Weekly — May 16, 2025

Weekly Economic & Financial Commentary

United States: **Sentiment Is Cratering but Hard Data Signal Only a Stalling**

- The 90-day pause with China cheered financial markets, but economic data showed early indications of the economic impact of tariffs. Retail sales held up OK and industrial production was flat, but small business confidence optimism faded. Consumer sentiment plunged to the second lowest on record amid inflation worries.
- Next week: Existing Home Sales (Thu.), New Home Sales (Fri.)

International: **Foreign Economies Start 2025 on Surprisingly Solid Note**

- This week brought a wave of economic data from both advanced and emerging economies, with several upside surprises on the growth front. The United Kingdom, Norway and Switzerland all posted stronger-than-expected first quarter growth figures, reflecting pockets of resilience despite broader global uncertainty. Japan was the notable outlier, with GDP contracting more than expected. On the emerging economy side, India's softer-than-expected inflation print was reassuring. Meanwhile, Mexico's central bank lowered its policy rate by 50 bps to 8.50% and signaled further easing to come.
- Next week: China Industrial Production and Retail Sales (Mon.), Reserve Bank of Australia Policy Rate (Tue.), Eurozone PMIs (Thu.)

Credit Market Insights: **Here to Collect: Student Loan Delinquencies Surge in Q1**

- The Federal Reserve Bank of New York released an update to its Quarterly Report on Household Debt and Credit this week, which included data through Q1-2025. Rising delinquencies point to some modest strain among consumers, and the resumption of student loan payments after almost five years of forbearance comes as the consumer is on somewhat shakier footing.

Topic of the Week: **Commercial Real Estate on Stable Ground Before Liberation Day**

- The CRE market started 2025 on a positive note. During Q1-2025, transaction volumes, property prices and lending activity all improved against a backdrop of slightly lower capital costs. On balance, vacancy rates across the major property types were lower or ticked only modestly higher, suggesting that the CRE market is on the way to finding balance after several challenging years.

Wells Fargo U.S. Economic Forecast

	Actual				Forecast				Actual		Forecast	
	2024				2025				2023	2024	2025	2026
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product [1]	1.6	3.0	3.1	2.4	-0.3	1.6	-1.5	0.3	2.9	2.8	1.1	1.1
Personal Consumption	1.9	2.8	3.7	4.0	1.8	1.9	-0.4	0.1	2.5	2.8	2.1	1.5
Consumer Price Index [2]	3.2	3.2	2.7	2.7	2.7	2.6	2.9	3.0	4.1	3.0	2.7	2.8
"Core" Consumer Price Index [2]	3.8	3.4	3.3	3.3	3.1	3.3	3.7	3.8	4.8	3.4	3.5	3.2
Quarter-End Interest Rates [3]												
Federal Funds Target Rate[4]	5.50	5.50	5.00	4.50	4.50	4.50	4.00	3.50	5.23	5.27	4.13	3.50
Conventional Mortgage Rate	6.82	6.92	6.18	6.72	6.65	6.60	6.45	6.30	6.80	6.72	6.50	6.35
10 Year Note	4.20	4.36	3.81	4.58	4.23	4.20	4.10	4.00	3.96	4.21	4.13	4.16

Forecast as of: May 08, 2025 [1] Compound Annual Growth Rate Quarter-over-Quarter [2] Year-over-Year Percentage Change
[3] Quarterly Data - Period End; Annual Data - Annual Averages [4] Upper Bound of the Federal Funds Target Range

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

Submit a question to our "Ask Our Economists" podcast at askoureconomists@wellsfargo.com.

