WELLS FARGO

Weekly — October 13, 2023

Weekly Economic & Financial Commentary

United States: **Inflation Continues to Gradually Drift Lower**

- The Consumer Price Index (CPI) rose 0.4% in September, a monthly change that was a bit softer than the 0.6% increase registered in August. The core CPI rose 0.3% during the month, a pace unchanged from the month prior. Overall, the cooling trend in inflation remains in place and price pressures are likely to ease further, in our view. That noted, a 0.5% rise in the Producer Price Index (PPI) shows that continued progress on inflation is likely to be slow.
- Next week: Retail Sales (Tue.), Industrial Production (Tue.), Existing Home Sales (Thu.)

International: **U.K. Growth Remains Near A Stand Still**

- U.K. GDP rose 0.2% month-over-month in August, only partly offsetting a large July decline, meaning a contraction in overall Q3 GDP cannot be ruled out. Services output rose in August, though consumer facing services activity remained soft, and industrial output declined further. Given the underwhelming economic trends, we still expect the U.K. to fall into recession by Q4 of this year.
- Next week: China GDP (Wed.), U.K. CPI (Wed.), Japan CPI (Fri.)

Credit Market Insights: **Where Credit is Due: Student Loans Explain Fall in Consumer Credit**

- Total consumer credit outstanding, which excludes mortgages, fell $15.6 billion in August. The precipitous decline stemmed from a $26.9 billion decrease in consumer installment loans held by the federal government. Notably, this line includes student loans originated and purchased by the U.S. Department of Education.

Topic of the Week: **Israel-Gaza Conflict Views & Potential Implications**

- Hamas' attack on Israel marks another major geopolitical challenge permeating across the globe. Predicting the evolution of the Israel-Gaza conflict is difficult; however, Prime Minister Netanyahu's declaration of war against Hamas and subsequent rhetoric seem to suggest a speedy de-escalation is not on the horizon.

Submit a question to our "Ask Our Economists" podcast at askoureconomists@wellsfargo.com.

Wells Fargo U.S. Economic Forecast

	Actual				Forecast				Actual	Forecast		
	2023				2024				2022	2023	2024	2025
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product [1]	2.2	2.1	4.7	0.9	0.7	-0.3	-1.6	0.4	1.9	2.4	0.8	1.0
Personal Consumption	3.8	0.8	3.8	1.0	0.7	0.3	-1.5	-0.4	2.5	2.2	0.7	0.7
Consumer Price Index [2]	5.8	4.1	3.6	3.4	3.1	2.7	2.1	2.0	8.0	4.2	2.5	2.4
"Core" Consumer Price Index [2]	5.6	5.2	4.4	4.1	3.7	3.2	3.0	2.5	6.1	4.8	3.1	2.2
Quarter-End Interest Rates [3]												
Federal Funds Target Rate[4]	5.00	5.25	5.50	5.50	5.50	5.25	4.50	3.75	2.02	5.31	4.75	3.25
Conventional Mortgage Rate	6.54	6.71	7.20	7.30	7.00	6.50	6.20	5.85	5.38	6.94	6.39	5.70
10 Year Note	3.48	3.81	4.59	4.45	4.20	3.75	3.55	3.40	2.95	4.08	3.73	3.38

Forecast as of: October 13, 2023 [1] Compound Annual Growth Rate Quarter-over-Quarter [2] Year-over-Year Percentage Change
[3] Quarterly Data - Period End; Annual Data - Annual Averages [4] Upper Bound of the Federal Funds Target Range

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.

