WELLS FARGO

Weekly — August 20, 2021

Weekly Economic & Financial Commentary

United States: **Delta Variant Clouds the Outlook**

- The worsening public health situation is imparting a considerable amount of uncertainty on the outlook. Consumers may pull back from some in-person services amid the spread of the more contagious strain and some may be reluctant to return to work, further delaying the labor market recovery. Overall, the increased uncertainty surrounding the Delta variant supports our view that the Fed will wait to see how the labor market evolves from here prior to removing accommodation.
- Next week: Home Sales (Mon & Tues), Durable Goods (Wed), Personal Income & Spending (Fri)

International: **Delta Variant Scares the RBNZ; China's Economy Still Slowing**

- New COVID cases in New Zealand disrupted the Reserve Bank of New Zealand's plan to tighten monetary policy this week. Going forward, will rising COVID cases alter any other central banks' plans to normalize interest rates? Also, China activity data missed expectations by a wide margin, signaling China's economy is under pressure as a result of new restrictions.
- Next week: U.K. PMIs (Mon), Eurozone PMIs (Mon), Central Bank of Mexico Minutes (Thurs)

Interest Rate Watch: **Shutdowns, Showdowns and Ceilings: Your Guide to This Fall's Budget Brawl**

- Financial market participants are again preparing for another potential debt ceiling showdown. The federal government is not funded past Sept. 30, and the U.S. Treasury is currently employing finite "extraordinary measures" to remain under the debt ceiling that was reinstated on Aug. 1.

Topic of the Week: **Of Two Minds: Making Sense of a Record Gap between Confidence & Sentiment**

- The Conference Board's consumer confidence index and the University of Michigan's index of consumer sentiment both aim to take the pulse of consumers' views of the economy. Yet, consumer confidence has increased every month while consumer sentiment has declined in five out of the past eight months. While the consumer confidence index is at its highest point in the post-pandemic period, the consumer sentiment index suggests sentiment is at its lowest since 2011.

Wells Fargo Securities U.S. Economic Forecast

	Actual				Forecast				Actual		Forecast	
	2020				2021				2019	2020	2021	2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product [1]	-5.1	-31.2	33.8	4.5	6.3	6.5	6.8	6.1	2.3	-3.4	6.2	4.4
Personal Consumption	-6.9	-33.4	41.4	3.4	11.4	11.8	7.3	4.6	2.2	-3.8	8.7	4.2
Consumer Price Index [2]	2.1	0.4	1.3	1.2	1.9	4.8	5.3	5.4	1.8	1.2	4.3	3.3
"Core" Consumer Price Index [2]	2.2	1.3	1.7	1.6	1.4	3.7	4.1	4.2	2.2	1.7	3.4	2.8
Quarter-End Interest Rates [3]												
Federal Funds Target Rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	2.25	0.50	0.25	0.25
Conventional Mortgage Rate	3.45	3.16	2.89	2.69	3.08	2.98	2.95	3.25	3.94	3.12	3.06	3.63
10 Year Note	0.70	0.66	0.69	0.93	1.74	1.45	1.50	1.75	2.14	0.89	1.61	2.04

Forecast as of: August 12, 2021

[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 Securities

Please find our full U.S. Economic Forecast here.

U.S. Review

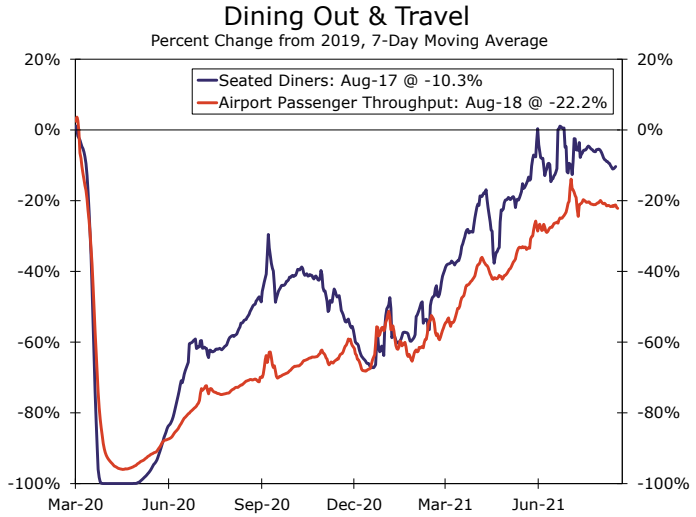
Delta Variant Clouds the Outlook

The Delta variant in the United States has cast a cloud over the outlook. New daily cases continue to move higher and are at their highest level since February. Hospitalizations are on the rise, too, amid the more virulent strain, and this week brought reports that some states are nearing full capacity for intensive care beds. From an economic perspective, it remains to be seen how activity evolves during this latest outbreak, with the surge in cases beginning in late July. High-frequency measures on seated diners and the number of people through TSA checkpoints suggest service activity has plateaued but not materially deteriorated thus far (see chart). The sideways move in activity, in conjunction with weaker-than-expected retail sales in July, suggests some downside risk to our personal spending estimates for the third quarter.

