WELLS FARGO

Weekly — October 14, 2022

Weekly Economic & Financial Commentary

United States: **Inflation Is the Name of the Game**

- Thursday's highly anticipated Consumer Price Index report surprised to the upside. Headline CPI rose 0.4% in September, and core CPI increased 0.6%. Even with some easing on a year-ago basis, the details of the report suggest inflation still has plenty of momentum and remains broad-based.
- Next week: Industrial Production (Tue.), Existing Home Sales (Thu.), Leading Index (Thu.)

International: **Increasing Signs of an Impending U.K. Slowdown**

- This week's U.K. data offered increasing evidence of a slowing economy. August GDP unexpectedly fell 0.3% month-over-month and services activity dipped 0.1%, while industrial output dropped 1.8%. With GDP likely to also fall further in September, the U.K. economy is on course to contract for Q3 as a whole. The GDP data was not the only sign of softness, as labor market figures showed a decline in employment for the June-August period.
- Next week: China GDP (Tue.), U.K. CPI (Wed.), Canada CPI (Wed.)

Interest Rate Watch: **CPI Keeps Pressure on FOMC to Be Aggressive**

- If there were any question that the FOMC would not raise its target range for the fed funds rate by 75 bps at its next meeting on Nov. 2, those doubts were forcibly put to rest by the higher-than-expected CPI data this week.

Topic of the Week: **China's Economy and the Start of the 20th National Party Congress**

- Against a slowing growth backdrop, China will host its 20th National Party Congress starting this weekend. By most accounts, Xi Jinping, current general secretary of the Chinese Communist Party, will be named to a precedent-defying third term as head of the CCP.

Wells Fargo U.S. Economic Forecast

	Actual				Forecast				Actual	Forecast		
	2022				2023				2021	2022	2023	2024
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product [1]	-1.6	-0.6	3.0	1.0	0.4	-2.1	-1.8	-0.9	5.9	1.9	0.0	0.9
Personal Consumption	1.3	2.0	0.6	0.9	0.5	-1.3	-1.8	-0.7	8.3	2.5	0.0	0.6
Consumer Price Index [2]	8.0	8.6	8.3	7.8	6.5	4.5	3.7	2.9	4.7	8.2	4.4	2.4
"Core" Consumer Price Index [2]	6.3	6.0	6.3	6.4	5.9	5.1	4.2	3.5	3.6	6.2	4.6	2.8
Quarter-End Interest Rates [3]												
Federal Funds Target Rate	0.50	1.75	3.25	4.50	5.00	5.00	5.00	4.50	0.25	2.50	4.88	3.00
Conventional Mortgage Rate	4.42	5.81	6.70	6.65	6.55	6.35	6.15	5.60	2.95	5.90	6.16	5.16
10 Year Note	2.32	2.98	3.83	4.05	4.05	3.90	3.75	3.25	1.45	3.30	3.74	2.95

Forecast as of: October 14, 2022

[1] Compound Annual Growth Rate Quarter-over-Quarter [2] Year-over-Year Percentage Change [3] Annual Numbers Represent Average

