WELLS FARGO

Weekly — January 20, 2023

Weekly Economic & Financial Commentary

United States: **The Pain Is Spreading**

- The housing sector has borne the brunt of the Fed's efforts to slow the economy, and this week's data showed the industry continues to reel. But pain is now clearly spreading beyond housing with grim reports on retail sales and manufacturing activity this week.
- Next week: Leading Economic Index (Mon), Q4 GDP (Thurs), Personal Income & Spending (Fri)

International: **Bank of Japan Maintains Accommodative Monetary Policy for Now**

- At a widely anticipated Bank of Japan (BoJ) monetary policy meeting, the central bank pushed back against expectations for a further policy adjustment, maintaining its accommodative monetary policy stance for now. In particular, the BoJ maintained a zero percent target for 10-year Japanese government bond yields, with an unchanged tolerance band of plus or minus 50 bps around that target. Elsewhere, Chinese activity was firmer than expected late last year, as Q4 GDP was flat quarter-over-quarter, and December retail sales and industrial output also surprised to the upside.
- Next week: Eurozone PMIs (Tue.), Australia CPI (Wed.), Bank of Canada Policy Announcement (Wed.)

Credit Market Insights: **Corporate Bond Yields in a Debt Ceiling Showdown**

- The mounting debt ceiling showdown in 2023 will be an event for credit markets to watch closely. In the period around the 2011 debt ceiling standoff, the absolute level of investment grade corporate bond yields remained almost entirely unchanged. However, the plunge in Treasury yields translated into a widening of spreads on investment grade corporate bonds.

Topic of the Week: **The Fed's Reach Extends Beyond the Housing Market**

- Qualitative accounts from the January Beige Book support our view that the economy is not currently in recession, but the effects of monetary tightening are beginning to materialize in the broader economy. The survey also suggests that population growth acts as a hedge against economic declines.

Wells Fargo U.S. Economic Forecast

	2021				2022				2023				2021	2022	2023	2024
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product [1]	6.3	7.0	2.7	7.0	-1.6	-0.6	3.2	2.8	0.0	0.3	-2.6	-1.9	5.9	2.1	0.5	0.3
Personal Consumption	10.8	12.1	3.0	3.1	1.3	2.0	2.3	2.7	-0.3	0.8	-1.4	-2.2	8.3	2.8	0.7	-0.1
Inflation Indicators [2]																
PCE Deflator	1.9	4.0	4.5	5.7	6.4	6.6	6.3	5.5	4.2	3.0	2.4	2.2	4.0	6.2	2.9	2.2
Consumer Price Index	1.9	4.8	5.3	6.7	8.0	8.6	8.3	7.1	5.3	3.3	2.4	2.2	4.7	8.0	3.3	2.4
Industrial Production [1]	3.1	6.5	3.5	4.8	4.7	5.0	1.8	-1.7	-2.2	-3.4	-5.0	-5.8	4.9	3.9	-2.0	-3.2
Corporate Profits Before Taxes [2]	16.1	39.2	15.3	22.3	10.9	7.7	5.5	-2.0	-4.0	-6.0	-4.0	3.0	22.6	5.4	-2.8	6.3
Trade Weighted Dollar Index [3]	104.2	102.8	105.3	108.2	109.7	114.9	121.6	116.7	119.5	118.3	116.8	115.0	104.6	115.3	117.4	110.5
Unemployment Rate	6.2	5.9	5.1	4.2	3.8	3.6	3.6	3.6	3.6	3.7	4.1	4.8	5.4	3.6	4.1	5.1
Housing Starts [4]	1.58	1.59	1.57	1.68	1.72	1.65	1.45	1.40	1.24	1.28	1.32	1.29	1.60	1.55	1.28	1.30
Quarter-End Interest Rates [5]																
Federal Funds Target Rate	0.25	0.25	0.25	0.25	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	3.14	3.04	2.98	3.21	4.27	5.58	6.01	6.36	6.60	6.35	5.85	5.55	3.03	5.38	6.09	5.09
10 Year Note	1.74	1.45	1.52	1.52	2.32	2.98	3.83	3.88	3.85	3.75	3.35	3.15	1.45	2.95	3.53	2.94

Forecast as of: January 20, 2023
[1] Compound Annual Growth Rate Quarter-over-Quarter
[2] Year-over-Year Percentage Change
[3] Federal Reserve Advanced Foreign Economies Index, 2006=100 - Quarter End
[4] Millions of Units
[5] Annual Numbers Represent Averages

