Economics

Weekly — March 3, 2023

Weekly Economic & Financial Commentary

United States: **First Looks Point to February Activity Holding Firm**

- Data this week did little to alter the picture that, to the extent the underlying trend in the economy is softening, it is not weakening nearly enough to put a quick end to inflation. Manufacturing activity is contracting only gradually, while the service sector continues to expand at a solid clip according to the February ISM releases.
- Next week: Consumer Credit (Tue), JOLTS (Wed), Employment (Fri)

International: **Major Economies See Slower Growth, Slowing but Still High Inflation**

- With China being a notable exception, this week's news largely consisted of slower growth late in 2022 for many of the major developed economies. Looking at Q4 GDP, Australia's economy grew by less than expected, GDP was flat for the quarter in both Canada and Switzerland, and Sweden's economy contracted in the final quarter of last year. Eurozone headline inflation eased only slightly, while core inflation firmed to the fastest pace on record.
- Next week: Reserve Bank of Australia (Tue), Bank of Canada (Wed), Mexico CPI (Thu)

Interest Rate Watch: **Growing Interest in Credit Card Debt**

- The cost of financing credit card debt has surged with the average interest rate reaching the highest in data going back to the mid-1990s. The share of credit card balances transitioning into early delinquency is rising, and all else equal, rising debt *and* rising financing costs for that debt could be a negative factor for consumer spending later this year.

Credit Market Insights: **Student Loan Forgiveness Arrives at the Supreme Court**

- On Tuesday, the Supreme Court heard opening arguments for two cases involving the Biden administration's proposed student loan relief program. Last summer, we wrote a report on the potential economic impact of student debt cancellation, but how has the situation evolved in the six months since?

Topic of the Week: **Global Recession Risks Are Receding**

- We have upgraded our China forecast following strong sentiment data in February. We now expect Chinese GDP to expand 5.5% in 2023, up from our previous forecast of 5.2%. China's economy has experienced a rebound following the end of Zero-COVID policies, increasing the likelihood that the global economy can skirt a recession this year.

Wells Fargo U.S. Economic Forecast

	Actual 2022				Forecast 2023				Actual		Forecast	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2021	2022	2023	2024
Real Gross Domestic Product [1]	-1.6	-0.6	3.2	2.7	-0.6	0.8	-1.9	-1.6	5.9	2.1	0.6	0.5
Personal Consumption	1.3	2.0	2.3	1.4	0.1	0.8	-1.0	-1.7	8.3	2.8	0.7	0.3
Consumer Price Index [2]	8.0	8.6	8.3	7.1	5.5	3.5	2.4	2.2	4.7	8.0	3.4	2.3
"Core" Consumer Price Index [2]	6.3	6.0	6.3	6.0	5.3	4.3	3.3	2.9	3.6	6.1	3.9	2.7
Quarter-End Interest Rates [3]												
Federal Funds Target Rate	0.50	1.75	3.25	4.50	5.00	5.25	5.25	5.25	0.25	2.02	5.19	3.25
Conventional Mortgage Rate	4.27	5.58	6.01	6.36	6.30	6.10	5.65	5.40	3.03	5.38	5.86	5.00
10 Year Note	2.32	2.98	3.83	3.88	3.70	3.60	3.25	3.10	1.45	2.95	3.41	2.94

Forecast as of: February 08, 2023
[1] Compound Annual Growth Rate Quarter-over-Quarter [2] Year-over-Year Percentage Change [3] Annual Numbers Represent Average

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

Please see our full U.S. Economic Forecast.