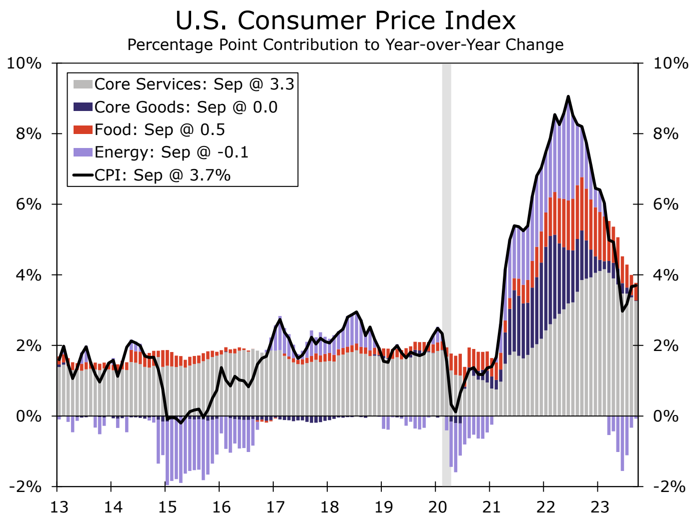
U.S. Review

Inflation Continues to Gradually Drift Lower

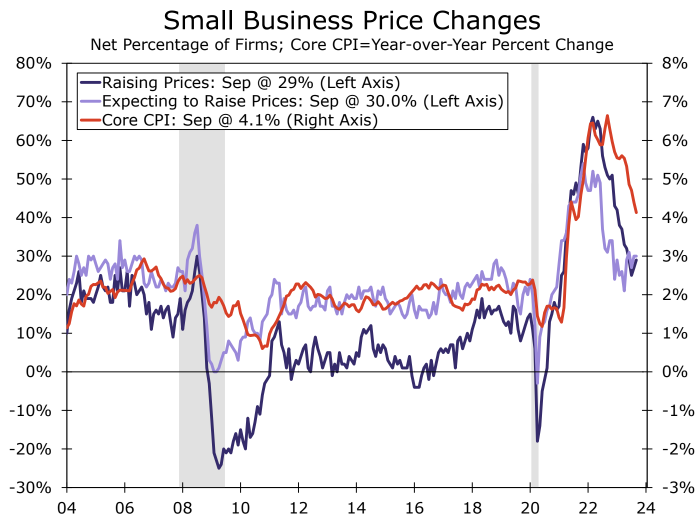
Inflation was back in the spotlight this week. So far, the moderation in price pressures without a material deterioration in economic growth has been remarkable. Another deceleration in the Consumer Price Index (CPI) during September is the latest sign that the easing trend remains in place. During September, the headline CPI rose 0.4%, a monthly change that was a bit softer than the 0.6% increase registered in August. Although the descent has been gradual and a bit bumpy, inflation pressures have cooled considerably over the past year. In September, the headline CPI was up 3.7% on a year-to-year basis, while the core CPI, which strips out volatile food and energy prices, was up 4.1%. Both the headline and core measures are running significantly slower than the rapid annual pace registered in the summer of 2022. Furthermore, the core CPI has advanced at a 3.1% annualized rate over the past three months, which indicates a cooler pace of price changes.

That noted, inflation is still hovering well above the Federal Reserve's 2% inflation target. Recent volatility in energy prices serves as a reminder that the path back to 2% looks to be winding and filled with obstacles. According to the CPI, energy prices advanced just 1.5% during September. However, prices over the past three months were still up at an annualized rate of 33%. After rising for most of September, oil prices have since retreated, and the drop in retail gasoline prices since the end of the month should offer some relief to consumers in the near term. That noted, moving forward, energy looks like it will no longer be pulling down on inflation as it generally has so far this year. Slower moderation in food prices could be another factor in keeping inflation above the FOMC's goal. Food costs rose 0.2% in September for the third straight month and are now up 3.7% over the past year.

The slowdown in core inflation can be attributed to falling goods prices, which continued to trend in the right direction in September. Goods prices declined for the fourth straight month and are now essentially back to the levels seen a year ago. Apparel, used autos, motor vehicle parts and equipment and prices all fell during the month. Conversely, services inflation has yet to display the same downward movement. Core services prices rose 0.6% in September. The monthly gain was driven by a surprise uptick in owners' equivalent rent, which measures housing inflation and is the largest single component in the CPI. We expect the jump to reverse over the next couple of months given that the upturn is out of line with private sector measures of housing inflation. Core services excluding housing and travel moderated on the back of softer medical and transportation services costs.



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



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

All told, September's CPI was another step in the right direction and adds credence to our view that inflation will continue to ease slowly as supply-related pressures ease, shelter costs moderate and consumers become less willing to digest higher prices. Yet, the report also illustrates the many challenges ahead to return to the Fed's 2% inflation target. In addition to uncertainty about energy prices, the recent rate of decline in vehicle prices, which has been a drag on overall goods prices, is unlikely to be sustained given that used vehicle auction prices have been on the rise since July and the UAW strike which stands to put a dent in production. Recent declines in travel prices are also unlikely to endure, while medical services inflation looks set to rebound next month with the incorporation of the most recent health insurance source data.

What's more, beyond the CPI, underlying price pressures do not appear to be fully tamped down.The Producer Price Index (PPI) arrived on the hot side of consensus expectations and rose 0.5% during September. The monthly increase in factory gate prices equates to a 2.2% year-over-year gain, up from 2.0% in August. Furthermore, the share of small firms that are raising selling prices looks to be edging higher. According to the NFIB Small Business Optimism Index, the net share of owners raising prices increased two percentage points to 29%, the highest since June 2023. Meanwhile, inflation and labor quality remained tied as the top two concerns of business owners in September. Although inflation concerns are down on an annual basis, the measure is still above its pre-pandemic trend. Inflation challenges, in addition to labor shortages, higher financing costs and reduced credit access, help explain why small business sentiment, which slipped to 90.8 in September, continues to hover around levels not experienced since 2012 in the aftermath of the Great Recession.

(Return to Summary)

U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
17-Oct	Retail Sales (MoM)	Sep	0.2%	0.3%	0.6%
17-Oct	Retail Sales Less Autos (MoM)	Sep	0.2%	0.2%	0.6%
17-Oct	Industrial Production (MoM)	Sep	0.0%	0.1%	0.4%
19-Oct	Existing Home Sales	Sep	3.90M	3.88M	4.04M

