Economics

Weekly — February 9, 2024

Weekly Economic & Financial Commentary

United States: **Growth Still Solid, but Slowdown on the Horizon**

- The ISM services index shot higher into expansion territory during January, which is the latest piece of evidence that economic growth is still firmly in positive territory. A sharp rise in the prices paid subindex, however, shows that inflation pressures have yet to be fully extinguished. Meanwhile, higher interest rates continue to weigh on consumer borrowing. Total consumer credit rose by $1.6 billion in December, a smaller-than-expected gain.
- Next week: CPI (Tuesday), Retail Sales (Thursday), Industrial Production (Thursday)

International: **Central Banks Still in the Spotlight**

- This week, the Reserve Bank of Australia held its policy rate steady at 4.35% and offered policy guidance that was more hawkish than expected. In Japan, the underlying details of the December wage data, as well as encouraging signs surrounding the ongoing spring wage negotiations, keep the central bank on course for an April rate hike, in our view. Mexico's central bank held rates steady, but less hawkish language in its statement suggests it could cut rates in March.
- Next week: U.K. CPI (Wednesday), Japan GDP (Thursday), Australia Employment (Thursday)

Credit Market Insights: **Credit Conditions Are Coming into Balance**

- The Senior Loan Officer Opinion Survey (SLOOS) for Q4-2023 saw a moderation in tight credit conditions. Most banks reported tightening lending standards for business commercial and investment (C&I), consumer and commercial real estate (CRE) loans, but the proportion tightening was significantly lower from the elevated levels seen throughout 2023.

Topic of the Week: **Oh, Mexico It Sounds So Simple I Just Got to Go**

- The U.S. international trade deficit has been volatile in the wake of the pandemic. After widening for three straight years, the trade deficit shrank by $178 billion last year, which more than reversed the 2022 widening. The headline that many glommed onto this week was that Mexico displaced China as the top import partner for the United States.

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Wells Fargo U.S. Economic Forecast

	Actual 2023				Forecast 2024				Actual		Forecast	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2022	2023	2024	2025
Real Gross Domestic Product [1]	2.2	2.1	4.9	3.3	2.4	1.3	1.0	1.1	1.9	2.5	2.4	1.7
Personal Consumption	3.8	0.8	3.1	2.8	2.9	1.5	1.1	1.4	2.5	2.2	2.2	1.7
Consumer Price Index [2]	5.8	4.1	3.6	3.2	2.9	2.8	2.4	2.3	8.0	4.1	2.6	2.2
"Core" Consumer Price Index [2]	5.6	5.2	4.4	4.0	3.6	3.2	3.1	2.8	6.1	4.8	3.2	2.4
Quarter-End Interest Rates [3]												
Federal Funds Target Rate[4]	5.00	5.25	5.50	5.50	5.50	5.00	4.50	4.25	2.02	5.23	4.81	3.63
Conventional Mortgage Rate	6.54	6.71	7.20	6.82	6.80	6.60	6.35	6.05	5.38	6.80	6.45	5.76
10 Year Note	3.48	3.81	4.59	3.88	4.00	3.85	3.70	3.60	2.95	3.96	3.79	3.51

Forecast as of: February 08, 2024 [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.