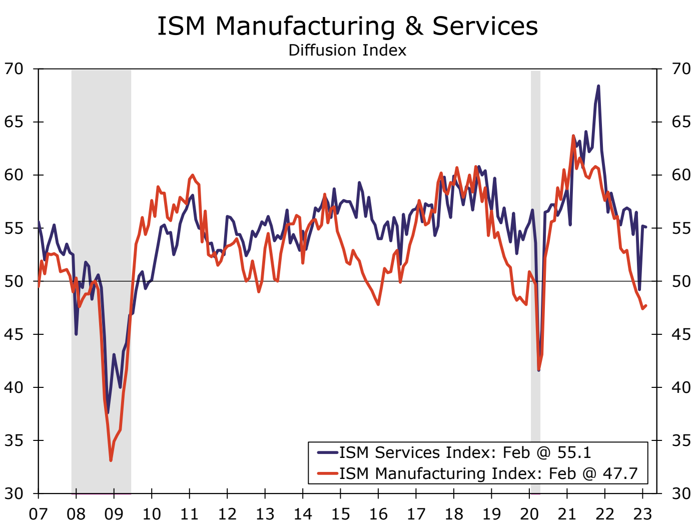
U.S. Review

First Looks Point to February Activity Holding Firm

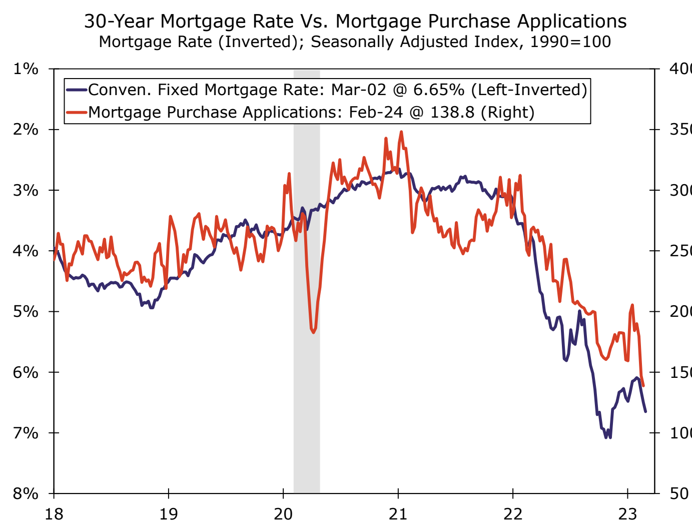
Data this week did little to alter the picture that the economy, to the extent the underlying trend in economic activity is softening, is not weakening nearly enough to put a quick end to inflation. The ISM services index showed that broad activity continued to expand at a solid clip in February. The 55.1 reading was a little stronger than consensus expectations and was supported by gains in the more forward-looking sub-components of new orders and employment. Notably, the prices paid component slipped 2.2 points, but, at 65.6, is still well-above the series historic average of 60.0.

Manufacturing activity continues to lose steam, but at a fairly gradual pace. Although durable goods orders tumbled 4.5% in January, the pullback was due entirely to the volatile aircraft segment. Excluding aircraft and defense, core orders added to the string of stronger-than-expected January data with a 0.8% gain.

Yet, there are still some rocky times ahead for the manufacturing sector, in our view. The unwinding of pandemic-era spending that disproportionately benefited goods along with higher financing costs remain headwinds to demand. Unfilled orders of non-defense goods after adjusting for inflation continued to decline in January and are now down 5.5% from their late-2021 peak. Soft data from the most recent purchasing managers' indices point to an anemic pace of activity in the near term. The ISM manufacturing index for February edged up only marginally in February to 47.7 and thus remained in contraction territory for a fourth consecutive month. Almost all sub-components came in below 50, including new orders, production, backlogs, supplier delivery times and employment. Prices paid was a notable exception having rebounded to 51.3. Although that level signals only a modest rate of price growth, it bodes poorly for the broader inflation outlook if raw material costs, some of the most flexible in the economy, are largely unchanged even as activity slows.



Source: Institute for Supply Management and Wells Fargo Economics



Source: Mortgage Bankers Association, Freddie Mac and Wells Fargo Economics

A drop in consumer confidence (down 3.1 points in February) signals some caution ahead, however. The solid jobs market—evidenced by a seventh week of sub-200K initial jobless claim filings this week—is keeping consumers feeling upbeat about current conditions, with the present situation index rising to an 11-month high. Yet, sticky inflation and climbing interest rates are casting a gloom over the future; the expectations index retreated nearly seven points to drag down the headline.

Weariness of the elevated rate environment was on display with this week's housing data. Builders continued to curtail development, with residential investment in single-family homes down 1.7% in January. Meanwhile, pending home sales jumped 8.1% in January, helped along by the slide in mortgage rates that began mid-November. However, mortgage rates have climbed in recent weeks as the spate of stronger-than-anticipated inflation, jobs and spending data have pushed up market expectations for further Federal Reserve policy tightening. With the average rate for a 30-year fixed mortgage rising 52 bps since the end of January, mortgage purchase applications fell to a 27-year low this past week.

Yet, while the rebound in rates is renewing pressure on activity, we do not believe housing is down for the count this year, as discussed in a report this week. We expect mortgage rates to trend lower later in the year as the end of Fed tightening comes closer into view, which, along with some further easing in home prices, should help improve affordability.

(Return to Summary)

U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
7-Mar	Consumer Credit	Jan	$25.700B	--	$11.565B
8-Mar	JOLTS Job Openings	Jan	10,500K	--	11,012K
10-Mar	Nonfarm Payrolls	Feb	200K	270K	517K
10-Mar	Unemployment Rate	Feb	3.4%	3.4%	3.4%
10-Mar	Average Hourly Earnings (MoM)	Feb	0.3%	0.4%	0.3%

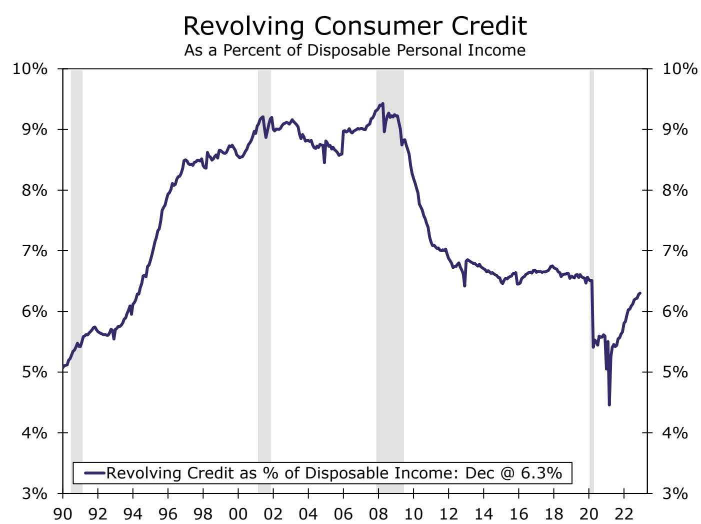
Forecast as of March 03, 2023

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

Consumer Credit • Tuesday

On Tuesday, the Federal Reserve will release data on consumer credit covering the month of January. Last year, total consumer credit outstanding increased by 7.8%. Nonrevolving credit—which includes debt obligations such as student loans and auto loans —increased 5.6%, only a bit above the 5% increase that occurred in 2019 before the pandemic. However, revolving credit, which is primarily credit cards, grew a much faster 14.8%.