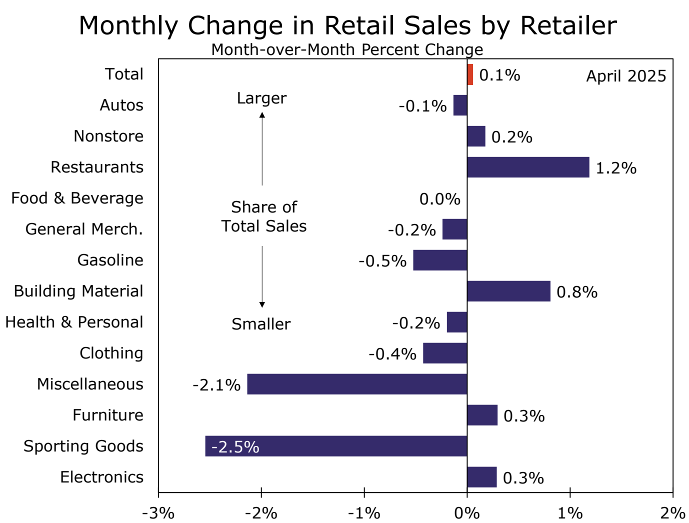
U.S. Review

Sentiment Is Cratering but Hard Data Signal Only a Stalling

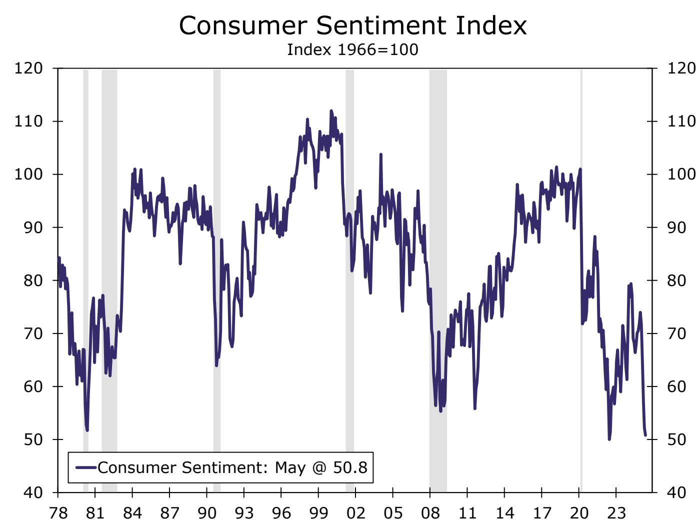
This week got off to a quick start with the headline-grabbing news that the U.S. and China would be taking a 90-day reprieve from a full-blown trade war as the two nations engaged in trade talks. Markets hummed on the news that the tariff rate on Chinese imports would drop to about 30% from 145% previously, as the deal gave more clarity on the short-term trade policy outlook. Yet, the question remains whether the sharp lowering in the tariff rate for one of America's largest trading partners came quickly enough to blunt the worst of the economic fallout. Cratering confidence among consumers and small businesses raise serious doubts about that.

Uncertainty continued clouding the outlook for small businesses in April. The NFIB Small Business Optimism Index declined for a fourth consecutive month in April, falling 1.6 points to 95.8, well below its 50-year average of 98. The decline was broad-based, with deteriorating expectations and weaker labor demand weighing on the index. Only 34% of small firms reported unfilled job openings, matching a three-year low. The uncertainty index dipped slightly as more clarity emerged around tariff policy. Still, the uncertain outlook weighed on capex plans, with the share of firms expecting increased capex falling to 18%, its lowest level since April 2020. Inflation pressures appear to be cooling. Just 14% cited it as their top concern, and fewer firms reported raising or planning to raise prices. Wage pressures also moderated, with planned compensation hikes hitting a four-year low.

Headline CPI rose 0.22% in April, while core CPI increased 0.24%, both slightly below expectations. The year-over-year core rate stands at 2.8%, with a three-month annualized rate of 2.1%, signaling continued disinflation. Core goods prices rose 0.1%, reflecting only very modest tariff-related pressure, at least at this point. Drops in prices for vehicles and apparel came close to offsetting the strength in recreation and household goods. Excluding autos, core goods prices posted their strongest gain in a year and a half. Higher tariffs could lift goods prices in the coming months, but at this early stage, the impact has been limited. Services inflation rebounded to 0.3% month-over-month, led by motor vehicle insurance. However, core services inflation fell to 3.6% year-over-year, its lowest reading since 2021, thanks in part to cooling primary shelter inflation, which rose 4.2% annually versus 5.7% a year ago. Food at home prices eased, with groceries down 0.4% and egg prices plunging 12.7%. The data continue to support a "wait-and-see" stance from the Fed, with our forecast still calling for the first rate cut in September, though still high tariffs keep the inflation outlook uncertain.



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



Source: University of Michigan and Wells Fargo Economics

As financial markets and business decision makers try to weigh whether the temporary lowering of tariffs with China comes quickly enough to forestall a sharp pullback in economic growth, a key question emerges: What should we be watching to gauge how things are progressing? While goods spending comprises less than a third of overall personal consumption, it does represent nearly *all* the receipts that are tallied for the retail sales report (bar tabs & restaurant checks being the obvious exceptions). On that basis, the retail sales figures in the coming months take on additional importance as they serve as a harbinger of the impact of tariffs on the broader economy. The 30% tariff rate that remains in place on imports from China is still a serious disruption to anyone involved in the goods trade and still an escalation relative to April 2 levels.

April retail sales rose 0.1%, slightly beating expectations and reflecting both a possible tariff-driven pull-forward in demand and the resilience of the consumer more broadly (chart). Though sales dipped in categories like sporting goods and the broader control group sales fell 0.2%, strong March revisions offset the most immediate concerns for the consumer outlook. Some April strength, like gains in electronics and furniture, may reflect efforts to buy before tariffs push prices up. Meanwhile, restaurant and bar spending, a key services spending barometer in the report, has risen strongly over each of the past two months, indicating little signs of consumer fear.

Production data did not fare as well as retail sales data. Industrial production was flat in April, but this masked deeper weakness. Manufacturing output declined 0.4%, the sharpest drop in seven months, effectively reversing recent gains. A 3.3% rebound in utilities skewed the headline, following a steep March drop, while mining also contracted. February's manufacturing spike, driven by auto production and stockpiling ahead of tariffs, now appears to have been short-lived. While some consumer demand was front-loaded due to tariffs, there's little sign businesses are actively deploying hoarded industrial supplies. Firms appear to be holding back on capex and production until there's more clarity, underscoring how fluid trade policy is weighing on the industrial sector.

The housing market is another area struggling to determine the full scope of tariff impact. We learned this week that housing starts increased in April, but the 1.6% increase was only about half the 3.0% gain that had been expected. The pipeline of new work is not looking great either with contractors pulling 4.7% fewer permits for new construction jobs.