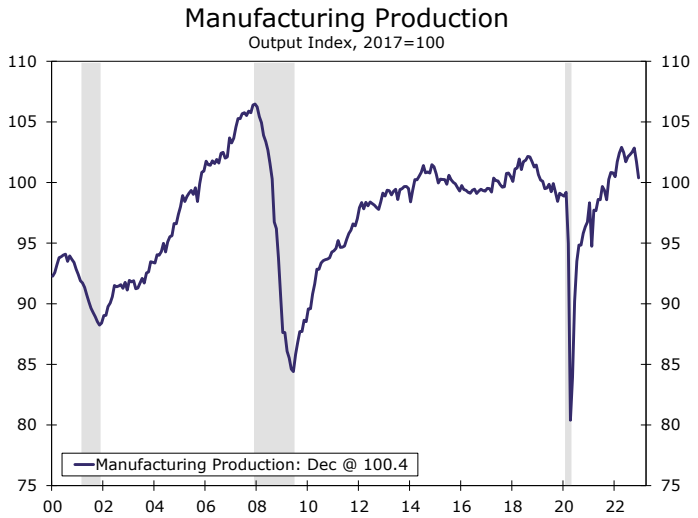
Source: U.S. Dept. of Commerce, U.S. Dept. of Labor, Federal Reserve Board and Wells Fargo Economics

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

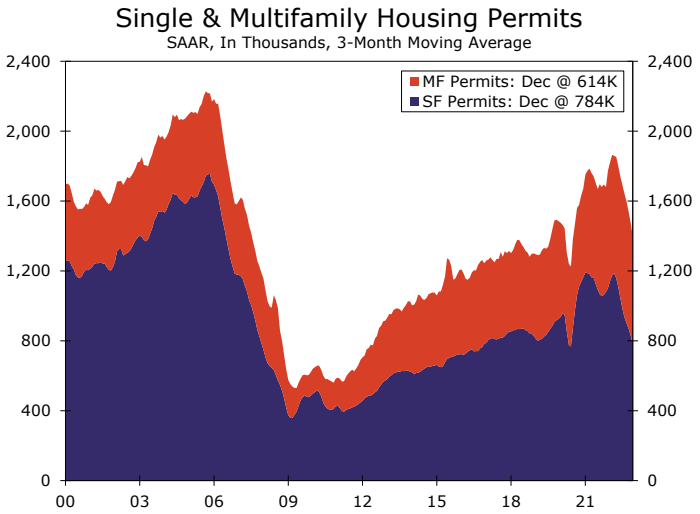
U.S. Review

The Pain Is Spreading

The seemingly indefatigable U.S. consumer is finally starting to tire out. Retail sales fell 1.1% in December. Not only was the drop sharper than expected, but it came on top of downward revisions to November sales. Some pullback in retail spending seemed inevitable after sales had surged more than 30% above early 2020 levels and the pandemic-induced shift to goods in lieu of services unwound. Yet, the details of the report suggest the decline is more troubling than retail merely hitting an air pocket after demand for many items was pulled forward. Instead, the report hinted that consumers are retrenching more broadly. Grocery store sales were flat over the month despite higher food prices, while receipts at restaurants and bars were down 1.3% in real terms by our estimates in a sign consumers are cutting back on discretionary services in addition to goods. Control group sales, which feed into the BEA's calculation of GDP, declined 0.7% in December, the steepest drop in more than a year. Along with downward revisions to the two prior months, we have downwardly revised our estimate for Q4 consumer spending to an annualized rate of 2.7% from 3.4%.



Source: Federal Reserve Board and Wells Fargo Economics



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

Fading demand for goods has also started to take an undeniable toll on manufacturing. Manufacturing output plummeted 1.3% in December, and similar to retail sales, previous estimates of production were revised lower. Output of consumer durables and non-energy durables fell over the month, but the pain of higher interest rates and concerns about recession are spreading, with business equipment declining 2.0%. A survey of the manufacturing sector released this week pointed to further deterioration ahead. The Empire Manufacturing and Philly Fed indices both remained in contractionary territory in January, with new orders again falling according to each survey.

While retail and manufacturing have only recently started to falter in the face of higher interest rates and increasingly stretched consumers, the housing market has been overwhelmed by these headwinds for a year now. Data this week showed that the sharpest leg of the sector's adjustment may be behind us, but residential real estate remains under severe pressure. Building permits continued to slide in December, led by a 6.5% drop for single-family units. Meanwhile, a rise in permits in the lumpier multifamily segment only partially reversed the prior months' declines. Multifamily permits are now down 27% over the past year, only marginally less depressed than the 39% decline in single-family permits. Sales of existing homes also continued to decline in December and ended the year at their slowest pace since 2010.

That said, a pullback in mortgage rates as the end of the Fed's tightening cycle comes into view is helping to breathe at least a little more life into housing demand. Purchase applications jumped 25% the week end Jan. 13, and mortgage rates have continued to slide with the 30-year fixed rate dipping to 6.15%, the lowest reading since September. Lower financing costs alongside some relief in material prices the past couple of months helped builder sentiment tick up for the first time in 13 months in January. A sustained improvement, however, is likely some ways off, as weaker household finances and still-elevated mortgage rates keep the environment for builders challenging.

