Economics

Weekly — November 3, 2023

Weekly Economic & Financial Commentary

Join us for our 2024 Annual Economic Outlook webinar, which will be broadcast **Thursday, Nov. 9 at 11 a.m. EST**. If you would like to submit questions for the Q&A portion of the webinar, please email us at economics@wellsfargo.com.

United States: **Q4 Appears Off to a Slower Start**

- This week delivered an onslaught of economic indicators that provided a first glimpse of economic activity during Q4. In short, the remarkable strength on display during Q3 looks to be fading as the year begins to wind to a close. The labor market was front and center. After September's surprising surge, nonfarm payrolls advanced at a more moderate pace in October, rising by 150,000 net new jobs during the month.
- Next week: Trade Balance (Tue.), Consumer Credit (Tue.), U. of Mich. Sentiment (Fri.)

International: **Bank of Japan Continues Its Monetary Policy Tweaks**

- The Bank of Japan delivered another monetary policy tweak this week. It held its policy rate and 10-year yield target steady at -0.10% and 0.00%, respectively, but said it would treat the 1.00% upper bound for 10-year yields as a "reference", rather than a "hard cap" as it had done previously. We believe the case for a more substantial policy adjustment is gradually building and expect a 10 bps policy rate hike at the central bank's April 2024 monetary policy meeting.
- Next week: Reserve Bank of Australia Policy Rate (Tue.), Mexico Policy Rate (Thu.), U.K. GDP (Fri.)

Interest Rate Watch: **FOMC on "Hawkish Hold"**

- For the third time in the past four policy meetings, the FOMC refrained from hiking its target range for the federal funds rate this week. Although the FOMC is keeping the door open to more policy tightening, we believe the bar to further rate increases is higher now than it was a few months ago.

Credit Market Insights: **Households Grow More Pessimistic about Credit Conditions**

- Earlier this month, the New York Fed released September data for its Survey of Consumer Expectations. The data revealed that inflation expectations held mostly steady, but households' perceptions and expectations for credit conditions deteriorated slightly over the month.

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	4.9	0.9	0.7	-0.3	-1.6	0.4	1.9	2.4	0.9	1.0
Personal Consumption	3.8	0.8	4.0	1.0	0.7	0.3	-1.5	-0.4	2.5	2.2	0.8	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 20, 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.

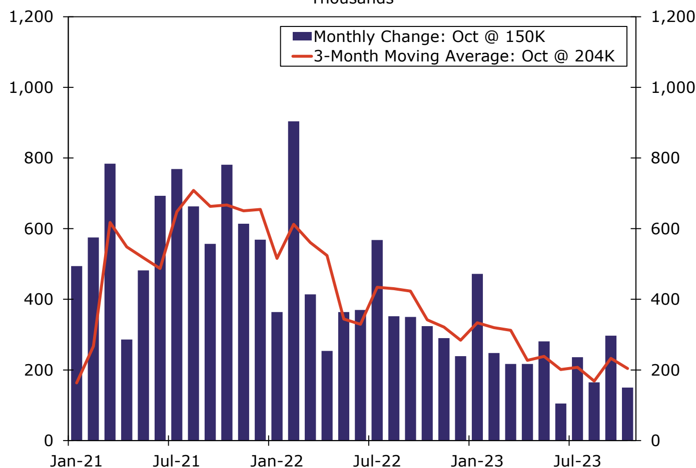
U.S. Review

Q4 Appears Off to a Slower Start

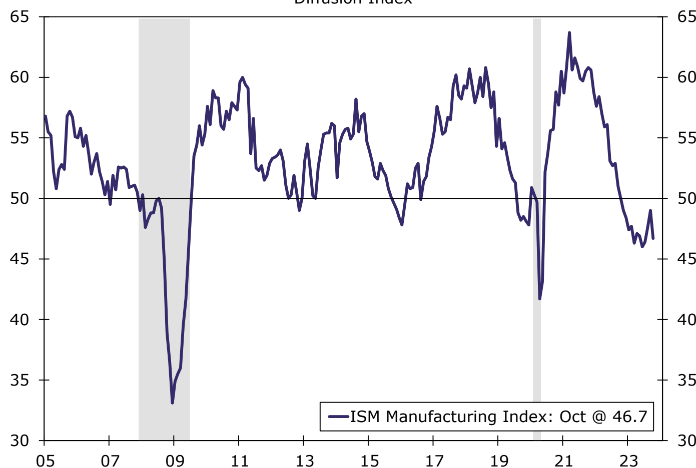
This week delivered an onslaught of economic indicators that provided a first glimpse of economic activity during Q4. In short, the remarkable strength on display during Q3 looks to be fading as the year begins to wind to a close. The labor market was front and center. After September's surprising surge, nonfarm payrolls advanced at a more moderate pace in October, rising by 150,000 net new jobs during the month. Strike activity, in particular the UAW strike, looks to have suppressed overall hiring during the month. Through the monthly volatility, however, a trend of labor market cooling remains in place. Total payrolls rose 1.9% year-over-year in October, the slowest annual change since early 2021. The number of payrolls added over the prior two months was also revised down by a hefty 101,000.