Consumer sentiment data in May showed the consumer psyche continued to deteriorate. The University of Michigan's headline Consumer Sentiment Index dropped to 50.8, the second-lowest point the index has ever reached going back to 1978 (chart). Inflation worries remained top of mind; median year-ahead inflation expectations jumped to 7.3%, up four percentage points since the start of the year. Long-term inflation expectations (5–10 years ahead) rose to 4.6%, the highest long-term inflation expectations since 1991. The threat of tariffs is the culprit behind the large upticks in inflation expectations, as the press release noted that tariffs were spontaneously mentioned in close to three-quarters of interviews. Though some of the worst-case outcomes were mitigated this week through the U.S.—China reprieve, tariffs still present a sizable threat to the economic outlook.

(Return to Summary)

U.S. Outlook

Weekly Indicator Forecasts					
Domestic					
Date	Indicator	Period	Consensus	Wells Fargo	Prior
19-May	Leading Index (MoM)	Apr	-0.8%	-1.0%	-0.7%
22-May	Existing Home Sales (SAAR)	Apr	4.15M	4.13M	4.02M
23-May	New Home Sales (SAAR)	Apr	695K	705K	724K

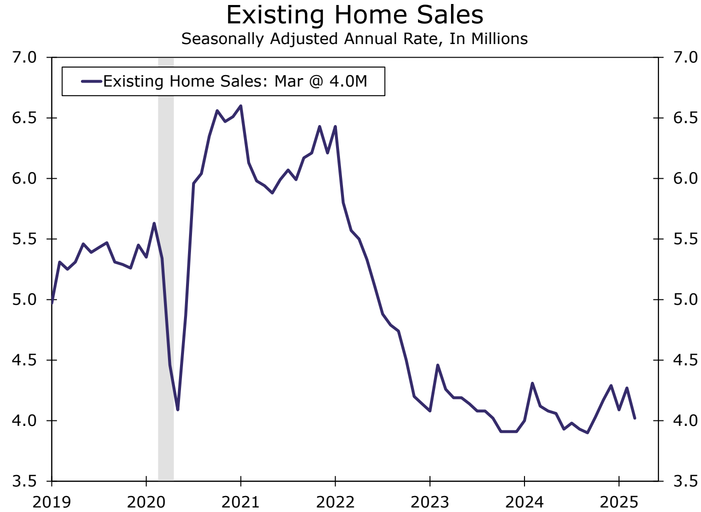
Forecast as of May 16, 2025

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

Existing Home Sales • Thursday

Existing home sales dropped 5.9% in March to a 4.02 million-unit annualized pace, erasing the 4.4% gain in February. March's pullback largely reflects ongoing affordability challenges for homebuyers, in particular the relatively high mortgage rates that prevailed in January and February when buyers first went under contract. Although high mortgage rates continue to lock out supply, the slower sales pace prompted a slight improvement in resale inventories. Single-family resale listings rose 6.5% in March, lifting inventories 18.6% above their year-ago level. The supply uptick may have had a hand in tamping down single-family price appreciation, which softened to 2.9% year-over-year. While prices are still rising, this marked the lowest annual price increase in seven months.

For April, we look for a 2.7% gain in existing home sales, taking the annualized sales pace up to 4.13 million units. However, in an environment where uncertainty about the outlook remains elevated, given the ongoing discussions over trade policy, prospective homebuyers are likely to remain cautious. As such, the pace of existing home sales is likely to remain fairly tepid for the foreseeable future.

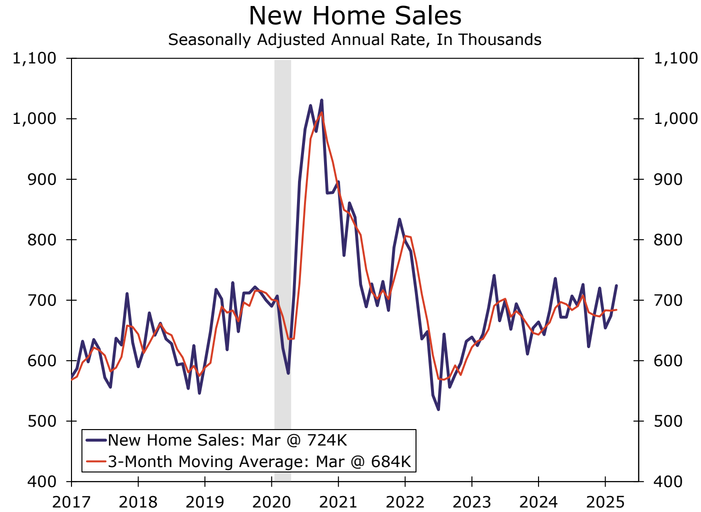


Source: NAR and Wells Fargo Economics

New Home Sales • Friday

Marking the second consecutive monthly gain, new home sales increased 7.4% in March to a six-month high of 724K annualized units. March's jump looks owed to slightly lower mortgage rates, which temporarily dipped on the month before climbing higher following the "Liberation Day" tariff announcement in early April. New home sales rose 1.6% in the first quarter to a rate of 684K and are up 1.3% compared to the first three months of 2024, suggesting sales are still trending positive. That said, the modest growth seen so far this year is largely attributable to the South region, as sales in every other region are down sharply. Moreover, a drop in the median home price suggests builders are increasingly leaning on price incentives in order to support demand.