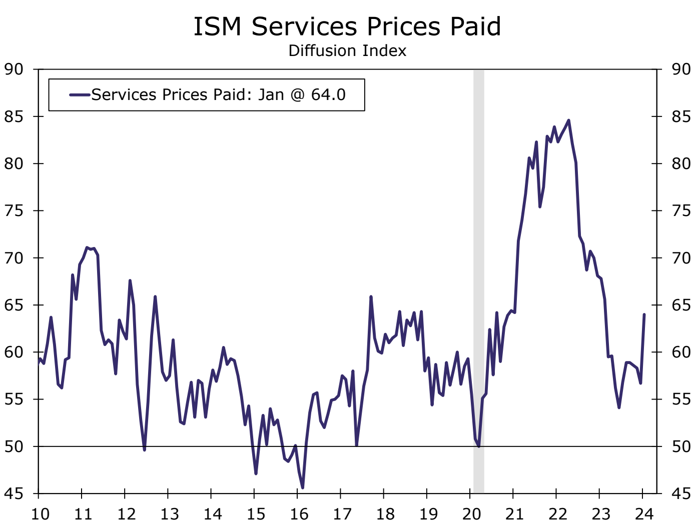
U.S. Review

Growth Still Solid, but Slowdown on the Horizon

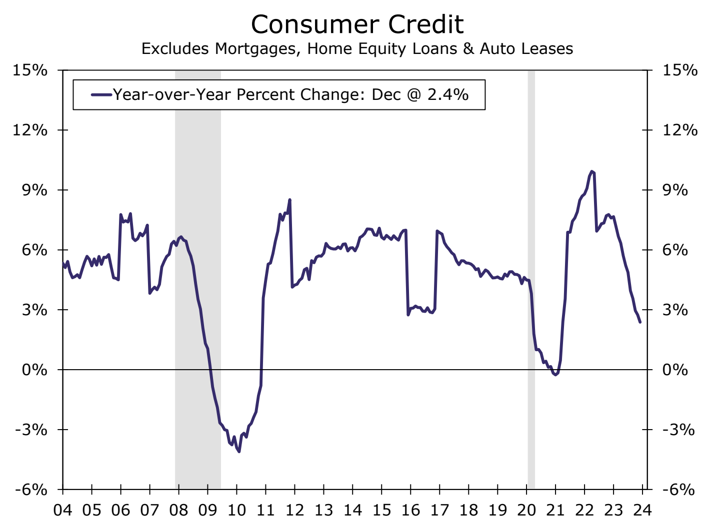
It was an unusually light week in terms of economic indicators. With only a trickle of incoming data, the ISM Services index was in the spotlight. In short, the service sector started the year off on a high note. In January, the headline index jumped to a reading of 53.4, up from 50.5 in December. The surprisingly strong upturn is evidence that service sector activity is still running at a fairly solid pace, despite markedly higher interest rates intended to cool inflation by slowing down overall economic growth. The overall resilience in services largely looks owed to consumers and businesses gradually returning to pre-pandemic spending behaviors, such as going on vacation and attending concerts or business conferences.

Most of the ISM's major underlying components improved during January. The new orders component posted a solid gain, while the employment component rebounded strongly and rose 6.7 points to 50.5 during the month, just above the 50-line designating expansion. On balance, hiring in the service sector has been hovering around break-even for some time, which is consistent with the loss in job growth breadth exhibited in recent months in the nonfarm payroll report. Nevertheless, the upturn in ISM employment suggests a broader swath of service firms increased hiring to start the year.

All told, the broad-based improvement in ISM services is the latest piece of evidence that overall economic growth is still firmly in positive territory. A sharp rise in the prices paid subindex, however, shows that inflation pressures have yet to be fully extinguished. The prices paid component jumped to 64.0 in January from 56.7 in December, marking the largest monthly percentage gain since August 2012. Notably, the majority of industries reported a rise in prices paid, with the agriculture industry being the only one to report a decrease. Overall, the increase in services prices paid serves as a reminder that the risks to the inflation are still skewed to the hot-side, given the relatively strong pace of economic growth registered recently. As we wrote in our macroeconomic forecast update for February, we continue to believe that the Fed will remain patient over the next several months and expect the FOMC to commence with a rate-cutting cycle at the May meeting.



Source: Institute for Supply Management and Wells Fargo Economics



Source: Federal Reserve Board and Wells Fargo Economics

The remarkably resilient pace of economic growth recently largely can be chalked up to an unflagging pace of consumer spending. The surprising strength of the consumer begs the question: To what extent are households using credit to fuel their spending habits? In December, consumer borrowing increased to a record $5.01 trillion. However, the absolute change in outstanding credit amounted to $1.6 billion, well below the Bloomberg consensus and the smallest gain in four months. For context, total consumer borrowing surged by $23.5 billion in November as the holiday shopping season got under way. December's smaller-than-expected gain occurred as revolving credit, which is mostly credit cards, rose $1.0 billion, and non-revolving credit increased nearly $520 million. Through the monthly volatility, consumer borrowing has downshifted as interest rates have moved higher. In 2023 as a whole, consumer credit increased 2.4%, down from a 7.6% gain in 2022. Revolving and non-revolving credit rose 8.4% and 0.4%, respectively.

Although higher interest rates should continue to weigh on consumer borrowing, sturdy income growth as a result of a strong labor market should help maintain a solid pace of consumer spending in the year ahead. On the heels of last week's stellar jobs report for January, another low reading on initial jobless claims indicates that a meaningful erosion in the labor market's momentum is not yet under way. During the week ending February 3, initial jobless claims declined to 218K, while continuing claims fell to 1.87 million in the week ending January 27. On balance, claims remain low, which suggests that layoffs are not intensifying and that those who find themselves on the job market are not staying there for long.

Elsewhere, the recent leg lower in mortgage rates looks to be breathing new life into the residential sector. Total mortgage applications rose 3.7% in the week ending February 2. Mortgage applications are highly volatile on a weekly basis, yet an improving trend has been evident for the past several months. Since October 2023, refinancing applications have risen 46%, while purchase applications are up 23%. The increase coincides with the 30-year mortgage rate falling from 7.8% last October to an average of 6.6% so far in 2024. Should mortgage rates continue to gradually decline as we currently expect, then housing activity will likely continue to climb higher and be supportive of economic growth in the year ahead.

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U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
13-Feb	CPI (MoM)	Jan	0.2%	0.2%	0.2%
13-Feb	CPI (YoY)	Jan	2.9%	3.0%	3.4%
13-Feb	Core CPI (MoM)	Jan	0.3%	0.3%	0.3%
13-Feb	Core CPI (YoY)	Jan	3.7%	3.7%	3.9%
13-Feb	CPI Index NSA	Jan	307.975	308.015	306.746
15-Feb	Retail Sales (MoM)	Jan	-0.2%	0.1%	0.6%
15-Feb	Retail Sales Less Autos (MoM)	Jan	0.1%	0.3%	0.4%
15-Feb	Industrial Production (MoM)	Jan	0.3%	0.3%	0.1%

