Economics

Weekly — April 5, 2024

# Weekly Economic & Financial Commentary

United States: **Strong Jobs Numbers Diminish Urgency for Rate Cuts**

- Nonfarm payrolls expanded 303K in March, surpassing all estimates submitted to Bloomberg. The continued strength in hiring suggests less urgency for policymakers at the Federal Reserve to lower the target range of the fed funds rate. Recent comments from FOMC members have homed in on the jobs market's underlying momentum as justification to wait and allow for more inflation data.
- Next week: Small Business Optimism (Tue.), Consumer Price Index (Wed.)

International: **Springtime Sentiment Data in Asian Economies Show Buds of Optimism**

- This week saw the release of important economic sentiment data from both G10 and emerging economies. In Japan, the Bank of Japan's Q1 Tankan survey—a closely watched measure of business sentiment—showed signs that Japan's economy may be able to gradually recover this year. In China, official March PMIs for the manufacturing and non-manufacturing sectors surprised to the upside, suggesting the economy started 2024 on a fairly solid note.
- Next week: Mexico CPI (Tue.), Bank of Canada Policy Rate (Wed.), European Central Bank Policy Rate (Thu.)

Credit Market Insights: **Nothing But Net: Household Net Worth Climbed in the Fourth Quarter**

- Household net worth climbed in the fourth quarter across all wealth cohorts. When indexed to 2000, household net worth is now at a fresh all-time high, sitting above its initial post-COVID peak from Q1-22. The biggest driver of the increase was a rise in corporate equities and mutual fund shares.

Topic of the Week: **FY 2024 Budget Complete, but Fiscal Fights Still Loom**

- On March 23, President Biden signed into law the last remaining appropriations bill for fiscal year 2024, completing a budget process that dragged on for nearly a year and included four short-term continuing resolutions to keep the government open and operating. That said, federal fiscal fights are anything but over.

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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 | 3.4 | 2.4 | 1.3 | 1.3 | 1.4 | 1.9 | 2.5 | 2.4 | 1.8 |
| Personal Consumption | 3.8 | 0.8 | 3.1 | 3.3 | 2.4 | 1.5 | 1.1 | 1.4 | 2.5 | 2.2 | 2.1 | 1.7 |
| Consumer Price Index [2] | 5.7 | 4.0 | 3.6 | 3.2 | 3.2 | 3.2 | 3.0 | 2.9 | 8.0 | 4.1 | 3.1 | 2.4 |
| "Core" Consumer Price Index [2] | 5.5 | 5.2 | 4.4 | 4.0 | 3.8 | 3.5 | 3.5 | 3.3 | 6.2 | 4.8 | 3.5 | 2.7 |
| Quarter-End Interest Rates [3] | | | | | | | | | | | | |
| Federal Funds Target Rate[4] | 5.00 | 5.25 | 5.50 | 5.50 | 5.50 | 5.25 | 4.75 | 4.50 | 2.02 | 5.23 | 5.00 | 3.88 |
| Conventional Mortgage Rate | 6.54 | 6.71 | 7.20 | 6.82 | 6.85 | 6.65 | 6.45 | 6.15 | 5.38 | 6.80 | 6.53 | 5.85 |
| 10 Year Note | 3.48 | 3.81 | 4.59 | 3.88 | 4.05 | 3.90 | 3.80 | 3.70 | 2.95 | 3.96 | 3.86 | 3.61 |

Forecast as of: March 14, 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.