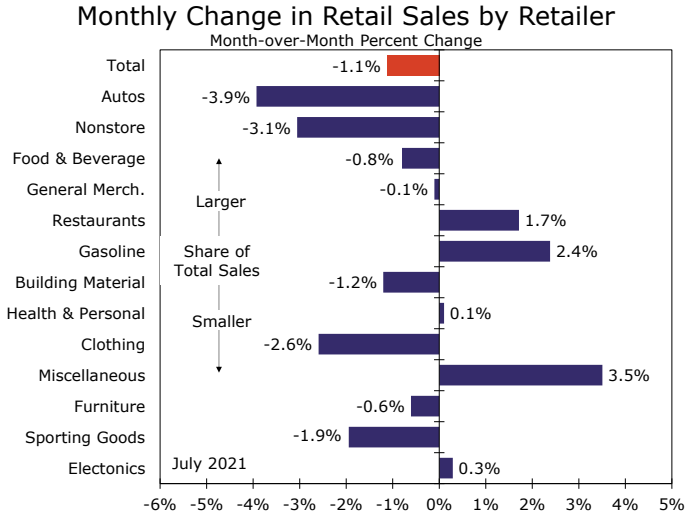
Retail sales slipped 1.1% in July to $618 billion, a level of sales that remains 17% ahead of where it was prior to the pandemic in January 2020, but nearly 2% below where it was just three months ago. Sales were mixed among retailers during the month (see chart), but it is clear that there has been some payback from the run-up in goods spending during lockdowns last year. Sporting goods stores and building material stores, two categories that saw fairly exceptional sales growth last year, both saw sales decline for the fourth consecutive month in July. Auto sales were also weak, as supply constraints have limited inventory and bid up prices. Furniture, grocery and clothing store sales all declined, and real sales likely slowed even faster, since retail sales are in nominal dollars, or not adjusted for inflation. We've been expecting an air-pocket in goods spending as consumption transitions back to the services side of the economy, but overall the July data still present some downside risk to our Q3 real personal consumption expenditures forecast. We'll be particularly focused on how services spending held up during July in next week's personal income & spending report.

Data this week also reveled a continued improvement in industrial production, with output up 0.9% in July. The gain was led by a surge in motor vehicle production (+19.3%), which may in part be due to finally being able to source *some* material, but is also likely due to some seasonal distortions as auto plants do not shut down for retooling in the summer as much as they used to after plants were closed earlier this year due to semiconductor shortages. If this is the case, we may be due for some payback in this component in August. Gains in output extended beyond auto production, and on balance, core capital goods orders continue to indicate a voracious appetite for capital goods, though production has been held up by supply chain problems and difficulty finding workers. Both of these problems showed some improvement in July, but the latest surge in COVID cases puts the timeline of further improvement at risk.

For more information on the return to work, please join senior economists Mark Vitner and Sarah House in a webinar on Tuesday, Aug. 24.



Source: OpenTable, TSA and Wells Fargo Securities



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

For the Fed, the increased uncertainty from the Delta variant will prevent an imminent tapering announcement, in our view. The minutes from the Federal Open Market Committee's (FOMC) most recent July policy meeting were released this week and revealed some differing in opinions of the timing and speed of the eventual tapering of asset purchases. That said, our expectations have not changed. The labor market remains nearly six million jobs short of where it was prior to the pandemic, and despite the more recent pickup in hiring momentum, we still believe the FOMC will want to see *further* progress toward its maximum employment goal before dialing back accommodation from the economy. While tapering is likely to be a topic of discussion at next week's Jackson Hole Symposium, we continue to expect the Fed will *officially* announce tapering near the end of this year and kick off the actual tapering of purchases at the start of next year.

On the note of further labor market progress, *just* 348K workers filed an initial claim for unemployment insurance last week, which is a fresh pandemic-era low and the fourth straight weekly decline in the number of claimants. While the claims data have been choppy in recent months and not necessarily indicative of broader payroll gains, this is the latest indication that the jobs market continues to move in the right direction. We look for further gains in jobs in August and expect job growth to average close to 800K in the third quarter, which would be a large step toward substantial further progress. That said, the recent outbreak has led companies to reevaluate return-to-work plans and schools to again consider virtual education, which may further delay some from returning to work. This makes the next few months of job gains all the more important for the outlook as we see how the labor supply issues evolve in the fall. (Return to Summary)

U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
23-Aug	Existing Home Sales (SAAR)	Jul	5.84M	5.85M	5.86M
24-Aug	New Home Sales (SAAR)	Jul	700K	718K	676K
25-Aug	Durable Goods (MoM)	Jul	-0.2%	-1.2%	0.9%
26-Aug	GDP (2nd, Annualized, QoQ)	Q2	6.6%	6.5%	6.5%
27-Aug	Personal Income	Jul	0.2%	0.3%	0.1%
27-Aug	Personal Spending	Jul	0.4%	0.4%	1.0%
27-Aug	PCE Deflator (MoM)	Jul	0.4%	0.4%	1.0%
27-Aug	Core PCE Deflator (MoM)	Jul	0.3%	0.3%	0.4%