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U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
23-Jan	Leading Index (MoM)	Dec	-0.7%	-0.8%	-1.0%
26-Jan	GDP Annualized (QoQ)	Q4-22	2.5%	2.8%	3.2%
26-Jan	Durable Goods Orders (MoM)	Dec	2.9%	4.6%	-2.1%
26-Jan	New Home Sales (SAAR)	Dec	615K	622K	640K
27-Jan	Personal Income (MoM)	Dec	0.2%	0.4%	0.4%
27-Jan	Personal Spending (MoM)	Dec	-0.1%	-0.2%	0.1%
27-Jan	PCE Deflator (MoM)	Dec	0.0%	0.0%	0.1%
27-Jan	Core PCE Deflator (MoM)	Dec	0.3%	0.3%	0.2%

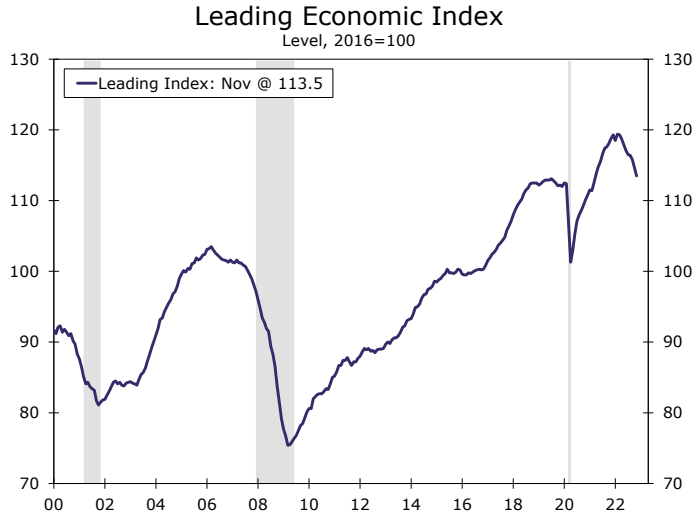
Forecast as of January 20, 2023

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

Leading Economic Index • Monday

The Leading Economic Index (LEI) dropped 1.0% during November, a decline which adds to the evidence that economic growth is poised for a slowdown. The drop was the ninth consecutive monthly decline, a trend that historically has been associated with the economy falling into a recession in the months following the downtrend. What's more, the monthly declines have been getting larger and weakness across the components appears to be spreading.

We anticipate that the LEI slipped 0.8% during December, extending the recent streak of declines. On the one hand, consumer expectations may be bolstered by easing inflation and a still-strong job market. On balance, jobless claims were slightly lower in December compared to November, which could be another positive contributor to the headline. On the other hand, ISM new orders were likely a substantial drag on the headline index, with manufacturing and services new orders both falling during the month. Building permits were another area of weakness, with total permits dropping 1.6% in December.

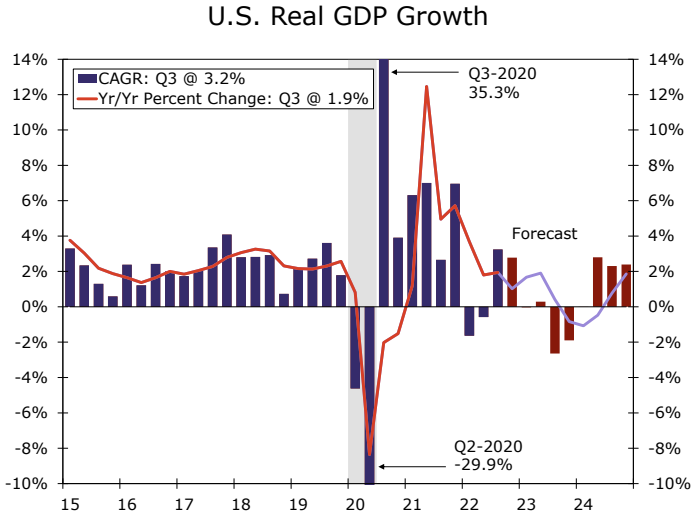


Source: The Conference Board and Wells Fargo Economics

GDP • Thursday

Real GDP growth likely remained on a positive path in the final quarter of 2022. We estimate that real GDP rose 2.8% on a quarterly annualized basis during that period, an assessment slightly ahead of the current Bloomberg consensus. While December's sharper-than-anticipated fall in retail sales spurred us to revise down our estimate of personal consumption expenditures (PCE) growth, consumer spending still looks to have expanded solidly in Q4. Business investment is also shaping up for a sturdy gain, driven by upturns in equipment and intellectual property products investment.

Structures investment is expected to turn positive for the first time in two years alongside an up-shift in new projects and easing material inflation. By contrast, a drop-off in housing activity will continue to drag down residential investment significantly. Public outlays look to be supportive of growth, with government purchases anticipated to rise modestly in Q4. Inventory building appears to have shifted slightly higher, adding to growth in the quarter. Meanwhile, net exports are tracking to subtract from headline real GDP. While a mild recession beginning in Q3-2023 remains our base case forecast, economic growth appears to have ended 2022 on a positive note.