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

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

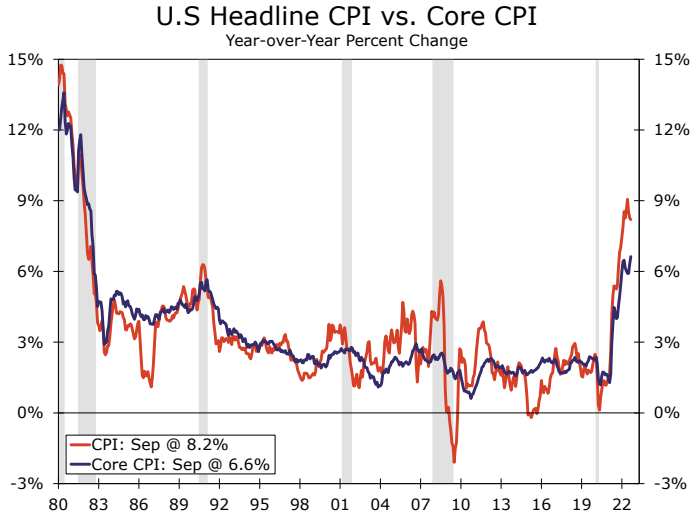
U.S. Review

Inflation Is the Name of the Game

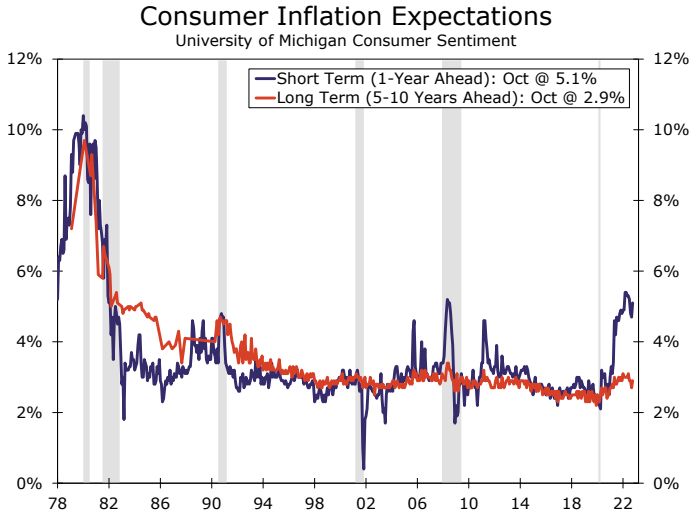
Thursday's highly anticipated Consumer Price Index (CPI) report surprised to the upside. Headline CPI rose 0.4% in September, 0.2 percentage points higher than expected by the Bloomberg consensus. Over the year, the CPI is up 8.2%, a slight step down from August's 8.3% reading. Even with some easing on a year-ago basis, the details of the report suggest inflation still has plenty of momentum and remains broad-based.

Gas prices slid 4.9% last month, helping to offset some solid increases seen elsewhere in the consumption basket. Food price growth remains a major pressure point. The food CPI rose 0.8% in September, trailing only modestly behind the 1.0% average pace over the prior three months. On the bright side, we suspect food inflation will not worsen from here. Food-related commodity prices have rolled over, and in the separately-reported Producer Price Index, transportation and warehousing costs slid for the third consecutive month in September, providing scope for disinflation in food, and goods prices more broadly, in the coming months.

Excluding food and energy, the core CPI rose 0.6% in September, matching August's pace and pushing the year-ago rate up to a fresh 40-year high of 6.6%. Core goods prices were flat over the month, with notable declines in used vehicles (-1.1%), education & communication goods (-0.6%) and apparel (-0.3%). Core services, on the other hand, rose a blistering 0.8%. Strength was broad-based, with sturdy increases in transportation services (1.9%), medical care (1.0%) and owners equivalent rent (0.8%). In short, services inflation continues to gain traction, while goods inflation is showing signs of slowing. For insight on what the latest consumer price data mean for the FOMC's thinking, please see this week's Interest Rate Watch.



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



Source: University of Michigan and Wells Fargo Economics

Households continue to broadly look through inflation and spend. Retail sales were flat in September, coming off an upwardly revised 0.4% gain in August. Adjusting for price growth, we estimate real retail sales rose 0.3%, underscoring the staying power of consumers. Among the major retailer groups, there was an even split of positive and negative sales growth over the month. Control group retail sales, which exclude restaurants, auto dealers, building material stores and gas stations, rose a solid 0.4%, and suggest real personal consumption expenditures finished the third quarter with some momentum.

While inflation has not yet meaningfully weighed on spending, it is showing up in confidence surveys. The University of Michigan's preliminary read on consumer sentiment showed some modest improvement this month. The headline index rose to 59.8 in October, up from 58.6 last month, driven by a 5.6-point increase in the current conditions component. The expectations component declined 1.8 points. Meanwhile, inflation expectations for both short-term (one-year ahead) and long-term (5-10 years ahead) crept higher. Even with the increase, at 2.9%, long-term inflation expectations remain anchored relative to historical standards (chart).

As outlined in our recently published U.S. Economic Outlook, consumers have shown resilience to elevated inflation by relying on accumulated savings and tapping sources of credit. We suspect they have the ability to continue to do so in the near term, but tighter monetary policy is likely to bite more meaningfully into spending next year. (Return to Summary)

U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
18-Oct	Industrial Production (MoM)	Sep	0.1%	0.2%	-0.2%
18-Oct	Capacity Utilization	Sep	79.9%	80.0%	80.0%
19-Oct	Housing Starts (SAAR)	Sep	1,464K	1,537K	1,575K
20-Oct	Existing Home Sales (SAAR)	Sep	4.69M	4.73M	4.80M
20-Oct	Leading Index (MoM)	Sep	-0.3%	-0.6%	-0.3%

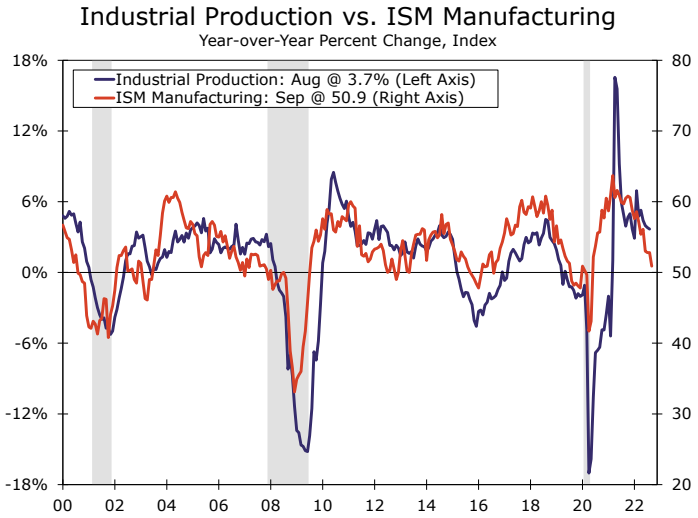
Forecast as of October 14, 2022

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

Industrial Production • Tuesday

Industrial production fell 0.2% in August. While the regional Fed PMIs generally pointed to the downside, manufacturing eked out a 0.1% increase, which was offset by a larger decline in utilities and unchanged mining output. Strong demand for machinery, computers & electronics, and aerospace & miscellaneous transportation equipment all propelled nondurable manufacturing to a strong increase. Continued supply chain issues again caused motor vehicles and parts to lag. We expect to see motor vehicle production pick up even as other areas of industrial production see more pronounced slowdowns; demand isn't the issue in the autos sector, supply is, which should contribute to expanding production as the situation eases for auto producers.