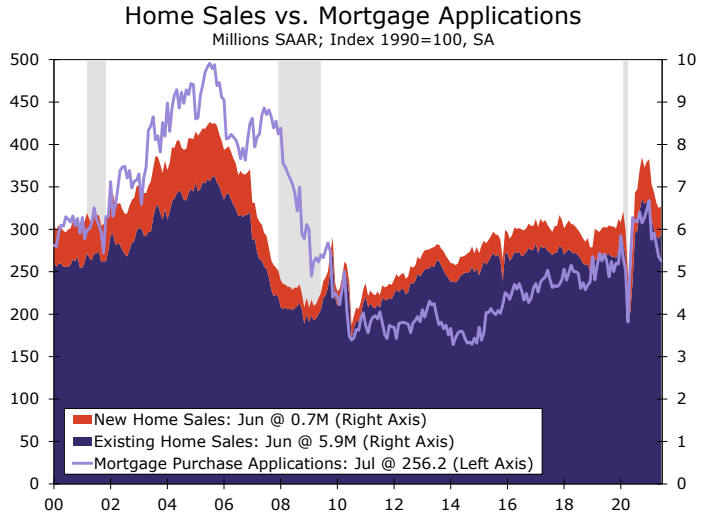
Forecast as of August 20, 2021

Source: Bloomberg LP and Wells Fargo Securities

Home Sales • Monday & Tuesday

Slowing sales growth over the past few months has helped inventories build and cooled price growth. More homes for sale at marginally better prices should help home sales stop their slide. We look for new home sales to end three straight months of declines and rise to a 718K annual pace in July. While sales should improve in July, we may continue to see some stops and starts in the new home market, as builders try to work through a backlog of projects in the face of persistent material shortages.

Similar dynamics were likely at play in the resale market in July. Inventories have picked up from their April lows as homeowners have tried to take advantage of the sellers' market. Moreover, with demand cooling from its fever pitch, some sellers have started to take price cuts. This led to a pickup in pending home sales in May, which was not entirely accounted for in June closings and should feed into sales for July. We suspect existing home sales held up at a solid 5.85 million-unit seasonally adjusted annualized rate in July. The lack of a turnaround in mortgage purchase applications suggests it may be too soon to call for a sustained pickup in sales,



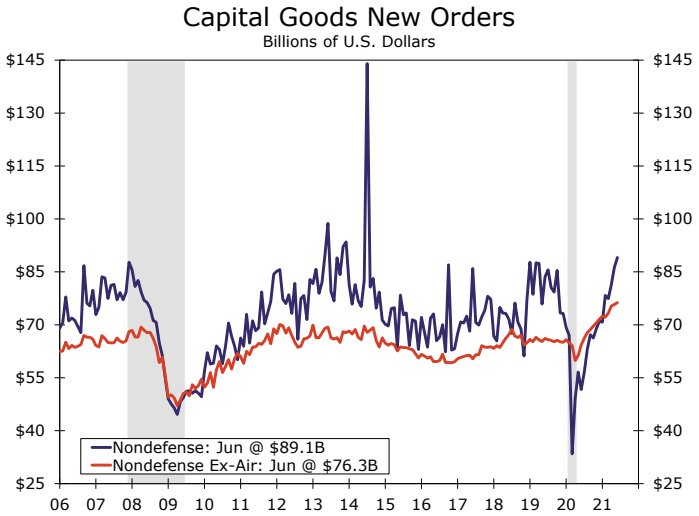
Source: U.S. Department of Commerce, NAR, MBA and Wells Fargo Securities

but underlying demand demographics remain healthy and further delays in the return to work could bring out more homebuyers.

Durable Goods • Wednesday

Durable goods orders likely pulled back in July, due to a slowing in transport orders. We forecast that orders for durable goods fell 1.2% last month but rose 0.5% excluding transportation. Autos have been the poster child of supply chain disruptions over the past year. Shortages of parts, most notably semiconductors, have hampered production and constrained orders. Orders for nondefense aircraft have bounced back mightily over the past three months, as airliners continued to restock their fleets and make up for cancelations last year. But based on data from Boeing, aircraft orders are set to be a drag in July. Excluding the volatile aircraft and defense components, core capital goods orders have made a remarkable come back over the past year and have shown little signs of slowing, rising at roughly an 18% annualized rate over the past three months.

While overall durable goods orders may cool in the coming months as consumers pull back on goods spending and the auto sector contends with supply problems, businesses' desire to invest and restock inventories should provide a solid demand floor. The new orders sub-component in the July ISM survey slipped 1.1 points but remained well above the breakeven 50 level at 64.9.