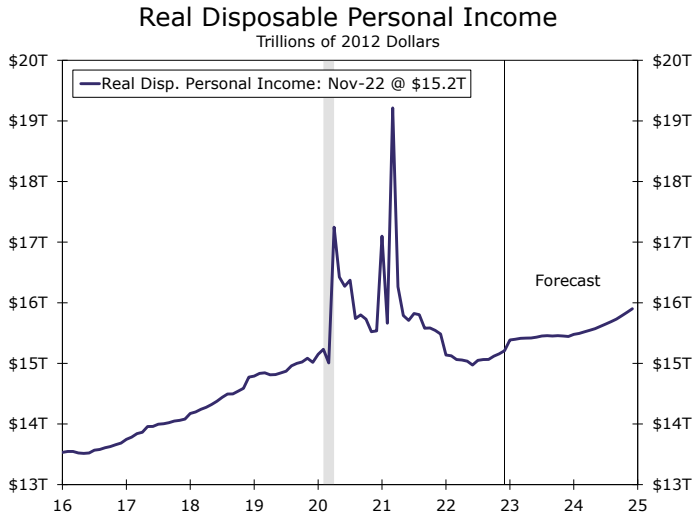


Source: U.S. Department of Commerce and Wells Fargo Economcis

Personal Income and Spending • Friday

The latest retail sales data for December suggest an ugly finish to 2022 for consumer goods spending. As discussed in our *Domestic Review* section, control group sales declined 0.7% in December, and we expect this weakness to translate into December personal spending as well. We forecast overall spending slid 0.2% during the month. Based on our expectations for the PCE deflator to remain unchanged, this suggests real spending also dropped 0.2% in December. We expect a pullback in goods spending specifically to lead consumption lower, while services spending remained positive through year-end.

To date, consumer spending has been remarkably resilient in the face of higher inflation. A weak spending report could signal some cracks beginning to form in the foundation, while a better-than-expected outturn could demonstrate the growing tailwind to income from slowing inflation. In a recent note, we highlighted that real disposable personal income growth has been positive for the past five consecutive months as inflation has gone from "high and rising" to "high and falling." For December, we forecast nominal personal income rose 0.4%, which would also translate to a solid gain in real disposable personal income, or households' purchasing power.



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

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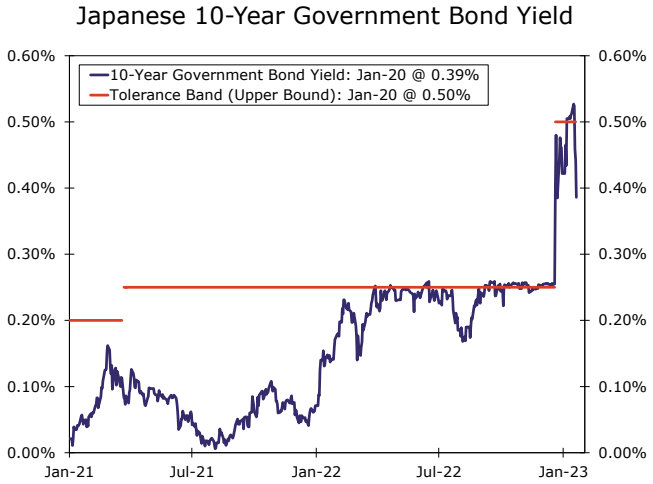
International Review

Bank of Japan Maintains Accommodative Monetary Policy for Now

At this week's widely anticipated Bank of Japan (BoJ) monetary policy meeting, the central bank pushed back against expectations for a further policy adjustment, maintaining its accommodative monetary policy stance for now. At its December meeting, partly in response to rising inflation pressures and rising global bond yields, the BoJ had tweaked its policy stance by allowing for a wider tolerance range of plus or minus 50 bps around a zero percent target for 10-year Japanese government bond (JGB) yields. With Japanese yields having moved quickly to the upper bound of that range, market participants had expected some further adjustment might be possible at this week's meeting.

At the event, the Bank of Japan held its Policy Balance Rate at -0.10%, while also holding steady its 10-year JGB yield target at zero percent, with an unchanged tolerance band of plus or minus 50 bps. The BoJ also made some changes to its liquidity measures, most notably by allowing funding on more flexible terms (both variable rate and fixed rate loans against collateral) of up to 10 years' duration to financial institutions. Those measures might help the central bank to control the shape of the yield curve and thus keep its current policy in place for a bit longer. Finally, the BoJ said it would continue with its large-scale bond purchases and buy unlimited bonds if needed to maintain its yield cap. Governor Kuroda also said the yield curve control policy was sustainable and that he doesn't see a need to widen the yield range further.