We look for a 2.6% decline in April new home sales, taking the annualized pace down to 705K. Signs of questionable consumer sentiment in home sales are seen in buyer traffic, which has trended downward recently. Since March, mortgage rates have trended higher, indicating sales are likely to remain under pressure. Moving forward, ongoing economic policy uncertainty, the recent rebound in mortgage rates and subdued economic growth prospects remain formidable headwinds to the new home sales outlook.



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

(Return to Summary)

International Review

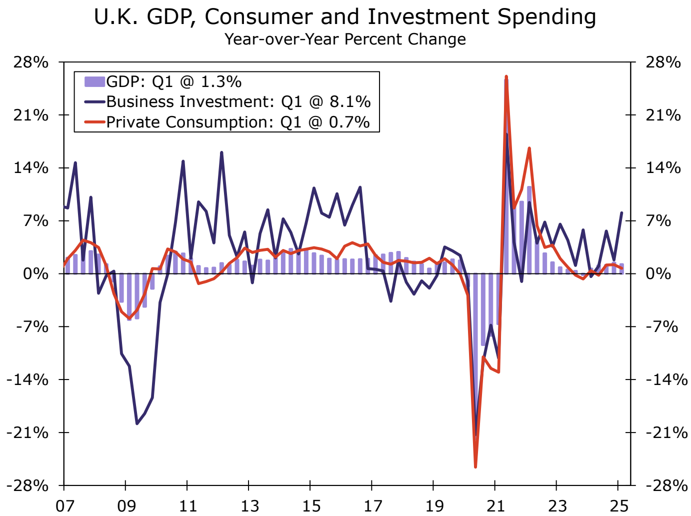
Foreign Economies Start 2025 on Surprisingly Solid Note

This week's GDP figures from advanced economies generally showed solid growth early this year, ahead of the full impact of higher U.S. tariffs taking effect. To start off, United Kingdom Q1 GDP data came in at 0.7% quarter-over-quarter, surpassing consensus expectations for a 0.6% gain. This growth was primarily driven by strong business investment spending with the Office for National Statistics (ONS) saying a one-off increase in aircraft imports boosted the outcome. Private consumption was subdued, but the broader services sector showed resilience in Q1 with a 0.7% gain. Exports also climbed by 3.5%, likely reflecting front-loaded activity as businesses shipped goods ahead of the much-anticipated U.S. tariffs. While the Q1 figures suggest stronger near-term activity, much of the growth appears to be driven by transitory factors. It is still encouraging, though, to see that there was 0.2% month-over-month growth registered for March GDP despite expectations for stagnation. Overall, we view the figures as consistent with the Bank of England's gradual easing trajectory. We expect a pause in June and for the next 25 bps rate cut to occur at the central bank's August meeting.

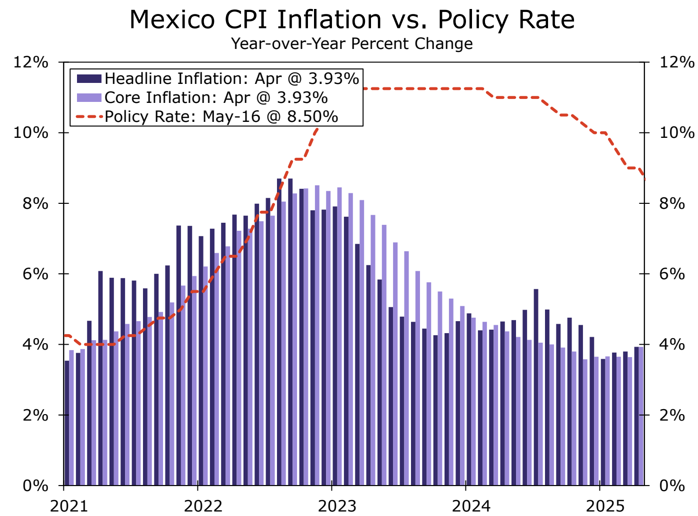
Norway's Q1 growth data came in well above expectations. Mainland GDP—which excludes petroleum activities and ocean transports—expanded by 1.0% quarter-over-quarter, beating the 0.6% consensus. This marks the strongest quarterly growth since Q2-2022. The details of the update show that growth was boosted by high reservoir levels supporting hydropower production and retail trade with a notable increase seen in households' purchase of cars and other goods. The upside growth surprise, combined with the recent softer-than-expected inflation data, offer mixed implications for the Norges Bank's policy outlook. While our base case envisages 25 bps rate cuts in June, September and December, the risks are tilted toward an initial rate cut being delayed until the fall.

Switzerland also delivered higher-than-expected GDP growth figures (adjusted for sports events) at 0.7% quarter-over-quarter against consensus expectations of 0.4%. While this figure is preliminary in nature, this is still the fastest growth seen since Q1-2023. According to the Swiss State Secretariat for Economic Affairs (SECO), growth was driven by the services sector and industry expansion. Despite the strong figures, expectations that tariffs will hit the economy, and especially low headline and core inflation, are supporting widespread market expectations for the Swiss National Bank (SNB) to cut rates a further 25 bps at its June meeting to 0.00%.