Forecast as of February 09, 2024

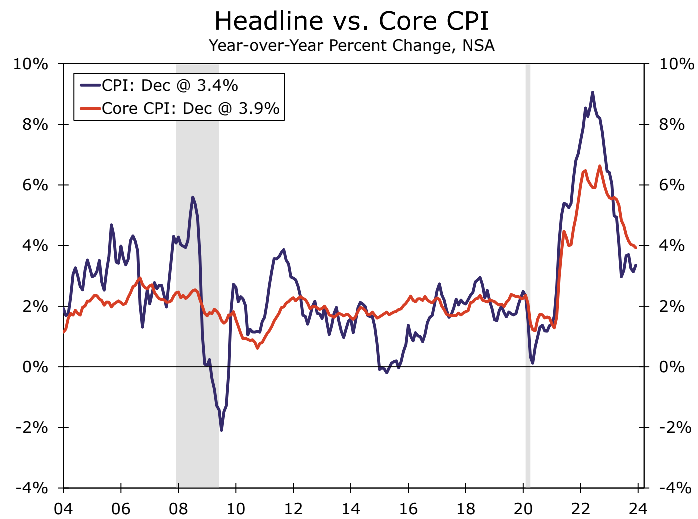
Source: Bloomberg Finance L.P. and Wells Fargo Economics

Consumer Price Index • Tuesday

The inflationary environment has improved markedly over the past year. Consider the core CPI (prices excluding food and energy) entered last year growing at an annual rate of 5.7% and finished 2023 up 'just' 3.9%. Yet even considering this progress, core inflation is still running at and uncomfortably fast pace for the Fed.

We expect inflation to continue to recede and forecast the headline CPI rose 0.2% in January, which would push the year-ago pace down to 3.0%. Falling gasoline prices and moderating price increases at the grocery store should keep the headline gain in check. Core inflation likely continued to cool more slowly last month, and we anticipate the core CPI rose 0.3%, translating to a 3.7% year-ago pace.

We ultimately look for inflation to cool further this year, albeit at a slower rate than in 2023, and believe price growth is still more likely to modestly overshoot rather than undershoot the Fed's target. The inflation data will continue to garner most of the Fed's attention this year as it tries to fine-tune the precise timing of rate cuts. We continue to believe the first cut will come in May, though risks look tilted more toward June rather than March based on recent data.

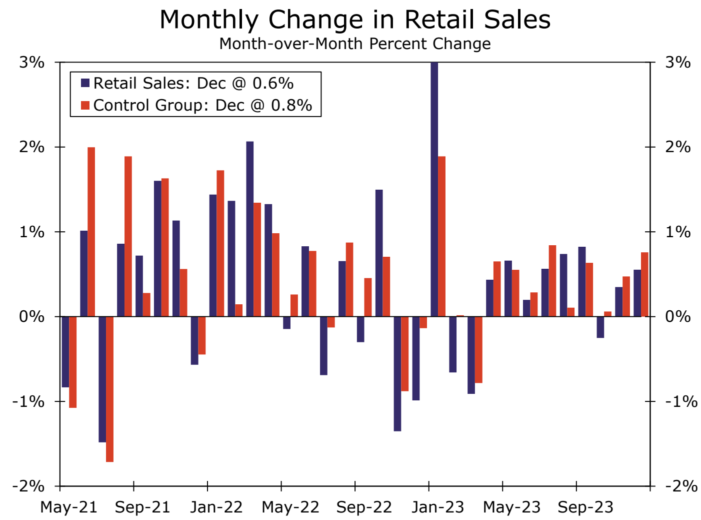


Source: U.S Department of Labor and Wells Fargo Economics

Retail Sales • Thursday

Consumer spending has remained remarkably resilient over the past year. Even as households have normalized spending habits by dedicating more of their wallet share back toward services, goods consumption has continued. Retail sales for instance were up 5.6% in December compared to a year earlier, hardly an indication of a large pullback in goods demand. Demand was also broad-based in December with sales activity ending the year with a bang.

Households have benefited from a real income tailwind over the past year as inflation is slowing faster than wage growth. Income was likely again supportive of spending in January as average hourly earnings leaped 0.6% during the month, and we anticipate consumer inflation continued to soften. Preliminary data on credit card spending from the BEA suggests an uptick in January spending. All told, we forecast retail sales to advance 0.1% in January and 0.3% when excluding autos. As the year progresses, we expect to see more of a moderation in spending emanating from a slowing jobs market. The unique factors of excess liquidity and easy access to cheap credit are tales of the past in the story of consumption.

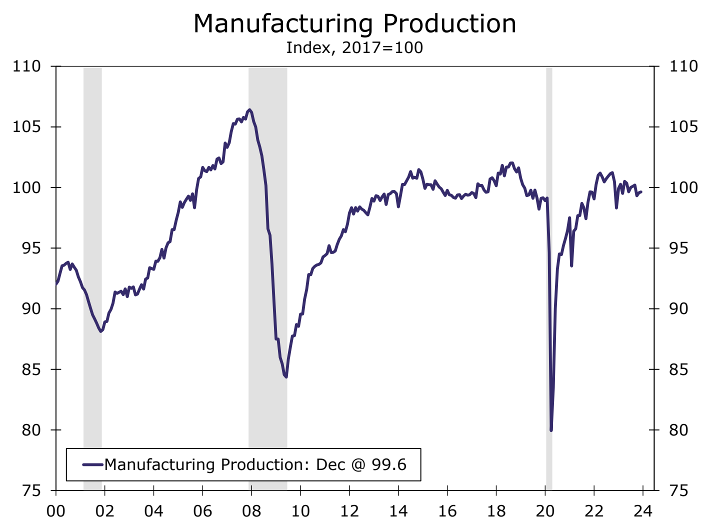


Source: U.S. Department of Commerce and Wells Fargo Economics

Industrial Production • Thursday

2023 was a tough year for manufacturing, but there are some early signs that the industrial sector may be on the cusp of recovery. Manufacturing production more or less moved sideways over the course of last year, ending the year on a soft note with output up just 0.1% in December. But recent data suggest activity may be turning a corner.