With the Bank of Japan forecasting CPI inflation excluding food and energy to fall back below 2% in the coming fiscal year, our base case remains that there will be no further policy change this year. That said, should Japanese inflation and global bond yields remain elevated, the risk scenario of some further policy normalization remains, although even in that instance we think it's unlikely that this risk scenario would materialize before the BoJ's June meeting.



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

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

Also this week from Asia, China published some key data on the state of the economy toward the end of last year. While those figures showed that growth trends are still mixed, the data were better than expected and offer some encouragement for stronger economic growth in 2023. Most notably, China's Q4 GDP was more resilient than expected. Q4 GDP was flat on the quarter (compared to a consensus forecast for a 1.1% quarter-over-quarter decline), while year-over-year growth also slowed less than forecast to 2.9% year-over-year. Growth in tertiary GDP (which includes services) slowed to just 2.3% year-over-year, while growth in secondary GDP (which includes manufacturing) slowed to 3.4%.

In addition to a more-resilient-than-expected Q4 GDP outcome, December activity data also surprised to the upside. December retail sales fell 1.8% year-over-year, less than the 5.9% fall in November and much less than the 9% decline predicted by the consensus. Meanwhile, December industrial output slowed to 1.3% year-over-year, but again, a better outcome than the small 0.1% increase predicted by

the consensus. The better-than-expected December activity figures were also a pleasant surprise, in that they were much firmer than the downbeat PMI surveys published earlier this month. With China's economy ending 2022 on a better-than-expected note, and as the economy reopens and a wide range of COVID restrictions are lifted, the prospects for growth in 2023 appear to be improving, suggesting upside risk to our China GDP growth forecast of 4.9% for 2023.

Finally, a couple more G10 economies released figures showing further improvement on the inflation front. In Canada, December headline CPI inflation slowed more than forecast to 6.3% year-over-year, from 6.8% in November. The average of the central bank's core inflation measures slowed only modestly though, to 5.2%. In the United Kingdom, December headline CPI inflation slowed only slightly to 10.5%, while core CPI inflation held steady at 6.3%. Finally, Japan's December inflation was something of an exception to the improving trend, as both the headline CPI and the CPI excluding fresh food firmed to 4.0% year-over-year.

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International Outlook

Weekly International Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
24-Jan	Eurozone Manufacturing PMI	Jan	48.5	-	47.8
24-Jan	Eurozone Services PMI	Jan	50.2	-	49.8
25-Jan	Australia CPI (YoY)	Q4	7.5%	-	7.3%
25-Jan	Bank of Canada Policy Rate Decision	25-Jan	4.50%	4.50%	4.25%

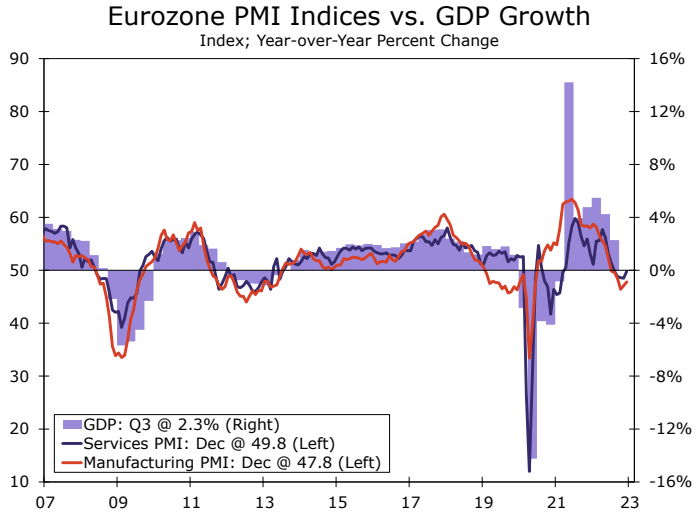
Forecast as of January 20, 2023

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

Eurozone PMIs • Tuesday

While 2023 will likely still be a very challenging year for the Eurozone economy, recent developments suggest activity might prove more resilient than previously anticipated. The January PMI surveys will be carefully scrutinized for any signs of an improving outlook for the region.

Eurozone growth slowed markedly during the second half of last year, as energy supply disruptions pushed inflation sharply higher, weighing on consumer purchasing power, while manufacturing activity was also affected by energy disruptions. Recently however, energy prices and inflation have receded, improving the outlook for the region, while measures by Eurozone governments to partly shield households and consumers should also help provide some support to growth. The December Eurozone services PMI reflected that to some extent, rising to 49.8, and the consensus forecast is for the services PMI to edge up further to 50.2 in January, which would be the first time the index has been in growth territory since July 2022. The Eurozone manufacturing PMI is also expected to improve from 47.8 in December to 48.5 in January, a level however that would still be historically consistent with contraction in the manufacturing sector. Still, the PMIs appear to be moving in a favorable direction, suggesting that should the region experience a recession in 2023, which is our base case scenario, any contraction should be relatively short and relatively shallow.