The notable exception to this solid growth trend was Japan. Q1 GDP contracted at a sharper-than-expected 0.7% quarter-over-quarter annualized pace, compared to the consensus forecast for the economy to contract by 0.3%. Looking at the details of the release, the contraction was primarily driven by a deterioration in net exports, with exports declining while imports surged. Consumer spending was subdued, rising by just 0.2% quarter-over-quarter annualized, although business capital spending rose at a stronger 5.8% pace.The underwhelming GDP print, in our view, suggests a gradual approach to further Bank of Japan monetary tightening, although we do still expect another 25 bps rate hike at the October monetary policy announcement.



Source: Datastream and Wells Fargo Economics



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

Turning to emerging markets, a key event this week was a monetary policy announcement from Banxico, Mexico's central bank. Banxico officials unanimously, and in a widely expected move, voted to lower the policy rate by 50 bps to 8.50%. The accompanying statement pointed to weakness in the Mexican economy exhibited in the first quarter of 2025 and stated that "the environment of uncertainty and trade tensions poses significant downward risks." In terms of prices, officials noted that headline and core inflation both quickened modestly to 3.93% year-over-year in April. As a result, near-term inflation forecasts were revised higher, though longer-term forecasts remained stable, eventually converging to the 3% target by late 2026. Market participants were closely watching the forward guidance for a shift in the central bank's stance to data dependence. However, the board left its guidance unchanged from March's statement, maintaining a reference to the policy rate that it would "consider adjusting it in similar magnitudes," signaling room for a same-sized cut at the June policy meeting. Given the current inflation trajectory and dovish-leaning policy tone, we maintain our forecast for an additional 50 bps rate cut at Banxico's next meeting in June, taking the policy rate down to 8.00%.

In other emerging market news, India's headline inflation surprised to the downside in April, easing to 3.16% year-over-year. The greater-than-expected cooling of prices was primarily driven by deflation across key food categories— vegetables, cereals, pulses and spices—bringing overall food inflation down to 2.14%, its lowest level since October 2021. While core inflation remained elevated at 4.22%, this was largely anticipated, given a sustained increase in gold prices. With inflation well-contained and trending downward, we believe this positions the Reserve Bank of India (RBI) to continue along the path of its monetary easing with a 25 bps Repurchase Rate cut to 5.75% at its next meeting in June.

(Return to Summary)

International Outlook

Weekly International Indicator Forecasts					
Date	Indicator	Period	Consensus	Wells Fargo	Prior
18-May	China Industrial Production (YoY)	April	5.7%	–	7.7%
18-May	China Retail Sales (YoY)	April	6.0%	–	5.9%
20-May	Reserve Bank of Australia Rate Decision	20-May	3.85%	3.85%	4.10%
22-May	Eurozone Manufacturing PMI	May	49.3	–	49.0
22-May	Eurozone Services PMI	May	50.5	–	50.1

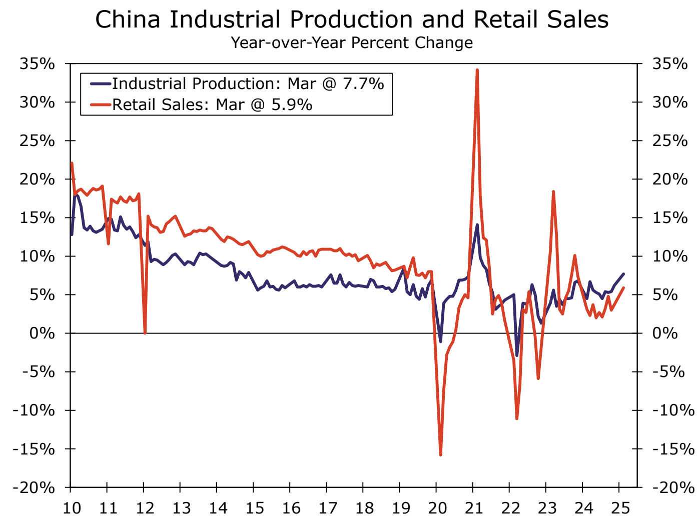
Forecast as of May 16, 2025

China Retail Sales & Industrial Production • Monday

China's upcoming retail sales and industrial production data for April will offer key insights into the economy's momentum early in the second quarter of 2025. Consensus economists expect both measures to indicate the recent burst of activity has started to wane with the effect of tariffs beginning to show. The expectation is for industrial production growth to slow to 5.7% year-over-year and for retail sales to rise 6.0%, similar to the March increase.

While China's first quarter GDP figures were a favorable surprise at 5.4% year-over-year, the strength was boosted in part by some front-loading of activity. Industrial production and exports benefited from firms accelerating production ahead of the anticipated U.S. tariffs, while retail sales were temporarily boosted by the Chinese Spring festival. These factors suggest some plateauing of data in April as underlying demand normalizes.