In September, we expect to see similar factors at play as in August. However, without the declines that utilities registered in August, we expect to see a more encouraging 0.2% headline figure for industrial production growth. ISM manufacturing, while it did fall slightly over the past month, is still above 50 and in expansionary territory. Broadly, demand continues despite the poor economic outlook; while new orders contracted in September, the backlog of orders remains in expansion and customers' inventories are still too low. There is yet room to push ahead in production to meet backlog despite the storm clouds ahead for incoming demand.

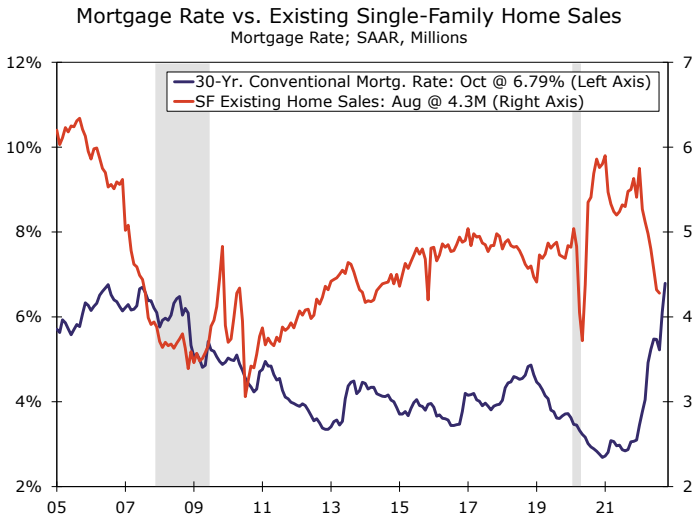


Source: Federal Reserve Board, ISM and Wells Fargo Economics

Existing Home Sales • Thursday

Mortgage rates rising higher through the month of September likely added a kick to the decline in existing home sales. We expect existing home sales fell to a 4.73M annualized rate, a decline of 1.5% over the month. Freddie Mac reported that the average fixed rate on a 30-year mortgage rose more than 100 bps between the first and last weeks of September, from 5.66% to 6.70%. This pressure provides a contrast to August, where existing home sales declined by less than what was expected due to a decline in rates in the middle of the month.

Overall, the trends from the past several months continue to weigh on home sales. In September, homeowners would have been trading existing mortgages, which have seen three years of below 4% rates for a great refinancing opportunity, for a new origination with rates more than one and a half times higher. Existing home prices have declined the past two months, so sellers may feel less inclined to keep their home on the market if they needed to commit to price cuts to remain competitive. On the buyer side, the MBA mortgage purchase index was steady through the first four weeks of the month, but tumbled in the last week, continuing the trend in falling mortgage applications since January. Despite the slight price declines, housing affordability continues to constrain demand.

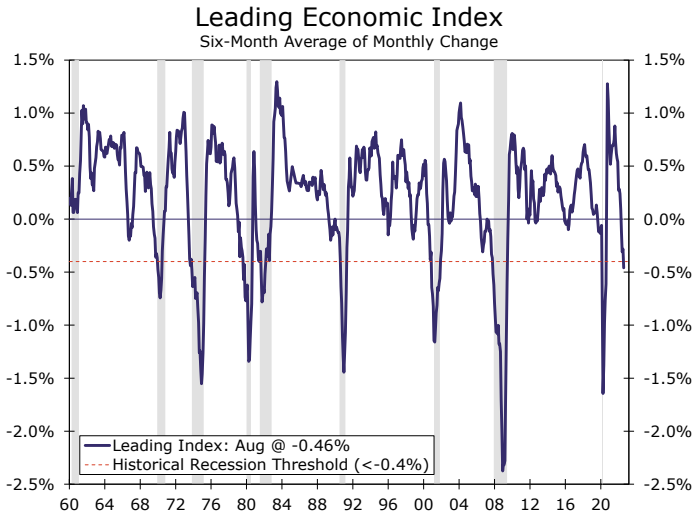


Source: National Association of Realtors, Freddie Mac and Wells Fargo Economics

Leading Index • Thursday

The leading economic index (LEI) flashed historic recession warning signs in August, an indictment to some that economic conditions are unraveling. The LEI declined 0.3% in August, but our focus is on the six-month average-monthly change. Over the past 60 years, whenever this measure fell to -0.4% a recession has followed (see chart).