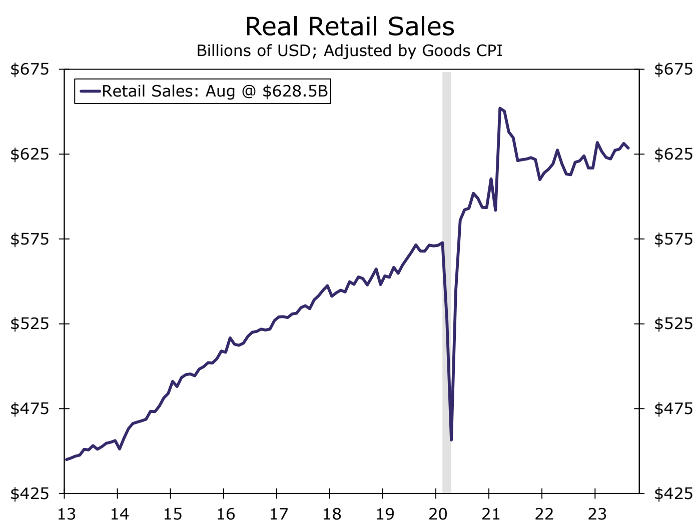
Forecast as of October 13, 2023

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

Retail Sales • Tuesday

Retail sales data have been particularly strong in recent months after a sluggish start to the year. August's data saw retail sales climb for the fifth straight month by 0.6% to $697.6 billion. However, that run of growth was driven in part by strong sales from specific retailers, particularly gasoline stations. Sales at the pump in August rose 5.2%, though this must be taken with the context that retail sales are reported nominally and not adjusted for inflation. Our estimate of real retail sales in August came in at -0.4%, suggesting consumers may be incrementally less willing or able to pay up in the current environment (chart).

With consumer price growth coming in stronger than anticipated in September in this week's CPI reading, we suspect some of the same price dynamics may buoy the retail sales numbers for September as well. Even in the face of price hikes, consumers have been holding up well in recent months and have been able to sustain spending, allowing for growth in retail sales, at least nominally. We forecast retail sales growth in September was 0.3%, and our call is for retail sales excluding autos to grow 0.2%. Adjusting for inflation, we look for real retail sales to grow 0.2% in September.

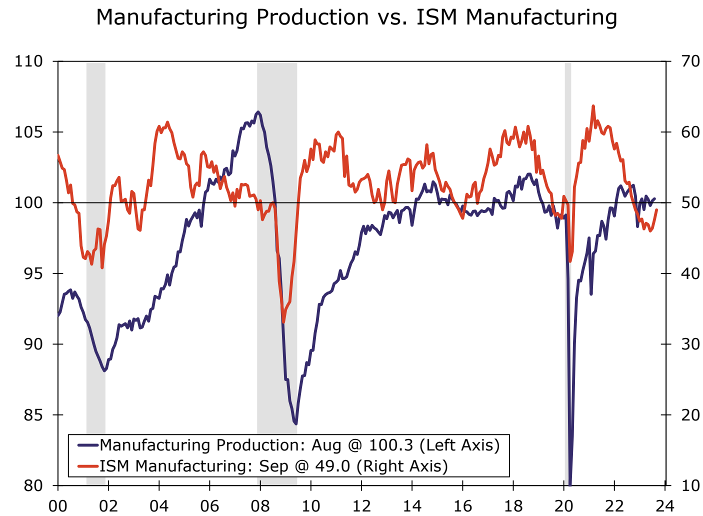


Source: U.S. Department of Commerce, U.S. Department of Labor and Wells Fargo Economics

Industrial Production • Tuesday

Industrial production data in August surprised to the upside, with total output rising 0.4% in the month. This came as most prior data continued to point to a U.S. industrial sector that was losing steam or even contracting. The upward surprise in August was somewhat explained by a pop in the volatile mining industry, with mining output rising 1.4%. Strength in this measure was underlined by a 3% gain in oil and gas extraction, specifically. Manufacturing production, which comprises nearly three-quarters of total industrial output, rose a more modest 0.1%. Output for manufacturing was held back by motor vehicle and parts production, in particular.

Looking to September, we expect motor vehicles and parts production, and manufacturing, more broadly, may be further hampered by the UAW strike that began in September. This is in line with the ISM manufacturing index continuing its eleven-month streak of contraction in September's data (chart). In addition, higher financing costs continue to put strain on producers. This week's PPI reading showed prices for producers rose 0.5% in September, beating consensus expectations. We forecast industrial production to have risen slightly by 0.1% in September, though we believe the risks may be skewed to the downside.

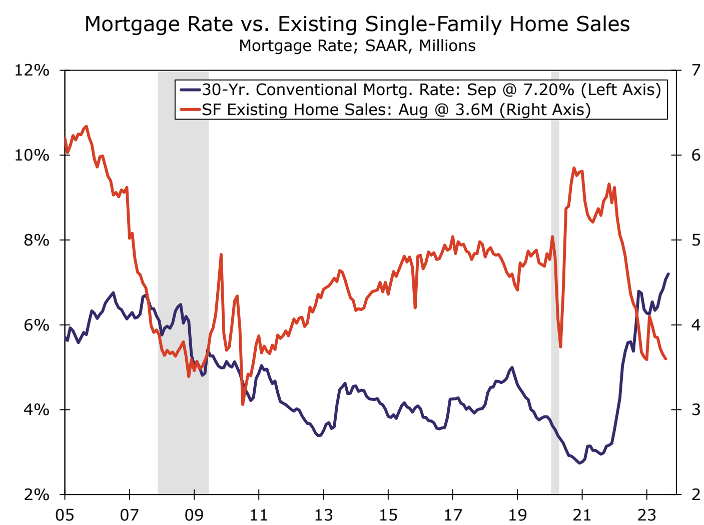


Source: Federal Reserve Board, Institute for Supply Management and Wells Fargo Economics

Existing Home Sales • Thursday

Existing home sales fell 0.7% in August as resales remained under pressure from low inventory and still rising borrowing costs. The 4.04 million-unit annualized sales pace was the slowest since January and the second slowest pace since October 2010, when the housing market was recovering from the housing market crash. The challenging lending environment continued in September, with the 30-year average fixed mortgage rate rising to 7.2% (chart). This comes as housing prices have continued to climb in recent months; median single-family home prices rose 3.7% year-over-year in August. The affordability crunch is putting many would-be homebuyers in a tough spot and should continue to weigh on existing home sales in September.