Although payroll growth is easing, the labor market remains relatively tight. The unemployment rate inched up to 3.9% in October, slightly higher than the cycle low of 3.4% first hit in January 2023, but still low compared to historical averages. The slight upturn in the jobless rate this year reflects labor supply and demand becoming more balanced. The labor force participation rate slipped a tick to 62.7% in October but is still 0.5 percentage points higher than a year ago. The improvement in labor supply amid a cooler pace of hiring has yielded a more moderate pace of wage growth. Average hourly earnings rose 0.2% in October, the slowest monthly pace in more than a year.

A host of other indicators released this week provided additional evidence that the labor market is moving back to pre-pandemic form. During September, the count of job openings as measured by the Job Openings and Labor Turnover Survey (JOLTS) edged up to 9.55 million. While the number of job vacancies remains highly elevated, both the hiring and quits rate—which were both unchanged during the month at 3.7% and 2.3%, respectively—more or less have returned to 2019 averages. What's more, the Employment Cost Index (ECI) rose 1.1% in Q3, a touch higher than the consensus. Yet, the 4.3% not seasonally adjusted ECI figure marks the lowest reading since 2021. On top of that, the Q3 nonfarm productivity report published this week showed that unit labor costs declined at a 0.8% annualized pace in Q3, solidifying a downward trend since 2022. The decline in labor unit costs has occurred against a backdrop of improving productivity. Overall nonfarm labor productivity grew at a robust 4.7% annualized rate in the third quarter, bringing the four-quarter moving average of growth in employee output per hour back to pre-COVID norms.



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



Source: Institute of Supply Management and Wells Fargo Economics

A pick-up in productivity alongside slowing nominal wage growth is an encouraging sign that inflation is still on the path back to the Federal Reserve's 2% target. As we write in the Interest Rate Watch section, the FOMC unanimously agreed to keep its target range for the federal funds rate unchanged at 5.25%-5.50% at the conclusion of the Nov. 1 meeting this week. Although monetary policy is likely to remain restrictive in the months ahead, additional rate hikes are not likely to be forthcoming, given that the labor market and inflation both look to be charting a course for calmer waters.

In addition, evidence continues to mount that higher interest rates are restricting activity in several key sectors of the economy. The ISM manufacturing index dropped to 46.7 in October, dashing hopes for a sustained rebound in factory sector activity. Most subcomponents of the index fell back during the month, notably new orders, which provides a leading indicator of activity. While the autoworker strike likely dragged down the monthly headline reading, it does not fully account for the weakness in manufacturing during October. Plastics & rubbers, primary metals and transport equipment were the only three industries that saw a rise in new orders and all are related to the auto industry. Rather, the higher interest rate environment looks to be weighing on capital expenditures for businesses and on manufacturing as a whole.

Higher financing costs are also cutting into certain segments of construction. Total construction outlays increased 0.4% in September, the ninth consecutive monthly improvement. The trend rise is mostly owed to an upturn in residential spending. Builders have desensitized their industry to the effects of higher interest rates by offering mortgage rate buydowns and other incentives that have helped shore up demand for new homes. By contrast, multifamily construction outlays have been less resilient amid rising apartment vacancy rates, prompting the first dip in multifamily outlays in 13 months. Furthermore, while nonresidential investment also continues to grow, momentum appears to be fading as evidenced by declines in transportation, healthcare and manufacturing construction spending during September. Monthly volatility aside, a recent pullback in the forward-looking Architecture Billings Index suggests that tighter credit conditions and elevated financing costs will continue to create a weaker environment for nonresidential investment in the months ahead.

(Return to Summary)

U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
7-Nov	Trade Balance	Sep	-$60.5B	-$60.1B	-$58.3B
7-Nov	Consumer Credit	Sep	$10.0B	--	-$15.62B
10-Nov	U. of Mich. Sentiment	Nov	64.0	--	63.8