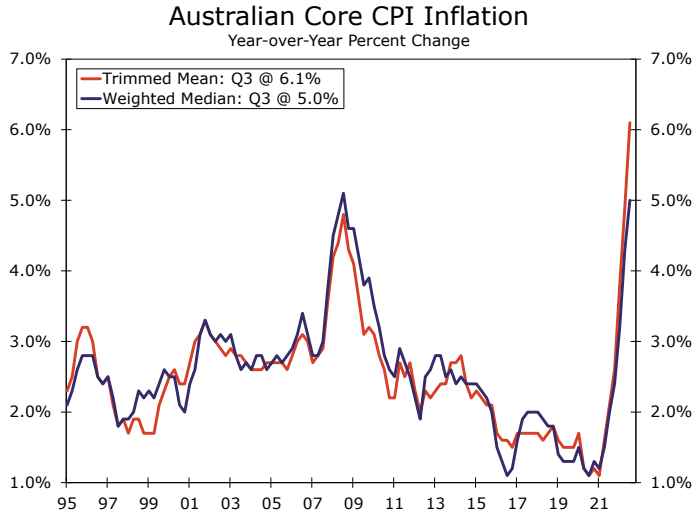


Source: Datastream, Bloomberg Finance L.P. and Wells Fargo Economics

Australia CPI • Wednesday

Australia's Q4 CPI, due next week, is expected to show another quickening of inflation into the end of last year. Inflation firmed steadily as 2022 progressed, with the headline CPI rising 7.3% year-over-year in Q3. Food & beverages, housing, household furnishings and clothing & footwear were among the categories contributing to faster inflation as the year progressed. That said, price pressure have been broad-based, with the trimmed mean CPI also up 6.1% in Q3.

In contrast to slower inflation seen in some other G10 economies recently, the consensus forecast is for some further acceleration of inflation in Q4 in Australia. The headline CPI is expected to quicken to 7.5% year-over-year, while the trimmed mean CPI is expected to firm to 6.5%. That said, such an outcome is unlikely to be a significant surprise to the Reserve Bank of Australia (RBA). In its most recent economic projections, the RBA forecast faster inflation into the end of last year, while monthly data for October and November suggest faster inflation in Q4 relative to Q3. We currently expect the RBA to raise rates 25 bps to 3.35% at its February monetary policy meeting, and we believe it would take a significant CPI surprise for the central bank to deviate from that course of action.



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

Bank of Canada Policy Announcement • Wednesday

The Bank of Canada (BoC) announces its latest monetary policy decision next week and, in what is shaping up as a close call, we lean toward the BoC raising its policy rate 25 bps to 4.50% at its January meeting. Recent activity data have been mixed, suggesting an end to the central bank's tightening cycle may not be that far away. To be sure, December employment was robust, with a gain of 104,000. However, November retail sales were subdued, reporting a slight decline of 0.1% month-over-month. The Bank of Canada's Q4 Business Outlook Survey also offered a cautionary note, as the reported sales balance fell to +2 and the future sales balance remained soft at -24.

On the price front, the December CPI slowed noticeably to 6.3% year-over-year. However, core inflation, which has been something of a focus for the central bank recently, slowed only slightly, with the average core CPI measures up 5.2% year-over-year. With core inflation yet to show a more meaningful deceleration, we believe that could be enough for the Bank of Canada to deliver one final 25 bps policy rate increase to 4.50%. We expect the policy interest rate to remain at that level through most of this year, before the BoC begins cutting interest rates in the final quarter of 2023.

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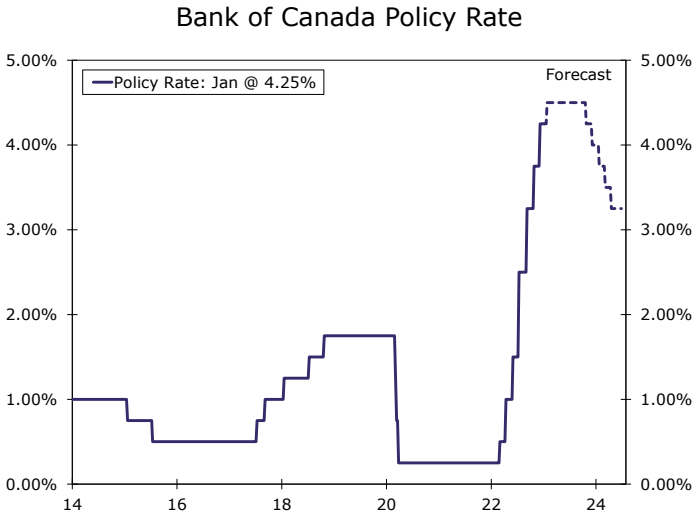