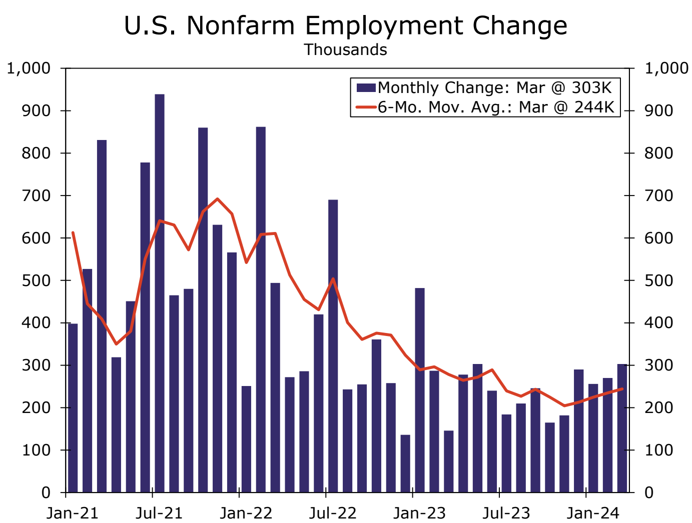
## U.S. Review

### Strong Jobs Numbers Diminish Urgency for Rate Cuts

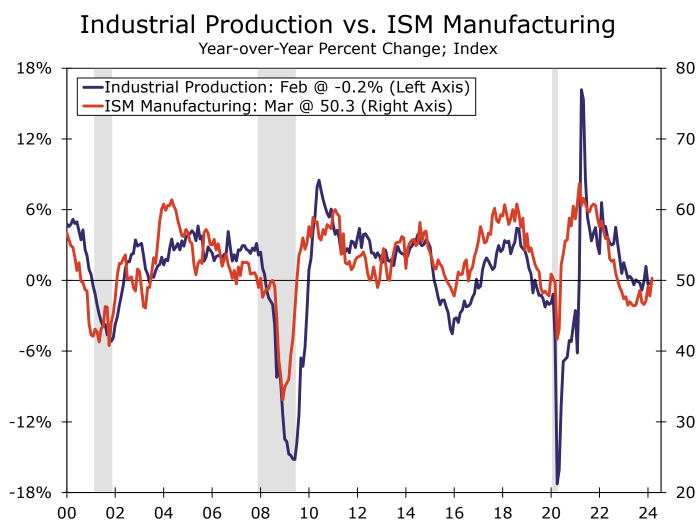
Another upside surprise in the books. Nonfarm payrolls expanded 303K in March, surpassing all estimates submitted to Bloomberg. Modest upward revisions to the prior two months of data sweeten the outturn and point to a labor market in full bloom.

Digging into the industry details, healthcare (+81K), government (+71K) and leisure & hospitality (+49K) saw solid additions. With this report, jobs in the leisure & hospitality sector finally surpassed their pre-pandemic level, which corroborated the increase in the employment component of the ISM services index in March. As the service sector continues to staff up to meet robust demand, service firms have little incentive to show restraint on pricing.

The household survey's separate measurement of employment also showed a robust gain of 498K in March, which far outstripped the 29K decline in the number of unemployed and led the labor force to expand by 469K. Consequently, the unemployment rate ticked down 0.1 percentage points to 3.8%. The labor force's improvement coincides with labor demand stabilizing at an elevated level and quits moving sideways at a low level. The greater pool of available workers amid cooled employee churn points to subsiding wage growth in the months ahead. Average hourly earnings picked up 0.3% in March, but slipped 0.2 percentage points on a year-over-year basis to 4.1%.




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




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

The continued strength in hiring suggests less urgency for policymakers at the Federal Reserve to lower the target range of the fed funds rate. Recent comments from FOMC members have homed in on the jobs market's underlying momentum as justification to wait and allow for more inflation data. The progress in goods disinflation attributable to the normalization in supply chains in the wake of the pandemic has largely run its course, implying softer demand, especially for services, will be needed to pull consumer price inflation down to the 2% target on a sustainable basis. Yet with continued tightness in the labor market supporting solid wage growth, demand is showing few signs of weakness.

Before the payroll report, markets had priced in a roughly 60% chance of the FOMC cutting its target range by 25 bps in June. That probability is sitting closer to 53% at the time of this writing. With expectations for the start of policy easing being pushed back later into the year, elevated borrowing costs will continue to weigh on interest-rate sensitive sectors of the economy. Construction spending slipped 0.3% in February, marking the second straight month of decline. Broad-based retrenchment in nonresidential construction outweighed the steady climb in single-family home building. We suspect investment in nonresidential structures will contract in the coming quarters as commercial construction project starts have slowed to a crawl amid tight credit conditions.

The factory sector also remains in the doldrums. In February, manufacturing production was down nearly half-a-percentage-point on a year-ago basis. Despite the contraction in output, the ISM manufacturing index unexpectedly broke into expansionary territory in March for the first time in 16 months. Improving expectations for new orders in the second half of the year helped lift overall sentiment. While it is encouraging to see the ISM back above 50, we remain cautious on the trajectory of industrial production until we have more clarity on the timing of monetary policy easing.

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## U.S. Outlook

**Weekly Domestic Indicator Forecasts**

| Date | Indicator | Period | Consensus | Wells Fargo | Prior |
|---|---|---|---|---|---|
| 10-Apr | CPI (MoM) | Mar | 0.3% | 0.4% | 0.4% |
| 10-Apr | CPI (YoY) | Mar | 3.5% | 3.5% | 3.2% |
| 10-Apr | Core CPI (MoM) | Mar | 0.3% | 0.3% | 0.4% |
| 10-Apr | Core CPI (YoY) | Mar | 3.7% | 3.8% | 3.8% |
| 10-Apr | CPI Index NSA | Mar | 312.073 | 312.332 | 310.326 |
| 11-Apr | PPI Final Demand (MoM) | Mar | 0.3% | 0.3% | 0.6% |
| 11-Apr | PPI Final Demand (YoY) | Mar | — | 2.2% | 1.6% |
| 11-Apr | Core PPI (MoM) | Mar | 0.2% | 0.2% | 0.3% |
| 11-Apr | Core PPI (YoY) | Mar | — | 2.3% | 2.0% |
| 12-Apr | Import Price Index (MoM) | Mar | 0.3% | 0.4% | 0.3% |
| 12-Apr | Import Price Index (YoY) | Mar | — | 0.4% | -0.8% |