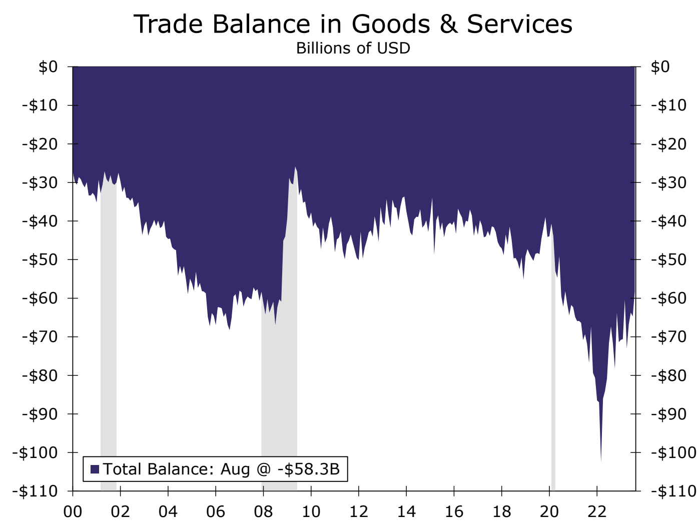
Forecast as of November 03, 2023

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

Trade Balance • Tuesday

Over the past year, the international trade deficit has narrowed back toward its pre-pandemic norm. The latest monthly data for August showed exports rose 1.6%, while imports fell 0.7%. With both sides of the trade relationship moving in a direction supportive of a narrowing in the trade gap, the overall trade deficit came in at $58.3B, the smallest gap in nearly three years.

While the momentum in exports had looked solid this summer, last week's Q3 GDP report revealed that real net exports subtracted a tenth of a percentage point from headline growth amid stronger-than-expected imports. The outturn suggests the U.S. trade balance widened in September. Advance data on merchandise trade point to a modestly wider goods deficit at the end of the quarter as well, underpinning our forecast for a -$60.1B total trade balance in September. Beyond next week's data, we expect the U.S. dollar rally to restrain export growth in the coming months, while slowing domestic demand should lead imports lower.

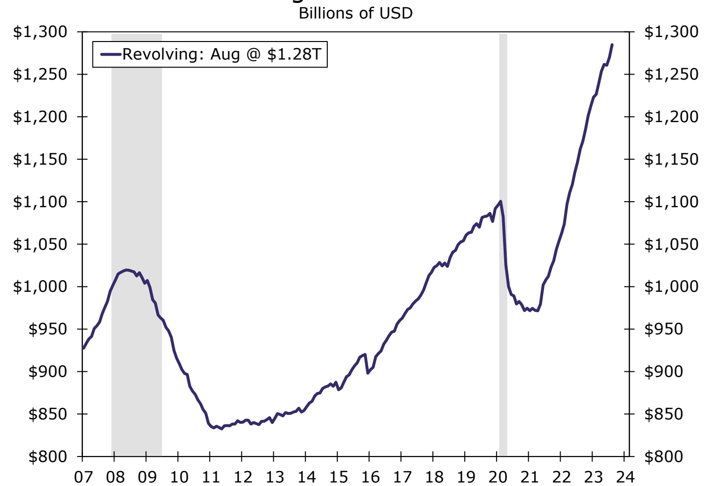


Source: U.S. Department of Commerce and Wells Fargo Economics

Consumer Credit • Tuesday

In August, total consumer credit declined $15.6B due to federal student loan discharges that wiped $30.3B off of non-revolving credit. In other words, the non-student loan debt rose. A big mover was revolving credit (mainly credit cards), which increased $14.7B to continue an impressive (if perhaps not sustainable) run since early 2021. On a year-over-year basis, revolving credit was up 10.6% in August, compared to a more muted 1.9% in non-revolving debt.

The marked rise has been driven by consumers tapping their credit cards to sustain spending amid elevated inflation. Yet as the level of revolving credit has climbed over the past few years, so have borrowing costs. The annual percentage rate on credit cards is north of 21%, that is, six percentage points higher than it was in early 2021. Meanwhile, banks' willingness to lend to consumers has pulled back sharply. Dwindling excess liquidity and crimped credit leave real personal income as the sustaining driver of consumer spending in the coming months.



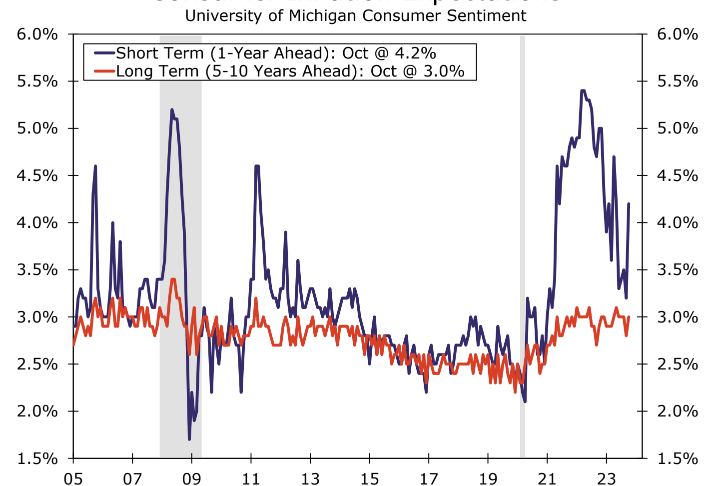
Source: Federal Reserve Board and Wells Fargo Economics

University of Michigan Sentiment • Friday

Consumer sentiment has fallen for three months straight. The headline index clocked 63.8 in October, or the lowest since May. Turmoil in Congress, labor strikes and the Israel-Hamas war have recently instilled a generally higher degree of economic uncertainty.