The mortgage rate outlook with an FOMC that is projecting a "higher for longer" message does not bode well for those hoping rates will significantly come down any time soon. Further, constrained supply should continue to exert upward pressure on prices and hamper the purchasing power of prospective buyers. We forecast existing home sales in September to have declined to a 3.88 million-unit pace. This would be the lowest pace since 2010 and reflects just how depressed the resale market has become.



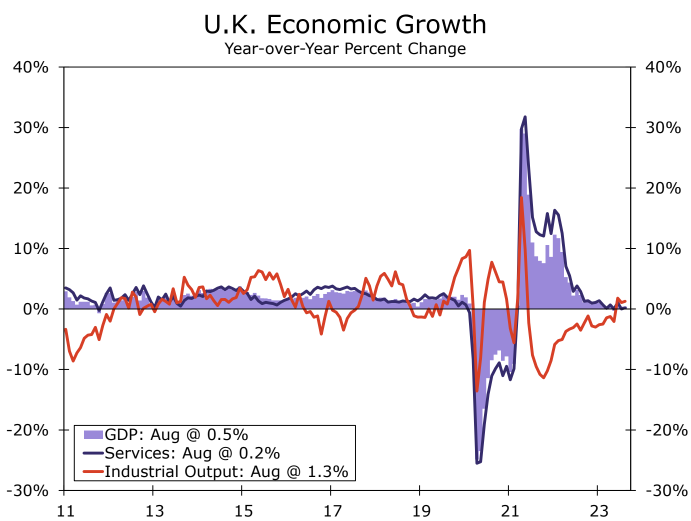
Source: NAR, Freddie Mac and Wells Fargo Economics

(Return to Summary)

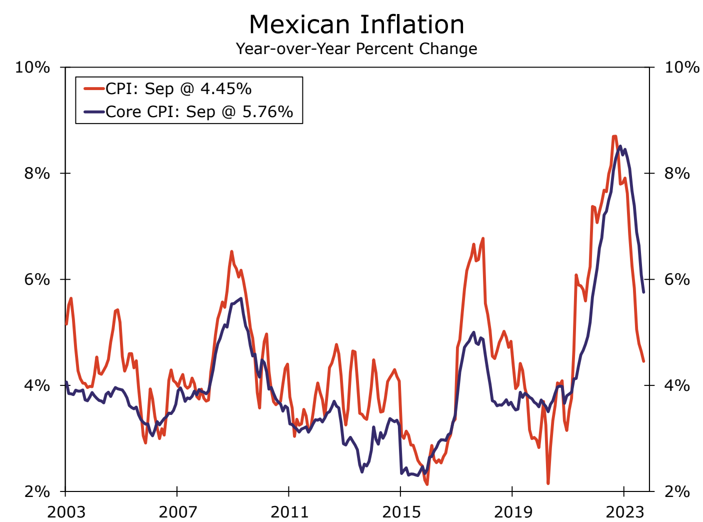
International Review

U.K. Growth Remains Near A Stand Still

This week's U.K. GDP figures for August portrayed an economy that remains near a standstill. August GDP did advance modestly by 0.2% month-over-month, but that recovered only around a third of the 0.6% decline seen in July. Within the details, services activity rose 0.4%, but again, did not fully recover the July fall. In addition, so-called consumer facing services fell 0.6%, and is still well below the pre-COVID level. Meanwhile, August industrial output fell 0.7%, a second straight monthly decline. For now, the British economy remains only marginally in growth territory and, as the impact of previous interest rate increases continue to bite further, we still forecast the U.K. to fall into recession by Q4-2023. Indeed, in our view there is still a risk that a U.K. recession could arrive even earlier. For the July-August period, the level of GDP was 0.1% below its Q2 average, meaning a potential contraction in economic activity during the third quarter cannot be ruled out. In any case, sluggish economic momentum combined with the likelihood of a further deceleration of inflation would be consistent with our view that the Bank of England's policy interest rate has already peaked.



Source: Datastream and Wells Fargo Economics



Source: Datastream and Wells Fargo Economics

'Sticky' Services Inflation in Latin America

This week also saw a couple of important CPI releases in Latin America that should compel the region's central banks to continue to adopt a cautious and gradual approach to monetary easing. In Mexico, the September headline CPI slowed a bit more than expected to 4.45% year-over-year, while the core CPI slowed essentially as expected to 5.76% year-over-year. While inflation continues to trend in a more favorable direction, for now both the headline and core measures remain above the Bank of Mexico's 2%-4% inflation target range. Also of note, services inflation ticked slightly higher to 5.23% year-over-year. With inflation still above target and services inflation showing some persistence, our view remains that it will be some time in 2024 before the Bank of Mexico begins lowering policy interest rates.

In Brazil, September CPI inflation actually ticked higher to 5.19% year-over-year, although that was slightly below the consensus forecast. Among the details, transportation price growth quickened to 7.70% while food and beverages slowed further to 0.88%. Meanwhile, domestically oriented inflation measures showed an uptick, as services inflation firmed slightly to 5.54%, and non-tradables inflation firmed to 4.64%. Given the uptick of inflation, we believe Brazil's Central Bank will continue to cut interest rates in 50 bps increments for the time being, rather than contemplating larger interest rate reductions.