August brought the average just barely below that threshold at -0.46%, but September is expected to bring the average down even further. While the labor market is a wash—the average workweek was flat, while initial jobless claims were down from the end of August to the start of September—manufacturing new orders are contracting and consumer confidence appears little improved. We are continuing to monitor equity prices and interest rate spreads, but our overall outlook is that the leading economic index will point to slowing growth and the recent warning signs are consistent with our expectation for the U.S. economy to fall into a recession next year. We forecast that LEI declined 0.6% in September. (Return to Summary)



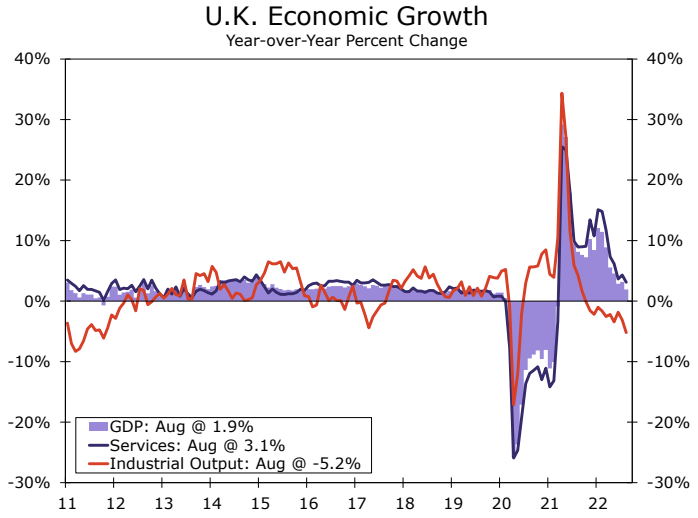
Source: The Conference Board and Wells Fargo Economics

International Review

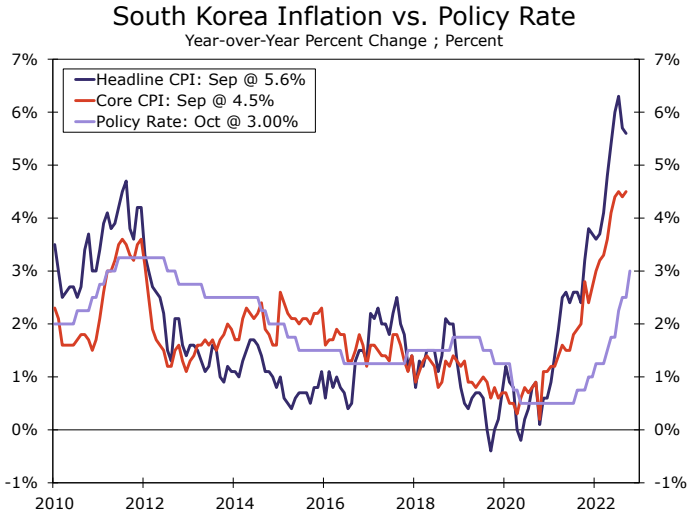
Increasing Signs of an Impending U.K. Slowdown

In addition to the recent turmoil in U.K. government bond markets, this week's economic data offered increasing evidence of a slowing U.K. economy. Most notably, U.K. August GDP unexpectedly fell by 0.3% month-over-month, while July was revised to show just a scant 0.1% increase. To be sure, there was noticeable weakness in the manufacturing sector as industrial output fell 1.8%, but services output also fell 0.1%. And in particular, output for so-called consumer-facing services (which includes sports, entertainment and retail trade, among other activities) fell 1.8%, suggesting high inflation is increasingly starting to weigh on consumer purchasing power. For the July-August period, the average level of GDP was 0.3% below its Q2 average. With a further fall in economic activity likely in September, given the extra holiday due to the funeral of Queen Elizabeth II, U.K. GDP is clearly on track to contract for the third quarter as a whole.

The GDP figures were not the only signs of economic softness from the U.K. this week. There were also hints of weakness in labor market figures, as employment for the June-August period fell by 109,000 compared to the March-May period, and September claimant count unemployment rose 25,500. There were however also some signs of resilience as the unemployment rate for the June-August period dipped to 3.5% and average weekly earnings firmed to 6.0% year-over-year.



Source: Datastream and Wells Fargo Economics



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

An Active Week for Emerging Market Central Banks

There was quite a bit of activity from emerging market central banks during the past week. In South Korea, the central bank raised its policy rate by 50 bps to 3.00%, after it had hiked rates by just 25 bps at its August meeting. The larger interest rate increase came as price trends remain elevated overall and amid a backdrop of Korean won weakness versus the U.S. dollar. That said, the decision to increase rates by 50 bps was not unanimous, with two policymakers voting in favor of a smaller 25 bps increase. Bank of Korea Governor Rhee also said there is a lot of disagreement over the pace of the November hike among policymakers.