Amid the Fed's increased focus on inflation expectations, the related line items have become the most consequential series of the University of Michigan's survey. The median year-ahead inflation expectation rose a full percentage point to 4.2% in October, or the highest in five months. The longer-term (5-10 years ahead) expectation ticked up to 3.0%, which remains well within the range seen over the past few years. While the year-ahead expectation did jump, short-term expectations tend to be volatile. As progress on inflation continues, we expect year-ahead expectations to resume their downward trend.

(Return to Summary)



Source: University of Michigan and Wells Fargo Economics

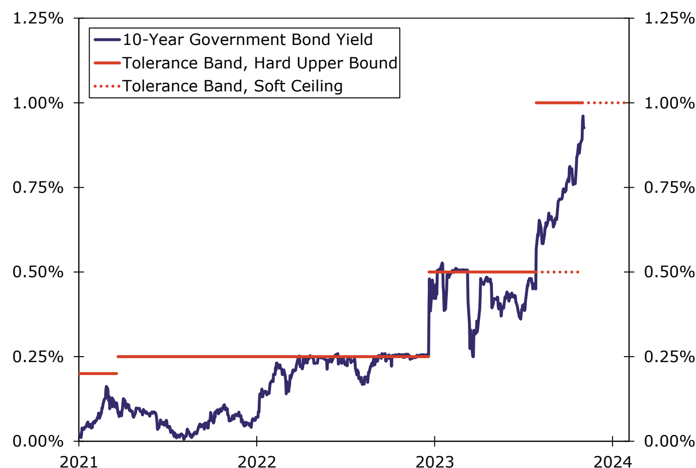
International Review

Bank of Japan Continues Its Monetary Policy Tweaks

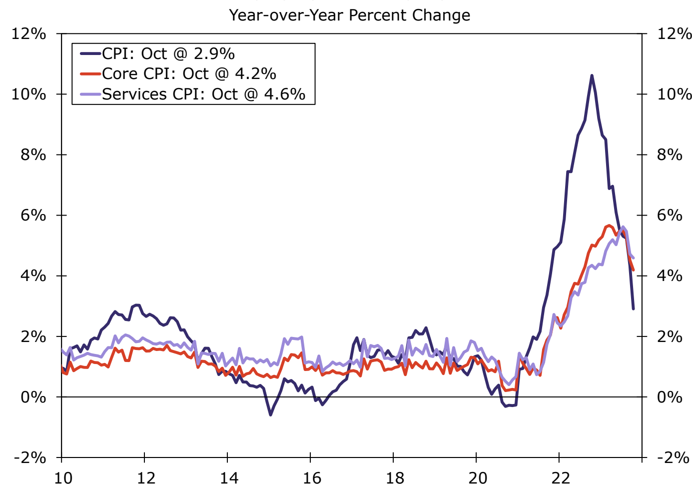
The Bank of Japan (BoJ) delivered another monetary policy implementation tweak at its announcement this week. While the BoJ kept its Policy Balance Rate at -0.10% and the target for 10-year Japanese Government Bond (JGB) yields at 0.00%, policymakers opted to allow for greater flexibility in bond yields. It will now view the 1.00% upper bound for 10-year JGB yields as a "reference" in its market operations, rather than a "hard cap" as it had done previously. While the BoJ has made it clear that it is willing to continue to participate in bond markets—via its more regular large-scale bond purchases—in order to prevent yields from rising too quickly, there is no longer an absolute ceiling on bond yields.

Overall, we see the BoJ moving gradually closer to a more significant adjustment in the form of tighter monetary policy. However, there are certain developments that policymakers may want to see before they will deem such a change appropriate. Among these are stronger wage growth, which it will be watching for in the 2024 spring wage negotiations—during which employers of major Japanese firms talk wages with unions in order to set the pace of that year's wage increases—and more consistent and fundamentally strong economic growth. We expect these conditions to fall into place by the first half of 2024, and for the BoJ to lift its Policy Balance Rate by 10 bps to 0.00% and potentially scrap altogether its Yield Curve Control program at its April 2024 meeting. We believe risks are only modestly tilted toward a later policy adjustment.

We see policy rates in Japan normalizing, but not continuing to climb. Thus, we expect only a moderate rise in JGB yields in the future. In addition, we are not changing our yen outlook for the time being. Although the BoJ has shown a slight hawkish tilt, the Fed has maintained a "higher for longer" stance as well, meaning neither U.S. nor Japanese trends are likely to have the power to swing the yen's value in a meaningful direction at this time. That said, as the U.S. falls into recession and the Fed begins lowering policy rates next year, we expect the yen to enjoy moderate gains as 2024 progresses.