At first glance, such rapid growth in credit card debt might seem alarming. But last year's supercharged growth requires additional context. Revolving credit outstanding *declined* by 10.8% in 2020 as households reined in their spending and received a significant amount of COVID relief funds from the government. Today, revolving credit as a share of after-tax personal income is still not quite back to its pre-pandemic levels, let alone what prevailed at the peak of the housing bubble in 2006-2007. For now, credit card debt levels are probably not a threat to the macroeconomy, but the trend is concerning, especially given the elevated interest rate environment.

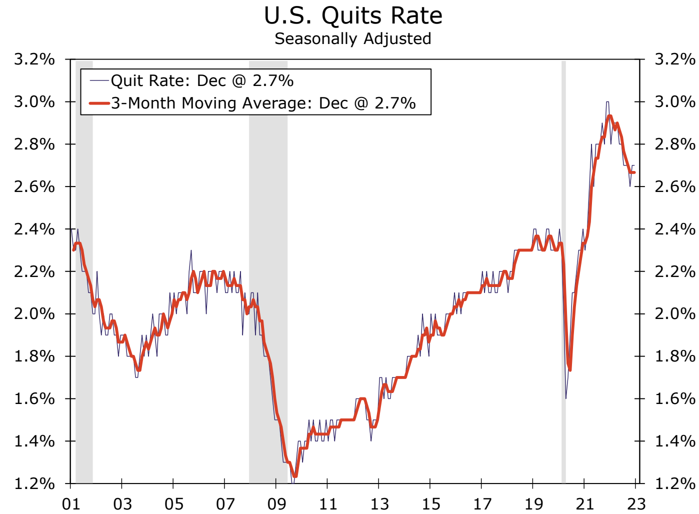


Source: Federal Reserve Board, U.S. Department of Commerce and Wells Fargo Economics

JOLTS • Wednesday

Much of the U.S. economic data for the month of January were unusually strong. Nonfarm payrolls increased by 517K, the ISM services index rose by six points and retail sales posted the largest monthly increase since March 2021. The Job Openings and Labor Turnover survey (JOLTS) to be released next Wednesday covers the month of January, so another strong reading would not be surprising.

Job openings in December remained firm, rising to just above 11 million. For context, there were about 7 million job openings in February 2020 before the pandemic. That said, 11 million job openings still represents a modest decline from the peak of nearly 12 million in March 2022, and there are some other signs of gradual labor market cooling. Quits tend to rise in strong labor markets and fall in weak ones as employees feel confident about their prospects for voluntarily leaving an old job for a new one. The quit rate has been declining from its peak a year ago. A downshift in job openings and a continued decline in quits in next week's report would be welcomed by monetary policymakers seeking to cool inflation.

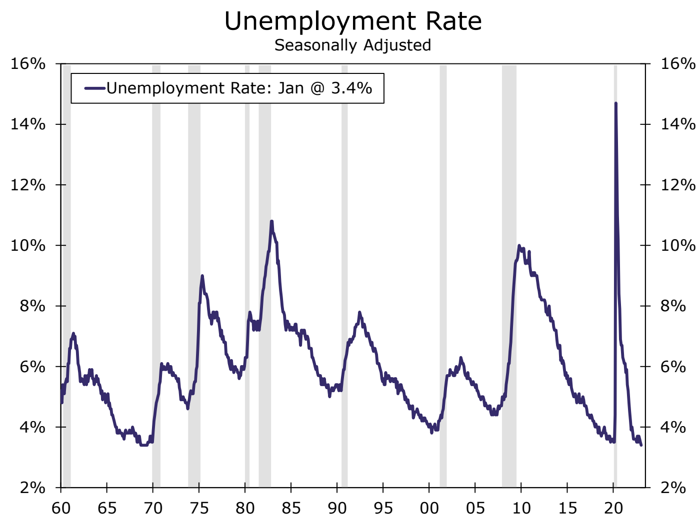


Source: U.S. Department of Labor and Wells Fargo Economics

Employment • Friday

Next Friday's employment report will be critical for assessing the near-term outlook for the U.S. economy and monetary policy. The January employment report released on February 3 was stunningly strong. Nonfarm employment increased by 517K, nearly triple the Bloomberg consensus. The unemployment rate fell to 3.4% and hit a 53-year low.

Unusually warm weather and other seasonal factors may have flattered the January employment reading, but even setting these aside, there has been undeniable momentum in hiring over the past several months. Over the three-month period ending in December, nonfarm payroll growth averaged 291K per month. We look for hiring in February to downshift from the torrid January pace but to remain strong at 270K. Equally important to Federal Reserve officials will be data on labor force participation and average hourly earnings. Slowing wage growth would be a sign that labor supply and demand are coming back into a healthier balance.