(Return to Summary)

International Outlook

Weekly International Indicator Forecasts					
Date	**Indicator**	**Period**	**Consensus**	**Wells Fargo**	**Prior**
18-Oct	China GDP (QoQ)	Q3	1.0%	--	0.8%
18-Oct	China GDP (YoY)	Q3	4.5%	--	6.3%
18-Oct	United Kingdom CPI (YoY)	Sep	6.6%	6.5%	6.7%
20-Oct	Japan CPI (YoY)	Sep	3.0%	2.9%	3.2%

Forecast as of October 13, 2023

Source: Bloomberg LP and Wells Fargo Securities

China GDP • Wednesday

Next week, market participants will be watching the release of China's Q3 GDP figures for the latest insight into China's economy and indications on whether growth has continued to stumble. After a burst of activity in early 2023, the economy has lost momentum due to a variety of factors such as weak domestic demand and a struggling property sector. We will be looking to see whether the forthcoming GDP print reinforces the theme of an underperforming Chinese economy.

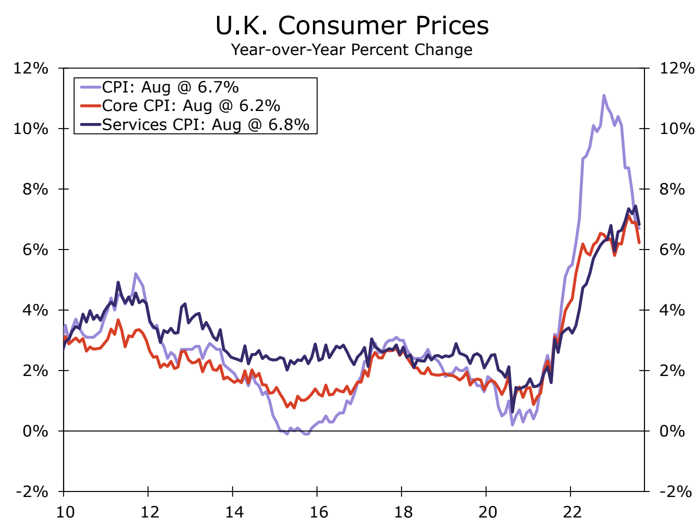
The consensus forecast is for the Chinese economy to have grown 4.5% year-over-year in Q3, notably slower than the 6.3% pace seen in Q2. While this decline would be partially due to base effects, the broader expectation that China's economy has not been able to maintain a higher level of momentum still remains. Also releasing alongside the GDP report will be data on September retail sales and industrial production. While both categories surprised to the upside in August, economists expect industrial production to have slowed down in September to 4.3% year-over-year. The consensus forecast is for retail sales to have picked up mildly to 4.9%, but this overall points to more of a mixed economic picture, rather than a strengthening one. Our outlook remains for subpar growth for China in 2023 and 2024, of 4.8% and 4.2% respectively.

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

United Kingdom CPI • Wednesday

The United Kingdom has been beset by elevated inflation for some time, but recent data have suggested that price trends may be improving. If consensus forecasts for headline and core inflation to slow—to 6.6% and 6.0%, respectively—are realized, that will support our view that the Bank of England (BoE) has completed its monetary tightening.

The most recent CPI reading for August was a downside surprise, with headline slowing to 6.7% from 6.8% and core slowing more significantly, to 6.2% from 6.9%. The deceleration in core inflation is notable as it may signal that underlying price pressures are abating. When the BoE decided to hold rates steady at 5.25% at its September meeting, officials cited this slowing in inflation, as well as signs of some loosening in the labor market, while also indicating a subdued outlook for the economy. Bank officials signaled that rates would need to remain elevated for a "sufficiently long" time in order to return inflation back to the 2% target. While they also left the door open to further rate hikes "if there were evidence of more persistent inflationary pressures", we believe that the BoE has finished tightening. Should growth remain soft and inflation decelerate further, that would, in our view, make BoE officials wary of tightening policy further. We forecast that rates will remain at a peak of 5.25% until Q2-2024, at which point rate cuts will begin.



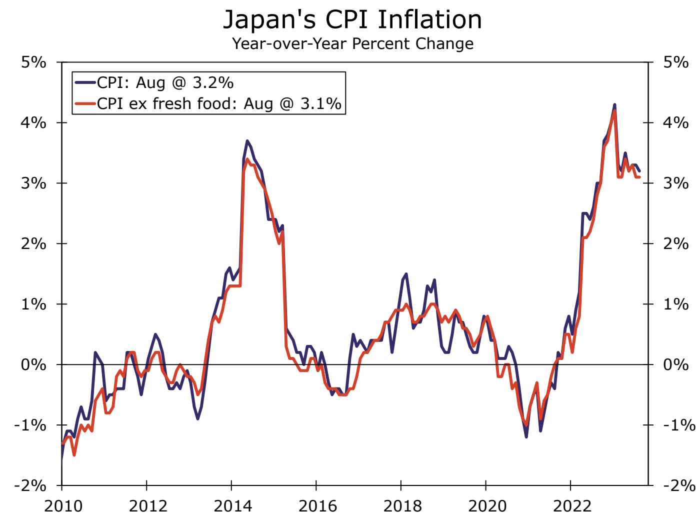
Source: Datastream and Wells Fargo Economics

Japan CPI • Friday

When Japan CPI figures are released next week, market participants will be watching for potential insights into the Bank of Japan (BoJ)'s future monetary policy path. While growth and price developments in recent months have prompted the BoJ to make some gradual adjustments to their monetary policy stance, we do not foresee next week's CPI print as likely to push the BoJ to make further changes—such as ending its negative interest rate policy—at this time. We see inflation showing a further slowdown, and the BoJ remaining of the view that inflation will be able to sustainably return to their 2% target without the need for policy rate tightening just yet.