Shipments and new orders for durable goods ticked up at the end of last year and the ISM manufacturing index signaled the slowest pace of contraction in the sector in more than a year. Uncertainty over the timing of rate cuts continues to eat into new capital spending plans, but lower interest rates will help support investment even if the recovery comes at a gradual pace. We forecast industrial production rose 0.3% in January, lifted mostly by manufacturing. Utilities output is volatile, but we may see a rebound in January with output having slid for four straight months. The move higher in oil prices at the end of the month bodes well for mining output, but it likely remains constrained by low oil prices generally.



Source: Federal Reserve Board and Wells Fargo Economics

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International Review

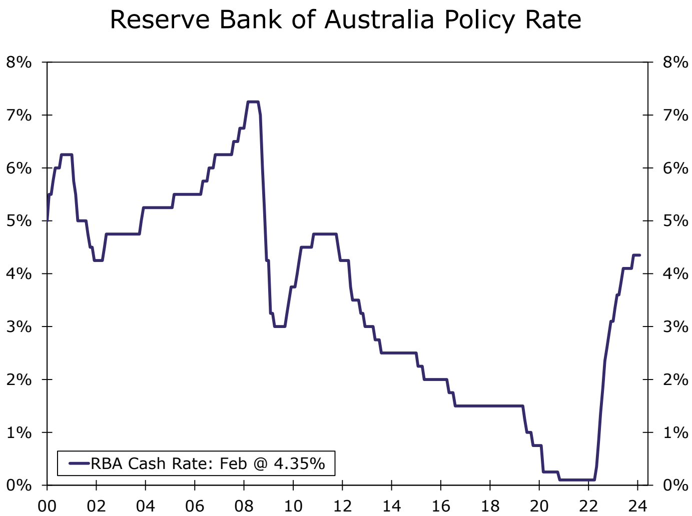
Central Banks Still in the Spotlight

This week, the Reserve Bank of Australia (RBA) held its policy rate steady at 4.35%, and the accompanying guidance was viewed as more hawkish than expected. There were several key takeaways from the monetary policy statement and updated economic projections. First, and importantly, the central bank said that “a further increase in interest rates cannot be ruled out.” While this is not our base case, it demonstrates the RBA's willingness to maintain and/or potentially dial up the extent of monetary tightening seen thus far. Other key comments included the fact that, while there has been some downward progress on inflation, services inflation remains too high, and the labor market continues to be relatively tight. In addition to its policy guidance, the central bank provided updated economic projections. Notable within these projections was that headline inflation is not forecast to return to the 2%-3% target range until late 2025, and not to the midpoint of that range until mid-2026, supporting the RBA's view that it “expects that it will be some time yet before inflation is sustainably in the target range.” In addition, the RBA revised its GDP growth forecasts for 2024 down modestly to 1.5%, from 1.8% previously. The RBA's continued overall hawkish stance—even as it lowered its growth forecasts—is notable, in our view.

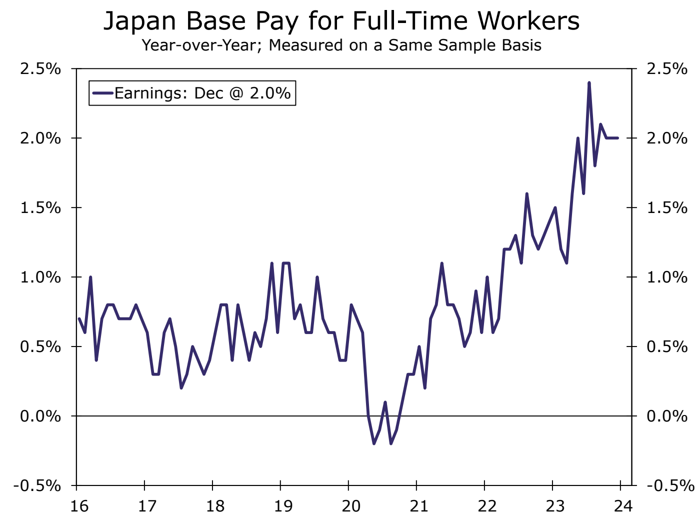
The markets' reaction to the announcement suggested a hawkish interpretation as well, with both bond yields and the Australian dollar rising. In terms of our own assessment, we maintain our outlook for an initial 25 bps rate cut to 4.10% to come in August. With inflation, and especially services inflation, still high, and the RBA repeating that returning inflation to target within a reasonable timeframe remains a high priority, we think it will still be some time before RBA policymakers are comfortable lowering interest rates.

This week also saw the release of December wage data for Japan. These figures have attracted increased attention recently as market participants look to assess whether a “virtuous” wage-price spiral is taking hold, which would be an important ingredient for the Bank of Japan (BoJ) exiting its negative interest rate policy. At first glance, headline Labor Cash Earnings were a bit underwhelming, rising 1.0% year-over-year compared to an expected 1.4% gain.