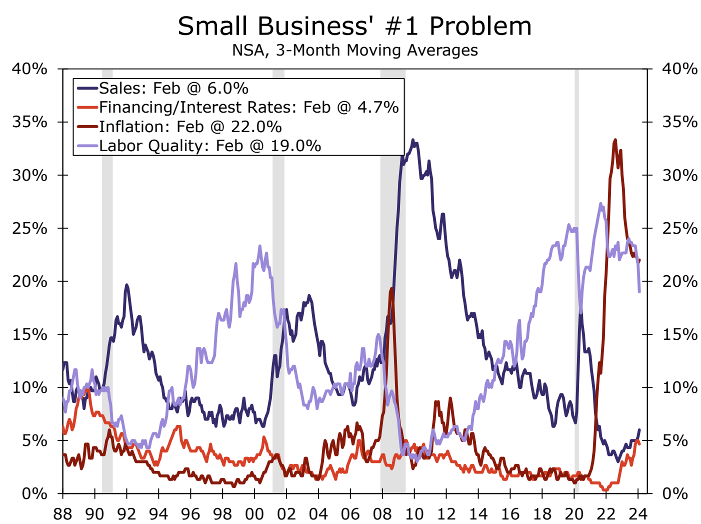
Forecast as of April 05, 2024

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

### NFIB Small Business Optimism • Tuesday

The National Federation of Independent Businesses (NFIB) Small Business Optimism Index fell to the lowest reading since May 2023 in February. If you ask small businesses what their #1 problem is, they'll tell you it's price pressures and finding quality labor. Even as those problems have abated, businesses still face tough conditions. Both inflation and the labor market are moderating, but prices remain elevated and labor isn't exactly in abundant supply. When considering these pressures, it's not surprising small businesses have continued to cite decreased optimism in the wake of the pandemic.

We expect small businesses are having difficulties balancing the sharp rise in prices over the past several years with slowing sales and uncertain future demand. Sales expectations improved in February, but still remain depressed relative to recent periods of economic expansion. But firms have noted some improvement in conditions. While labor quality remains a top concern, there was a notable drop in the share of firms citing it as their top problem in February. But at the same time, small firms' hiring intentions sunk to a low not seen since May 2020, consistent with a moderating labor market. While inflation is still a top challenge, the share of firms expecting to raise prices has subsided. Ultimately, we expect small business optimism to remain depressed in the near-term amid increased uncertainty.




Source: NFIB and Wells Fargo Economics

### Consumer Price Index (CPI) • Wednesday

The March consumer price data demand increased attention after consumer inflation surprised to the upside at the start of the year. At a high level, we expect the bumpy and stubbornly slow retreat in inflation was on full display in March. We forecast the headline CPI rose by 0.4% for a second straight month, pushing the year-ago rate to 3.5%. Part of that gain will come from higher gasoline prices during the month, and when excluding food and energy, we expect core CPI to advance 0.3%. It was likely more of the same in terms of the drivers of core inflation. We anticipate core goods inflation likely fell back into deflation territory in March while core services inflation was likely little changed as a further moderation in shelter costs was offset by a pickup in services ex-housing. While we believe core goods prices have some additional room to fall over the next few months, services prices will need to cool more markedly to keep overall inflation on its downward path.

For more detail, please see our full March CPI Preview.

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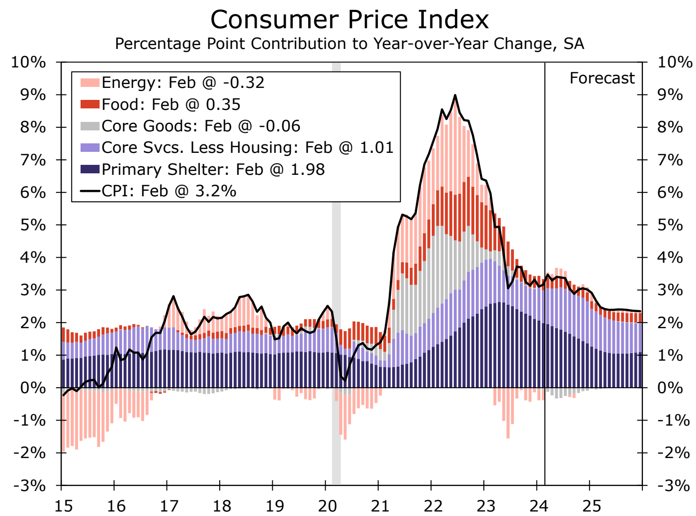