In terms of broad economic conditions, economic growth has continued at a moderate pace with real year-over-year GDP printing at 1.6% in Q2 of this year. As for inflation, the headline figure reached a recent peak of 4.3% year-over-year in January, and has receded since, coming in at 3.2% for August. Core inflation has followed a similar pattern, with August's reading at 3.1%. We expect inflation to continue its gradual slowdown in September, with consensus forecasts for headline inflation of 3.0% and core inflation of 2.7%. Given the fact that Japanese inflation did not jump as markedly as many of its international peers, along with the fact that inflation pressures have been absent in Japan for much of the past few decades, we believe the central bank can take a gradual approach to adjusting its monetary policy stance. Because of this, we believe the BoJ remains comfortable with the overall inflation outlook for now, and do not see a near-term need for an end to negative interest rates.

(Return to Summary)



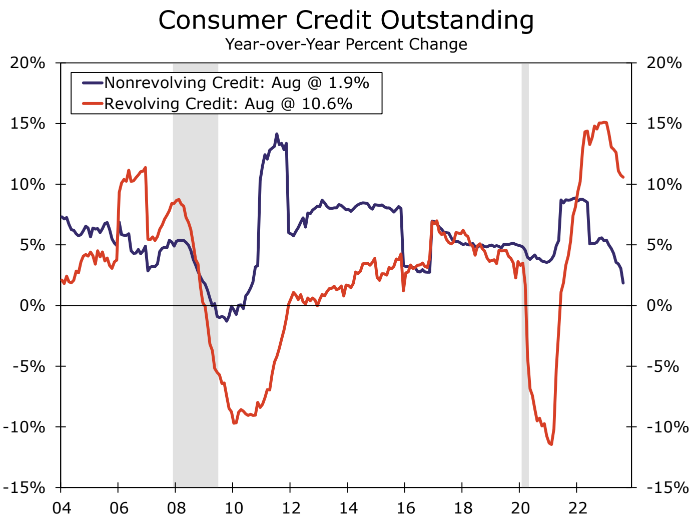
Source: Datastream and Wells Fargo Economics

Credit Market Insights

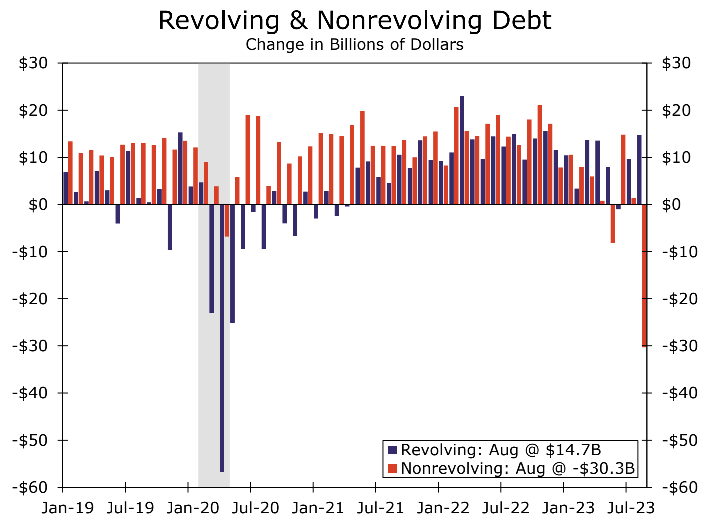
Where Credit is Due: Student Loans Explain Fall in Consumer Credit

Total consumer credit outstanding, which excludes mortgages, fell $15.6 billion in August. While tighter lending standards and elevated borrowing costs have weighed on growth in consumer credit over the past year, August's steep decline was a surprise. The outturn is the largest monthly decline since May 2020 and directionally comes at odds with a consensus expectation for an increase. Looking under the hood, the entire fall was driven by a $30.3 billion decline in non-revolving consumer credit, which consists of installment debt such as student and auto loans. Revolving credit, mainly credit cards, increased $14.7 billion in August.

Digging deeper, the precipitous decline in non-revolving credit stemmed from a $26.9 billion decrease in consumer installment loans held by the federal government. Notably, this line includes student loans originated and purchased by the U.S. Department of Education. As federal student loan forbearance ended at the end of July, borrowers began to pay down their balances in August to get ahead of interest accrual resuming in September. As we discussed in a recent special report, the Department of Education deposited $6.4 billion in the Treasury General Account in August, a significant jump from its average monthly deposit of just $1.5 billion over the preceding three months.



Source: Federal Reserve Board and Wells Fargo Economics



Source: Federal Reserve Board and Wells Fargo Economics

Even as student loan repayments picked up in August, they accounted for about one-fourth of the decline in the federal government's holdings of non-revolving consumer credit. The majority of the balance change reflected recent student loan forgiveness by the Biden Administration. Back in July, the administration announced a review of existing income-driven repayment (IDR) plans that would automatically result in loan forgiveness for borrowers who have been making payments under their IDR plans for 20 or 25 years. Discharges of eligible loans started for 804,000 borrowers in August. In short, student loan discharges, in conjunction with repayments, drove the eye-popping fall in total consumer credit in August.