In its statement, the central bank said it "sees continued rate hikes as warranted," though the vote-split and the central bank governor's comments suggest it is highly possible the Bank of Korea could revert to a smaller 25 bps increment as it balances high inflation against a Korean economic slowdown. Indeed, the end of Korea's tightening cycle may not be that far away, with Governor Rhee saying many policymakers see a terminal policy rate around 3.50%.

In Chile, the central bank increased its policy interest rate by 50 bps, while also signaling an end to its monetary tightening cycle. Chile's central bank raised its policy rate to 11.25% and said it "estimates that the monetary policy rate has reached the maximum level of the cycle that began in 2021." A worsening global growth outlook, softening consumer indicators and stagnant employment likely contributed to the decision to end the rate hike cycle. However, the central bank also suggested its policy rate would remain at its current level for some time, saying "it will remain there for as long as

necessary to ensure the convergence of inflation to the target over the two-year policy horizon." Even with some modest slowing in September, CPI inflation remains very elevated at 13.7% year-over-year, while the Chilean peso has been a notable underperfomer since around the middle of 2022—both factors that are likely contributing to central bank's caution regarding a premature easing of monetary policy.

Finally, Singapore's central bank tightened monetary policy by adjusting its currency policy settings. With respect to the targeted band for the trade-weighted Singapore dollar, the central bank lifted (or re-centered) the midpoint of that band to the prevailing exchange rate level, while making no changes to the width of the band or the pace of currency appreciation. The policy adjustment will allow the Singapore dollar to strengthen further. The central bank said that core inflation is likely to remain high during the first half of 2023, and that risks to core inflation are still tilted to the upside. Meanwhile, the initial estimate of Singapore's Q3 GDP showed growth of 1.5% quarter-over-quarter and 4.4% year-over-year. Growth by sector was mixed, as services activity rose 2.5% quarter-over-quarter and construction activity rose 3.9%, while manufacturing activity fell 3.3%. (Return to Summary)

International Outlook

Weekly International Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
18-Oct	China GDP (QoQ)	Q3	3.4%	--	-2.6%
18-Oct	China GDP (YoY)	Q3	3.4%	--	0.4%
19-Oct	U.K. CPI (YoY)	Sep	10.0%	10.0%	9.9%
19-Oct	Canada CPI (YoY)	Sep	6.6%	6.6%	7.0%

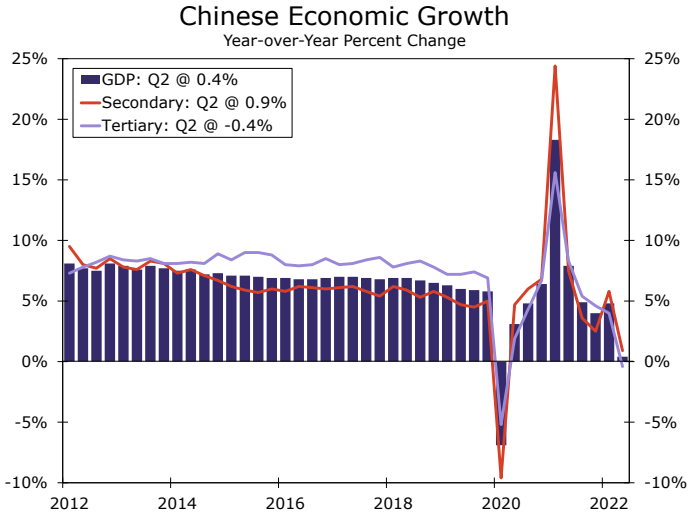
Forecast as of October 14, 2022

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

China GDP • Tuesday

Next week sees the latest release of China's most comprehensive measure of economic activity, Q3 GDP. Earlier in the year amid a spike in COVID cases, China experienced widespread restrictions and lockdowns, contributing to a Q2 GDP slump of 2.6% quarter-over-quarter. With those restrictions having been subsequently eased (albeit not fully removed in all cases), and given some improvement in monthly indicators, a rebound in Q3 is anticipated. The consensus forecast is for Q3 GDP to rise 3.4% quarter-over-quarter and for growth to firm to 3.4% year-over-year.

That said, given authorities have generally remained steadfast in pursuing their COVID-zero policy and while challenges continue to face the real estate sector, the path of the economy remains uneven, with the services PMI in particular softening in September. Monthly activity data will also be released alongside the GDP figures next week. Those data are expected to show September retail sales slowing to 3.5% year-over-year, while September industrial output is forecast to firm to 4.9% year-over-year.