Source: U.S. Department of Labor and Wells Fargo Economics

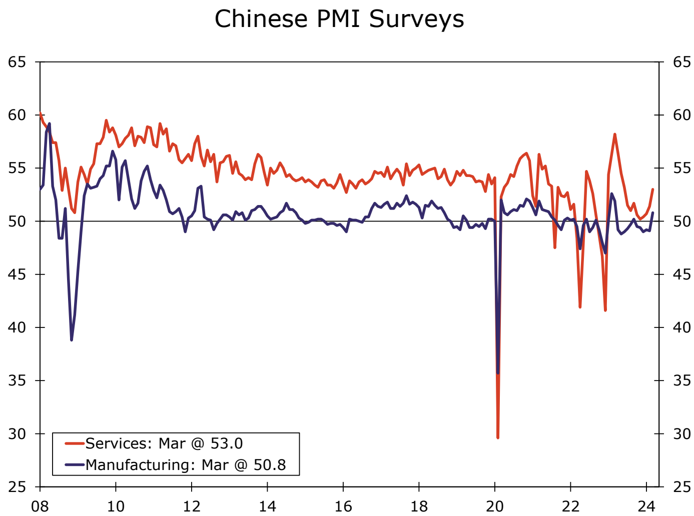
## International Review

### Springtime Sentiment Data in Asian Economies Show Buds of Optimism

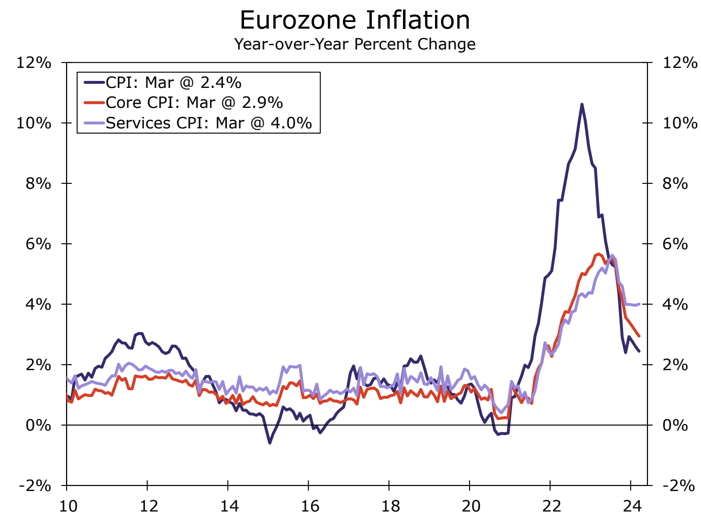
This week saw the release of important economic sentiment data from both G10 and emerging economies. In Japan, the Bank of Japan's (BoJ) Q1 Tankan survey—a closely watched measure of business sentiment—showed signs that Japan's economy may be able to gradually recover this year. While the Large Manufacturing Index slipped from +13 to +11, this drop was smaller than expected. The fall in the manufacturing index may have been due in part to challenges in the motor vehicle manufacturing space related to a temporary shutdown in production by a large automaker. However, while the results from the manufacturing sector may be somewhat mixed, the Large Non-Manufacturing Index showed more encouraging signs.The Large Non-Manufacturing Index rose more than expected, to +34 from +32. The increase in the index reflects firmness in construction, real estate and parts of the service sector that have seen a boost from incoming tourism; this February marked the highest number of foreign travelers visiting Japan for any month since the beginning of the pandemic according to the Japan National Tourism Organization.

Another closely watched aspect of the quarterly Tankan survey are firms' capital investment plans for the current fiscal year, which just began at the start of April. Firms reported an expectation to increase capital spending by 4% as compared to the previous fiscal year. While this a reasonably solid pace of growth for an initial projection, it is also worth nothing that this figure typically gets upwardly revised as the fiscal year progresses. The Tankan survey also includes data on firms' inflation expectations. In the Q1 survey results, businesses reported an expectation that annual inflation would remain around or slightly above the BoJ's 2% inflation target for the next five years. This may come as good news for the central bank as it aims to achieve target inflation in the near to medium term. After hiking interest rates in March for the first time since 2007, we believe the BoJ will opt to deliver another 10 bps rate hike in October, so long as economic growth remains reasonably solid and policymakers feel that the inflation target continues to be within sight.

China's official March PMIs for the manufacturing and non-manufacturing sectors suggest the economy started 2024 on a fairly solid note. The March manufacturing PMI rose by more than expected to 50.8, surpassing the "breakeven" 50 level for the first time in six months. Looking into the details of the index, the output component also marked a six-month-high, and the new orders component—typically seen as an indication of future activity in the sector—rose four points to 53.0. These details may point to some further momentum in the manufacturing sector in the coming months. The March non-manufacturing PMI, which corresponds to the services and construction sectors, climbed more than expected to 53.0 from 51.4. The new orders component ticked up, and the business activities expectation component lifted to 58.4, suggesting a favorable outlook for the non-manufacturing sector as well. The Caixin PMIs, which tend to focus on smaller, privately owned companies, told a similar story; the Caixin indices for the manufacturing and services sectors both rose by more than expected. Overall, these recent PMI figures suggest firmness in China's economy in early 2024. Market participants will be watching to see if this firmness is reflected in China's Q1 GDP growth figures and for signs whether this apparent strength can be sustained. While China's economy has demonstrated an encouraging start to 2024, we still expect some moderation in growth as the year progresses.




Source: Datastream and Wells Fargo Economics




Source: Datastream and Wells Fargo Economics

In other economic data this week, the disinflation process continued in the Eurozone with March headline and core CPI inflation slowing more than expected. Headline year-over-year inflation eased to 2.4% from 2.6%, and core inflation slowed to 2.9% from 3.1%. However, services inflation remained sticky at 4.0% for the fifth consecutive month. Services price growth is more closely influenced by wage growth, and both are important inputs for European Central Bank (ECB) policymakers as they weigh the timing of rate cuts; in recent months, ECB officials have noted a desire to see further slowing in wage growth. Some key wage figures for early 2024 will be available in time for the central bank's June monetary policy meeting. All in all, we believe this week's Eurozone CPI data will keep the ECB on track to deliver an initial 25 bps rate cut in June. For further reading on our expectations for ECB monetary policy in the near term, please see the International Outlook section.

Central banks in some emerging economies delivered monetary policy decisions this week. Chilean Central Bank (BCCh) policymakers unanimously decided to slow the pace of monetary easing, with a 75 bps reduction in the policy rate to 6.50%, and released an accompanying announcement that leaned less dovish in tone. The announcement highlighted early 2024 economic data that exceeded expectations, including the economic activity index and January and February inflation. Although officials noted that inflation has come closer to the 3% target, they expressed a commitment to continue monitoring inflation's path, noting the recent upside surprises. Policymakers also highlighted the potential for higher imported cost pressures; the Chilean peso has weakened by over 7% in 2024 so far. Looking ahead, policymakers expressed caution, commenting that "the magnitude and timing of the MPR [Monetary Policy Rate] reduction process will take into account the evolution of the macroeconomic scenario and its implications for the trajectory of inflation." This week also saw the release of the central bank's quarterly monetary policy report. The BCCh upgraded its 2024 year-end inflation forecast to 3.8%, from 2.9% prior, and held its 2025 forecast steady at 3%. It upgraded this year's GDP growth forecast to 2%-3% and modestly downgraded the 2025 growth outlook. Taken all together, we expect the BCCh to take a more cautious approach to monetary easing going forward and slow the pace of policy rate cuts as 2024 progresses.

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## International Outlook

| Weekly International Indicator Forecasts | | | | | |
|---|---|---|---|---|---|
| **Date** | **Indicator** | **Period** | **Consensus** | **Wells Fargo** | **Prior** |
| 9-Apr | Mexico CPI (YoY) | Mar | 4.51% | — | 4.40% |
| 9-Apr | Mexico Core CPI (YoY) | Mar | 4.63% | — | 4.64% |
| 10-Apr | Bank of Canada Policy Rate | 10-Apr | 5.00% | 5.00% | 5.00% |
| 10-Apr | Brazil Inflation IPCA (YoY) | Mar | 4.00% | — | 4.50% |
| 11-Apr | European Central Bank Deposit Rate | 11-Apr | 4.00% | 4.00% | 4.00% |

Forecast as of April 05, 2024

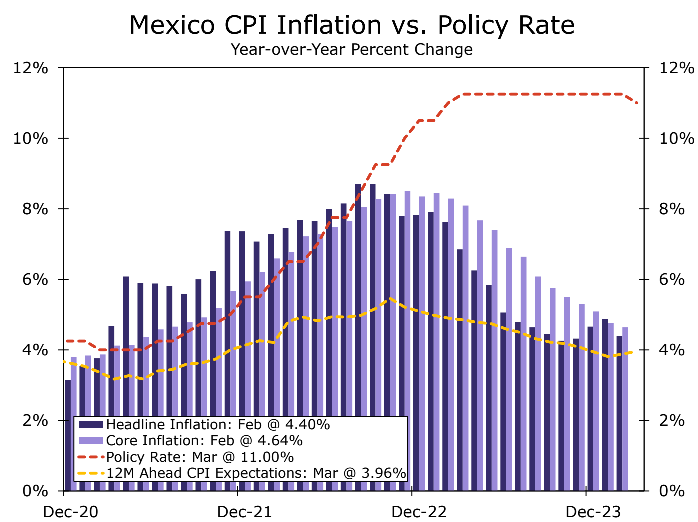
Source: Bloomberg LP and Wells Fargo Securities

### Mexico CPI • Tuesday

Next week, market participants will be watching the release of Mexico's March CPI data to see whether price pressures are still on an overall softening trend, which could allow Banxico policymakers to deliver another 25 bps rate cut in May. Headline year-over-year inflation is expected to firm slightly to 4.51%, while core inflation is forecast to remain broadly steady at 4.63%.

At their March monetary policy meeting, central bank officials delivered an initial policy rate cut of 25 bps to 11.00%. Accompanying policymaker commentary was somewhat open-ended on future monetary policy decisions, noting that they will "take into account the progress in the inflation outlook and the challenges that prevail." We believe Banxico officials will take a cautious approach to monetary easing this year. Given that the consensus forecasts suggest a brief interruption in the gradually slowing inflation path towards the 3% target, we believe policymakers will feel most comfortable maintaining a steady, careful pace of easing with another 25 bps rate cut in May.

In other Latin America inflation news next week, Brazil's inflation data for March will be released on Wednesday, with headline year-over-year inflation expected to slow to 4.00%.

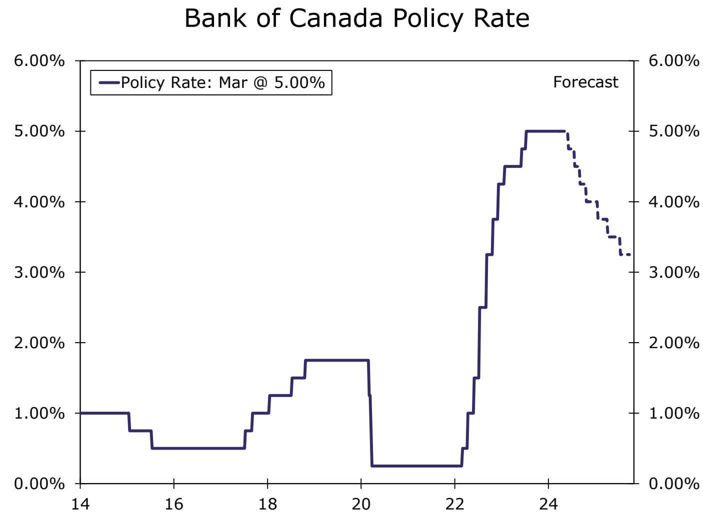



Source: Bloomberg Finance L.P. and Wells Fargo Economics

## Bank of Canada Policy Rate • Wednesday

The Bank of Canada (BoC) announces its monetary policy decision next week. We believe recent growth and inflation trends are likely to keep the BoC on hold next week at 5.00%, but keep it on track to deliver an initial 25 bps rate cut in June. After contracting in the third quarter of last year, economic activity seemed to turn a corner, and the Canadian economy expanded in the fourth quarter. In addition, the January monthly GDP figures surprised to the upside, while Statistics Canada looks for further growth in February GDP. An encouraging growth environment, should, in our view, take the pressure off the central bank to cut interest rates in the immediate future.

That being said, while we do not look for a move at next week's meeting, we believe a June rate cut seems likely when considering recent inflation data alongside the growth backdrop. Since the BoC's latest monetary policy meeting, both headline and core measures of inflation for February surprised to the downside. Price pressures have continued to ease in recent months. This progress on inflation should, in our view, make BoC policymakers feel more comfortable in lowering interest rates, especially if good inflation news continues over the next few months. In next week's monetary policy announcement, market participants will be watching for any notable adjustments to the BoC's language around inflation and policy guidance as well as updates to its economic forecasts. Adjustments to these items could signal that officials are laying the groundwork for an initial rate cut in June.

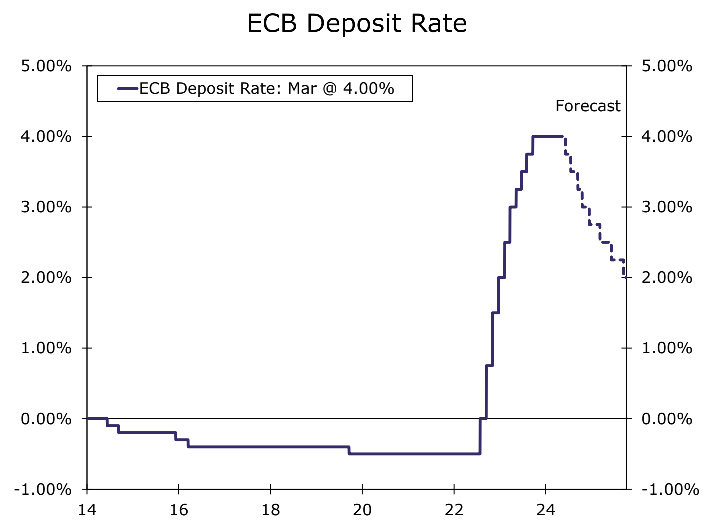


Source: Bloomberg Finance L.P. and Wells Fargo Economics

## European Central Bank Policy Rate • Thursday

We expect the European Central Bank (ECB) to hold its policy rate steady at next week's monetary policy meeting. Looking ahead, as we consider recent growth and inflation trends as well as comments from ECB policymakers, we believe the central bank is still on course to deliver an initial 25 bps rate cut in June.

While growth was weak during the second half of last year, recent sentiment surveys have been consistent with a gradual economic recovery in the new year. In our view, a more-favorable growth environment likely means that bank officials will feel less pressure, at the margin, to cut interest rates imminently. In terms of price growth, while headline and core inflation have continued to ease in recent months, ECB officials have noted a desire to see further slowing in underlying price pressures, especially those related to wage growth. This was highlighted in the minutes from the March monetary policy meeting: "in addition to new staff projections, the Governing Council would have significantly more data and information by the June meeting, especially on wage dynamics. By contrast, the new information available in time for the April meeting would be much more limited, making it harder to be sufficiently confident about the sustainability of the disinflation process by then." While we do not expect a rate cut until June, market participants will be tuned in next week to any adjustments to the central bank's assessment of inflation and wage trends, as well as any tweaks to its policy guidance.



Source: Datastream and Wells Fargo Economics

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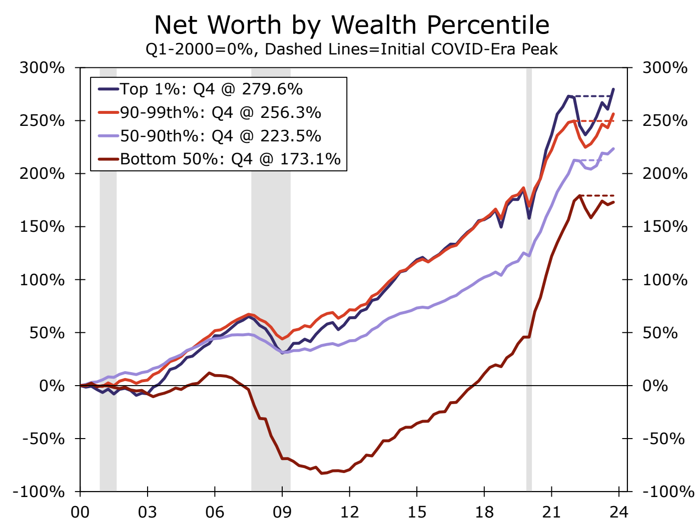
## Credit Market Insights