However, the underlying details were somewhat steadier, and we remain comfortable with our call for a 10 bps rate hike in April. The headline wage figure was depressed by slow growth in overtime and bonus pay; ordinary time earnings rose a firmer 1.6%. Moreover, for a series we believe is closely followed by BoJ policymakers—base pay for full-time workers measured on a same-sample basis —earnings rose by 2.0% year-over-year for a third consecutive month, a reasonably solid pace by historical standards. Another reason for optimism on wage growth is the spring wage negotiations currently in progress. There are growing signs that this year's wage increases could surpass those of last year, with Rengo (Japan's largest labor union federation) calling for a 5% increase and some large companies indicating increases could be as high as 6%-7%. The initial tally from these wage talks is due in mid-March and, should they result in relatively sturdy wage gains as we expect, that should keep the BoJ on course for an April rate hike.



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



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

Turning to emerging markets, when Mexico's central bank—also known as Banxico—met this week, policymakers unanimously decided to hold the overnight rate at 11.25% for the seventh consecutive meeting. Overall, we interpreted the central bank's policy guidance and updated economic forecasts as less hawkish than prior announcements, which we believe keeps it on course for an initial 25 bps rate cut at the March meeting.

Persistent elevated inflation has been a key focus for Banxico in recent months. Since its previous monetary policy meeting, January headline inflation quickened to 4.88% year-over-year, though policymakers noted that this was the result of a spike in volatile non-core components. Core inflation may have slowed less than expected to 4.76% but still continued with its overall decelerating trend. In terms of the central bank's updated CPI projections, although there were some increases in the 2024 headline inflation forecasts, the medium-term headline and core CPI forecasts were unchanged, suggesting that Banxico views any inflation uptick as a temporary phenomenon.

In addition, policymakers meaningfully shifted their language in a direction that, in our view, supports the case for a March rate cut. The December statement remarked that "the reference rate must be maintained at its current level for some time." This language was absent from the new statement. Instead, the central bank stated that "in the next monetary policy meetings, it will assess, depending on available information, the possibility of adjusting the reference rate." Taken together, the fact that Banxico has kept its medium-term inflation forecast unchanged while also softening its language on the stance of monetary policy is, in our view, consistent with an initial 25 bps rate cut to 11.00% at the March meeting.

Finally, in other central bank announcements this week, the Reserve Bank of India held its policy rate steady at 6.50% and said it would remain focused on the withdrawal of policy accommodation. Poland's central bank held its policy rate at 5.75% and Thailand's central bank held its policy rate at 2.50%, both as expected. Meanwhile, in the Czech Republic, the central bank cut interest rates by a larger-than-expected 50 bps to 6.25%.

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International Outlook

Weekly International Indicator Forecasts					
Date	**Indicator**	**Period**	**Consensus**	**Wells Fargo**	**Prior**
14-Feb	U.K. CPI (YoY)	Jan	4.2%	4.2%	4.0%
14-Feb	U.K. Core CPI (YoY)	Jan	5.2%	—	5.1%
15-Feb	Japan GDP (QoQ Annualized, SA)	Q4-23	1.2%	1.2%	-2.9%
15-Feb	Australia Employment Change	Jan	30.0K	—	-65.1K
15-Feb	Australia Unemployment Rate	Jan	4.0%	—	3.9%

Forecast as of February 09, 2024

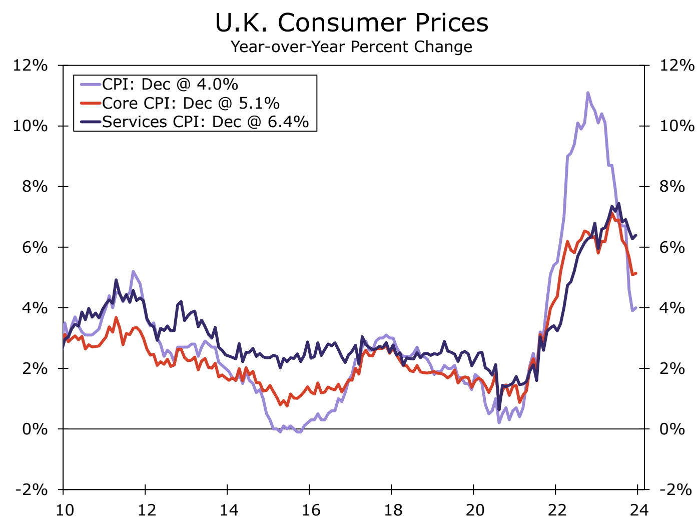
Source: Bloomberg Finance L.P. and Wells Fargo Economics

U.K. CPI • Wednesday

Next week's U.K. January CPI will be closely watched for insights into the potential path for Bank of England (BoE) monetary policy. We believe rate cuts are coming, but not just yet, and look for an initial 25 bps rate cut in June.

Last week's BoE monetary policy announcement was more hawkish than expected. The central bank acknowledged that while progress has been made, inflation—notably services inflation—remains elevated. Its updated economic projections also delivered a hawkish message: Using a market-implied path for interest rates, it showed that inflation, after briefly touching the 2% target in 2024, would rebound and stay above target for an extended period of time, until 2026. In effect, both the BoE's policy guidance and economic forecasts leaned against the market's aggressive pricing of interest rate cuts. In response, market participants have pushed back their rate cut expectations over the past several days.