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

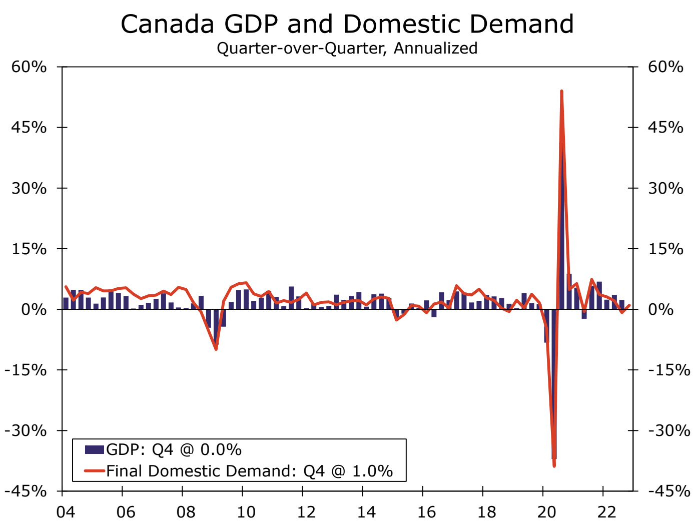
(Return to Summary)

International Review

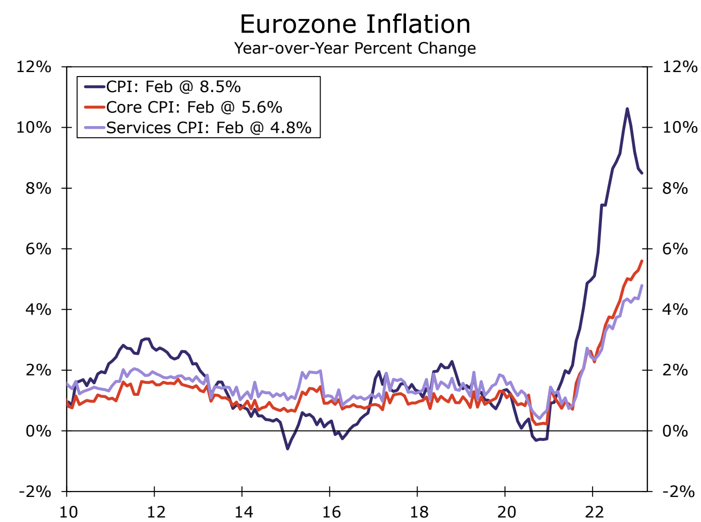
Major Economies See Slower Growth, Slowing but Still High Inflation

Among the most notable news on global growth this week was the latest data from China. The official manufacturing and service sector PMIs both rose more than expected in February, a development that has prompted us to upgrade our forecast for Chinese economic growth, as we discuss in more detail in the Topic of the Week.

Elsewhere, however, this week's news largely consisted of slower growth late in 2022 for many of the major developed economies. Canada's Q4 GDP was a significant downside surprise, with the flat quarterly outcome below the consensus forecast for moderate growth during the quarter. The details were only modestly better—consumer spending rose at a 2.0% quarter-over-quarter annualized pace but business investment fell at a 5.3% pace, contributing to overall final domestic demand growing at a moderate 1.0% pace. The report also revealed a 3.0% quarter-over-quarter (not annualized) increase in household disposable income; although with that increase reflecting higher government benefits and some one-off transfers, it is perhaps not as favorable as it might appear at first glance. Finally, with respect to the monthly contours of economic growth, December GDP fell 0.1% month-over-month, though Statistics Canada's early estimate is that January GDP rose 0.3%. Overall, we see nothing in these figures that would suggest a resumption in policy rate hikes from the Bank of Canada.



Source: Datastream and Wells Fargo Economics



Source: Datastream and Wells Fargo Economics

Australia's economic growth at the end of 2022 was also a modest downside surprise. Australia's Q4 GDP rose 0.5% quarter-over-quarter, below the consensus forecast for a 0.8% increase. Consumer spending rose moderately by 0.3%, while private investment fell 1.7%, contributing to a flat quarterly outcome for final domestic demand. Given the improving outlook for China's economy, we believe the soft patch for Australian growth will prove temporary. Thus even with Australia's January CPI also slowing to 7.4% year-over-year, we fully expect the Reserve Bank of Australia to again raise its policy interest rate at its monetary policy meeting next week.

The theme of softer-than-expected growth was also prominent in Europe. Switzerland's Q4 GDP was unchanged for the quarter, slightly below the 0.1% quarter-over-quarter gain forecast by the consensus. Consumer spending and investment spending both rose in the quarter but were offset by a fall in exports. Swiss indicators for early 2023 are mixed, with the February KOF leading indicator rising to 100.0, but the manufacturing PMI unexpectedly easing to 48.9. Finally, Sweden's Q4 GDP rose 0.5% quarter-over-quarter, broadly as expected, and by 0.2% year-over-year.

On the inflation front, the most significant news internationally this week was from the Eurozone, with the February CPI surprising to the upside. Headline inflation eased only slightly to 8.5% year-over-year, while core inflation quickened further to 5.6%, the fastest pace of record. Services inflation quickened to 4.8%, which was also the fastest pace on record. The firm inflation readings were relatively broad-based not only across categories but also across countries. Looking at national-level data for February, this week also had upside (harmonized) CPI surprises for Germany (9.3% year-over-year), France

(7.2%), Spain (6.1%) and Italy (9.9%). The firm February inflation reading, in our view, clinches the case for a 50 bps rate increase from the European Central Bank (ECB) at its March monetary policy meeting, a move that had already been very clearly signaled by the ECB at its most recent policy announcement. It also suggests upside risk to our current base case forecast for 25 bps increase at the ECB's May meeting.