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



Source: Datastream and Wells Fargo Economics

China and Eurozone Economic Data Surprise to the Downside

China's economic data as of late have delivered a mix of both upside and downside surprises. Q3 GDP came in higher than forecast at 4.9% year-over-year, while September retail sales and industrial output also beat expectations. However, this week's official PMI figures for October tell another side to China's economic story. Both the manufacturing and non-manufacturing indices slumped, coming in below consensus expectations. The manufacturing PMI fell to 49.5 in October from 50.2 in September, while the non-manufacturing PMI fell to 50.6 in October from 51.7 in September—the lowest reading since December 2022.

Taking a look at the bigger picture, these PMIs fit into the story that China's economy is not as sturdy as it may seem. Even if the Chinese economy grows at or above the official growth target of 5% in 2023—with our current forecast being 5.2% growth—we do not see this momentum continuing

into the years ahead due to structural economic challenges. Among these challenges are weak domestic demand and a property sector marked by overleveraged firms that could continue to lose the confidence of consumers. Overall, the fall in October PMIs suggests that the firmer economic growth seen during the third quarter may be only a temporary reprieve. We would caution against overconfidence in China's economic trajectory, and indeed still forecast slower economic growth of 4.5% for 2024 and 4.3% for 2025.

Staying on the theme of soft economic data, this week's key data points from the Eurozone printed even softer than already-subdued consensus expectations. Eurozone Q3 GDP fell 0.1% quarter-over-quarter, undershooting expectations for flat growth, although an upward revision in Q2 GDP growth to 0.2% provided a partial offset. Germany, the region's largest economy, saw its GDP fall 0.1%, while Italy's GDP was flat and French GDP edged up a meager 0.1%. Sentiment data have also been weak, with the Eurozone manufacturing and services PMIs suggesting the economy will remain soft in the months ahead. On the price front, Eurozone inflation slowed more than expected in October. The headline CPI slowed sharply to 2.9% in October from 4.3% in September, reaching its lowest level in over two years. Meanwhile, the core CPI moderated to 4.2% in October from 4.5% in September. Overall, the European Central Bank (ECB) has seen some progress in slowing inflation toward target via interest rate hikes, though the trade-off has been slower economic growth. In this environment, we believe the ECB is increasingly unlikely to hike rates further. At the same time, it may be some time before the ECB begins easing, and we do not forecast rate cuts until Q2-2024. Finally, in other central bank activity across Europe, the Bank of England kept its policy rate at 5.25% and repeated that rates would need to remain sufficiently restrictive for sufficiently long to return inflation to the 2% target sustainably in the medium term. Norway's central bank held its policy rate at 4.25% but hinted that a December rate increase was still more likely than not.

(Return to Summary)

International Outlook

Weekly International Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
7-Nov	Australia Policy Rate	7-Nov	4.35%	4.35%	4.10%
9-Nov	Mexico Policy Rate	9-Nov	11.25%	11.25%	11.25%
10-Nov	U.K. GDP (QoQ)	Q3	-0.1%	0.0%	0.2%
10-Nov	U.K. GDP (YoY)	Q3	0.6%	0.6%	0.6%

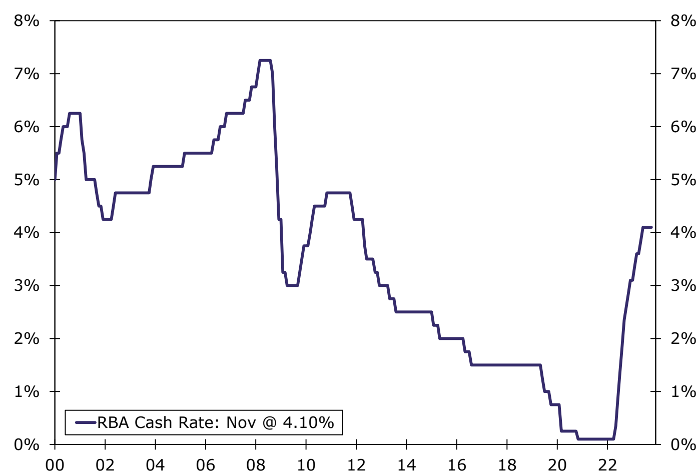
Forecast as of November 03, 2023

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

Reserve Bank of Australia Policy Rate • Tuesday

The Reserve Bank of Australia (RBA) has its monetary policy meeting next week, at which we expect the central bank to announce a resumption of its rate hike cycle.

Having raised its policy rate substantially since early 2022, the RBA has kept rates steady since June this year as its assesses the impact of its cumulative monetary tightening. Australia's economy is experiencing a period of below-trend growth, which is expected to continue for a while. At the same time, while Australian inflation has passed its peak, the RBA has said inflation is still too high and will remain so for some time yet. The central bank in particular has indicated concern over elevated services and non-tradables inflation. At its last announcement, the RBA indicated "some further tightening of monetary policy may be required to ensure that inflation returns to target in a reasonable timeframe." Since then, Q3 CPI inflation slowed less than expected, September retail sales were solid, and RBA Governor Bullock offered hawkish comments hinting at further tightening. Against this backdrop we believe the RBA will resume tightening by raising its Cash Rate 25 bps to 4.35% at its November monetary policy meeting.

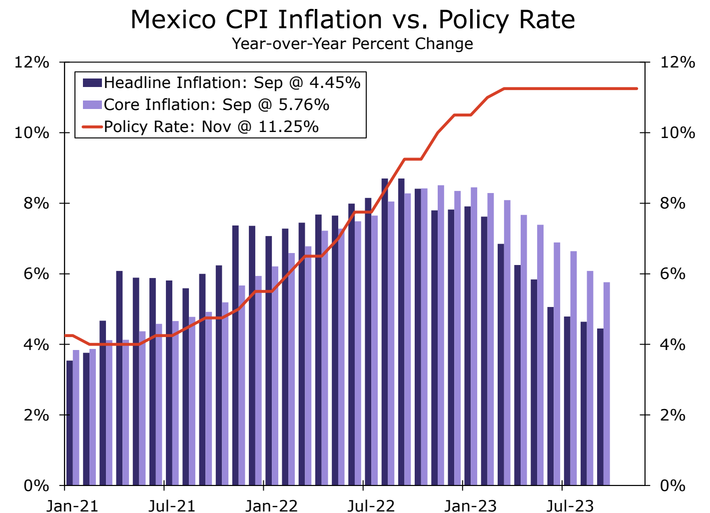


Source: Bloomberg Finance L.P. and Wells Fargo Economics

Mexico Policy Rate • Thursday

Next Thursday, Mexico's central bank announces its latest monetary policy decision, at which we expect it to continue with its extended interest rate pause. We expect policymakers to hold the overnight rate at 11.25%, where it has been since March of this year. At its most recent meeting in late September, the central bank revised its inflation forecasts to show a more gradual decline than previously foreseen, and indicated that inflation risks remain biased to the upside. The central bank also indicated concerns over the persistence of services inflation. Against this backdrop, the central bank again signaled that its policy rate would need to remain at its current level for an extended period for inflation to converge toward target over time.

In our view, the economic news in recent weeks has offered little reason for Mexico's central bank to shift away from its interest rate pause. Economic growth has remained resilient and, indeed, Mexico's Q3 GDP growth firmed slightly to 0.91% quarter-over-quarter. The September CPI decelerated broadly as expected, with the headline CPI printing at 4.45% year-over-year and the core CPI printing at 5.76%. However, within the details, services inflation actually quickened slightly to 5.23%. With the Mexican peso also weaker against the greenback through much of October, we expect the Bank of Mexico to hold its overnight rate at 11.25% next week and signal that elevated interest rates will remain for an extended period.

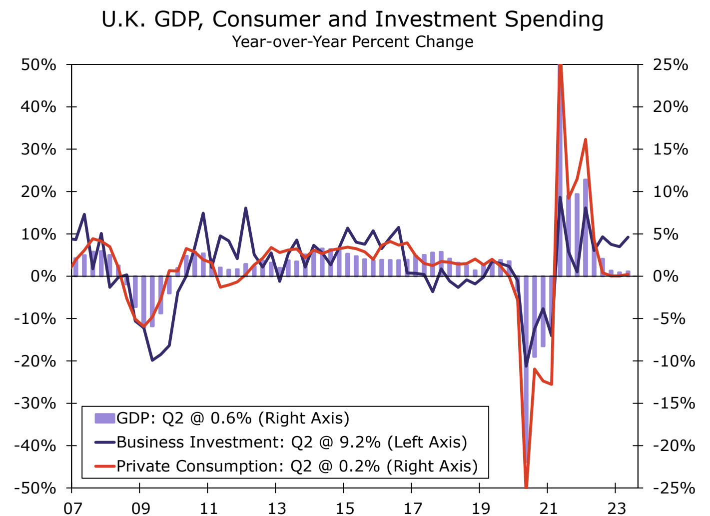


Source: Bloomberg Finance L.P. and Wells Fargo Economics

U.K. GDP • Friday

The United Kingdom reports third-quarter GDP figures next week, which are likely to show the economy coming to a standstill as 2023 progresses. While Q2 GDP rose 0.2% quarter-over-quarter, monthly retail sales and GDP data have generally been soft during Q3, while the average level of the U.K. PMIs in Q3 was also noticeably lower than in Q2.

Against this backdrop, we expect a flat quarter-over-quarter outcome for Q3 GDP, while the consensus forecast is for GDP to dip 0.1% quarter-over-quarter. Q3 GDP growth is expected to remain steady at 0.6% year-over-year. The details of the report may also underwhelm, as we expect Q3 consumer spending expected to be essentially unchanged quarter-over-quarter and business investment to decline. In addition, September GDP figures are likely to show the economy ended the quarter on a sluggish note. The consensus forecast is for September GDP to be flat month-over-month, with services activity expected to edge up 0.1% and industrial output expected to fall by 0.1%. Given the Bank of England's aggressive tightening of the past several quarters, we believe economic stagnation may soon give way to contraction, and forecast a mild recession for the U.K. economy in Q4-2023 and Q1-2024.



Source: Datastream and Wells Fargo Economics

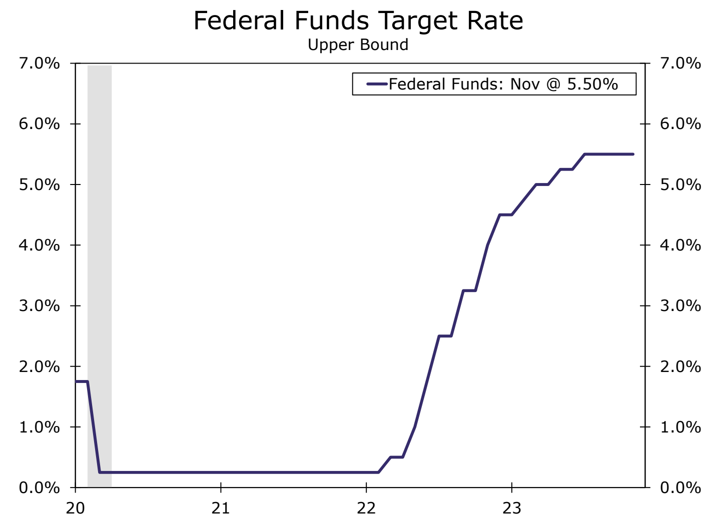
(Return to Summary)

Interest Rate Watch

FOMC on "Hawkish Hold"

The Federal Open Market Committee (FOMC) concluded its most recent policy meeting on Nov. 1 and, to nobody's surprise, the committee unanimously agreed to keep its target rate for the federal funds rate unchanged at 5.25%-5.50%. The committee kept the door open to further tightening by reiterating that "inflation remains elevated," and that it will monitor economic and financial developments when "determining the extent of additional policy firming that may be appropriate." But in a nod to the recent back-up in long-term interest rates, the statement said "tighter financial and credit conditions for households and businesses are likely to weigh on economic activity, hiring, and inflation."

This is the third meeting out of the past four at which the FOMC has refrained from hiking its target range for the federal funds rate (chart). Most observers, ourselves included, characterized the decision at the June 14 meeting to keep rates on hold as a "pause." That is, most observers reasoned that the committee was slowing its pace of tightening in June, but that it would eventually hike again, which the FOMC ultimately did at its meeting on July 26. Given that inflation has receded further over the past few months and that "tighter financial and credit conditions" have developed, it appears to us that the committee is now in "hawkish hold" mode. That is, the FOMC is keeping the door open to further tightening, but that the bar to further rate increases is higher now than it was a few months ago.



Source: Federal Reserve Board and Wells Fargo Economics

In that regard, we think the FOMC is done hiking rates. But we also forecast that it will be some time before the FOMC starts to ease policy. Indeed, Chair Powell noted in his post-meeting press conference that the committee is not contemplating a rate cut at this time. As we detailed in our most recent U.S. Economic Outlook, we think that the upward creep in the real fed funds rate in coming months will act as a "passive" tightening of monetary policy that will lead to a period of economic weakness, if not outright contraction in real GDP, next year. This period of economic weakness will then induce the FOMC to begin easing policy. Specifically, we look for the FOMC to cut rates by 225 bps by early 2025, which is more than the market and Fed officials currently project.

(Return to Summary)

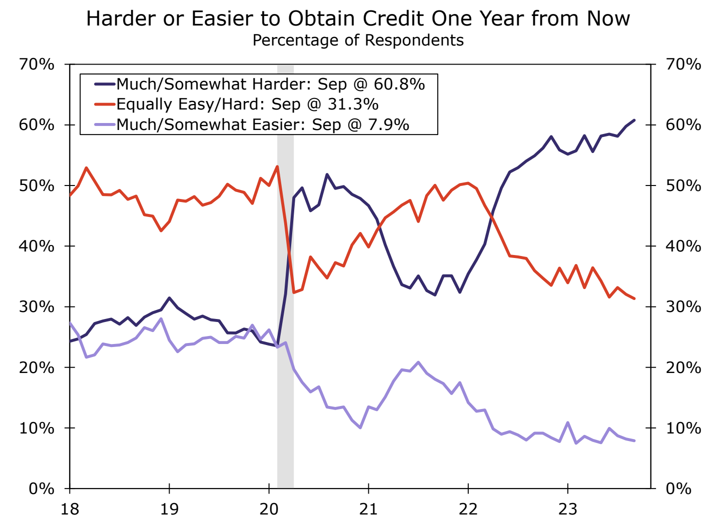
Credit Market Insights

Households Grow More Pessimistic about Credit Conditions

Earlier this month, the New York Fed released September data for its Survey of Consumer Expectations. The data revealed that inflation expectations held mostly steady, with median inflation expectations for the one- and three-year-ahead horizons increasing slightly to 3.7% and 3.0%, respectively. In contrast, median inflation expectations at the five-year-ahead horizon decreased to 2.8%. While inflation expectations were largely stable, households' perceptions and expectations for credit conditions deteriorated slightly over the month. This largely reflects the squeeze consumers are feeling from the current high-rate environment.

In September, the share of households reporting that it was more difficult to obtain credit compared to a year ago increased, while the share reporting that it was easier declined (chart). Similarly, a higher share of respondents expected tighter credit conditions in the near future, while the share of respondents expecting looser credit conditions declined. In addition, for households, the average perceived probability of missing a minimum debt payment over the next three months increased to 12.5%, the highest reading since May 2020.

We do not anticipate households' expectations for credit conditions to improve in the near future. While the economy generally remains resilient despite the 525 bps of hiking the Federal Open Market Committee (FOMC) has implemented since March 2022, cracks are beginning to emerge. The 30-year fixed mortgage rate has remained above 7% since August of this year, and delinquencies for credit card and auto loans have started to tick up, reaching pre-pandemic levels. At Wednesday's meeting, the FOMC kept the federal funds rate unchanged with no indication of rate cuts any time soon. We forecast the FOMC will remain on hold through the rest of this year and most of Q1- and Q2-2024. As the fed funds rate remains unchanged and inflation slowly recedes, we anticipate that the stance of monetary policy will become more restrictive on a passive basis and eventually lead to a period of economic weakness, during which the committee will likely begin to cut rates. Until then, households' perceptions about credit conditions will likely further deteriorate as they continue to feel the squeeze of higher interest rates.



Source: Federal Reserve Bank of New York and Wells Fargo Economics

(Return to Summary)

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 11/3/2023	1 Week Ago	1 Year Ago
SOFR	5.33	5.31	3.05
Effective Fed Funds Rate	5.33	5.33	3.08
3-Month T-Bill	5.41	5.45	4.13
1-Year Treasury	5.15	5.20	4.52
2-Year Treasury	4.86	5.00	4.71
5-Year Treasury	4.47	4.76	4.37
10-Year Treasury	4.52	4.83	4.15
30-Year Treasury	4.70	5.01	4.18
Bond Buyer Index	4.17	4.19	3.65

Foreign Exchange Rates

	Friday 11/3/2023	1 Week Ago	1 Year Ago
Euro ($/€)	1.073	1.057	0.975
British Pound ($/£)	1.236	1.212	1.116
British Pound (£/€)	0.868	0.872	0.874
Japanese Yen (¥/$)	149.360	149.660	148.260
Canadian Dollar (C$/$)	1.369	1.387	1.375
Swiss Franc (CHF/$)	0.898	0.902	1.013
Australian Dollar (US$/A$)	0.650	0.634	0.629
Mexican Peso (MXN/$)	17.409	18.114	19.648
Chinese Yuan (CNY/$)	7.304	7.317	7.302
Indian Rupee (INR/$)	83.285	83.245	82.891
Brazilian Real (BRL/$)	4.891	5.014	5.116
U.S. Dollar Index	105.146	106.559	112.930

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

Foreign Interest Rates

	Friday 11/3/2023	1 Week Ago	1 Year Ago
3-Month German Govt Bill Yield	3.69	3.71	1.02
3-Month U.K. Govt Bill Yield	5.28	5.32	2.71
3-Month Canadian Govt Bill Yield	4.99	5.04	3.84
3-Month Japanese Govt Bill Yield	-0.22	-0.15	-0.11
2-Year German Note Yield	2.97	3.04	2.09
2-Year U.K. Note Yield	4.67	4.78	3.10
2-Year Canadian Note Yield	4.42	4.58	4.06
2-Year Japanese Note Yield	0.15	0.09	-0.04
10-Year German Bond Yield	2.65	2.83	2.25
10-Year U.K. Bond Yield	4.29	4.54	3.52
10-Year Canadian Bond Yield	3.71	3.98	3.41
10-Year Japanese Bond Yield	0.93	0.88	0.25

Commodity Prices

	Friday 11/3/2023	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	82.00	85.54	88.17
Brent Crude ($/Barrel)	86.18	90.48	94.67
Gold ($/Ounce)	1994.63	2006.37	1629.49
Hot-Rolled Steel ($/S.Ton)	873.00	866.00	680.00
Copper (¢/Pound)	368.90	364.60	342.70
Soybeans ($/Bushel)	13.01	13.02	14.33
Natural Gas ($/MMBTU)	3.51	3.16	5.98
Nickel ($/Metric Ton)	17,754	17,849	24,063
CRB Spot Inds.	539.72	544.30	553.27

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. © 2023 Wells Fargo Bank, N.A.

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