For the January CPI, base effects should see a modest uptick in some key inflation figures. The consensus forecast is for headline inflation to firm to 4.2% year-over-year, and core inflation is also expected to tick up to 5.2%. Beyond January, however, the downward trend in U.K. inflation is expected to resume.

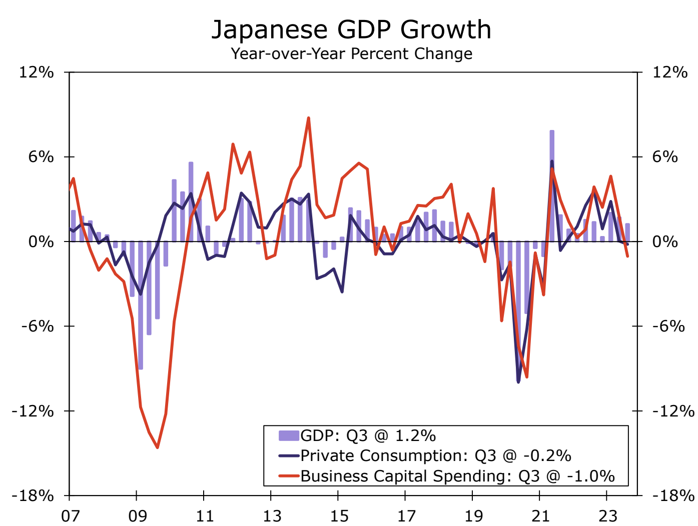


Source: Datastream and Wells Fargo Economics

Japan GDP • Thursday

Next week's Q4 GDP report will provide confirmation of how the economy fared in the final months of 2023. Japanese economic growth was particularly strong during the first half of last year, growing at an annualized pace of 4.3%, but stumbled in Q3 as GDP contracted. Market participants will be focused on whether, and to what extent, the economy rebounded in the final months of last year.

The consensus forecast is for a moderate rebound in Japan's Q4 GDP. The Q4 Tankan Survey—a closely followed measure of business conditions—showed promising results. We believe this will be similarly reflected in an increase in Q4 GDP, which is forecast to grow at a 1.2% quarter-over-quarter annualized rate. While such a return to growth would be welcome, it would be only a partial recovery of the Q3 decline. Within the details, consumer spending is expected to be flat in Q4, and business investment is expected to rise modestly. While we don't think next week's GDP report will be decisive for the monetary policy outlook, market participants could be more receptive to an upside surprise; such an outcome could make Bank of Japan policymakers feel more comfortable as they consider monetary policy normalization.



Source: Datastream and Wells Fargo Economics

Australia Employment • Thursday

Next week, Australian employment data will provide up-to-date detail into labor market conditions at the start of the new year. While December employment posted an unexpectedly large decline, we expect a partial reversal in January. That's broadly in line with the consensus forecast, which anticipates a January employment gain of 30K (after the December drop of 65.1K) and for the unemployment rate to edge up to 4.0%.

The labor market was an important focus for the Reserve Bank of Australia (RBA) in its policy announcement this week. It painted a picture of a reasonably solid labor market, remarking that "conditions in the labor market...remain tighter than is consistent with sustained full employment and inflation at target." In that context, any noticeable loosening in the labor market could make policymakers more comfortable that inflation is returning to target, and thus more comfortable in lowering interest rates. Therefore, for market participants that are awaiting monetary easing from the RBA, we suspect the greatest sensitivity would be to a downside surprise for employment, and/or an upside surprise in the unemployment rate.

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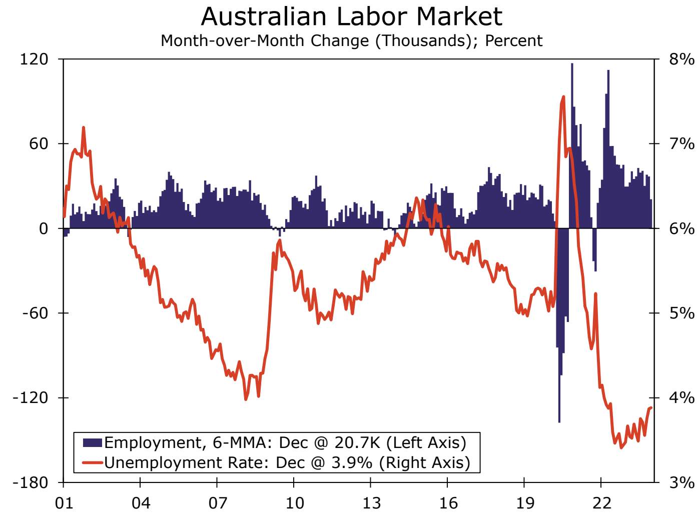


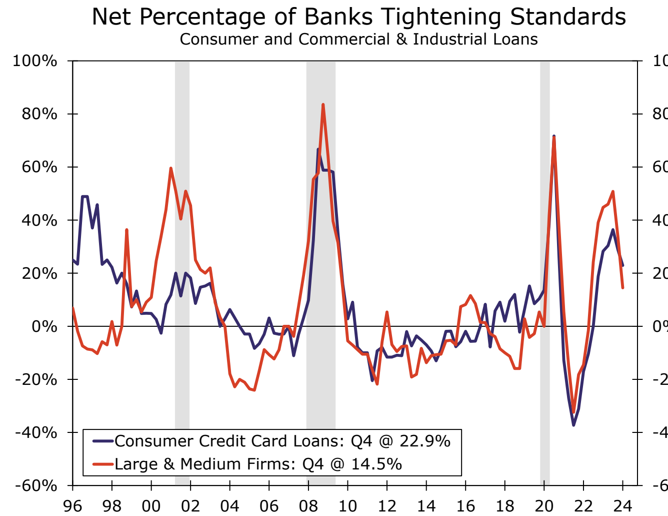
Source: Datastream and Wells Fargo Economics

