Economics

Weekly — May 19, 2023

Weekly Economic & Financial Commentary

United States: **Recession Is Taking Its Time**

- Economic data continue to suggest the U.S. economy is only gradually losing momentum. Consumers continue to spend, and industrial and housing activity are seeing some stabilization. We still view a recession is more likely than not by year-end, but there is no denying the underlying resiliency evident in the data.
- Next week: New Home Sales (Tue), Personal Income & Spending (Fri), Durable Goods (Fri)

International: **Mixed Trends for Key Asian Economies**

- China's retail sales and industrial output firmed markedly in April, boosted by favorable base effects. However, those activity readings still came in below the consensus forecast and hint at a possible waning in momentum of China's recovery. In Japan, Q1 GDP rose by 1.6% quarter-over-quarter annualized, more than expected. Consumer spending and business capital spending both rose as well, while Japan's April CPI also quickened.
- Next week: Eurozone PMIs (Tue), RBNZ Policy Rate (Wed), U.K. CPI (Wed)

Credit Market Insights: **Picking Up the Pieces of the Pandemic Refi Boom**

- The Federal Reserve Bank of New York's Quarterly Report on Household Debt and Credit found U.S. aggregate household debt balances rose by $148 billion in Q1-2023. Mortgage debt advanced by just $121 billion in Q1. Mortgage originations for both purchases and refinancing also fell sharply in Q1 to $324 billion, the lowest level since Q2-2014. The historic pandemic-era refinancing boom has tapered off, but its effects will be felt for some time.

Topic of the Week: **Fractures on FOMC Emerge**

- A majority of Federal Open Market Committee (FOMC) voters made public appearances this week. Policymaker comments are particularly important in assessing the Fed's path after the May meeting language signaled a data-dependent, month-to-month Fed from now on. The consensus around the Fed's next steps appears to be fractured.

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

Wells Fargo U.S. Economic Forecast

	Actual					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	3.2	2.6	1.1	1.9	-0.2	-2.8	5.9	2.1	1.3	0.3
Personal Consumption	1.3	2.0	2.3	1.0	3.7	1.0	-0.2	-1.5	8.3	2.7	1.6	0.5
Consumer Price Index [2]	8.0	8.6	8.3	7.1	5.8	4.0	3.2	2.7	4.7	8.0	3.9	2.5
"Core" Consumer Price Index [2]	6.3	6.0	6.3	6.0	5.6	5.2	4.6	4.2	3.6	6.1	4.9	3.1
Quarter-End Interest Rates [3]												
Federal Funds Target Rate[4]	0.50	1.75	3.25	4.50	5.00	5.25	5.25	5.25	0.25	2.02	5.19	3.25
Conventional Mortgage Rate	4.27	5.58	6.01	6.36	6.54	6.30	5.90	5.55	3.03	5.38	6.07	5.15
10 Year Note	2.32	2.98	3.83	3.88	3.48	3.50	3.25	3.00	1.45	2.95	3.31	2.90

Forecast as of: May 11, 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 Rate

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.

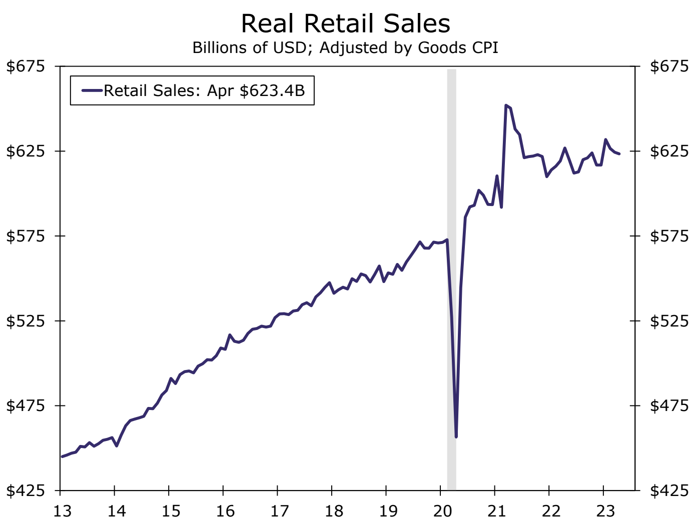
U.S. Review

Recession Is Taking Its Time

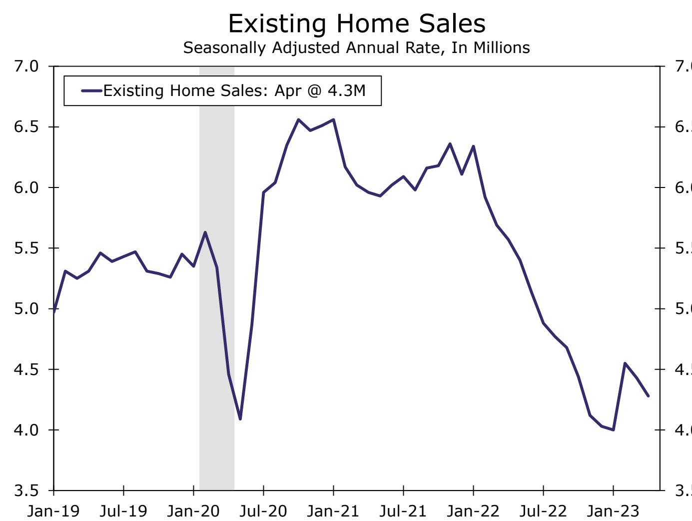
Economic data this week covered the consumer, industrial space and housing market, and continue to suggest the U.S. economy is only gradually losing momentum. We still view a recession is more likely than not by the end of the year, but there is no denying the underlying resiliency evident in the data.