### Nothing But Net: Household Net Worth Climbed in the Fourth Quarter

Household net worth climbed in the fourth quarter across all wealth cohorts. Net worth had surged during 2020 and 2021 in the wake of stimulus payments and a strong rebound in equity prices. The decline in stock prices in 2022 and an increase in home mortgage liabilities dragged net worth lower throughout the year, before it began to climb again in 2023 with the support of rising stock prices. When indexed to 2000, household net worth is now at a fresh all-time high, sitting above its initial post-COVID peak from Q1-22.

The biggest driver of the increase in household net worth was large increases in the value of corporate equities and mutual fund shares. Household net worth increased the most for those in the top 1% of the wealth distribution, climbing $2.2 trillion to $44.6 trillion. Corporate equities and mutual fund shares make up the largest share of assets for this wealth cohort, and their increase in value by $2.1 trillion accounted for 94% of the total increase in asset value for the wealthiest households. Households in the 90-99th wealth percentile experienced a similarly strong gain of $2.0 trillion, while households in the 50-89th percentile had their net worth increase $691 billion. Those in the bottom 50% of the distribution experienced a gain of $34 billion.

The differences in the level of increase by wealth cohort can partially be chalked up to differences in asset allocation. Wealthier cohorts have a larger share of their assets tied up in corporate equities and mutual fund shares, while lower wealth cohorts often have larger portions of their assets allocated to real estate and consumer durables. The S&P 500 ended Q4-23 up over 10% on the quarter, giving households with more exposure to equity markets a sizable boost. Further, the value of real estate assets declined for all wealth cohorts, and the $46.7 billion decline in the value of real estate assets for households in the bottom 50% of the distribution more than offset the $45.3 billion gain in corporate equities the cohort experienced in the fourth quarter.



Source: Federal Reserve Board and Wells Fargo Economics

On the liabilities side of the balance sheet, all wealth cohorts saw increases in their outstanding liabilities. Increases in home mortgage liabilities drove the majority of increases here, though consumer credit increases were a close second and contributed most heavily to increases in liabilities for the top 1%. Over the past year, total liabilities have risen for all wealth cohorts save the top 1%. Home mortgage liabilities are at the root of these trends. Mortgage liabilities increased by $361.5 billion total for those in the 99th wealth percentile and below, though they decreased by about $5 billion for the top 1% over the same period.

Overall, the household sector is on firm footing. However, looking forward, we expect vulnerabilities may be mounting for lower wealth and income cohorts, as highlighted by household net worth for the bottom 50% being chipped away at by relatively larger increases in liabilities.

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## Topic of the Week

### FY 2024 Budget Complete, but Fiscal Fights Still Loom

On March 23, President Biden signed into law the last remaining appropriations bill for fiscal year 2024, completing a budget process that dragged on for nearly a year and included four short-term continuing resolutions (CR) to keep the government open and operating. The spending bills that became law were broadly in line with the Fiscal Responsibility Act (FRA) negotiated between the Biden administration and former Speaker of the House Kevin McCarthy in the spring and early summer of 2023. Defense discretionary spending saw a 3% boost in FY 2024 relative to FY 2023, while nondefense discretionary spending in FY 2024 is roughly unchanged from FY 2023 levels.

This modest spending increase likely will lag inflation this year, suggesting that federal outlays for this segment of the budget will be flat or slightly down after accounting for inflation. That said, roughly one quarter of federal spending is determined during the annual appropriations process. The bulk of federal spending, including interest outlays on the national debt and mandatory spending on programs such as Social Security, Medicare and Medicaid, are not part of the annual appropriations process (chart). Furthermore, the fiscal tailwinds are still blowing from other federal spending initiatives, such as the Infrastructure Investment and Jobs Act and the Inflation Reduction Act. Federal fiscal policy is not as accommodative as it was a couple of years ago, but we would still not characterize it as tight despite only modest spending increases in the FY 2024 appropriations process.

With the FY 2024 budget process complete, concerning headlines about a looming government shutdown will dissipate. That said, federal fiscal fights are anything but over. Congress returns from its Easter recess on Monday, and a looming showdown over proposed foreign aid for Ukraine, Israel and other parts of the world will consume policymakers. The earliest the government can shut down is October 1, 2024, which marks the start of the next fiscal year. Congress will once again need to come to an agreement on the 12 annual appropriation bills or pass a continuing resolution by October 1 to avoid a shutdown this fall. The presidential election on November 5 leads us to believe Congress may use a CR to push out the funding deadline until after the election.

Past the election, federal fiscal policy debates will ramp up even more. The debt ceiling, which has been suspended since June 2023, will be reinstated on January 2, 2025. Large parts of the 2017 Tax Cuts and Jobs Act expire at year-end 2025, and this expiration likely will spark a fierce debate about the direction of the nation's tax policy in the years ahead. For further reading on the post-election fiscal policy outlook, see Part III of our recent series on the 2024 presidential election.