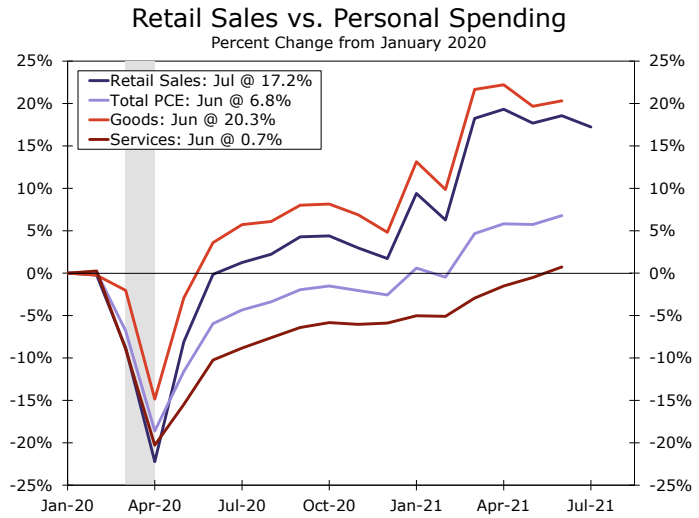


Source: U.S. Department of Commerce and Wells Fargo Securities

Personal Income & Spending • Friday

The unexpected drop in core retail sales for July and the preliminary read of consumer sentiment for August have brought about concerns surrounding the consumer-spending engine of the ongoing recovery. The souring in sentiment does present some downside risk for August spending. We will be watching the Conference Board's Consumer Confidence index, which was at a record high in July (see Topic of the Week for more detail), to see if the shifting sentiment is widespread. As for July spending, which will be covered in Friday's report, the drop in retail sales has not pushed us to downwardly revise our forecast materially. The level of retail sales remains quite elevated relative to its pre-pandemic peak and our outlook for consumer spending has been predicated on a pickup in services spending specifically, which the retail sales data largely do not account for. Encouragingly, the lone service-related category of restaurant sales rose 1.7%. Moreover, we look for income to rise 0.3% in July and the healthy labor market should help offset some of the headwinds of rising COVID concerns. Overall, we look for spending to rise 0.4% in July.

While we expect nominal sales picked up in July, prices likely also continued to rise at a solid clip, which should leave real spending growth roughly flat. Specifically, we look for the personal consumption expenditure deflator to rise 0.4%, and for the core deflator to rise 0.3%. July's consumer price index report showed some slowing in travel services and auto prices, which had boosted prior reports well above expectations. Looking ahead, however, rising shelter inflation and dislocated supply chains should keep some upward pressure on inflation. (Return to Summary)



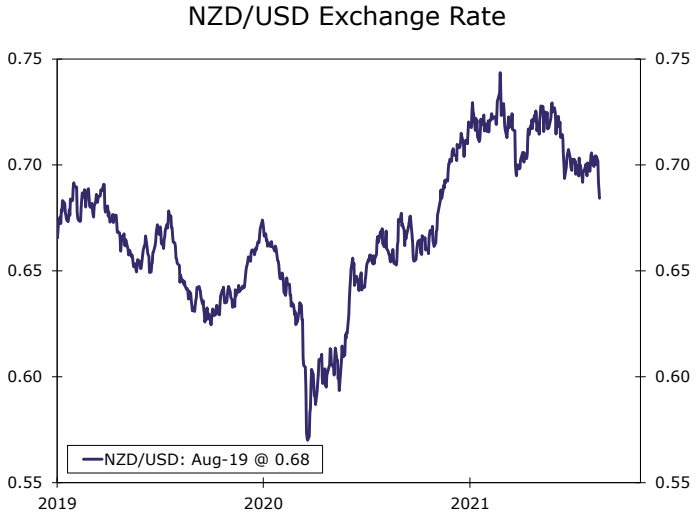
Source: U.S. Department of Commerce and Wells Fargo Securities

International Review

Delta Halts RBNZ's Plan to Tighten

In a dramatic turn of events, the Reserve Bank of New Zealand opted to keep policy rates on hold this week, surprising economists and financial markets alike. Weeks prior to the meeting, RBNZ policymakers turned more hawkish by ending asset purchases early and signaling rate hikes were all but imminent. However, multiple confirmed cases of the Delta variant in New Zealand resulted in a nationwide lockdown and altered policymakers' views on monetary policy. Rather than hike rates to 0.50%, policymakers cited uncertainties related to the virus as the rationale to keep rates steady despite rising inflation, a relatively healthy economy, strong labor market and a real estate sector that has been defined by some as "overheating."

Financial markets were quick to react as the New Zealand dollar sold-off immediately, while short-term interest rates also fell quite notably. To that point, the NZD/USD exchange rate fell toward $0.6800, a level not seen since last November. RBNZ policymakers did, however, note the likelihood of rate hike is elevated later this year, likely in Q4. As far as timing, we now believe a 25-bp hike will be delivered in November and the RBNZ will maintain a somewhat hawkish view on monetary policy. Further hikes are likely in 2022, especially as COVID cases dissipate and the New Zealand economy continues to outperform.



Source: Bloomberg LP and Wells Fargo Securities

Source: Bloomberg LP and Wells Fargo Securities

China Activity Misses the Mark

The Chinese economy has been hit with multiple shocks in recent weeks, and these developments are starting to have a more pronounced impact on real economic activity. A regulatory crackdown has resulted in a sharp decline in domestic equity prices and could affect confidence and sentiment toward China, while a renewed spread of COVID cases has resulted in harsh restrictions and is complicating the short-term economic outlook. This week, activity indicators provided additional insight into just how much renewed lockdowns are weighing on the economy as July retail sales and industrial production data underwhelmed relative to expectations.

On a cumulative basis, retail sales rose 20.7% year over year in July and, on a non-cumulative basis, rose 8.5% year over year. On the surface, these data appear quite strong; however, both missed expectations by a relatively wide margin. Consensus forecasts were looking for cumulative retail sales to firm 21.2%, while non-cumulative retail sales were expected to rise closer to 11%. Restrictions combined with uncertainty around consumer behavior changes likely account for the downside miss, but the message is clear in that China's economy is slowing down as a result of COVID. The same takeaway can be made for industrial production, as cumulative and non-cumulative data also missed consensus forecasts by a good amount.

We have made multiple downward revisions to our China 2021 annual GDP forecast this year, most recently to reflect an anticipated slowdown as restrictions went into place. As of now, we forecast China's economy to grow 8.2% this year, but also note that risks around this forecast are tilted to the

downside. Aside from consumer spending and manufacturing slowdowns, a COVID outbreak at one of China's largest ports could weigh on exports as the majority of the port is shut down. In addition, increasing virus cases around the world could weigh on global demand and also place downward pressure on the economy.

Aside from Chinese equities, which have mainly been under pressure due to regulatory policy, China's local financial markets have held up quite well. Yields on sovereign debt have come down as headlines turned less positive, but not at a concerning pace, while the renminbi has been relatively stable. Some renminbi depreciation pressure could build in the coming months, especially as the U.S. dollar remains supported, although we expect the Chinese currency to continue to be resilient going forward. (Return to Summary)

International Outlook

Weekly International Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
23-Aug	United Kingdom Services PMI (SA)	Aug	59.1	-	59.6
23-Aug	Eurozone Composite PMI	Aug	59.6	-	60.2
24-Aug	Germany GDP (2nd, SA, QoQ)	Q2-21	1.5%	-	1.5%

Forecast as of August 20, 2021

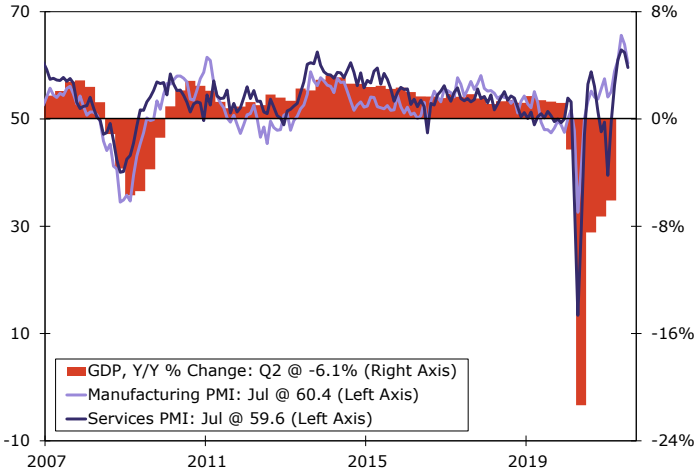
Source: Bloomberg LP and Wells Fargo Securities

United Kingdom PMI • Monday

With restrictions fully lifted off of the U.K. economy, leading economic and sentiment indicators have rebounded quite well; however, the spread of the Delta variant could disrupt the local recovery. While we do not expect restrictions to go back into place in the U.K., it is possible consumers become cautious as it relates to the virus. In that sense, consumer spending activity could slow and demand could ease.

To get a better sense of whether consumers are indeed turning more cautious, we will be focused on PMI data released next week, in particular the services PMI. Services data should provide insight into whether consumers are looking through the spread of the virus and heading back out to restaurants, bars, etc. Historically, monthly PMI data have been a good proxy for quarterly GDP and will be key indicators for whether our quarterly GDP forecasts need to be revised. In addition, if there is a more pronounced slowdown due to the spread of the virus, the Bank of England (BoE) could turn less hawkish and potentially keep policy accommodative for longer than markets expect.

U.K. PMIs and GDP Growth

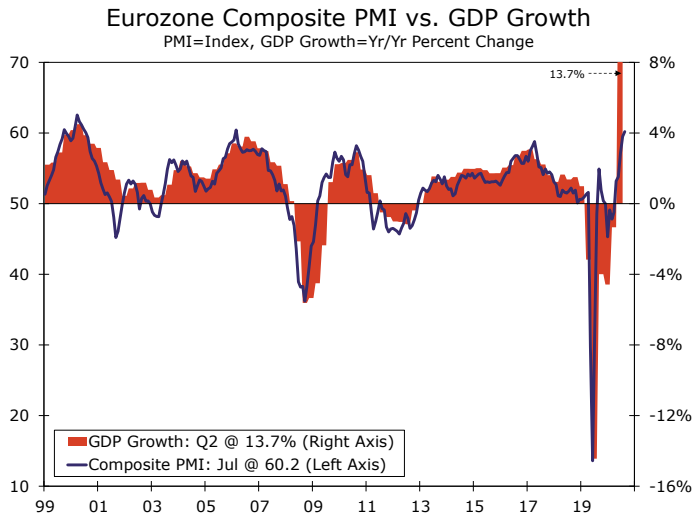


Source: Datastream and Wells Fargo Securities

Eurozone PMI • Monday

In our view, the Eurozone economy has picked up the pace. Disbursements from the Eurozone Recovery Fund have gotten under way, while easing of restrictions has helped boost overall activity and mobility. But, similar to the U.K., we have concerns regarding whether consumer spending patterns will begin to change amid the rise in Delta COVID cases. For now, rising COVID cases have not had a material impact on activity; however, August PMI data should provide us with more guidance.

Also similar to the U.K., we will pay close attention to the services PMI, but also the overall composite PMI. The composite PMI has trended very close to GDP growth and should also provide us with guidance around our GDP forecast in the short term. Consensus forecasts expect a modest softening in the services as well as the composite PMI, which if consensus expectations were to materialize, the hit to the economy at this point would be rather insignificant. However, a more pronounced slowdown in the August PMI could spark us to revise our GDP forecasts for Q3 and possibly for the entire year of 2021.

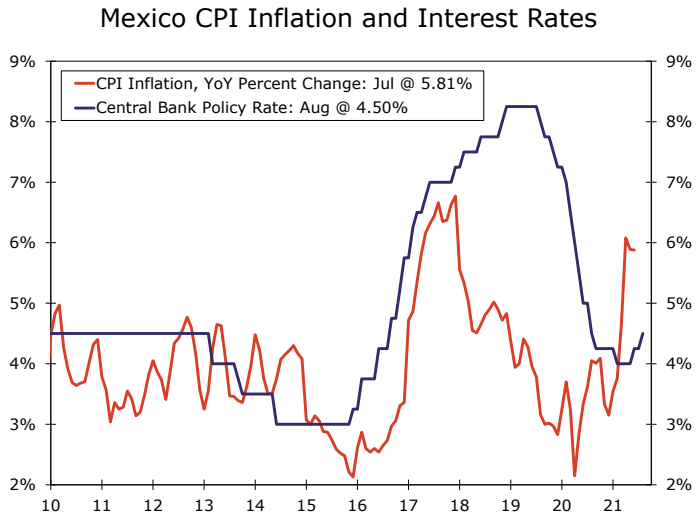


Source: Datastream and Wells Fargo Securities

Central Bank of Mexico Minutes • Thursday

The Central Bank of Mexico has lifted policy rates in consecutive meetings; however, in both instances policymakers have been split on whether to tighten policy. Opinions on whether inflation is transitory have dominated recent discussions and are likely to be a central theme when the meeting minutes are released next week. We expect the minutes to reveal that interest rate decisions going forward will continue to be contentious and divided decisions are likely to be the norm for the time being. Despite likely split decisions, we believe interest rates will continue to be raised through the end of this year.

However, the actual magnitude of those rate hikes is still up for debate. We expect the central bank to lift rates two more times this year; however, financial markets are priced for three 25-bp hikes by the end of Q4-2021. Given the disparity on views for policy rates in Mexico, we would expect the peso to be particularly sensitive around the time of rate decisions. At the last Central Bank meeting, the peso sold off sharply as the official statement suggested the decision to lift rates was accompanied by a more dovish stance on forward guidance. We will be combing through next week's minutes for any clues as to whether policymakers have a dovish bias going forward, and if so, the peso could experience another bout of weakness. (Return to Summary)



Source: Bloomberg LP and Wells Fargo Securities

Interest Rate Watch

Shutdowns, Showdowns and Ceilings: Your Guide to This Fall's Budget Brawl

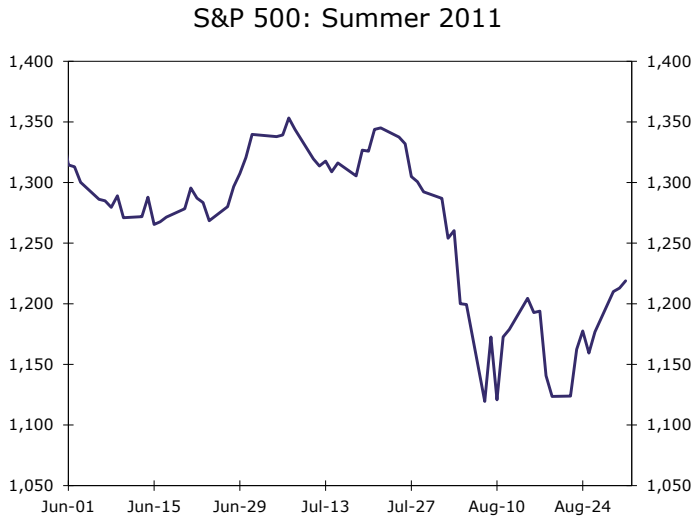
Treasury bills do not normally spend much time in the spotlight, but this week a few T-bill auctions grabbed the market's attention when yields jumped on some securities with maturities around the first half of November. The move was only a few basis points, but when the securities only yield a few basis points, such a move is notable. What could have driven then seemingly random move? Financial market participants are again preparing for another potential debt ceiling showdown.

Two major fiscal policy issues loom large when Congress returns from its summer recess on Sept. 13. The federal government is not funded past Sept. 30, and the U.S. Treasury is currently employing finite "extraordinary measures" to remain under the debt ceiling that was reinstated on Aug. 1.

Policymakers probably could pass a continuing resolution that funds the federal government's operations for a period of time, but the debt ceiling is the complicating factor. It appears Democrats want to attach a debt ceiling increase to this continuing resolution, but this would take 60 votes in the Senate, and most Republican senators have expressed zero interest in voting for a debt ceiling increase. Conversely, Democrats could increase the debt ceiling with a simple majority if they included it in their budget resolution, but they have shown no desire to do this so far. Thus, the two parties appear to be at an impasse, and we believe the risk of a government shutdown starting Oct. 1 has risen significantly and is only a bit less than 50-50.

If there is one saving grace, it is that a shutdown could probably last for most of October before the debt ceiling became problematic. We continue to think that the "X date," or the date on which the federal government would not have enough cash to fully meet its obligations, falls sometime in late October/early November. We believe the first week of November has the highest likelihood of containing the "X date."

However, the longer this possible shutdown goes on, the closer it would be to the debt ceiling "X date" and the greater the potential for some economic and financial market harm. In the summer 2011 debt ceiling dispute, the S&P 500 fell nearly 17% between July 22 and Aug. 8 (chart to the right). T-bill yields spiked and The Conference Board's Consumer Confidence Index fell nearly 24% in just one month.



Source: Bloomberg LP and Wells Fargo Securities

This potential source of economic policy uncertainty also could be challenging to the Federal Reserve as its discussions about tapering heat up in the coming months. If markets are in turmoil over a government shutdown and debt ceiling dispute, the central bank may be wary of initiating a taper at such an inopportune time. A shutdown could also wreak havoc on the collection of critical economic data the Fed uses to guide its monetary policy decisions.

Ultimately, Congress has never allowed the U.S. to default on its on obligations, and we doubt it will this time either. However, the path toward an eventual resolution appears increasingly uncertain and may be fraught with political fighting. We encourage our readers to enjoy the final few weeks of summer and come prepared for a fall full of fiscal showdowns.

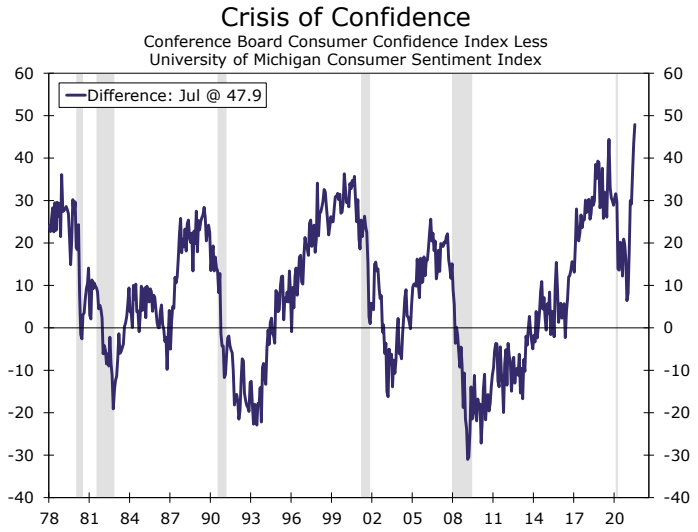
For further reading, see our recent special report on this topic.

(Return to Summary)

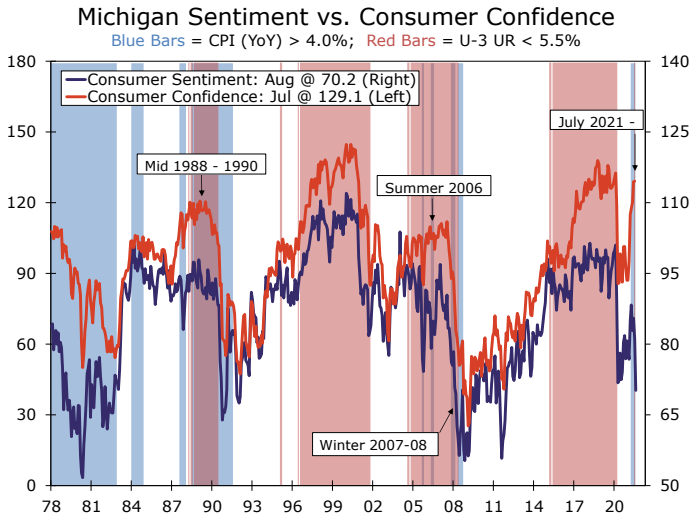
Topic of the Week

Of Two Minds: Making Sense of a Record Gap between Confidence & Sentiment

The Conference Board's consumer confidence index (CCI) and the University of Michigan's index of consumer sentiment (ICS) both aim to take the pulse of consumers' views of the economy. Yet, they have diverged in recent months, leaving many wondering why. The gap began at the start of the year, as the CCI has increased every month while the ICS has declined in five out of the past eight months. While the CCI is at its highest point in the post-pandemic period, the ICS suggests sentiment is at its lowest since 2011. In July, this culminated in the largest gap between the indices on record (see chart). While both surveys aim to record consumers' perceptions, they differ in scope, collection methods and questions asked. Going past the broader, similar components that feed into the headline indices, *consumers' current economic views* and their *future expectations,* reveals notable differences in content. For instance, the CCI's "Present Situation Index" asks for respondents to appraise their current business and employment conditions, while the ICS's "Current Economic Conditions Index" asks about buying plans and financial health versus a year ago. The unique questions for how consumers feel highlight varying parts of the economy. As a result, labor force conditions tend to influence the CCI, while buying intentions tend to influence the ICS, and since big ticket purchases rely on financing, sentiment reflects movement in interest rates and inflation. These ties lead to two inverse relationships: the ICS and inflation, as well as the CCI and the unemployment rate.