Beyond August's data quirk, consumer credit is poised to continue its trend decline as borrowing costs rise further and lending standards remain tight. Unaccessible credit and thinning excess liquidity has left personal income as the sustaining driver of consumer spending. Growth in real disposable income has been negative the past three months, and the resumption of student loan payments will likely weigh on discretionary spending in the months ahead. Should the labor market deteriorate in the second half of next year, as we anticipate, real consumer spending will likely contract as aggregate income declines.

(Return to Summary)

Topic of the Week

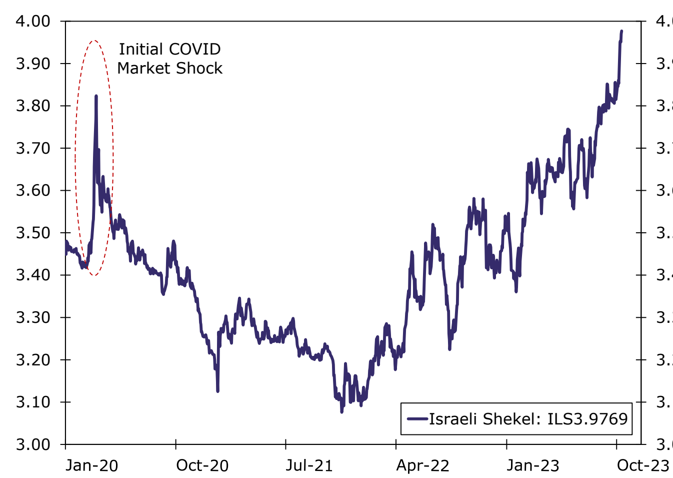
Israel-Gaza Conflict Views & Potential Implications

Hamas' attack on Israel marks another major geopolitical challenge permeating across the globe. Arguably, geopolitical developments have had the most material impact on the global economy and financial markets in recent years. U.S.-China tensions and Russia's invasion of Ukraine have been the most consequential; however, increased Chinese military incursions in Taiwan, military coups in Africa, the Nagorno-Karabakh conflict in Armenia and Azerbaijan as well as renewed violence between Kosovo and Serbia have all contributed to a worsening global geopolitical environment and present risks to the economic outlook. Military conflict in Israel elevates this geopolitical uncertainty. Predicting the evolution of the Israel-Gaza conflict is difficult; however, Prime Minister Netanyahu's declaration of war against Hamas and subsequent rhetoric seem to suggest a speedy de-escalation is not on the horizon. Regional escalation—in the form of intensified Israel-Iran proxy battles, direct Israel-Iran military conflict or the military involvement of other influential actors such as Saudi Arabia and Qatar —would shift the global geopolitical climate in an even less favorable direction. While the likelihood of an escalation to a regional conflict is outside our scope, broader military conflict in the Middle East would likely result in reduced oil supply and a spike in crude prices. As evidenced during the initial phases of the Russia-Ukraine conflict, rising oil and natural gas prices can inflict severe damage on select economies around the world, particularly G10 countries and key emerging market nations that contribute materially to global growth, such as China and India. In the coming days and weeks, we will be watching for evidence and/or rhetoric that implicates Iran as a hostile actor in the attack on Israel. Should proof be presented that Iran knew about, coordinated or outright supported Hamas' aggressions by supplying resources, Israel's military offensive could extend beyond Gaza and toward Tehran. Direct Israel-Iran conflict would worsen the geopolitical backdrop significantly and would have direct economic implications around the world via higher oil prices and deteriorating sentiment.

Going forward, we see Israel's focus shifting away from local political divisions and toward geopolitical risk management.Israel's financial markets have come under pressure this year in response to the Netanyahu administration's pursuit of judicial reforms and social backlash to the perceived weakening of Israel's institutions. The focus of the current administration has been on implementing the reform package, either unilaterally or in cooperation with opposition parties; however, with the larger risk to Israel's sovereignty and institutions now geopolitically driven, local political divisions are not likely to be a focus of financial markets nor the administration for the time being. If any silver lining exists, the attack on Israel's sovereignty could be a catalyst for local political cohesion, at least in the near term or over the course of the conflict. Along with the announcement of a large Bank of Israel (BoI) FX intervention program designed to stabilize the shekel, easing local political divisions could be a source of stability for the shekel following the initial depreciation after markets reopened from the weekend.

With that said, the shekel—along with other Israeli financial assets and measures of sovereign default risk—are likely to remain on the defensive. The shekel has already sold off around ~15% against the dollar since judicial reforms were announced in late January. Even so, in our view, the more likely ILS path is further depreciation, albeit at a gradual pace, in the months ahead. This view stems from our FX vulnerability analysis, which is designed to gauge potential currency depreciation in an exogenous shock or global risk-off scenario. Our framework suggests the shekel could weaken as much as 20% on a peak-to-trough basis under shock circumstances. While Israel's fundamentals are sound (current account surplus, an educated and diversified economy and adequate FX reserve coverage even with the latest BoI intervention program), as the current shock scenario continues to unfold, combined with broad-based U.S. dollar strength on investors' desire for safe-haven assets, we believe another 5% ILS depreciation could still be forthcoming by the end of this year and into early 2024. Shekel depreciation is likely to be

USD/ILS Exchange Rate



Source: Bloomberg Finance L.P. and Wells Fargo Securities smoothed by the Bank of Israel, and we now expect the USD/ILS exchange rate to trend toward ILS4.15 by early 2024.