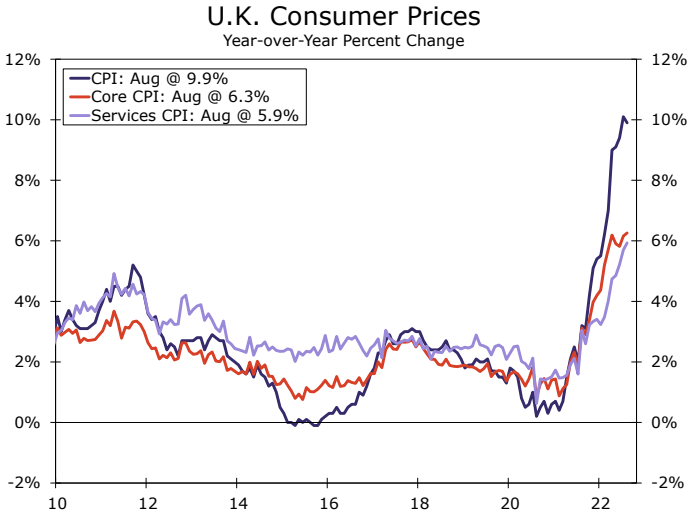


Source: Bloomberg Finance L.P. and Wells Fargo Economics

U.K. CPI • Wednesday

U.K. September inflation is released next week and is not expected to show any relief on the price front. Inflation has surged higher as 2022 has progressed, reaching 9.9% year-over-year in August. Price gains have been led in particular by energy prices, which rose 52% in August, although inflation pressures are evident elsewhere too, as services prices rose 5.9% and core CPI (which excludes energy, food, alcohol and tobacco) rose 6.3%.

For September, the consensus forecast is for no relief on the price front with the headline CPI expected to edge higher to 10.0% year-over-year and the core CPI also seen edging up higher to 6.4%. Moreover, it is very likely we have not yet seen the peak of inflation, with another round of electricity price increases in October still to be reflected in the CPI figures. Accordingly, we forecast further tightening from the Bank of England, including an expected 100 bps policy rate increase at the early November monetary policy announcement. That said, an outsized September CPI gain could still tilt the risks toward a larger November hike.

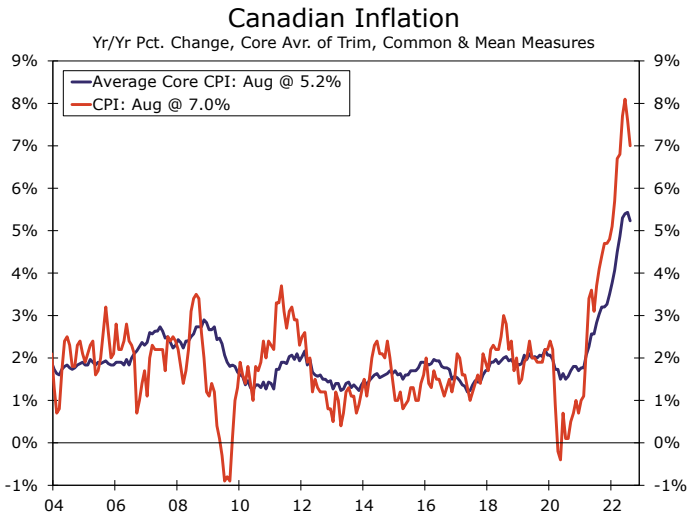


Source: Datastream and Wells Fargo Economics

Canada CPI • Wednesday

The release of Canada's September CPI is expected to show a further deceleration of inflation, with the consensus forecast calling for headline inflation to slow to 6.6% year-over-year, from 7.0% in August. That would mark the third straight slowdown in inflation, a trend that has been driven in particular by falling gasoline prices, which could also decline further in September. It is not yet apparent whether broader price pressures are showing a significant slowdown, with food prices in particular continuing to quicken in August. In fact, the consensus forecast is for the trimmed mean CPI—one of the core inflation measures—to remain steady at 5.2% year-over-year.

While the slowing in headline inflation might be enough for the Bank of Canada to slow the pace of rate increases, we don't think it will be enough to dissuade the central bank from further tightening. We note that Bank of Canada Governor Macklem recently said the economy is clearly operating with excess demand and that core inflation has yet to decline meaningfully. As of now, we expect the Bank of Canada to raise its policy rate by 50 bps in late October, which would be less than the 75 bps increase it delivered in September. (Return to Summary)



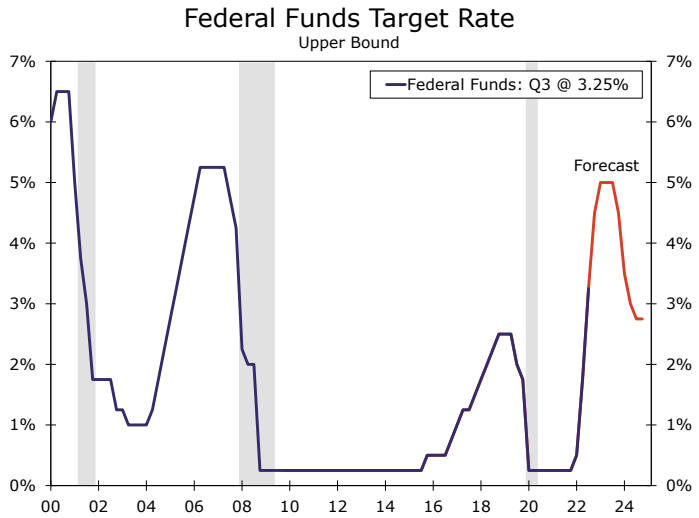
Source: Bloomberg Finance L.P. and Wells Fargo Economics