(Return to Summary)

International Outlook

Weekly International Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
7-Mar	Reserve Bank of Australia Policy Rate	7-Mar	3.60%	3.60%	3.35%
8-Mar	Bank of Canada Policy Rate	8-Mar	4.50%	4.50%	4.50%
9-Mar	Mexico CPI (YoY)	Feb	--	7.70%	7.91%

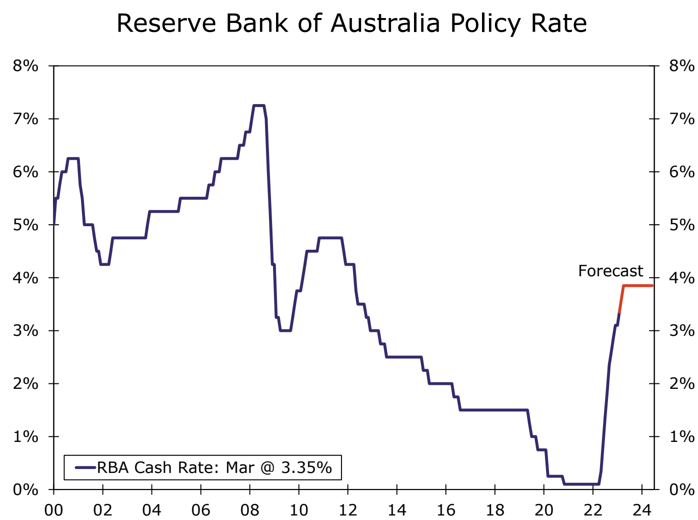
Forecast as of March 03, 2023

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

Reserve Bank of Australia Rate Decision • Tuesday

The Reserve Bank of Australia's (RBA) monetary policy meeting is scheduled for next week, at which time we expect the central bank to take another step along its rate hike path. Recent Australian data have been something of a mixed bag. In particular, January employment unexpectedly fell by 11,500, which was also a second straight decline, while the unemployment rate rose to 3.7%. Q4 GDP growth was modestly subdued, with the gain of 0.5% quarter-over-quarter coming in below the consensus forecast.

However, despite hints of economic softness, inflation readings remain quite elevated, even accounting for the slowing in the January CPI to 7.4% year-over-year. It is the concern about elevated inflation, and wanting to guard against the risk of high inflation expectations becoming entrenched, that appears to be the main focus of RBA policymakers. That was reflected in a hawkish policy announcement from the RBA in early February, as well as in the subsequent testimony from RBA Governor Lowe that was also hawkish in tone. For the March meeting, we expect the RBA to raise its policy rate by 25 bps to 3.60%, while we also expect a final 25 bps rate hike to 3.85% in April. There could also be interest in next week's announcement as to whether the RBA hints at any possibility that rate hikes might continue beyond April as well.

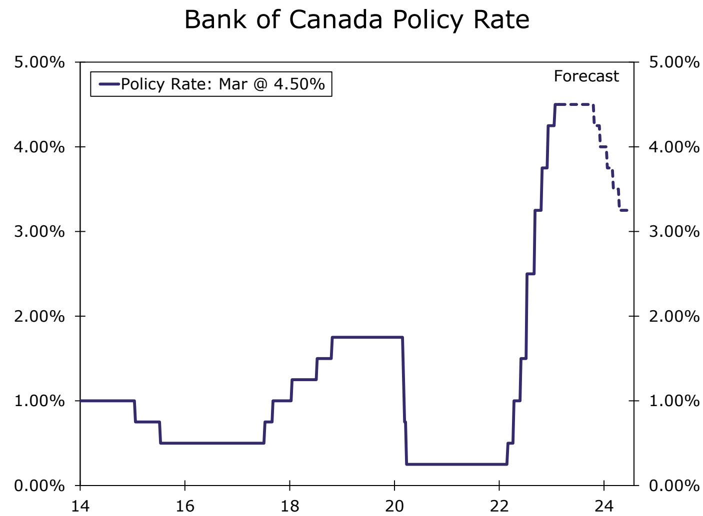


Source: Bloomberg Finance L.P. and Wells Fargo Economics

Bank of Canada Rate Decision • Wednesday

The Bank of Canada (BoC) also announces its monetary policy decision next week. For the first time since January last year, we (and the consensus) expect the Bank of Canada to hold its policy rate steady at 4.50%. In January, the BoC raised rates 25 bps but also said if economic developments evolve broadly as expected, it would hold interest rates steady while it assessed the impact of its cumulative interest rate increases.

That suggests a relatively high bar to resume rate hikes, and one we do not think has yet been met. To be sure, recent months have seen some blockbuster labor market reports, including the employment gain of 150,000 reported for January. However, the growth of the broader economy has been much more subdued, as Q4 GDP was flat for the quarter and final domestic demand grew at just a 1.0% quarter-over-quarter annualized pace. An ongoing deceleration in inflation also argues against a resumption of rate hikes, as the January headline CPI slowed more than forecast to 5.9% year-over-year, and the average of the preferred core CPI measures slowed to 5.1%. Against this somewhat mixed combination of activity and price data, we expect the Bank of Canada to hold its policy rate steady at next week's meeting.