Source: Bloomberg Finance L.P. and Wells Fargo Economics

Credit Market Insights

Corporate Bond Yields in a Debt Ceiling Showdown

The mounting debt ceiling showdown in 2023 will be an event for credit markets to watch closely. Turbulent markets during a debt ceiling showdown have been the historical norm, as we recently discussed in our guide to the looming debt ceiling showdown. However, certain asset classes have historically weathered this storm better than others. Looking back at the 2011 debt ceiling standoff in the nearby chart, equity markets plunged during the Congressional negotiations and their aftermath, with the S&P 500 Index declining over 15% just between early July and the end of September that year. The period was marked by a so-called "flight to quality." In that same period between early July and late September 2011, the absolute level of investment grade corporate bond yields remained almost entirely unchanged. However, the plunge in Treasury yields—the yield on the 10-year note fell by roughly 125 bps between late July and late September 2011—translated into a widening of spreads on investment grade corporate bonds. Spread widening is usually interpreted as a sign of financial stress.

Indeed, investor appetite for risk declined during the standoff. There was a large sell-off in high yield bonds at the time, with yields jumping over 160 bps over the same period to match the sell-off in the S&P 500. It is notable that this period of decreased investor sentiment lasted beyond the end of the debt ceiling standoff in late July/early August 2011. This may indicate that the shakeup in investor confidence can have a lag that extends beyond the end of the standoff itself. It is important, however, to note the difficulty in pinpointing the principal drivers of investor confidence over the course of a few months, especially during a period that spanned the height of the European sovereign debt crisis. Such a close brush with the unprecedented possibility of a U.S. Treasury default on its debts may leave markets turbulent for a prolonged time beyond the end of the debt ceiling negotiations.

In today's context with the looming 2023 debt ceiling standoff, there may be further risk to the credit market outlook if our recession call materializes in the third quarter. We look for the U.S. economy to slip into a mild downturn around midyear. Financial tightening in the context of a debt ceiling standoff this summer, should it materialize, would further raise the probability of recession, in our view.

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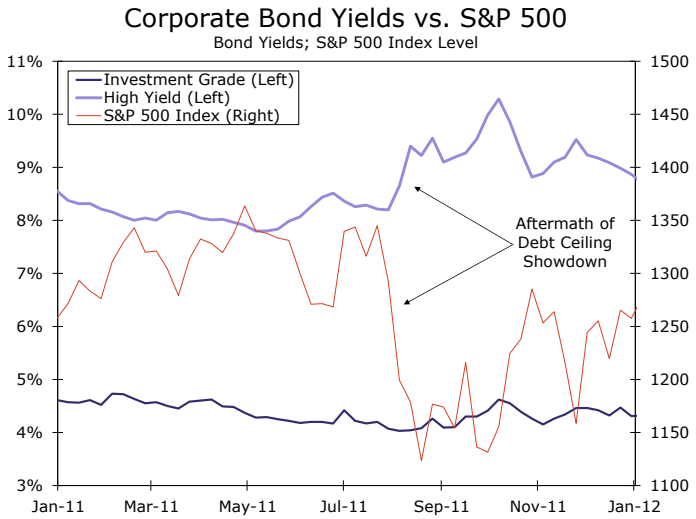


Source: Bloomberg Finance L.P. and Wells Fargo Economics

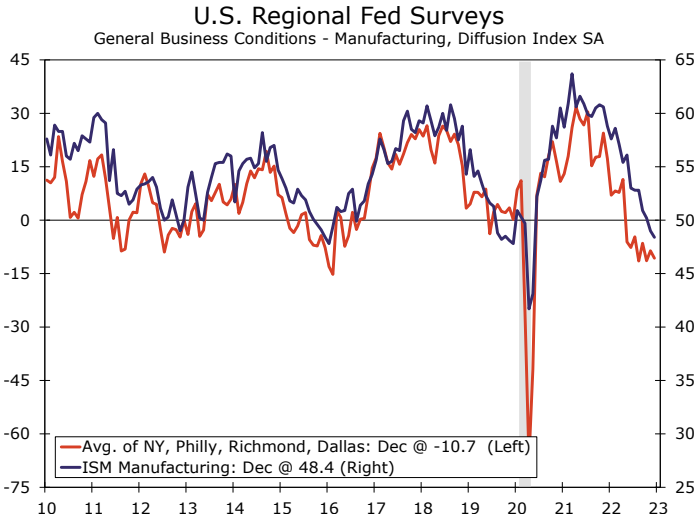
Topic of the Week

The Fed's Reach Extends Beyond the Housing Market

The Federal Reserve's Beige Book is released eight times per year, and it contains a wealth of qualitative information about current economic conditions. Its regional breakdown also gives insight into how different parts of the country are experiencing economic changes differently. This week, we received Federal Reserve survey data compiled from the end of November through the beginning of January.