Credit Market Insights

Credit Conditions Are Coming into Balance

The Federal Reserve released the Senior Loan Officer Opinion Survey (SLOOS) this past week, which addressed changes in bank loans to businesses and households during the fourth quarter of 2023. The end of the year saw a moderation in tight credit conditions. Most banks reported tightening lending standards for business commercial and investment (C&I), consumer and commercial real estate (CRE) loans, but the proportion tightening was significantly lower from the elevated levels seen throughout 2023. Loan demand remains muted, but banks' willingness to make loans ticked up over the quarter. Though we anticipate the Fed to begin easing this year, banks expect to tighten lending standards further, particularly for CRE, auto and credit card loans.

Since the Fed began its rate-hiking cycle in March 2022, the net percentage of banks reporting tighter lending standards has climbed steadily. These high levels have begun to cool off but remain elevated from a historical perspective (chart). On the consumer front, the net percent of banks reporting tighter lending standards for credit card and auto loans decreased six and eight percentage points over the quarter, respectively. Similarly, the net percentage of banks reporting tighter lending standards for C&I loans to large & medium and small firms fell 20 percentage points and 12 percentage points, respectively. However, most banks continued to tighten lending standards for CRE loans, with rates remaining elevated throughout Q4-2023.



Source: Federal Reserve Board and Wells Fargo Economics

Loan demand remained muted across the board. The net percentage of banks reporting stronger demand for auto, credit card and consumer installment loans improved throughout the quarter, but the shares remain in negative territory, meaning more banks see weaker demand than stronger demand. The same held true for C&I loans to large, medium and small firms. Meanwhile, CRE loan demand weakened further as elevated vacancy rates and high financing costs continue to weigh on the sector.

Looking ahead to 2024, banks expect to keep lending standards largely unchanged for C&I and residential real estate loans, but look to further tighten lending standards for CRE, auto and credit card loans. This largely reflects our own expectations for the year ahead. We anticipate the Fed to begin cutting rates at the May meeting, providing some relief to interest rate-sensitive sectors such as C&I and residential real estate. That said, the cracks that were materializing in the second half of last year remain, particularly for household balance sheets. Delinquencies rose further in the fourth quarter and interest payments continue to eat into purchasing power, presenting potential problems for consumers' credit health and their ability to borrow. Thus, we expect banks to remain cautious moving forward.

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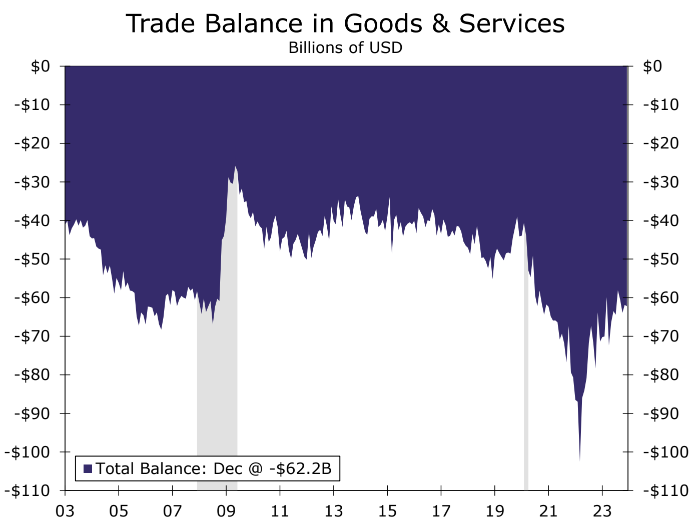
Topic of the Week

Oh, Mexico It Sounds So Simple I Just Got to Go

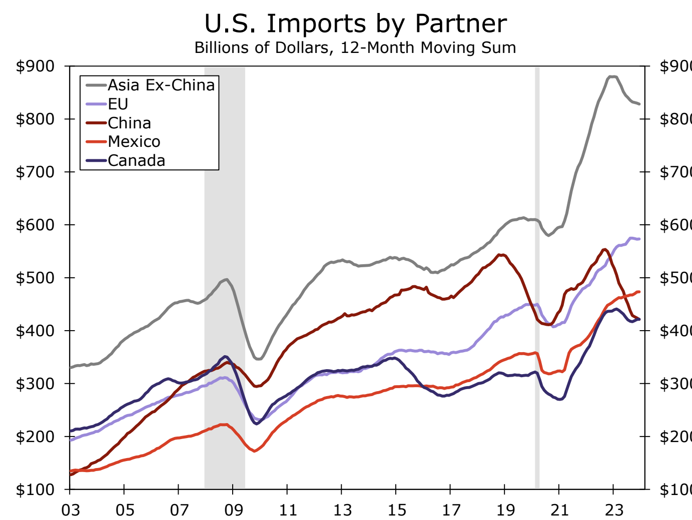
The U.S. international trade deficit has been volatile in the wake of the pandemic. After widening for three straight years, the trade deficit shrank by $178 billion last year, which more than reversed the 2022 widening. The improved trade position comes down to strength in services exports and a smaller drop in goods exports than imports. U.S. exports of travel, financial and transport services all ramped up and helped catapult the U.S. services trade surplus to its highest level on record in December.