Source: The Conference Board, U. of Mich. and Wells Fargo Securities



Source: U. of Mich., The Conference Board, U.S. Department of Labor and Wells Fargo Securities

So, what happens when you have both high inflation and low unemployment as we do today? Over the past 40+ years, when those conditions are met, the ICS and CCI repel like magnets of the same pole. In our chart, we highlighted times when inflation is "high" (CPI > 4% YoY, blue bars) and when the labor market is hot (U-3 UR rate <5.5%, red bars) and find that any reasonably long period of high inflation and low unemployment shows the CCI and ICS drifting apart. Today, with prices rising faster than in decades amid a red-hot job market, perhaps it is not surprising that the measures' spread has never been larger. But their ties to different parts of the economy does not diminish their value, as the ICS can be useful as a "gut check" for future goods spending, while the CCI's link to the labor force could also have some predictive use. Ultimately, neither survey is incorrect in its assessment. A balanced view of the consumer likely falls in between as consumers weigh inflation and employment. The deterioration in the ICS correctly anticipated the recent soft patch in goods spending and jibes with our expectation for spotty durable goods outlays, while the upbeat CCI correctly anticipated the services-driven surge in consumer spending in Q2. These factors led us to lower our Q3 PCE growth forecast in our latest update as goods spending fades but services spending stays strong. Consumers remain ambivalent amid new restrictions and the Delta variant, and our dashboard is flashing yellow in August. But while the labor market is strong and inflation is high, we would not be surprised to see the ICS and the CCI stay on their diverging tracks even if the spread narrows from its July record.

For more detail see, "Of Two Minds" (08/20/2021). (Return to Summary)

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 8/20/2021	1 Week Ago	1 Year Ago
1-Month LIBOR	0.09	0.10	0.16
3-Month LIBOR	0.13	0.12	0.25
3-Month T-Bill	0.05	0.05	0.09
1-Year Treasury	0.06	0.06	0.09
2-Year Treasury	0.22	0.21	0.14
5-Year Treasury	0.77	0.77	0.27
10-Year Treasury	1.25	1.28	0.65
30-Year Treasury	1.87	1.93	1.38
Bond Buyer Index	2.14	2.14	2.15

Foreign Exchange Rates

	Friday 8/20/2021	1 Week Ago	1 Year Ago
Euro ($/€)	1.168	1.180	1.186
British Pound ($/£)	1.362	1.387	1.321
British Pound (£/€)	0.857	0.850	0.898
Japanese Yen (¥/$)	109.860	109.590	105.800
Canadian Dollar (C$/$)	1.285	1.252	1.319
Swiss Franc (CHF/$)	0.918	0.916	0.908
Australian Dollar (US$/A$)	0.714	0.737	0.719
Mexican Peso (MXN/$)	20.424	19.879	22.076
Chinese Yuan (CNY/$)	6.500	6.477	6.916
Indian Rupee (INR/$)	74.396	74.248	75.030
Brazilian Real (BRL/$)	5.446	5.248	5.559
U.S. Dollar Index	93.610	92.518	92.793

Source: Bloomberg LP and Wells Fargo Securities

Foreign Interest Rates

	Friday 8/20/2021	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.56	-0.56	-0.51
3-Month Sterling LIBOR	0.07	0.07	0.07
3-Month Canada Banker's Acceptance	0.44	0.44	0.51
3-Month Yen LIBOR	-0.10	-0.10	-0.05
2-Year German	-0.75	-0.74	-0.68
2-Year U.K.	0.10	0.14	-0.03
2-Year Canadian	0.44	0.45	0.29
2-Year Japanese	-0.12	-0.12	-0.10
10-Year German	-0.49	-0.47	-0.50
10-Year U.K.	0.53	0.57	0.23
10-Year Canadian	1.13	1.19	0.56
10-Year Japanese	0.01	0.03	0.04

Commodity Prices

	Friday 8/20/2021	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	63.32	68.44	42.58
Brent Crude ($/Barrel)	66.07	70.59	44.90
Gold ($/Ounce)	1779.69	1779.74	1947.26
Hot-Rolled Steel ($/S.Ton)	1900.00	1900.00	502.00
Copper (¢/Pound)	411.50	439.15	297.45
Soybeans ($/Bushel)	13.40	13.85	9.02
Natural Gas ($/MMBTU)	3.94	3.86	2.35
Nickel ($/Metric Ton)	18,384	19,659	14,675
CRB Spot Inds.	614.40	620.87	447.43

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