We also note the potential economic fragmentation that could come from the Israel-Gaza conflict. Geopolitical developments have played a major role in deglobalization over the years. Prior to the conflict, Middle East nations were making progress toward building diplomatic relations with each other. This progress is likely to be lost, and a reset of Middle East relations could be forthcoming. In this scenario, additional deglobalization forces could take shape that ultimately could have negative implications for the global economy.

(Return to Summary)

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 10/13/2023	1 Week Ago	1 Year Ago
SOFR	5.31	5.32	3.04
Effective Fed Funds Rate	5.33	5.33	3.08
3-Month T-Bill	5.48	5.51	3.70
1-Year Treasury	5.33	5.30	4.17
2-Year Treasury	5.05	5.08	4.46
5-Year Treasury	4.65	4.76	4.20
10-Year Treasury	4.64	4.80	3.94
30-Year Treasury	4.79	4.97	3.92
Bond Buyer Index	3.97	4.12	3.84

Foreign Exchange Rates

	Friday 10/13/2023	1 Week Ago	1 Year Ago
Euro ($/€)	1.050	1.059	0.978
British Pound ($/£)	1.213	1.224	1.133
British Pound (£/€)	0.865	0.865	0.863
Japanese Yen (¥/$)	149.620	149.320	147.120
Canadian Dollar (C$/$)	1.366	1.366	1.375
Swiss Franc (CHF/$)	0.902	0.910	1.000
Australian Dollar (US$/A$)	0.629	0.639	0.630
Mexican Peso (MXN/$)	18.056	18.166	19.989
Chinese Yuan (CNY/$)	7.306	7.298	7.170
Indian Rupee (INR/$)	83.264	83.246	82.345
Brazilian Real (BRL/$)	5.081	5.146	5.263
U.S. Dollar Index	106.729	106.044	112.363

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

Foreign Interest Rates

	Friday 10/13/2023	1 Week Ago	1 Year Ago
3-Month German Govt Bill Yield	3.69	3.72	0.83
3-Month U.K. Govt Bill Yield	5.32	5.30	2.88
3-Month Canadian Govt Bill Yield	5.15	5.13	3.85
3-Month Japanese Govt Bill Yield	-0.16	-0.24	-0.13
2-Year German Note Yield	3.14	3.13	1.92
2-Year U.K. Note Yield	4.85	4.89	3.80
2-Year Canadian Note Yield	4.87	4.85	4.11
2-Year Japanese Note Yield	0.05	0.07	-0.05
10-Year German Bond Yield	2.74	2.88	2.29
10-Year U.K. Bond Yield	4.39	4.57	4.20
10-Year Canadian Bond Yield	4.01	4.16	3.42
10-Year Japanese Bond Yield	0.76	0.81	0.25

Commodity Prices

	Friday 10/13/2023	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	86.58	82.79	89.11
Brent Crude ($/Barrel)	89.61	84.58	94.57
Gold ($/Ounce)	1921.84	1833.01	1666.37
Hot-Rolled Steel ($/S.Ton)	695.00	705.00	753.00
Copper (¢/Pound)	357.05	362.75	344.05
Soybeans ($/Bushel)	12.78	12.49	13.91
Natural Gas ($/MMBTU)	3.22	3.34	6.74
Nickel ($/Metric Ton)	18,462	18,226	22,142
CRB Spot Inds.	549.75	550.90	563.35

Subscription Information

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

Via The Bloomberg Professional Services at WFRE

Economics Group

Jay H. Bryson, Ph.D.	Chief Economist	704-410-3274	Jay.Bryson@wellsfargo.com
Sam Bullard	Senior Economist	704-410-3280	Sam.Bullard@wellsfargo.com
Nick Bennenbroek	International Economist	212-214-5636	Nicholas.Bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	704-410-3283	Tim.Quinlan@wellsfargo.com
Sarah House	Senior Economist	704-410-3282	Sarah.House@wellsfargo.com
Azhar Iqbal	Econometrician	212-214-2029	Azhar.Iqbal@wellsfargo.com
Charlie Dougherty	Senior Economist	212-214-8984	Charles.Dougherty@wellsfargo.com
Michael Pugliese	Senior Economist	212-214-5058	Michael.D.Pugliese@wellsfargo.com
Brendan McKenna	International Economist	212-214-5637	Brendan.Mckenna@wellsfargo.com
Jackie Benson	Economist	704-410-4468	Jackie.Benson@wellsfargo.com
Shannon Seery	Economist	704-410-0369	Shannon.Seery@wellsfargo.com
Nicole Cervi	Economist	704-410-3059	Nicole.Cervi@wellsfargo.com
Patrick Barley	Economic Analyst	704-410-1232	Patrick.Barley@wellsfargo.com
Jeremiah Kohl	Economic Analyst	704-410-1437	Jeremiah.J.Kohl@wellsfargo.com
Aubrey George	Economic Analyst	704-410-2911	Aubrey.B.George@wellsfargo.com
Delaney Conner	Economic Analyst	704-374-2150	Delaney.Conner@wellsfargo.com
Anna Stein	Economic Analyst	212-214-1063	Anna.H.Stein@wellsfargo.com
Coren Burton	Administrative Assistant	704-410-6010	Coren.Burton@wellsfargo.com

Required Disclosures

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

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

Important Information for Non-U.S. Recipients

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

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE