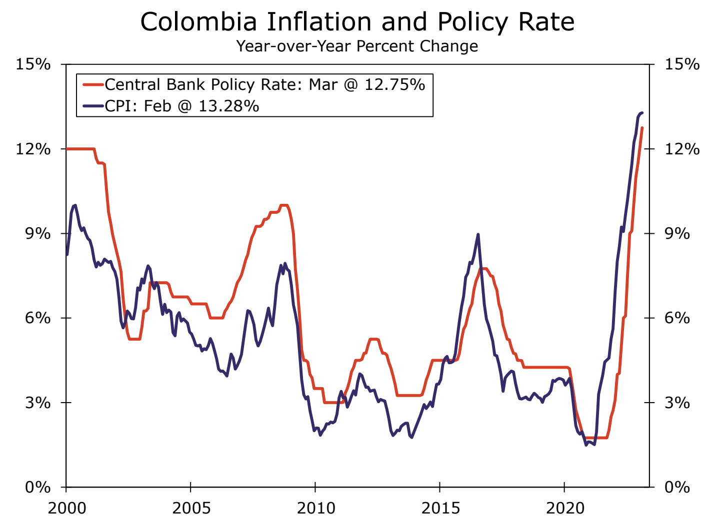
Forecast as of March 24, 2023

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

Central Bank of Colombia • Thursday

Colombia's central bank (BanRep) typically does not get much air time in our weekly publication; however, given the ongoing global and local developments, we decided to dedicate column space to next week's BanRep meeting. Global financial markets remain unsettled amid the fallout from banking sector issues in the United States and Europe. And while the worst of the latest crisis may be behind us, lingering affects remain present. We mention this in the context of Colombia as BanRep policymakers would have preferred to end their tightening cycle months ago as the local economy decelerates. But with local inflation still elevated, additional tightening has been warranted.

Next week will give us a glimpse into the reaction function of BanRep. With inflation well into double digits and Colombia's currency struggling to gather direction, we believe policymakers will opt for a 25 bps hike. BanRep has also felt pressure from the Petro administration to end the tightening cycle. While the central bank has not caved to these pressures, global banking sector challenges could be an input into next week's decision as well. Financial markets are priced for a 25 bps hike, which we believe will be delivered, but should the central bank keep policy steady amid a backdrop of elevated political risk, Colombia's currency may come under pressure.

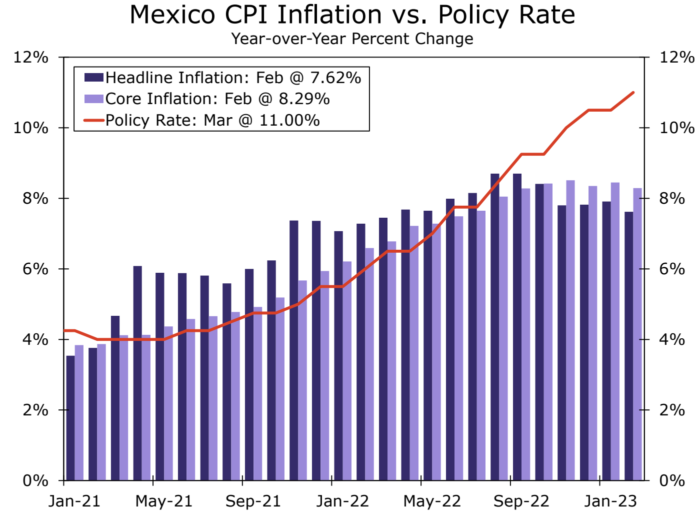


Source: Bloomberg Finance L.P. and Wells Fargo Economics

Central Bank of Mexico • Thursday

In March, Banxico policymakers lifted interest rates more aggressively than markets were prepared for. A 50 bps hike resulted in sharp peso appreciation and confirmed that Banxico was still concerned about sticky core inflation. Forward guidance suggested that Banxico would deliver less tightening in March, and with inflation cooling modestly and financial markets unsettled, we believe Mexico's central bank will opt for a 25 bps hike at the March meeting. A 25 bps hike is fully priced by financial markets, and in our view, the likelihood of another hawkish surprise is lower relative to the February meeting.

Core inflation remains Banxico's top concern. Bi-weekly inflation data indicate core inflation has softened but remains uncomfortably high. Core inflation should be the primary driver of Banxico's decision, although with the Fed also delivering 25 bps of tightening, we believe central bankers will choose to match the Fed for the time being as well. Further out, we believe Banxico has additional tightening left in it before officially ending the cycle. Ultimately, we believe another 25 bps hike will be delivered after March, taking the policy rate to 11.50%.

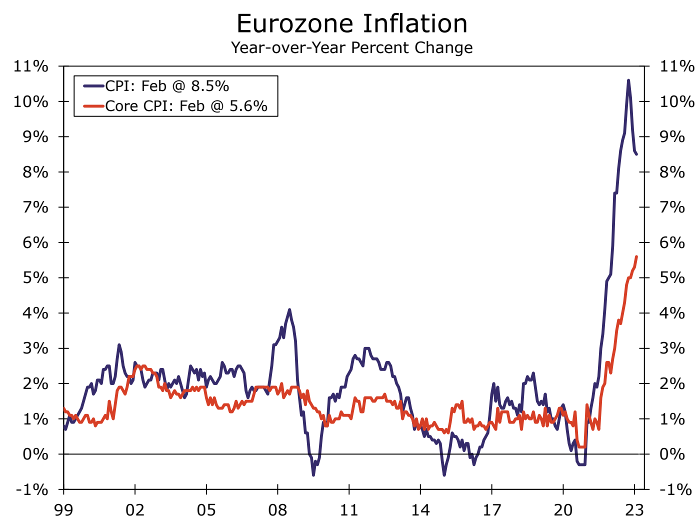


Source: Bloomberg Finance L.P. and Wells Fargo Economics

Eurozone Inflation • Friday

March CPI data will be released next week and the consensus estimate expects headline inflation to soften on a year-over-year basis. With oil prices slipping further amid financial market volatility, headline inflation could dip close to 7% year-over-year, a level last seen in early 2022. Core inflation, however, is expected to rise further as Eurozone labor markets remain extremely tight and push employment costs higher. Rising core inflation is one of the key concerns of the European Central Bank, which expressed these concerns in an official statement and press conference following a 50 bps rate hike.

Uncomfortably high inflation should continue to keep European Central Bank policymakers in tightening mode. However, with banking stresses across Europe still persistent and the outlook uncertain, the European Central Bank could find itself in a tricky place before its next meeting. As of now, we believe the European Central Bank will contain its fight against inflation and raise the Deposit Rate further, but with markets pressuring yet another large European banking institution, the outlook is a bit cloudier.



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

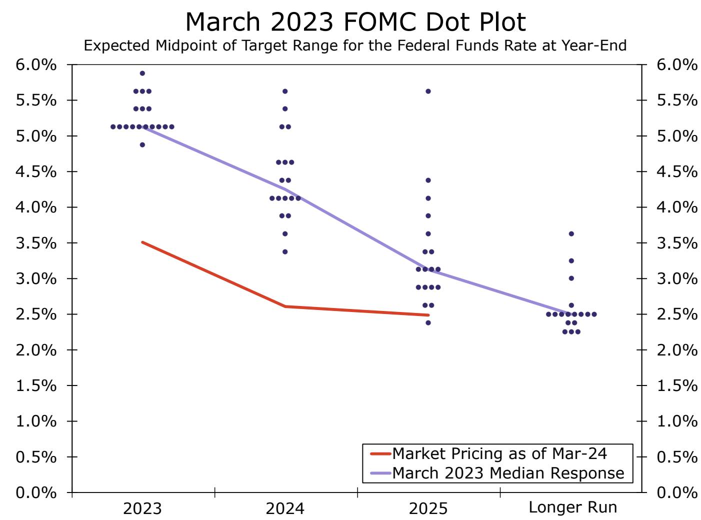
(Return to Summary)

Interest Rate Watch

Fed Tightening: The End is Nigh

The most aggressive Fed tightening cycle in four decades is nearing its end. The FOMC voted unanimously to raise the fed funds target rate by 25 bps at its meeting this week to a range of 4.75%-5.00% despite the turmoil in the banking sector over the past two weeks. Yet even as concerns about spillovers have eased thanks to an array of targeted measures put in pace to stem stress and an overall sound banking system, the FOMC echoed concerns we laid out in our March Monthly Economic Outlook that the events of recent weeks will nonetheless constrain credit growth ahead. The FOMC expects tighter credit conditions for households and businesses, which will slow growth and act as a substitute for further rate hikes.

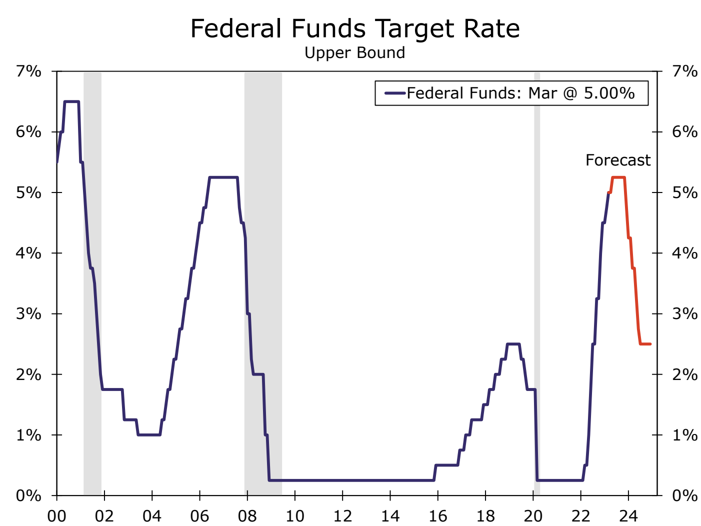
Just days before the failure of Silicon Valley Bank, Chair Powell remarked that "the ultimate level of interest rates is likely to be higher than previously anticipated." The comment strongly suggested that the terminal fed funds rate for this cycle was likely to be higher than the 5.00%-5.25% range indicated by the December Summary of Economic Projections (SEP). But the updated SEP showed the median estimate for the fed funds rate at the end of this year remained at 5.00%-5.25%. In other words, most FOMC participants see only one more 25 bps rate hike as the most likely outcome for this cycle after taking into account the recent banking sector developments. As mentioned in our U.S. Review, the statement similarly pointed to fewer rate hikes ahead, noting "some additional policy firming may be appropriate" in lieu of the Committee anticipating "ongoing increases in the target range."



Source: Federal Reserve Board and Wells Fargo Economics

Markets received the message loud and clear. The yield on the 2-year Treasury, which is tied closely to the expected path of the fed funds rate, has fallen about 50 bps relative to Tuesday's close. Fed funds futures show markets doubtful about whether the FOMC will hike again at all; as of Friday morning, markets were priced for just about a 25% chance of another 25 bps hike at its next meeting, which concludes May 3.

While the FOMC may soon be done hiking this cycle, the Committee expects rate *cuts* are still likely to be some ways off as the SEP reflects expectations for the fed funds rate at the end of the year. Yet, markets appear more skeptical that the FOMC is likely to stand pat through year-end against a backdrop of teetering growth and rising unemployment (the SEP shows Q4/Q4 GDP slowing to 0.4% and the unemployment rate rising to 4.5%), let alone the greater downside risk to the economy in light of the rapid tightening in credit conditions. While market pricing reflects a *range* of outcomes, unlike the FOMC projections that reflect the *most likely* outcome, futures are priced for a significantly lower fed funds rate by year-end (chart).



Source: Federal Reserve Board and Wells Fargo Economics

Our own view is that the FOMC will move forward with an additional 25 bps hike in May as the recent strength in inflation remains a concern. However, as the effects of the past 13 months' tightening continue to work their way through the economy, we look for the FOMC to hold the fed funds rate at 5.00%-5.25% at its June meeting. As inflation slows and the economy falls into a recession in the second half of the year, we look for the FOMC to begin cutting rates in Q4 and through much of 2024 (chart).

(Return to Summary)

Credit Market Insights

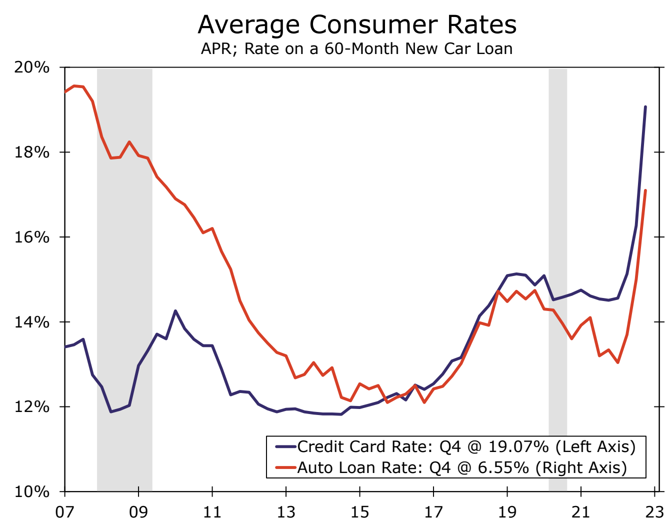
Consumer Credit Conditions Continue to Tighten

The latest report from the Federal Reserve Bank of New York's Survey of Consumer Expectations shows that consumers were already seeking and receiving less credit in February. There were some changes in credit demand that were expected, like the share of consumers applying for mortgage refinancing falling to 4.9% from 8.9% in the October 2022 survey period. The October period saw dramatically rising rates that may have induced final refinancing activity before rates were expected to continue to rise. However, applications for any kind of credit over the last year fell to 40.9%, which is the lowest reading since October 2020. Rejection rates fell slightly, with 17.3% of applicants rejected. The share of people who wanted to apply for credit but did not because they were discouraged fell to 5.1% from 6.2%, suggesting that those who wanted credit remained likely to apply, but total demand for credit may be drying up in the face of rising interest rates.

Credit card limit increase applications picked up in an otherwise receding environment for demand. The application rate for auto loans declined slightly (0.2 percentage points), while the rejection rate on these loans rose to 9.1% from 5.8% in October. That brings the rejection rate on auto loans to its highest rate since February 2017. Through the fourth quarter, the average rate for a 60-month new car loan rose to a 13-year-high. With the price of new cars and trucks up 5.8% on a year-over-year basis, people are still applying for vehicle loans at a rate consistent with 2019, but are getting rejected more and more by lenders deeming they cannot afford the compounding forces of higher principle and interest costs.

The increasingly precarious financial picture of households was further highlighted by a drop in the share of consumers expecting that they could come up with $2,000 for an unexpected expense; in February, only 67.0% of consumers reported that they could come up with $2,000, down from 69.2% in October. We believe there is still some room for spending to run, especially for those in higher incomes; accumulated "excess" savings from pre-COVID have yet to be entirely drawn down, and strong job growth is supporting income. However, tighter and more expensive credit bodes poorly for the pace of spending ahead.

(Return to Summary)



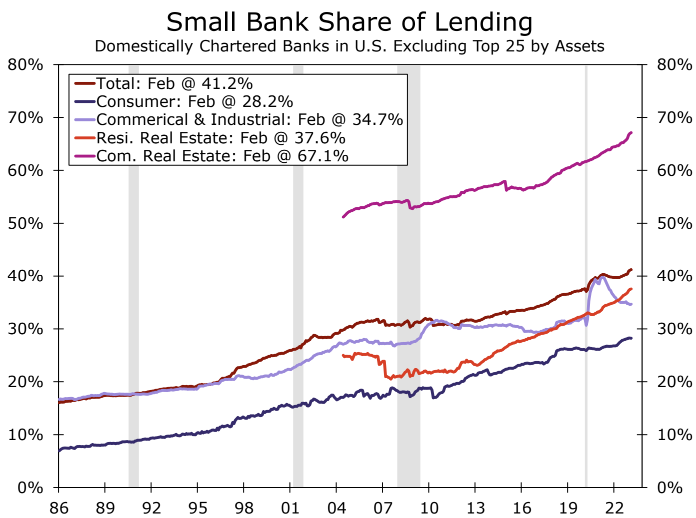
Source: Federal Reserve Board and Wells Fargo Economics

Topic of the Week

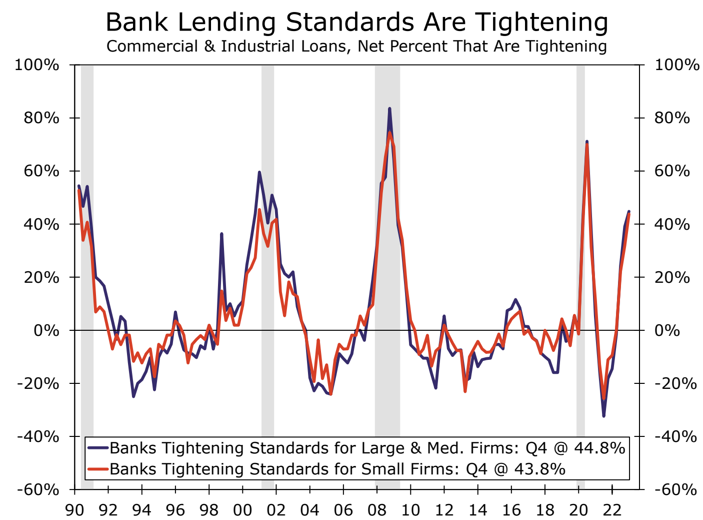
The Role of Small Banks in U.S. Lending

The rapid collapse of two U.S. banks has sent shock waves through the financial system. Policymakers quickly responded to the situation, providing a liquidity backstop and announcing all affected depositors would be made whole. While there were idiosyncratic elements of the recent bank failures, lasting concerns that other small to medium-sized banks may be in a similar position have weighed on regional banks. The KBW Bank Index, a capitalization-weighted index of 24 money centers and regional banks, is down roughly 25% since March 8.

Treasury Secretary Janet Yellen spoke this week saying the interventions taken up to this point were "necessary to protect the broader U.S. banking system. And similar actions could be warranted if smaller institutions suffer deposit runs that pose the risk of contagion." Indeed, many small to medium-sized banks have reported deposit outflows in recent days, likely leaving them with less capacity to lend. How integral are smaller banks to the broader U.S. economy? According to the Federal Reserve, "small" commercial banks (defined as those not in the top 25 by domestic assets) are responsible for about 40% of total bank lending, which is up nearly 10 percentage points in the last decade.



Source: Federal Reserve Board and Wells Fargo Economics



Source: Federal Reserve Board and Wells Fargo Economics

Large institutions dominate the consumer lending space, accounting for about 72% of total U.S. consumer loans with small banks making up the remaining 28%. In contrast, small banks account for a stunning 67% of total commercial real estate loans. Commercial real estate transaction volume has slowed sharply over the past year under the weight of higher interest rates and tighter lending conditions. Across all loan types, lending standards tightened considerably over the past year to a degree unprecedented outside of recessions. Several banks reported pessimistic outlooks in the latest Senior Loan Officer Opinion Survey covering Q4, with a consensus calling for a broad deterioration in loan quality this year.

Regional banks are also more likely to lend to small businesses. The Federal Reserve found the average banking organization with assets of $1 billion or less held over 13% of its portfolio as small business loans in 2021. In contrast, organizations with assets of $1 billion-$10 billion held 11% and those with assets greater than $10 billion held only 6%. Even prior to the past weeks' events, the share of small businesses reporting credit as harder to obtain was rising to levels unseen since the unwinding of the global financial crisis. Further tightening in lending standards at smaller institutions will therefore likely have an outsized impact on small businesses, who account for roughly 45% of U.S. employment (based on firms with less than 250 employees).

In our latest U.S. Economic Outlook, we discussed that the recent developments in the financial sector could have lasting consequences in the form of wider credit spreads and tighter lending standards. These dynamics will likely exert headwinds on economic growth and raise the probability of recession in the second half of this year, in our view, particularly as small depository institutions have become a larger share of bank lending over the past decade. To the extent that smaller banks' lending capacity materially weakens, the relatively larger role they play in commercial real estate and business lending suggests a more material impact to capital investment than consumer spending in the months ahead.

(Return to Summary)

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 3/24/2023	1 Week Ago	1 Year Ago
SOFR	4.80	4.57	0.27
3-Month LIBOR	5.08	4.91	0.95
3-Month T-Bill	4.56	4.34	0.47
1-Year Treasury	4.17	4.33	1.43
2-Year Treasury	3.70	3.84	2.14
5-Year Treasury	3.35	3.50	2.40
10-Year Treasury	3.35	3.43	2.37
30-Year Treasury	3.64	3.62	2.54
Bond Buyer Index	3.57	3.57	2.67

Foreign Exchange Rates

	Friday 3/24/2023	1 Week Ago	1 Year Ago
Euro ($/€)	1.076	1.067	1.100
British Pound ($/£)	1.223	1.217	1.319
British Pound (£/€)	0.880	0.876	0.834
Japanese Yen (¥/$)	130.440	131.850	122.350
Canadian Dollar (C$/$)	1.377	1.373	1.253
Swiss Franc (CHF/$)	0.919	0.926	0.930
Australian Dollar (US$/A$)	0.665	0.670	0.751
Mexican Peso (MXN/$)	18.601	18.910	20.091
Chinese Yuan (CNY/$)	6.871	6.887	6.368
Indian Rupee (INR/$)	82.481	82.545	76.373
Brazilian Real (BRL/$)	5.298	5.279	4.827
U.S. Dollar Index	103.107	103.708	98.789

Foreign Interest Rates

	Friday 3/24/2023	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.58	-0.59	-0.57
3-Month Sterling LIBOR	4.39	4.24	1.00
3-Month Canada Banker's Acceptance	5.03	5.03	1.13
3-Month Yen LIBOR	-0.03	-0.03	-0.08
2-Year German	2.37	2.39	-0.20
2-Year U.K.	3.16	3.24	1.35
2-Year Canadian	3.34	3.54	2.15
2-Year Japanese	-0.06	-0.08	-0.02
10-Year German	2.11	2.11	0.53
10-Year U.K.	3.25	3.28	1.65
10-Year Canadian	2.72	2.78	2.40
10-Year Japanese	0.32	0.29	0.23

Commodity Prices

	Friday 3/24/2023	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	68.73	66.74	112.34
Brent Crude ($/Barrel)	74.62	72.97	119.03
Gold ($/Ounce)	1995.43	1989.25	1957.69
Hot-Rolled Steel ($/S.Ton)	1205.00	1238.00	1505.00
Copper (¢/Pound)	409.05	389.85	473.25
Soybeans ($/Bushel)	14.32	15.02	17.16
Natural Gas ($/MMBTU)	2.21	2.34	5.40
Nickel ($/Metric Ton)	22,267	23,018	32,340
CRB Spot Inds.	559.07	553.36	677.45

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

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