Interest Rate Watch

CPI Keeps Pressure on FOMC to Be Aggressive

If there were any question that the FOMC would not raise its target range for the fed funds rate by 75 bps at its next meeting on November 2, those doubts were forcibly put to rest by the higher-than-expected CPI data this week (see the U.S. Review for more detail). Assuming the world does not change profoundly between now and November 2, the Committee will undoubtedly deliver its fourth 75 bps rate hike since June. As of this writing, there is some market speculation that the FOMC could announce a 100 bps rate hike on November 2. Although we would not unequivocally rule out such a move, it seems unlikely to us. There may be a few policymakers who would be in favor of raising rates by 100 bps at the November 2 meeting, but we do not believe that a critical mass of Committee members would support such a move.

If the FOMC does hike rates by 75 bps on November 2, then it will have raised its target range for the fed funds rate by 375 bps so far this year, the most aggressive pace of policy tightening since the early 1980s. Furthermore, more tightening in the months ahead seems likely. Indeed, the minutes of the September 21 FOMC meeting revealed that "participants continued to anticipate that ongoing increases in the target range for the federal funds rate would be appropriate to achieve the Committee's objectives." But "several participants noted that … it would be important to calibrate the pace of further policy tightening with the aim of mitigating the risk of significant adverse effects on the economic outlook." That is, there will come a point at which the FOMC will want to slow the pace of rate hikes to reduce the risk that the cumulative effect of policy tightening does not crater the economy.



Source: Federal Reserve Board and Wells Fargo Economics

We look for the Committee to hike rates by 50 bps on December 14 and by 25 bps at both the February 1 meeting and the March 22 meeting. If this forecast is realized, then the FOMC will have raised the fed funds rate from its current range of 3.00%-3.25% to 4.75%-5.00% by March 2023 (see chart at right). By then, we think the U.S. economy will be showing signs of slipping into recession, which will bring the tightening cycle to an end. But we believe the FOMC will want to see credible signs that inflation is receding back toward 2% on a sustained basis before it begins cutting rates. We do not expect those signs to credibly emerge until late next year.

There has been some speculation that volatility in financial markets could lead the FOMC to slow its pace of tightening, if not bring it to an end. We are skeptical of this argument because the FOMC's overriding objective at present is to bring inflation back toward its target of 2% as expeditiously as possible. In our view, the widening in credit spreads that has occurred to date and the selloff in the stock market are not yet disruptive enough to slow the pace of Fed tightening. If financial markets become completely dysfunctional and begin to grind to a halt à la autumn 2008 or March 2020, then the FOMC likely would reconsider its current path. But until that extreme dysfunction occurs, we believe the FOMC will continue to tighten policy aggressively. (Return to Summary)

Topic of the Week

China's Economy and the Start of the 20th National Party Congress

China's economy made only modest progress toward stabilization in Q3. Early in the quarter, we saw slight evidence of economic conditions improving; however, September data suggest conditions in China may have deteriorated toward the end of Q3 as indicators softened over the course of the past month (see chart). Activity proxy indices weakened in September, while a negative economic surprise number reveals most of China's activity and sentiment indicators underwhelmed relative to consensus expectations. As far as industry level data, sentiment in China's manufacturing sector was mixed in September. The official manufacturing PMI climbed to 50.1 and back into expansion territory; however, the Caixin manufacturing PMI dropped to 49.3, further below the key 50 level. On the services side, COVID-related restrictions sporadically occurred over the course of the past month, which weighed on sentiment. The official non-manufacturing PMI dipped to 50.6 from 52.6, and while still in expansion territory, the index fell to its lowest level since May. Sentiment measured via the unofficial Caixin services PMI indicates a more severe consumer slowdown as the index dropped to 49.3 from 55 in August.

With the manufacturing and services sectors still under pressure, Chinese authorities have continued to set accommodative policy settings. Fiscal policy, at the local and federal level, is likely to turn more expansionary in an effort to support activity, while the PBoC is likely to maintain economically supportive monetary policy settings for an extended period of time. As far as monetary policy, M2 money supply grew 12.1% year-over-year, and while money supply growth dipped slightly from August, Chinese authorities continue to make liquidity available at a relatively rapid pace. With that said, demand for loans and other forms of financing improved from last month; however, aggregate social financing remains soft at 11.1% year-over-year growth, especially when compared early 2021. We can trace slower demand for loans and financing back to the challenges in China's real estate sector, issues that continue to linger and are unlikely to dissipate anytime soon. These challenges have been percolating for some time, and are having a more profound impact on consumer decisions toward purchasing a home. Through August, Chinese home prices have declined 12 months in a row, while the local real estate developer index is cumulatively down 61% since the middle of 2020. Declining home prices and an overall lack of confidence in China's property sector is weighing on loan demand and, in turn, the broader Chinese economy.