In response to headwinds, the People's Bank of China (PBoC) announced a monetary easing package last week, lowering its Reserve Requirement Ratio and seven-day reverse repo rate, along with a slew of other measures. Policymakers have also hinted, at times, at further fiscal stimulus and other measures to come. This policy support, combined with recent trade developments in which the U.S. and China agreed to substantially roll back tariff rates for a 90-day period, can be supportive of the Chinese economy. If this deescalation holds, it could be consistent with a more orderly economic slowdown and Chinese growth remaining much closer to the government's 5% target.

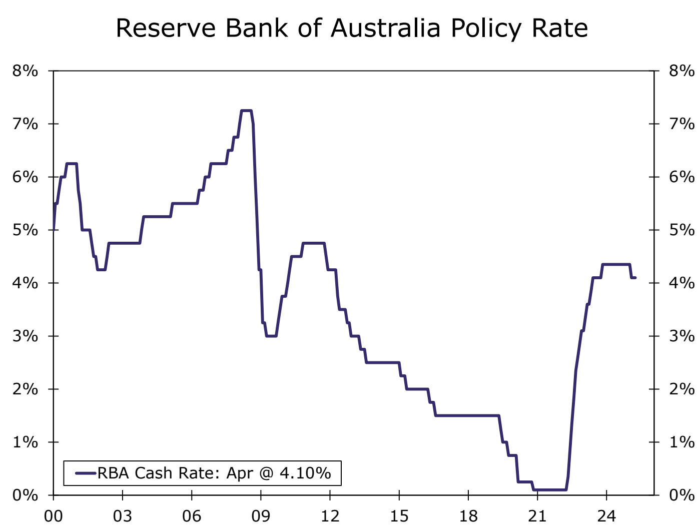


Source: Bloomberg Finance L.P. and Wells Fargo Economics

Reserve Bank of Australia Policy Rate • Tuesday

Next week, the Reserve Bank of Australia (RBA) will deliver its latest monetary policy announcement and updated economic projections. Our view, as well as the consensus', is for the RBA to lower the cash rate to 3.85% from its current rate of 4.10%. The RBA's latest monetary policy announcement in April was cautious in tone, with policymakers acknowledging the continued decline in inflation and tight labor market, while highlighting pronounced global uncertainties.

The latest price data from Australia continued the trend of underlying inflation slowing at a measured pace. While headline inflation was steady at 2.4% year-over-year in Q1, trimmed mean inflation, a closely watched measure of underlying price pressures, entered the central bank's 2%-3% inflation target at 2.9% (down from its previous 3.2% rate). Recent wage figures for the first quarter showed a higher-than-forecasted 3.4% year-over-year gain in the Wage Price Index, though that was driven by public sector agreements, with private sector wage growth steady. Labor market trends showed strong improvement in April, with employment

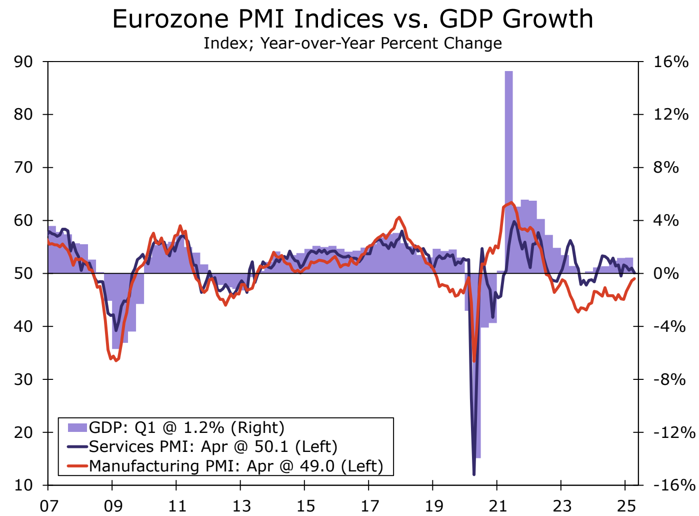


Source: Bloomberg Finance L.P. and Wells Fargo Economics rising 89.0K, much higher than the consensus expectation of 22.5K, while the jobless rate held steady at 4.1%.

In terms of our outlook, we view recent data as consistent with a continued gradual pace of RBA easing. We still expect the RBA to cut rates by 25 bps next week, and our base case is also for rate cuts at the August and November meetings. That said, considering sturdy local data and amid deescalating China-U.S. trade tensions, we also view the risks as tilted toward less easing over time.

Eurozone PMIs • Thursday

Market participants will be watching next week's release of the May Eurozone PMIs for timely insight into the state of the region's economy. Eurozone GDP surprised to the upside in Q1, expanding by 0.3% quarter-over-quarter, even in the face of global and domestic challenges. However, the great amount of uncertainty that remains for the region's outlook continues to dampen business and consumer sentiment. The beginning of the second quarter was off to a slow start. The April services PMI slipped to 50.1, as decreases were seen in Germany, France and Spain with Italy being the only positive outlier. While the manufacturing PMI rose to 49.0, the highest point it's been since August 2022, it still remains in contraction territory. The economy-wide composite PMI printed at 50.4 in April, declining from the previous month's 50.9.