Overall, economic activity across the districts remained relatively unchanged from the prior survey. The Federal Reserve districts, however, were fairly split in the direction their regional economies are headed. Five districts reported slight economic expansions, four reported slight declines and two indicated that economic activity was flat. Only the Federal Reserve Bank of New York indicated a significant contraction in the region. This split represented a relative deterioration in conditions from the last survey, when only two cited declines in activity. In examining the report holistically, it appears that population growth has acted as a hedge against deteriorating economic conditions. The five districts that experienced economic expansion each encompass states whose populations grew north of 1% from 2021 to 2022, whereas New York and New Jersey—a region in contraction—each experienced population declines.

One common theme across the districts was weakening in the manufacturing and real estate sectors. As echoed by December's larger-than-expected decline in industrial production, rising interest rates are taking a bite out of goods consumption. While businesses largely reported that supply chain challenges were easing, several also noted that waning demand was giving way to declining new orders. In the housing market, ongoing affordability issues continued to depress demand for residential real estate and put downward pressure on home prices. Commercial real estate activity ranged from slowing to flat, with banks reporting that high financing costs and tighter credit are depressing demand for commercial loans.



Source: ISM, Federal Reserve System and Wells Fargo Economics

On the upside, price growth continued to moderate in almost every district as input inflation slowed. Retail firms also suggested that consumers are becoming more sensitive to price changes, curbing their ability to pass on cost increases. While prices remained elevated over pre-pandemic norms, firms across the country generally indicated that they expect future moderation in price growth to continue.

Meanwhile, regional labor markets were largely characterized by positive, but slowing, employment growth, supporting our expectation that the Fed will downshift to a 25 bps hike later this month. While some businesses are pulling back on hiring because of waning demand, others simply struggled to fill their open positions. Several respondents reported using incentives like bonuses and flexible work schedules to attract talent, informing our view that labor market tightness will support wage pressures for some time. Firms also expressed a general reluctance to lay off workers amid staffing concerns, meaning that weak labor supply is likely to prevent a rapid rise in the unemployment rate.

All in all, the Beige book from January reaffirms our thinking about where the economy is headed. While we are not yet in recession, the effects of monetary tightening are beginning to materialize outside of the housing market. It is our view that the cumulative effects of restrictive monetary policy are likely to trigger a downturn in the second half of this year.

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Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 1/20/2023	1 Week Ago	1 Year Ago
SOFR	4.31	4.30	0.05
3-Month LIBOR	4.82	4.83	0.26
3-Month T-Bill	4.63	4.57	0.16
1-Year Treasury	4.56	4.55	0.48
2-Year Treasury	4.19	4.23	1.02
5-Year Treasury	3.58	3.61	1.59
10-Year Treasury	3.49	3.50	1.80
30-Year Treasury	3.66	3.61	2.12
Bond Buyer Index	3.33	3.45	2.25

Foreign Exchange Rates

	Friday 1/20/2023	1 Week Ago	1 Year Ago
Euro ($/€)	1.084	1.083	1.131
British Pound ($/£)	1.238	1.223	1.360
British Pound (£/€)	0.876	0.886	0.832
Japanese Yen (¥/$)	129.810	127.870	114.110
Canadian Dollar (C$/$)	1.341	1.340	1.250
Swiss Franc (CHF/$)	0.922	0.927	0.917
Australian Dollar (US$/A$)	0.696	0.697	0.723
Mexican Peso (MXN/$)	18.914	18.766	20.536
Chinese Yuan (CNY/$)	6.785	6.701	6.341
Indian Rupee (INR/$)	81.125	81.339	74.510
Brazilian Real (BRL/$)	5.213	5.103	5.437
U.S. Dollar Index	102.204	102.246	95.735

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

Foreign Interest Rates

	Friday 1/20/2023	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.58	-0.59	-0.57
3-Month Sterling LIBOR	4.06	3.96	0.56
3-Month Canada Banker's Acceptance	5.07	5.05	0.71
3-Month Yen LIBOR	-0.03	-0.03	-0.08
2-Year German	2.58	2.59	-0.58
2-Year U.K.	3.49	3.49	0.90
2-Year Canadian	3.60	3.67	1.27
2-Year Japanese	-0.02	0.05	-0.07
10-Year German	2.18	2.17	-0.02
10-Year U.K.	3.38	3.37	1.23
10-Year Canadian	2.85	2.90	1.84
10-Year Japanese	0.39	0.51	0.15

Commodity Prices

	Friday 1/20/2023	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	81.10	78.39	86.90
Brent Crude ($/Barrel)	87.00	85.28	88.38
Gold ($/Ounce)	1926.01	1920.23	1839.29
Hot-Rolled Steel ($/S.Ton)	718.00	729.00	1438.00
Copper (¢/Pound)	423.65	419.65	458.25
Soybeans ($/Bushel)	14.85	15.05	13.84
Natural Gas ($/MMBTU)	3.37	3.70	3.80
Nickel ($/Metric Ton)	29,150	26,827	23,484
CRB Spot Inds.	581.34	576.51	644.09

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