For starters, consumers continue to spend. Retail sales rose 0.4% in April, and the control group measure, which excludes volatile categories, posted its second-largest gain in seven months. This measure feeds directly into the BEA's calculation of PCE in the GDP accounts and suggests consumer spending started the quarter on the right foot. But details were a bit mixed under the hood with only seven of the 13 retailer categories reporting a rise in April sales. Auto sales surprised to the downside, as previously released data on wholesale auto sales suggested a surge in April sales. As the following chart shows, in adjusting sales for inflation, the trend in sales has broadly moved sideways in recent months.

Like retail, auto sales played a role in manufacturing activity as well. Motor vehicle and parts production surged more in April alone than it did over the course of the past 12 months. Autos accounted for more than half of the 1% gain in April manufacturing. Excluding autos, manufacturing still rose by the most in four months and helped lift industrial production (IP). But after factoring in downward revisions to the prior two months, the level of IP was more or less in line with what was expected, which is to say essentially flat. IP is now roughly consistent with where it stood six months ago, signaling some stabilization in production after a weak start to the year.



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



Source: National Association of Realtors and Wells Fargo Economics

Housing data also demonstrate some recent stabilization. Builder sentiment reached a 10-month high in May, according to the NAHB index, as buyer demand recovers and incentives are reigned in. Increased confidence is translating to activity. Total housing starts rose 2.2% to a 1.4 million-unit pace in April, with both single-family and multifamily starts advancing at a solid pace. Single-family construction now appears to be on the rebound, driven largely by a jump in construction in the West. Permits also notched a solid gain for single-family structures, though multifamily permits notched their second-straight decline and are on the slowest pace since July 2021. The pullback in multifamily permits comes as the apartment market begins to cool with a flood of new supply set to be delivered.

Existing home sales dipped 3.4% to a seasonally adjusted pace of 4.28 million in April, dropping for the second month in a row (chart). Low inventory and high mortgage rates continue to constrain the resale market. The drop in resales was broad-based as single-family homes, condos and co-ops all posted declines on the month. Existing sales weakened across nearly every region, with much of the weakness concentrated in the West. Despite the dip in the headline number, the sector may be stabilizing, as resales in April are now 7.0% above their recent low in January.

Meanwhile, despite incoming data demonstrating an underlying resilience in economic growth, the Leading Economic Index (LEI) continues to show clear signs of recession. April marks the 10th straight month in which the six-month average change in the Leading Economic Index has been below a key recession threshold. We ultimately still expect the U.S. economy to slip into a mild recession before year-end as tighter policy weighs on activity and firms' ability to hire.

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U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
23-May	New Home Sales	Apr	660K	665K	683K
26-May	Personal Income	Apr	0.4%	0.4%	0.3%
26-May	Personal Spending	Apr	0.4%	0.4%	0.0%
26-May	Durable Goods Orders	Apr P	-1.0%	-0.9%	3.2%
26-May	Durables Ex Transportation	Apr P	-0.1%	0.1%	0.2%

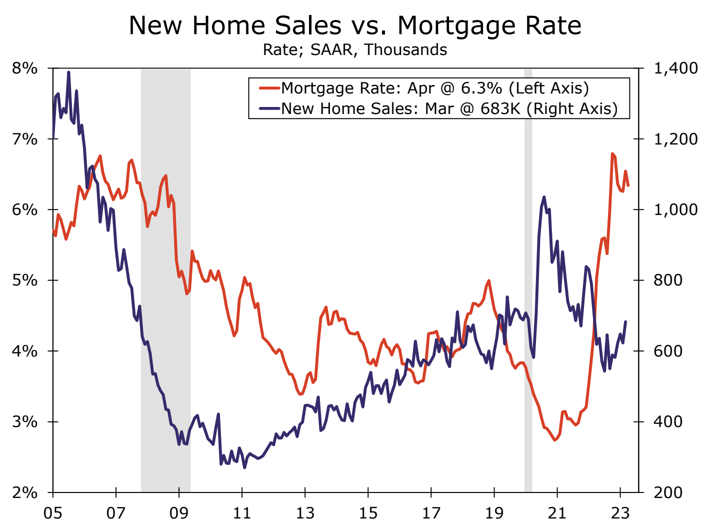
Forecast as of May 19, 2023

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

New Home Sales • Tuesday

As housing demand stabilizes, low existing home inventory has nudged buyers toward new construction. March marked the third increase in new home sales in the past four months, indicating a trend improvement in buyer demand. In fact, the 9.6% leap in March brought new home sales to its highest sales pace since March 2022 when the Fed had just started tightening and mortgage rates averaged 4.2%. Builders have rallied in response, leading to three consecutive monthly upturns in single-family building permits.

Despite seemingly greater comfortability in the high mortgage rate environment, buyers continue to respond to incremental rate changes. For example, buyers jumped on lower mortgage rates at the start of the year, which explains much of the pickup in housing market activity in the first quarter. But after bottoming out at 6.1% the first week of February, mortgage rates climbed back up to 6.7% by the first two weeks of March and averaged 6.5% in April. We expect the step up in financing costs likely put a dent in demand and estimate that new home sales dipped 2.6% over the month. If realized, this pace would result in a 665,000 annual rate, well above the recent bottom hit last September (550,000).

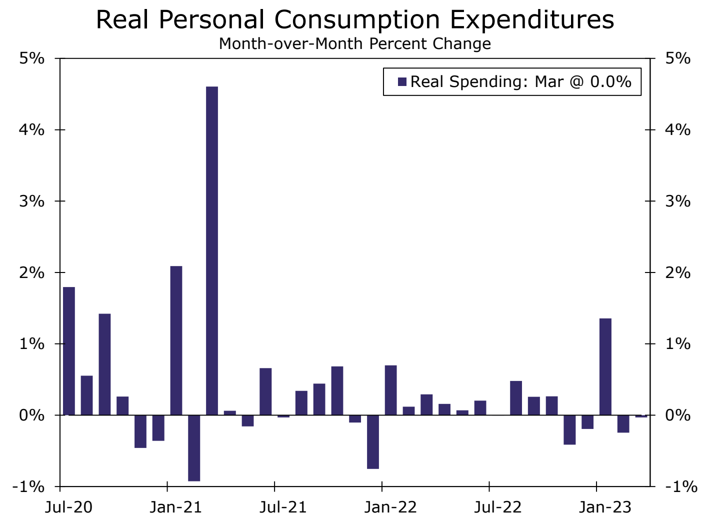


Source: U.S. Department of Commerce, Freddie Mac and Wells Fargo Economics

Personal Income and Spending • Friday

The resilient consumer is alive and well, but momentum appears to be fading. Personal spending was essentially flat in March, increasing by a modest $8.2 billion. Save for a pop in January, real personal spending has contracted in four of the past five months. Retail sales, alternatively, rose a respectable 0.4% in April. While consumers seem to be exercising caution on discretionary purchases, nondiscretionary spending on categories like healthcare and household utilities propelled a 0.7% rise in control group sales, likely to translate into a solid April PCE print. We expect nominal personal spending rose 0.4% in April. If higher financing costs and tighter credit conditions weaken the labor market like we expect, we look for consumers to pull back on spending more broadly later this year.

Meanwhile, the descent in inflation continues to bolster consumers' purchasing power. Real disposable personal income posted its ninth consecutive improvement in March as nominal personal income rose 0.3%. Although job gains have decelerated from their blowout pace at the start of the year, the tight labor market continues to illicit hearty wage gains. We expect that nominal personal income rose 0.4% over the month.

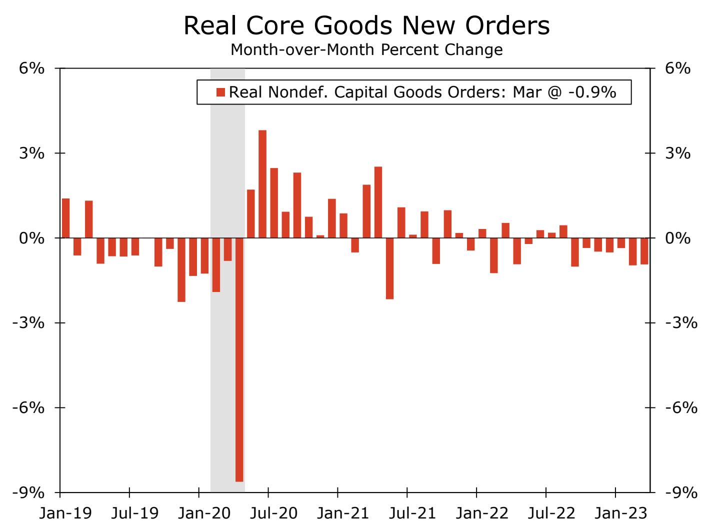


Source: U.S. Department of Commerce and Wells Fargo Economics

Durable Goods Orders • Friday

Manufacturers are finding little reprieve. Now that domestic producers have largely worked through their backlogs, they seem to be pulling back production in response to dwindling demand. Although durable goods orders jumped 3.2% in March, core orders slid 0.4%, the fourth decline in seven months. Perhaps more telling, we estimate that real core capital goods orders have been trending down for seven consecutive months. The upturn in financing costs, reduction in credit availability and ongoing shift to services spending are likely to keep manufacturing under pressure.

Much of March's burst in durable goods orders can be attributed to an 80% surge in nondefense aircraft orders. Boeing aircraft orders pulled back in April, which will likely take some air out of the headline reading. The new orders component of the ISM manufacturing index registered a slight bump in April but remained in contractionary territory. As such, we look for headline orders to dip 0.9% over the month. Excluding transportation, we estimate a 0.1% uptick in April.



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

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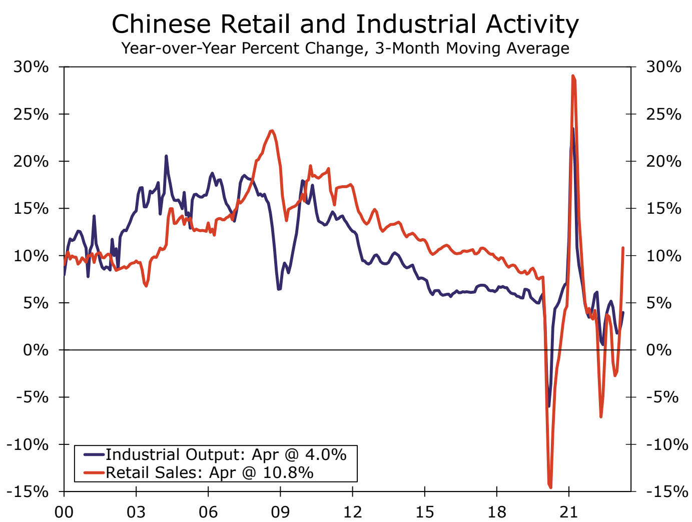
International Review

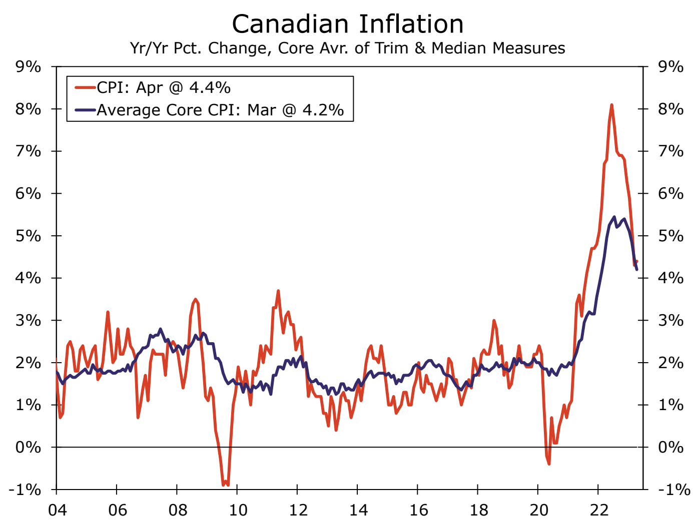
Mixed Trends for Key Asian Economies

This week's data saw some mixed news for two of Asia's key economies. Chinese activity data for April showed that while the country's economic rebound continues, the strength of that recovery may be waning a touch. Growth in April retail sales and industrial output were both boosted by the low base comparison from April last year, when Shanghai was in lockdown. Even so, the firming in activity was less than expected. Growth in retail sales firmed from 10.6% year-over-year in March to 18.4% in April, compared to a consensus forecast for a 21.9% gain. April industrial output was perhaps even more disappointing, with the 5.6% gain well below the consensus forecast for a 10.9% increase. Growth in fixed asset investment, which is measured on a cumulative basis for the January-April period, also surprised to the downside with a gain of just 4.7%. The mildly subdued figures suggest some potential for further easing measures from the People's Bank of China, perhaps even earlier than current our forecast for a cut in the Reserve Requirement Ratio in Q1 of next year. At this time, we maintain our outlook for Chinese GDP growth of 6.0% for 2023, although with risks around that growth forecast are perhaps tilted to the downside.

In Japan, first quarter GDP was a pleasant surprise, as growth exceeded the consensus forecast. Q1 GDP grew 1.6% quarter-over-quarter annualized, double the consensus forecast for a 0.8% increase. The details of the report were also solid, as consumer spending rose at a 2.4% pace and business capital spending rose at a 3.8% pace. While growth should continue in the quarters ahead it will likely be at a slower pace, as rising inflation and falling real incomes weigh on consumer spending and overall economic activity. With respect to inflation, the April CPI showed some acceleration as the headline CPI firmed to 3.5% year-over-year, while the CPI excluding fresh food firmed to 3.4%. Although growth and inflation trends suggesting the case for growing, it is not yet overwhelming or urgent. We do anticipate the Bank of Japan will further adjust its monetary policy stance in a less dovish direction, although not until its October meeting, when the global monetary policy and bond yield backdrop may be more benign and allow for a smoother adjustment.



Source: Datastream and Wells Fargo Economics



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

Elsewhere, Canada's April inflation was a slight upside surprise, as the headline CPI unexpectedly ticked higher to 4.4% year-over-year. The news with respect to underlying price pressures was mixed. The trimmed mean slowed to 4.2% year-over-year as did the median CPI, while services inflation also slowed to 4.8%. However, measured on a three-month annualized basis, the pace of weighted median and trimmed mean measure quickened to 3.8% and 3.7% respectively. In contrast with the modestly hawkish inflation details, March retail sales were subdued. Sales fell 1.4% month-over-month following a 0.2% decline in February. Considering both activity and inflation trends, we still expect the Bank of Canada will hold its policy rate steady at 4.50% in the months ahead, rather than raising rates further. However, if inflation pressures show only a gradual slowing, we expect the Bank of Canada to deliver only gradual rate cuts as well. Indeed, we recently revised our forecast for Bank of Canada rate cuts to now begin in Q1-2024, compared to our previous forecast for rate cuts to begin in Q4-2023.

In Australia, this week's labor market news was mixed. On the wage front, the Q1 Wage Price Index rose 0.8% quarter-over-quarter, a bit less than forecast, even as the index rose 3.7% year-over-year, a bit more than forecast. At the margin, however, the result perhaps lessens concerns about a sharp acceleration in wage growth that would be inconsistent with inflation returning toward target. Meanwhile, the April employment report was subdued, as employment fell 4,300, led entirely by a drop in full-time jobs, while the unemployment rate rose modestly to 3.7%. When raising rates in early May, the Reserve Bank of Australia said some further tightening of monetary policy may be required. Our base case is for another 25 bps rate increase at the next meeting in early June; although given this week's mixed data, we acknowledge the risk Australia's central bank remains on hold next month. Finally, Mexico's central bank held its Overnight Rate at 11.25% at this week's meeting and signaled that monetary policy was now on hold. Policymakers said it "will be necessary to keep the key rate at its current level for a prolonged period" in order to bring inflation back to target, adding that the "inflation outlook will be complicated and uncertain during the policy horizon, with upside risks."

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International Outlook

Weekly International Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
23-May	Eurozone Manufacturing PMI	May	45.8	--	45.8
23-May	Eurozone Services PMI	May	55.7	--	56.2
24-May	RBNZ Policy Rate	24-May	5.50%	5.50%	5.25%
24-May	U.K. CPI (YoY)	Apr	8.2%	8.2%	10.1%

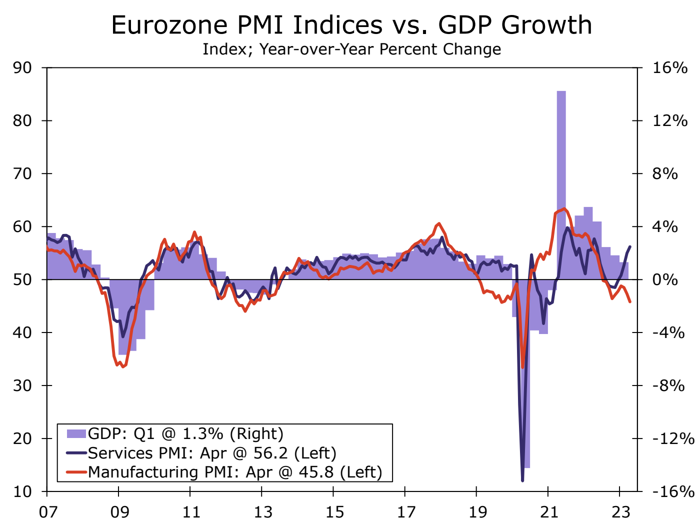
Forecast as of May 19, 2023

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

Eurozone PMIs • Tuesday

The Eurozone economy has started 2023 on a relatively resilient note, which, combined with still persistent underlying inflation pressures, has the potential to keep the European Central Bank (ECB) in tightening mode for a while longer. Eurozone Q1 GDP edged up 0.1% quarter-over-quarter, as a decline in energy prices and receding headline inflation boosted purchasing power. An overall improvement in sentiment surveys during the early part of this year suggests that growth may have continued into the second quarter. The services PMI rose further to 56.2 in April, up from a low of 48.5 last November. The manufacturing PMI remains subdued and in contraction territory however, falling to 45.8 in April. Still, the composite PMI of 54.1 in April is consistent with growth for the overall economy.

For May, the services PMI if forecast to fall to 55.7, a level that would still be comfortably in growth territory, while the manufacturing PMI is expected to remain steady at 45.8. Those readings would be consistent with continued growth and our view the Eurozone economy will avoid recession this year. The details will also be scrutinized for insights into price pressure, especially in the services sector. Given some resilience in economic activity and still-elevated core inflation, we expect the ECB to raise its policy rate another 25 bps to 3.50% in June. However, should steady growth and inflation continue, the risk remains tilted toward a higher peak for the ECB's policy rate.

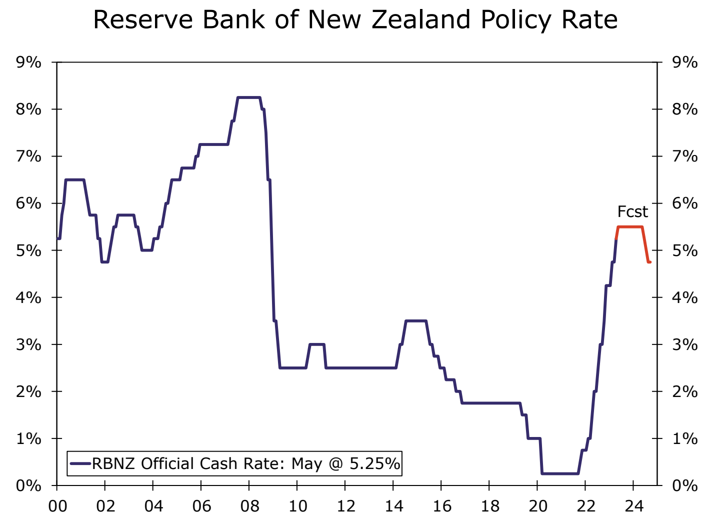


Source: Datastream, Bloomberg Finance L.P. and Wells Fargo Economics

RBNZ Policy Rate Announcement • Wednesday

The Reserve Bank of New Zealand (RBNZ) announces its monetary policy decision next week, with the consensus (and Wells Fargo) forecasting the RBNZ to raise its policy rate by 25 bps to 5.50%.

At its April announcement, the RBNZ hiked rates a larger-than-expected 50 bps, saying inflation is still too high and persistent, employment is beyond its maximum sustainable level, and a slowing in growth is needed to return inflation to target. Since then, incoming data have evolved broadly in line with that outlook. Q1 CPI inflation did slow a bit more than expected, but that was entirely due to tradables inflation, as domestically oriented non-tradables inflation actually quickened to 6.8% year-over-year. Q1 employment was solid with a gain of 0.8% quarter-over-quarter, while the unemployment rate remained at a low 3.4%. In addition, the fall in the April services PMI to 49.8, along with the reading in the manufacturing PMI of 49.1, are consistent with the growth slowdown the RBNZ believes is needed for inflation to return to target. Against this backdrop, we fully expect the RBNZ to hike rates 25 bps at next week's meeting. Moreover, while we believe that will be the peak for the current cycle, we will be scrutinizing the central bank's updated economic projections for any insight into whether policy rates might still need to be raised further.

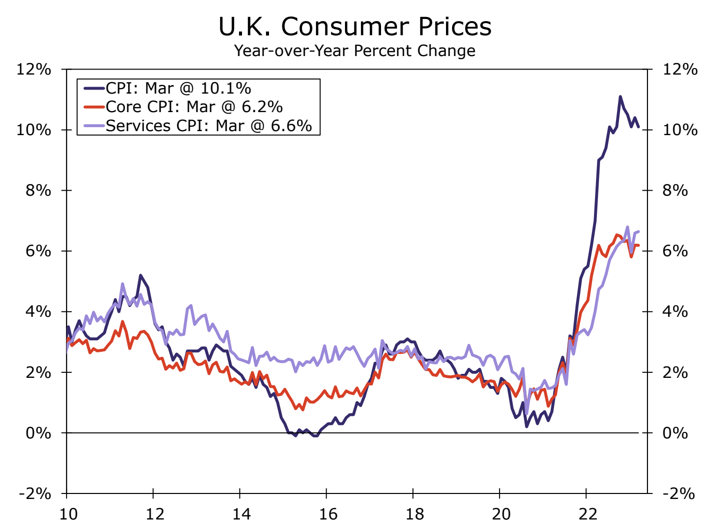


Source: Bloomberg Finance L.P. and Wells Fargo Economics

U.K. CPI • Wednesday

The U.K April CPI, due for release next week, could prove very consequential for the path of Bank of England (BoE) monetary policy. In early May, the BoE raised its policy rate 25 bps to 4.50%, saying that it no longer expects a recession in the United Kingdom. The BoE also forecasts inflation to fall back just above 1% over the medium term, but continues to judge that the risks around the inflation forecast are skewed significantly to the upside.

Against this backdrop, the central bank will likely be looking for signs of meaningfully slower inflation to provide increasing confidence that CPI inflation is returning to, or below, target. For April, inflation is expected to fall sharply as energy price increases from April last year drop out of the annual comparison. The consensus forecast for is for the headline CPI to slow to 8.2% year-over-year, but core CPI is forecast to remain steady at 6.2% year-over-year. Those readings might just be enough for the Bank of England to hold rates steady at its June meeting. However, a significant upside surprise could see the BoE deliver another 25 bps rate hike next month.



Source: Datastream and Wells Fargo Economics

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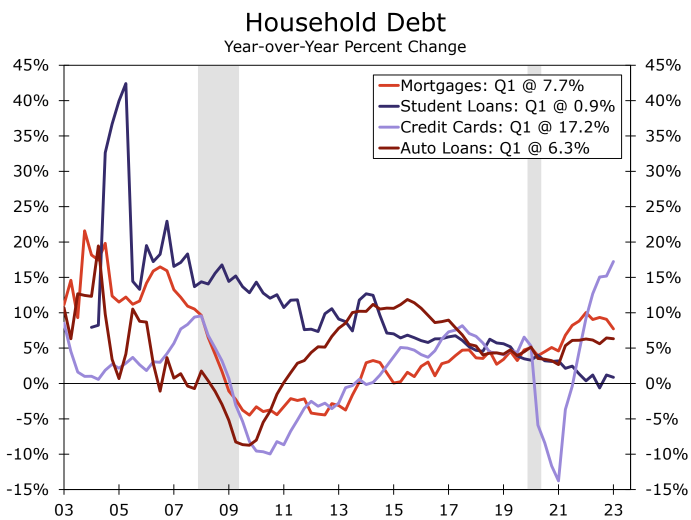
Credit Market Insights

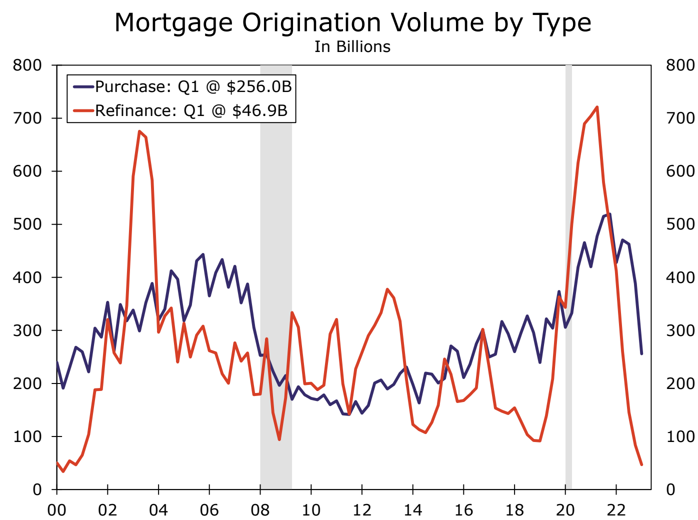
Picking Up the Pieces of the Pandemic Refi Boom

This week, the Federal Reserve Bank of New York released its Quarterly Report on Household Debt and Credit encompassing the first quarter of 2023. The report found U.S. aggregate household debt balances rose by $148 billion in Q1 to top $17 trillion in total. Quarter-over-quarter growth amounted to 0.9% and was the smallest quarterly increase since the first quarter of last year amid slowdowns in credit card spending and mortgage originations.

Credit card balances held firm at $986 billion, marking the first time in the report's 23 years that credit card debt did not decrease between Q4 and Q1. This bucks the typical trend of consumers paying off holiday-related purchases in the first quarter. However, credit card spending was on a tear in Q3 and Q4, and even with a pause in Q1 credit card debt is up 17.2% year-over-year (chart). Tightening credit conditions and some pullback on big ticket retail purchases should weigh on credit card spending going forward as households catch their breath ahead of a possible recession.



Source: Federal Reserve Board and Wells Fargo Economics



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

The largest component of household debt, mortgages, advanced by just $121 billion in Q1. Mortgage originations for both purchases and refinancing also fell sharply in Q1 to $324 billion, the lowest level since Q2-2014, which coincided with the infamous "Taper Tantrum." This time around, we are seeing the effects of a historic pandemic-era refinancing boom finally taper off. Historically low interest rates and an all-time high in home equity leading into the pandemic were the flint and steel that ignited an explosion in refinancing not seen since the early 2000s (chart).

According to the NY Fed, approximately a third of all outstanding mortgages were refinanced during the refi boom lasting from Q2-2020 to Q1-2022. An additional 17% of mortgages were refreshed through home sales during that period as well. In total, 14 million mortgages were refinanced during the refi boom. The clock struck midnight in 2022 as the Fed's rapid tightening led to a historically steep rebound in mortgage rates, snuffing out the surge in refinances.

The refi boom has and will continue to be felt in the mortgage and housing market in the future. Homeowners who managed to lock in low interest rates are disincentivized to sell their home and trade up into a higher-cost mortgage, exacerbating the ongoing shortage in resale inventory. The cash flow and liquidity benefits provided from refinancing will likely continue to influence consumer spending as households redirect their cash elsewhere, possibly providing a boost to future consumption. Overall, the refinancing boom has acted as another feather in the cap of consumers who still have capacity to spend.

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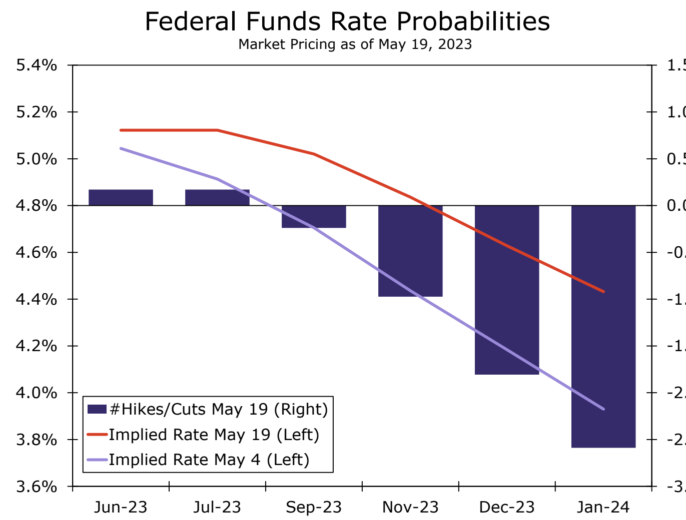
Topic of the Week

Fractures on FOMC Emerge

This was a busy week for Fed watchers, as a majority of the Federal Open Market Committee (FOMC) spoke publicly. At the conclusion of the FOMC's previous meeting on May 3, the Committee indicated that after the most aggressive tightening cycle since the 1980s, it was now at least entertaining a pause as soon as its next meeting on June 13-14. This has made Fed speak particularly important in assessing the Fed's path going forward, especially as policymakers grapple with the lags of monetary policy and data showing activity continues to slow only gradually. Fed speakers will have until Friday, June 3 to make public comments prior to the next blackout period, during which FOMC participants generally refrain from making comments on macroeconomic and monetary policy.

As is often the case at inflection points of policy, not all FOMC members appear to be on the same page about what the Committee does, or does not do, next. Chicago Fed President Austan Goolsbee noted this week that his vote to hike in May was a "close call," given the potentially yet-unseen lagged effects of monetary policy, as well as tight credit conditions. His further comments on the unique aspects of the current business cycle and the need to look at a broader-than-normal range of economic indicators signal he remains weary of tightening further. FOMC Vice Chair John Williams and Governor Phillip Jefferson also espoused caution about hiking further by emphasizing the lagged effects of monetary policy. Jefferson noted that historically, a year has not been a long enough period of time for the full effect of higher interest rates to feed through to economic activity. And notably, Chair Powell on Friday signaled that the Committee is likely near a point where they can wait to see the effects of policy, saying that "we can afford to look at the data and the evolving outlook to make careful assessments."



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

But a growing number of Committee participants have indicated some hesitation about pausing just yet. Cleveland Fed President Mester said this week that given current data, she was not at "a level of the Fed funds rate where it's equally probable that the next move could be an increase or decrease." Yet, it's not just perennial hawks like Mester planting some seeds of doubt about whether it is time to pause as soon as the upcoming meeting. Dallas Fed President Logan indicated that the data does not currently make the case for a "skip" just yet, while recognizing there were still weeks of data between before the next meeting. In addition, Governor Bowman stated last week that the most recent data have "not provided consistent evidence that inflation is on a downward path."

The more fractured views have cracked the door at least a little wider to the possibility of another 25 bps hike in June, in our view, and markets seem to agree with the implied probability of a rate hike at the June meeting having risen since early May. On May 4, the day after the past FOMC meeting, there was a small (3 bps) implied chance of a rate *cut* in June, while as of midday Friday there is a roughly 17% chance of a 25 bps hike. At the same time, the amount of rate cuts through January 2024 have fallen by roughly half, showing expectations shifting toward the FOMC keeping the fed funds rate higher through this year in order to lower inflation.

Our current expectation is for the FOMC to keep the fed funds target range at 5.00%-5.25% at its June meeting and hold it through the rest of 2023. However, there are a number of notable data releases between now and the FOMC's June 13-14 meeting, including the May employment and CPI reports, as well as April PCE inflation and weekly banking data. As such, the die is not yet cast for June, and it remains unclear if the current hiking cycle has indeed come to an end (Return to Summary)

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 5/19/2023	1 Week Ago	1 Year Ago
SOFR	5.05	5.05	0.79
3-Month LIBOR	5.38	5.32	1.48
3-Month T-Bill	5.24	5.15	0.98
1-Year Treasury	4.72	4.39	2.03
2-Year Treasury	4.24	3.99	2.61
5-Year Treasury	3.69	3.45	2.84
10-Year Treasury	3.66	3.46	2.84
30-Year Treasury	3.92	3.79	3.05
Bond Buyer Index	3.59	3.53	3.47

Foreign Exchange Rates

	Friday 5/19/2023	1 Week Ago	1 Year Ago
Euro ($/€)	1.082	1.085	1.059
British Pound ($/£)	1.246	1.246	1.247
British Pound (£/€)	0.868	0.872	0.849
Japanese Yen (¥/$)	137.650	135.700	127.790
Canadian Dollar (C$/$)	1.351	1.355	1.283
Swiss Franc (CHF/$)	0.899	0.898	0.972
Australian Dollar (US$/A$)	0.666	0.665	0.705
Mexican Peso (MXN/$)	17.703	17.593	19.918
Chinese Yuan (CNY/$)	7.008	6.959	6.713
Indian Rupee (INR/$)	82.665	82.170	77.728
Brazilian Real (BRL/$)	4.984	4.921	4.930
U.S. Dollar Index	103.138	102.681	102.724

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

Foreign Interest Rates

	Friday 5/19/2023	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.58	-0.59	-0.57
3-Month Sterling LIBOR	4.71	4.68	1.33
3-Month Canada Banker's Acceptance	5.04	5.03	2.02
3-Month Yen LIBOR	-0.03	-0.03	-0.08
2-Year German	2.76	2.59	0.37
2-Year U.K.	3.96	3.80	1.49
2-Year Canadian	4.00	3.73	2.70
2-Year Japanese	-0.06	-0.05	-0.06
10-Year German	2.43	2.28	0.95
10-Year U.K.	4.00	3.78	1.87
10-Year Canadian	3.11	2.88	2.88
10-Year Japanese	0.40	0.39	0.24

Commodity Prices

	Friday 5/19/2023	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	71.64	70.04	112.21
Brent Crude ($/Barrel)	75.78	74.17	112.04
Gold ($/Ounce)	1974.57	2010.77	1841.85
Hot-Rolled Steel ($/S.Ton)	951.00	948.00	1171.00
Copper (¢/Pound)	371.50	372.25	428.15
Soybeans ($/Bushel)	13.56	14.13	16.95
Natural Gas ($/MMBTU)	2.67	2.27	8.31
Nickel ($/Metric Ton)	20,812	21,703	26,107
CRB Spot Inds.	551.94	550.60	654.58

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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	332-204-0693	Shannon.Seery@wellsfargo.com
Nicole Cervi	Economic Analyst	704-410-3059	Nicole.Cervi@wellsfargo.com
Jessica Guo	Economic Analyst	212-214-1063	Jessica.Guo@wellsfargo.com
Karl Vesely	Economic Analyst	704-410-2911	Karl.Vesely@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
Coren Burton	Administrative Assistant	704-410-6010	Coren.Burton@wellsfargo.com

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