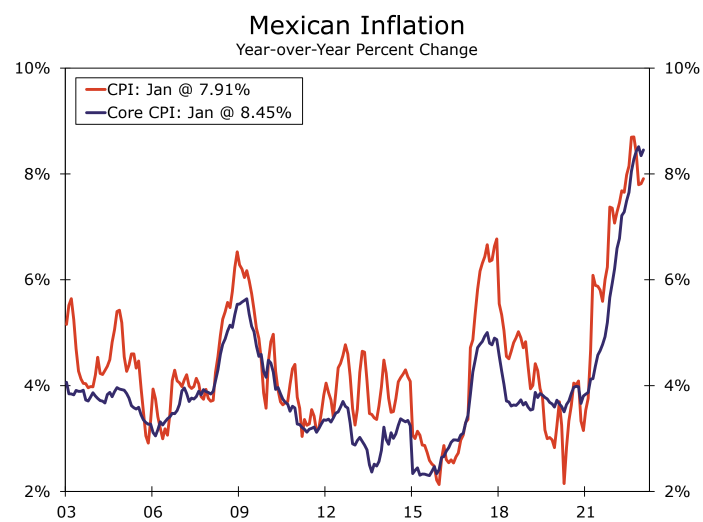


Source: Bloomberg Finance L.P. and Wells Fargo Economics

Mexico CPI • Thursday

Following the Central Bank of Mexico's hawkish monetary policy announcement last month, next week's CPI figures for February will be closely scrutinized for potential clues on the path forward for Mexican policy interest rates. At its February announcement, the central bank surprised markets by raising its policy rate a larger-than-forecast 50 bps to 11.00%, although it did say the next hike could be a smaller 25 bps increment. The central bank cited trends in core inflation, in particular, as a reason behind its continued monetary tightening. An upward revision to the central bank's inflation forecasts added to the hawkish message.

Against this backdrop, market participants could be especially sensitive to any upside surprises in the February CPI figures. Headline CPI inflation is expected to resume a slowing trend, and we forecast a deceleration to 7.70% year-over-year. Core CPI inflation has slowed only very modestly so far, to 8.45% in January from a peak of 8.51% in November. While our base case currently envisages just one further 25 bps rate hike to 11.25%, should headline inflation surprise significantly to the upside or core inflation fail to slow, the risk of further monetary tightening beyond that rate hike may begin to build.



Source: Datastream and Wells Fargo Economics

(Return to Summary)

Interest Rate Watch

Growing Interest in Credit Card Debt

In this section the past couple of weeks, we've elaborated on how the recent string of strong economic data is driving up yields as markets now anticipate the Fed to go higher and stay there for longer to combat inflation. Indeed, retail sales rose at a rapid clip in January, and the saving rate might be on the rise due to tax assumptions, but there is still this matter of growing credit card debt, and the cost of financing that debt is rising fast.

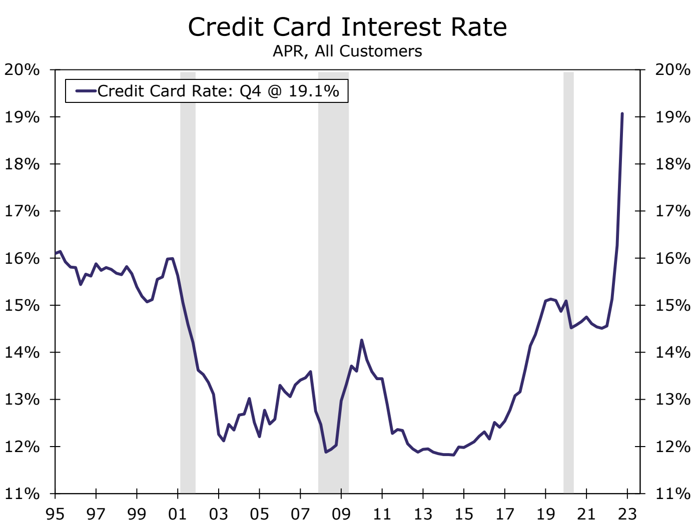
Revolving consumer credit, which mostly covers credit card debt, has surged with outstanding balances currently sitting nearly 9% above pre-pandemic levels. Rising inflation and dwindling stimulus support caused households to rely more on credit cards the past two years, but with a decent amount of debt pay down occurring early on in the pandemic, debt levels were rising from low bases. The level of outstanding revolving debt is not necessarily overly concerning, particularly in the context of rising after-tax incomes. However, it's the ability to finance this debt that could become problematic this year.

The hiking cycle from the Fed has driven up consumer interest rates. Specifically, the average interest rate on credit cards has shot higher, as seen in the chart below, and reached the highest rate (~19%) in data going back to the mid-1990s in the fourth quarter, according to the Federal Reserve. Higher frequency data from Lending Tree puts the average annual percentage rate even higher last month at 23.6%, the highest in monthly data since 2019.

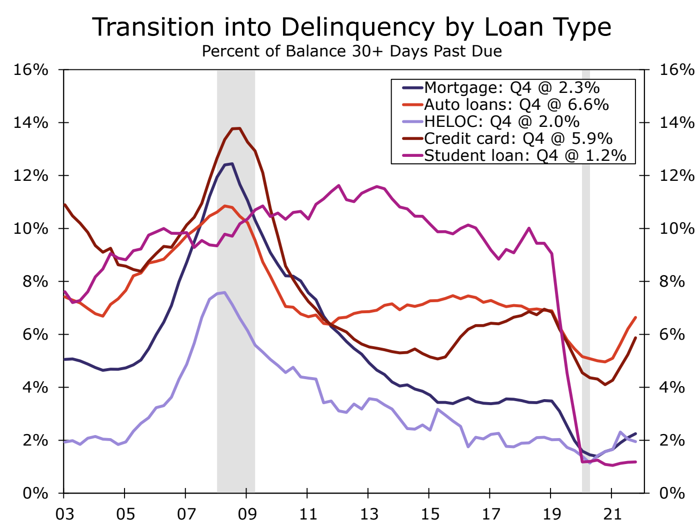
Despite higher interest, a relatively low share of debt is in delinquency. Nearly 8% of credit card debt was in serious delinquency (90+ days) in the fourth quarter. While this is the highest of any major consumer loan type, the share still remains lower than where it has been for most of the past 20 years. The share of debt transitioning into early delinquency (30+ days), however, increased for nearly all debt types in the fourth quarter. As seen in the chart below, the share of credit card balances is sharply rising. These values are clearly moving in the wrong direction, but delinquencies are not yet overly concerning to the financial stability of the economy.

All else equal, rising debt *and* rising financing costs for that debt could be negative factors for consumer spending later this year. This is particularly true as the Fed takes steps to tighten policy further and drive rates higher. There remains important data (February nonfarm payrolls, CPI, retail sales) to be released prior to the next FOMC meeting, but we've long held the view that the Fed would go higher and remain at higher rates for longer than market participants were previously expecting. For households, this means a higher cost to finance that credit card debt, and a higher rate on a new mortgage or auto loan.

(Return to Summary)



Source: Federal Reserve Board and Wells Fargo Economics



Source: New York Fed Consumer Credit Panel, Equifax and Wells Fargo Economics

Credit Market Insights

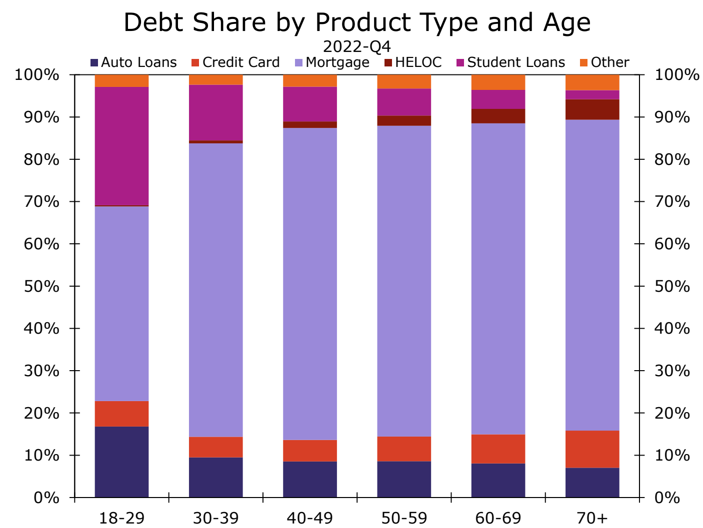
Student Loan Forgiveness Arrives at the Supreme Court

On Tuesday, the Supreme Court heard opening arguments for two cases involving the Biden administration's proposed student loan relief program. The program proposes canceling upwards of around $600 billion in student loans. Since its announcement last August, the program has faced a series of legal challenges that have put rollout of the program on hold.

In November, the administration extended the current pause on student loan repayment, interest accrual and collection through June 30. The Supreme Court likely will not announce its decision until June, the month it typically provides rulings on its most high-profile cases. Student loan repayments are set to resume 60 days after June 30 or 60 days following the court's decision, whichever comes first. The timeline is still malleable, however, and it is possible that the administration orders forbearance to be extended once more, as the previous December 31, 2022 deadline was initially communicated as a "final" extension.

Last summer, we wrote a report on the potential economic impact of student debt cancellation, but how has the situation evolved in the six months since? The balance of student loan debt has stayed relatively level since the summer, inching up to $1.6 trillion in Q4-2022 according to the New York Fed's latest Quarterly Report on Household Debt and Credit. In last week's Credit Market Insights, we touched on how credit card delinquency has risen faster for younger borrowers over the previous two quarters. Student loans in serious delinquency (+90 days) have moved in the opposite direction, plummeting across all age groups following the start of forbearance and dropping below 1% for the first time ever in Q4. This drop reflects the beginning of the Department of Education's "Fresh Start" initiative, which redefined $34 billion in defaulted loans as "in repayment." Prior to the pandemic, about 11% of student loan debt was in serious delinquency, the highest among major consumer loan types.

Student loan debt disproportionately affects younger borrowers (age 18-29), comprising 28% of debt held by the age bracket, more than doubling the next highest share (age 30-39). Debt relief, were it to move forward, would thus be more impactful on younger and low-income borrowers. The age bracket has benefited from the pause on payments, with just 0.2% of borrowers aged 18-29 transitioning into serious delinquency for student loans in Q4.