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

Despite underwhelming April sentiment data, the possibility of modest PMI improvement for the Eurozone is not completely off the table. The temporary reduction in reciprocal tariffs between the U.S. and the EU from early April coupled with the stability of a new German government in place and moderating inflation leave some room for gains. For May, the consensus forecast is for a slight uptick in both manufacturing and services PMI to 49.3 and 50.5, respectively. The overall composite is expected to rise to 50.8. Such outcomes would be consistent with positive, albeit modest, economic growth.

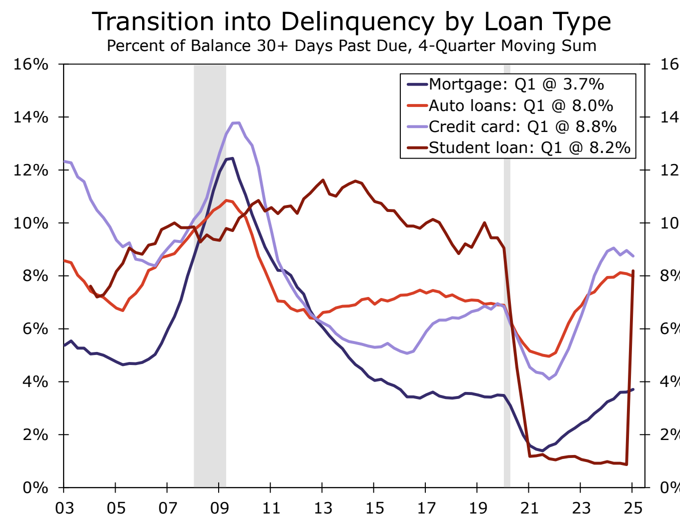
(Return to Summary)

Credit Market Insights

Here to Collect: Student Loan Delinquencies Surge in Q1

The Federal Reserve Bank of New York released an update to its Quarterly Report on Household Debt and Credit this week, which included data through Q1-2025. Total household debt increased by $167 billion in the first quarter, bumping aggregate household debt balances up to $18.2 trillion. Within the details, credit card balances fell roughly $30 billion in a standard seasonal pattern as households paid down holiday spending, and home equity lines of credit (HELOC) balances rose for the 12th consecutive quarter—though the surge in HELOC use is ebbing relative to a few years ago. More of note was the $13 billion decrease in auto loan balances. The quarterly decline marks only the second instance since Q2-2011 that auto loan balances have fallen over the quarter (the other time was in the spring of 2020). Overall, while the total stock of debt continues to climb, the rate of increase has slowed from a peak year-over-year growth rate of 8.5% in 2022 to just 2.9% as of Q1 this year.

Even with record levels of household debt, wealth gains over the past five years have left household balance sheets strong overall. Still, rising delinquencies point to some modest strain among consumers, and the resumption of student loan payments after almost five years of forbearance—either via the official moratorium or the "on ramp" period last year during which missed payments were not reported to credit bureaus—comes as the consumer is on somewhat shakier footing. 4.3% of outstanding debt was in delinquency in the first quarter, an increase from 3.6% at the end of last year. After years of suppressed student loan delinquencies, the pickup was expected, and the latest data show that by Q1-2025, 8.2% of student loan balances were transitioning into delinquency, largely a "return to normal." Transition into delinquency remained stable for other debt types.



Source: Federal Reserve Bank of New York and Wells Fargo Economics

We have recently published a note with more detail on the implications of the restarting of student loan debt repayments. But overall, we maintain that while consumer confidence has sunk due to the trade war and households may report feeling worse off, they remain in good financial shape at the macro level. As of the end of 2024, both mortgage and consumer debt service ratios were subdued as households allocated around 11% of their disposable income to total debt service—which is in line with, if not lower than, what prevailed in the late 2010s. With the saving rate still historically low, households do have room to increase precautionary saving amid current policy uncertainty, while still holding up overall spending. But at the end of the day, much of the future path of consumer spending is tied to whether the labor market can stumble through the next few months without seeing large-scale layoffs.

(Return to Summary)

Topic of the Week

Commercial Real Estate on Stable Ground Before Liberation Day

The commercial real estate (CRE) market started 2025 on a positive note. During Q1-2025, transaction volumes rose solidly against a backdrop of slightly lower interest rates. CRE sales activity remains fairly tepid from a historical perspective; however, transactions have steadily risen over the past year. The improvement in sales coincides with better capital availability. This week, the Federal Reserve Senior Loan Officer Opinion Survey revealed that, generally speaking, banks continued to ease lending standards during the first three months of the year. What's more, a broad-based rise in MBA's commercial and multifamily origination index indicates that lending activity is picking up across the major sources of CRE capital.