The U.S. goods trade deficit also narrowed in 2023. Merchandise imports declined $160 billion while merchandise exports declined $39 billion. In other words, although both imports and exports slipped during the year, goods imports fell more than goods exports, which caused the deficit to narrow. The weakness in goods imports was broad-based; industrial supplies (-16%), consumer goods (-10%), foods, feeds & beverages (-4%) and capital goods (-1%) each decreased over the year. The bright spot was automotive vehicle imports, which rose 15% during 2023, as domestic motor vehicle production and sales continued to normalize from the pandemic's disruptions.

The broad weakness in goods trade likely reflects a normalization in trade flows, as well as a shift in trading partners. Elevated business inventories and softening goods demand generally explain the pullback in imports. Relative to their pre-pandemic levels, the real inventory-to-sales ratios in the wholesale and manufacturing sectors were up 4% and 2%, respectively, in November. Weak capital expenditures and a moderation in consumer spending on goods have weighed on sales in the factory sector, which has passed through to a pullback in goods imports.



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



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

The headline that many glommed onto this week was that Mexico displaced China as the top import partner for the United States. While that is the case, it misses a compelling development in U.S. import flows in the wake of the COVID-19 supply disruption and ongoing trade war with China. The nearby chart confirms the fact that Mexico sends more to the United States than China does. This observation, however, overshadows the fact that the United States has also seen a surge in imports from other countries in Asia beyond China. In our view, this is the major partner shift, and these countries are likely the greatest beneficiaries of the trade war and global supply chain reconfiguration post-COVID. Barring the slide in imports this past year, South Korea, Singapore, Taiwan and Vietnam have seen trade flows with the United States strengthen, while U.S. trade with China has weakened.

There is renewed interest in United States trade policy heading into the presidential election. Recent proposals around tariff and regulation changes suggest trade policy will be back on the table this year. Stay tuned.

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Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 2/9/2024	1 Week Ago	1 Year Ago
SOFR	5.31	5.32	4.55
Effective Fed Funds Rate	5.33	5.33	4.58
3-Month T-Bill	5.38	5.36	4.73
1-Year Treasury	4.75	4.58	4.79
2-Year Treasury	4.49	4.36	4.48
5-Year Treasury	4.16	3.98	3.86
10-Year Treasury	4.19	4.02	3.66
30-Year Treasury	4.38	4.22	3.73
Bond Buyer Index	3.49	3.34	3.65

Foreign Exchange Rates

	Friday 2/9/2024	1 Week Ago	1 Year Ago
Euro ($/€)	1.078	1.079	1.074
British Pound ($/£)	1.263	1.263	1.212
British Pound (£/€)	0.854	0.854	0.886
Japanese Yen (¥/$)	149.390	148.380	131.590
Canadian Dollar (C$/$)	1.348	1.346	1.345
Swiss Franc (CHF/$)	0.875	0.867	0.922
Australian Dollar (US$/A$)	0.652	0.651	0.694
Mexican Peso (MXN/$)	17.104	17.144	18.771
Chinese Yuan (CNY/$)	7.194	7.194	6.786
Indian Rupee (INR/$)	83.033	82.925	82.520
Brazilian Real (BRL/$)	4.968	4.970	5.275
U.S. Dollar Index	104.136	103.922	103.221

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

Foreign Interest Rates

	Friday 2/9/2024	1 Week Ago	1 Year Ago
3-Month German Govt Bill Yield	3.77	3.70	2.49
3-Month U.K. Govt Bill Yield	5.23	5.22	3.89
3-Month Canadian Govt Bill Yield	4.99	4.99	4.46
3-Month Japanese Govt Bill Yield	-0.13	-0.15	-0.18
2-Year German Note Yield	2.72	2.57	2.69
2-Year U.K. Note Yield	4.60	4.42	3.50
2-Year Canadian Note Yield	4.21	4.06	3.97
2-Year Japanese Note Yield	0.11	0.09	-0.03
10-Year German Bond Yield	2.38	2.24	2.30
10-Year U.K. Bond Yield	4.09	3.92	3.29
10-Year Canadian Bond Yield	3.56	3.38	3.05
10-Year Japanese Bond Yield	0.73	0.67	0.50

Commodity Prices

	Friday 2/9/2024	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	76.73	72.28	78.06
Brent Crude ($/Barrel)	82.09	77.33	84.50
Gold ($/Ounce)	2022.31	2039.76	1861.78
Hot-Rolled Steel ($/S.Ton)	945.00	967.00	803.00
Copper (¢/Pound)	368.35	382.15	409.70
Soybeans ($/Bushel)	12.01	11.96	15.22
Natural Gas ($/MMBTU)	1.85	2.08	2.43
Nickel ($/Metric Ton)	15,754	15,984	27,192
CRB Spot Inds.	538.89	541.48	573.57

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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 Grein	Economist	704-410-0369	Shannon.Grein@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

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