Source: New York Fed Consumer Credit Panel, Equifax and Wells Fargo Economics

It remains to be seen if the administration's forgiveness program will be held up by the courts. Although the microeconomic impact of forgiveness would be significant, especially among younger and low-income borrowers, the macro impact to household wealth would be more muted. Younger borrowers account for a smaller share of total debt across age brackets, holding just 7.5% of aggregate household debt, largely due to holding far less mortgage debt. The future of student loan forgiveness is still in limbo, but we will likely get more certainty heading into the summer.

(Return to Summary)

Topic of the Week

Global Recession Risks Are Receding

Some improving economic data in recent months have increased the likelihood that the global economy skirts recession. To that point, strong February sentiment data resulted in an upward revision to our China GDP forecast, and we now expect Chinese GDP to expand 5.5% in 2023, up from our previous forecast of 5.2%. This revised China GDP forecast makes us more confident that global growth could advance faster than 2.0% this year, surpassing the IMF's recession threshold.

Our revisions follow an earlier-than-expected end to China's Zero-COVID policies. China's economy has bounced back rapidly in the past two months, and the economic resurgence is broad-based across sectors. The manufacturing PMI in February surged to its highest level in almost 11 years, driven by increases in the output and business sentiment sub-components. The non-manufacturing PMI also posted a solid gain in February after jumping over 10 points the month prior, reflecting swelling demand for services in the newly opened economy.

Source: Wells Fargo Economics

Given China's economic revival, we also pushed back our expectations for PBoC monetary policy easing, and we no longer expect the PBoC to lower bank Reserve Requirement Ratios (RRR) in the first quarter of this year. After the post-COVID surge in activity ends, however, we do think the PBoC will support the Chinese economy with a 25 bps cut to the RRR in Q1-2024. Steady PBoC monetary policy can be a stabilizing factor for the renminbi in the short term, and we continue to believe prospects for the Chinese currency over the longer term are relatively bright. Come next year, the pace of interest rate cuts is likely to be much more aggressive in the U.S. than in China, which should result in renminbi strength over the second half of 2023 and into 2024. As far as our renminbi outlook, we forecast the USD/CNY and USD/CNH exchange rates can end Q1-2023 at 6.92 before drifting to 6.80 by mid-2024.

The United States similarly started the year off right with a blowout jobs report, a consumer spending rebound on durable goods and an upside surprise in industrial production. But risks remain. As noted in the International Review, global inflation has proven to be sticky, which poses a challenge to developed economies. The largest risk to the U.S. continues to be the lagged effects of monetary tightening, which we expect to produce labor market weakness later in the year. As we consider our outlook for China's economy, downside risks stem from its highly leveraged non-financial sector, the country's demographic challenges and geopolitical tensions.

(Return to Summary)

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 3/3/2023	1 Week Ago	1 Year Ago
SOFR	4.55	4.55	0.05
3-Month LIBOR	4.99	4.96	0.52
3-Month T-Bill	4.84	4.78	0.32
1-Year Treasury	5.04	4.96	1.10
2-Year Treasury	4.88	4.81	1.53
5-Year Treasury	4.27	4.22	1.73
10-Year Treasury	3.98	3.94	1.84
30-Year Treasury	3.90	3.93	2.22
Bond Buyer Index	3.75	3.75	2.53

Foreign Exchange Rates

	Friday 3/3/2023	1 Week Ago	1 Year Ago
Euro ($/€)	1.062	1.055	1.107
British Pound ($/£)	1.199	1.194	1.335
British Pound (£/€)	0.885	0.883	0.829
Japanese Yen (¥/$)	136.080	136.480	115.460
Canadian Dollar (C$/$)	1.361	1.361	1.268
Swiss Franc (CHF/$)	0.938	0.940	0.917
Australian Dollar (US$/A$)	0.676	0.673	0.733
Mexican Peso (MXN/$)	18.017	18.418	20.639
Chinese Yuan (CNY/$)	6.909	6.960	6.320
Indian Rupee (INR/$)	81.971	82.749	75.910
Brazilian Real (BRL/$)	5.204	5.200	5.027
U.S. Dollar Index	104.784	105.214	97.785

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

Foreign Interest Rates

	Friday 3/3/2023	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.58	-0.59	-0.57
3-Month Sterling LIBOR	4.29	4.26	0.87
3-Month Canada Banker's Acceptance	5.03	5.00	0.98
3-Month Yen LIBOR	-0.03	-0.03	-0.08
2-Year German	3.21	3.03	-0.61
2-Year U.K.	3.70	4.03	1.13
2-Year Canadian	4.23	4.27	1.48
2-Year Japanese	-0.03	-0.02	-0.03
10-Year German	2.71	2.54	0.02
10-Year U.K.	3.85	3.66	1.30
10-Year Canadian	3.37	3.39	1.78
10-Year Japanese	0.51	0.50	0.18

Commodity Prices

	Friday 3/3/2023	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	79.15	76.32	107.67
Brent Crude ($/Barrel)	85.42	83.16	110.46
Gold ($/Ounce)	1848.02	1811.04	1935.95
Hot-Rolled Steel ($/S.Ton)	1041.00	1020.00	1085.00
Copper (¢/Pound)	411.15	395.20	477.15
Soybeans ($/Bushel)	15.27	15.37	16.55
Natural Gas ($/MMBTU)	2.85	2.45	4.72
Nickel ($/Metric Ton)	24,178	25,176	26,489
CRB Spot Inds.	562.78	565.09	657.43

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