Against this slowing growth backdrop, China will host its 20th National Party Congress starting this weekend. As background, the National Party Congress is held once every five years and is a platform for the Chinese Communist Party (CCP) to provide an assessment of China's evolution over the past five years and highlight primary objectives the CCP has for the next five years. Perhaps more significant, the NPC is also an opportunity for the CCP to determine its new leadership structure and identify Party members who will be in certain roles for the next five years. Starting this weekend, Party leadership will elect about 350 members to China's Central Committee. Once the Central Committee is identified, 25 members will be named to sit on the Politburo, the main decision-making body of the CCP. From there, the 25 members of the Politburo will name a smaller and more select group of members to the Politburo Standing Committee—essentially naming China's top leadership. While CCP leadership and decision-making structures are of significance, arguably most important is who will be named as General Secretary of the CCP (i.e., "Party leader" or "President"). By most accounts, Xi Jinping, current General Secretary of the Chinese Communist Party, will be named to a precedent-defying third term as head of the CCP. A few years ago, Xi made changes to the CCP constitution to eliminate term limits, which is why he is able to secure a third term. Those constitutional changes, in theory, could allow Xi to lead the CCP as General Secretary for as long as he wants.

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

Determining the leadership structure of the Party is important as these members will set the direction of policy for the next five years; however, at the NPC itself we do not believe any changes to current

policy will be undertaken. Historically, the NPC has been a platform to select CCP members and top Party leadership, not so much a forum to enact policy changes, especially policy related to China's economy. In that sense, we do not believe the “zero-COVID” policy toward virus containment will be lifted this weekend nor do we believe the policy will be abandoned in the immediate aftermath of the NPC. We never fully subscribed to the theory that “zero-COVID” is a form of political posturing ahead of the NPC, so Xi could secure his third term—Xi likely secured his third term in office years ago. And with confirmed cases rising in major cities, we have our doubts that current COVID management policy would be lifted as the NPC concludes. Just this week, multiple Chinese authority figures reiterated their commitment to zero-COVID, with the underlying tone of those comments suggesting the policy will be in place for the foreseeable future. We have assumed zero-COVID will be in place for an extended period of time, even through the annual National People's Congress in March 2023, when setting our China-related forecasts. This assumption is one of the key reasons for our below-consensus China GDP forecast for 2022 as well as 2023, and also underpins our view for further PBoC monetary easing and a weaker Chinese renminbi into the early quarters of next year. (Return to Summary)

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 10/14/2022	1 Week Ago	1 Year Ago
SOFR	3.04	3.05	0.05
3-Month LIBOR	4.08	3.83	0.12
3-Month T-Bill	3.72	3.33	0.04
1-Year Treasury	4.32	4.14	0.13
2-Year Treasury	4.50	4.31	0.36
5-Year Treasury	4.28	4.14	1.05
10-Year Treasury	4.02	3.88	1.51
30-Year Treasury	3.99	3.84	2.01
Bond Buyer Index	3.84	3.86	2.28

Foreign Exchange Rates

	Friday 10/14/2022	1 Week Ago	1 Year Ago
Euro ($/€)	0.973	0.974	1.160
British Pound ($/£)	1.119	1.109	1.367
British Pound (£/€)	0.869	0.879	0.848
Japanese Yen (¥/$)	148.670	145.250	113.680
Canadian Dollar (C$/$)	1.386	1.374	1.237
Swiss Franc (CHF/$)	1.005	0.994	0.923
Australian Dollar (US$/A$)	0.622	0.638	0.742
Mexican Peso (MXN/$)	20.061	20.041	20.547
Chinese Yuan (CNY/$)	7.193	7.116	6.440
Indian Rupee (INR/$)	82.338	82.331	75.258
Brazilian Real (BRL/$)	5.310	5.203	5.513
U.S. Dollar Index	113.260	112.795	93.956

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

Foreign Interest Rates

	Friday 10/14/2022	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.58	-0.59	-0.57
3-Month Sterling LIBOR	3.49	3.36	0.13
3-Month Canada Banker's Acceptance	4.41	4.28	0.46
3-Month Yen LIBOR	-0.02	-0.04	-0.08
2-Year German	1.96	1.87	-0.69
2-Year U.K.	3.92	4.17	0.51
2-Year Canadian	4.13	4.05	0.72
2-Year Japanese	-0.05	-0.07	-0.11
10-Year German	2.35	2.19	-0.19
10-Year U.K.	4.34	4.24	1.04
10-Year Canadian	3.49	3.39	1.53
10-Year Japanese	0.25	0.25	0.08

Commodity Prices

	Friday 10/14/2022	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	86.06	92.64	81.31
Brent Crude ($/Barrel)	91.97	97.92	84.00
Gold ($/Ounce)	1644.55	1694.82	1795.87
Hot-Rolled Steel ($/S.Ton)	714.00	728.00	1796.00
Copper (¢/Pound)	343.10	340.25	463.05
Soybeans ($/Bushel)	13.91	13.62	11.85
Natural Gas ($/MMBTU)	6.51	6.75	5.69
Nickel ($/Metric Ton)	22,299	22,667	18,936
CRB Spot Inds.	564.02	566.82	639.45

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