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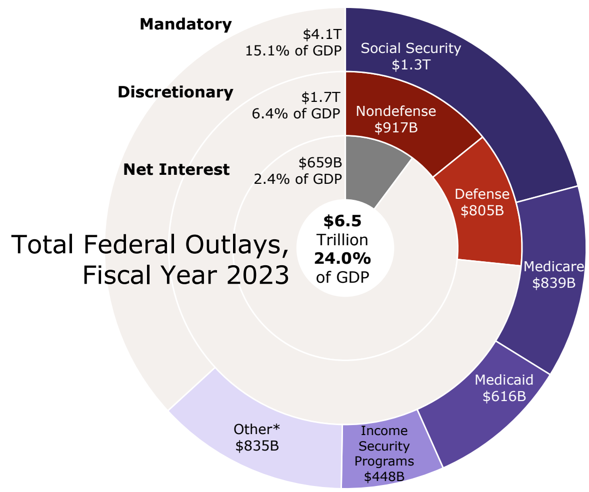


*Adjusted for SCOTUS Student Loan Forgiveness Ruling

Source: Congressional Budget Office and Wells Fargo Economics

# Market Data • Mid-Day Friday

## U.S. Interest Rates

| | Friday 4/5/2024 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| SOFR | 5.32 | 5.34 | 4.83 |
| Effective Fed Funds Rate | 5.33 | 5.33 | 4.83 |
| 3-Month T-Bill | 5.37 | 5.36 | 4.82 |
| 1-Year Treasury | 5.13 | 5.11 | 4.09 |
| 2-Year Treasury | 4.70 | 4.62 | 3.78 |
| 5-Year Treasury | 4.35 | 4.21 | 3.37 |
| 10-Year Treasury | 4.36 | 4.20 | 3.31 |
| 30-Year Treasury | 4.52 | 4.34 | 3.57 |
| Bond Buyer Index | 3.68 | 3.58 | 3.36 |

## Foreign Exchange Rates

| | Friday 4/5/2024 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| Euro ($/€) | 1.084 | 1.079 | 1.090 |
| British Pound ($/£) | 1.263 | 1.262 | 1.246 |
| British Pound (£/€) | 0.858 | 0.855 | 0.875 |
| Japanese Yen (¥/$) | 151.560 | 151.350 | 131.320 |
| Canadian Dollar (C$/$) | 1.358 | 1.354 | 1.346 |
| Swiss Franc (CHF/$) | 0.901 | 0.901 | 0.907 |
| Australian Dollar (US$/A$) | 0.659 | 0.652 | 0.672 |
| Mexican Peso (MXN/$) | 16.476 | 16.559 | 18.308 |
| Chinese Yuan (CNY/$) | 7.233 | 7.226 | 6.878 |
| Indian Rupee (INR/$) | 83.293 | 83.404 | 82.001 |
| Brazilian Real (BRL/$) | 5.063 | 5.014 | 5.035 |
| U.S. Dollar Index | 104.238 | 104.546 | 101.852 |

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

## Foreign Interest Rates

| | Friday 4/5/2024 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| 3-Month German Govt Bill Yield | 3.69 | 3.66 | 2.70 |
| 3-Month U.K. Govt Bill Yield | 5.36 | 5.25 | 3.89 |
| 3-Month Canadian Govt Bill Yield | 4.97 | 5.20 | 4.38 |
| 3-Month Japanese Govt Bill Yield | 0.01 | -0.05 | -0.19 |
| 2-Year German Note Yield | 2.88 | 2.85 | 2.52 |
| 2-Year U.K. Note Yield | 4.22 | 4.17 | 3.34 |
| 2-Year Canadian Note Yield | 4.16 | 4.18 | 3.56 |
| 2-Year Japanese Note Yield | 0.21 | 0.19 | -0.03 |
| 10-Year German Bond Yield | 2.40 | 2.30 | 2.18 |
| 10-Year U.K. Bond Yield | 4.07 | 3.93 | 3.43 |
| 10-Year Canadian Bond Yield | 3.55 | 3.47 | 2.79 |
| 10-Year Japanese Bond Yield | 0.79 | 0.73 | 0.48 |

## Commodity Prices

| | Friday 4/5/2024 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| WTI Crude ($/Barrel) | 87.43 | 83.17 | 80.61 |
| Brent Crude ($/Barrel) | 91.65 | 87.48 | 84.99 |
| Gold ($/Ounce) | 2327.30 | 2229.87 | 2020.73 |
| Hot-Rolled Steel ($/S.Ton) | 853.00 | 865.00 | 1171.00 |
| Copper (¢/Pound) | 422.60 | 400.70 | 398.65 |
| Soybeans ($/Bushel) | 11.85 | 11.92 | 15.23 |
| Natural Gas ($/MMBTU) | 1.81 | 1.76 | 2.16 |
| Nickel ($/Metric Ton) | 17,543 | 16,418 | 22,910 |
| CRB Spot Inds. | 549.17 | 544.28 | 561.33 |

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## Required Disclosures