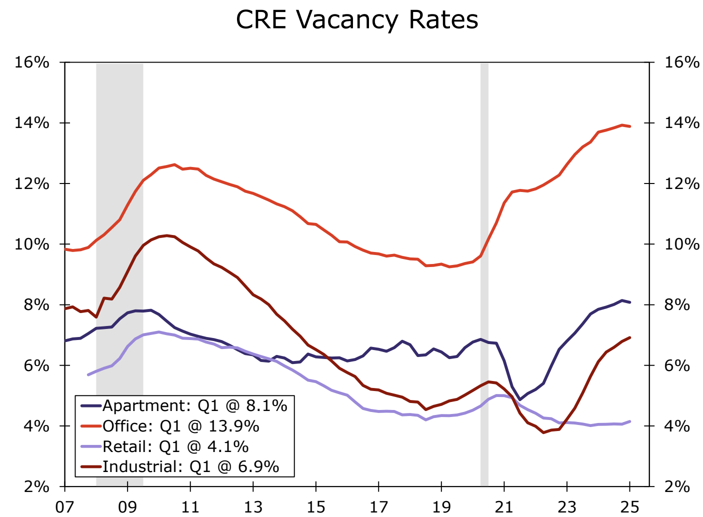
Further stability in property valuations was another green shoot. Property prices are now generally lower compared to the peak levels registered in 2021, but have stopped declining and are now showing modest growth. Cap rates also rose modestly in Q1. While the increase likely was influenced by interest rate pressures, the quarterly uptick also reflects increased sales activity and improved price discovery.

All told, the general firming in property prices is an encouraging sign that the momentum observed in 2024 was not just a flash in the pan.

CRE fundamentals were mixed in Q1. On the positive side, the multifamily vacancy rate declined for the first time since 2021 as new deliveries downshifted and net absorption strengthened alongside ongoing homeownership affordability challenges. Office net absorption also turned up for the first time since 2021 as more workers returned to the office and more firms reassessed space needs. On the negative side, retail net absorption contracted, while industrial and hotel demand was generally soft. The easing in demand for these property types is consistent with a softer pace of consumer spending during the quarter.

On balance, vacancy rates were lower or ticked only modestly higher during Q1. The relative stability on display during the quarter can be attributed to lower supply. As we have noted previously, the pipeline of new commercial and multifamily projects has thinned significantly as a result of elevated financing costs. As a result, new deliveries were lower across the board to start 2025. Given new starts continue to run at a pace not seen since the aftermath of the Great Recession, supply should continue to downshift for the foreseeable future and help the CRE market maintain balance as changing economic policies and market volatility generate substantial uncertainty.

(Return to Summary)



Source: CoStar Inc. and Wells Fargo Economics

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 5/16/2025	1 Week Ago	1 Year Ago
SOFR	4.31	4.29	5.31
Effective Fed Funds Rate	4.33	4.33	5.33
3-Month T-Bill	4.34	4.32	5.40
1-Year Treasury	3.85	3.85	5.24
2-Year Treasury	3.97	3.89	4.80
5-Year Treasury	4.06	4.00	4.40
10-Year Treasury	4.44	4.38	4.38
30-Year Treasury	4.90	4.83	4.51
Bond Buyer Index	5.20	5.16	3.93

Foreign Exchange Rates

	Friday 5/16/2025	1 Week Ago	1 Year Ago
Euro ($/€)	1.115	1.125	1.087
British Pound ($/£)	1.326	1.331	1.267
British Pound (£/€)	0.841	0.846	0.858
Japanese Yen (¥/$)	145.960	145.370	155.390
Canadian Dollar (C$/$)	1.399	1.394	1.362
Swiss Franc (CHF/$)	0.839	0.831	0.906
Australian Dollar (US$/A$)	0.639	0.641	0.668
Mexican Peso (MXN/$)	19.539	19.448	16.689
Chinese Yuan (CNY/$)	7.211	7.238	7.221
Indian Rupee (INR/$)	85.519	85.375	83.498
Brazilian Real (BRL/$)	5.684	5.654	5.130
U.S. Dollar Index	101.138	100.339	104.462

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

Foreign Interest Rates

	Friday 5/16/2025	1 Week Ago	1 Year Ago
3-Month German Govt Bill Yield	1.67	1.84	3.60
3-Month U.K. Govt Bill Yield	4.29	4.27	5.19
3-Month Canadian Govt Bill Yield	2.60	2.62	4.87
3-Month Japanese Govt Bill Yield	0.37	0.39	0.03
2-Year German Note Yield	1.86	1.79	2.93
2-Year U.K. Note Yield	4.00	3.91	4.27
2-Year Canadian Note Yield	2.54	2.53	4.19
2-Year Japanese Note Yield	0.72	0.65	0.33
10-Year German Bond Yield	2.59	2.56	2.46
10-Year U.K. Bond Yield	4.65	4.57	4.08
10-Year Canadian Bond Yield	3.18	3.16	3.56
10-Year Japanese Bond Yield	1.46	1.37	0.93

Commodity Prices

	Friday 5/16/2025	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	62.32	61.02	79.23
Brent Crude ($/Barrel)	65.20	63.91	83.27
Gold ($/Ounce)	3181.62	3324.98	2376.86
Hot-Rolled Steel ($/S.Ton)	900.00	890.00	783.00
Copper (¢/Pound)	453.35	461.10	489.20
Soybeans ($/Bushel)	10.59	10.63	12.17
Natural Gas ($/MMBTU)	3.38	3.80	2.50
Nickel ($/Metric Ton)	15,607	15,363	19,265
CRB Spot Inds.	561.39	562.45	559.10

Subscription Information

To subscribe please visit: www.wellsfargo.com/economicsemail

Via The Bloomberg Professional Services at WFRE

Economics Group

Jay H. Bryson, Ph.D.	Chief Economist	704-410-3274	Jay.Bryson@wellsfargo.com
Sam Bullard	Senior Economist	704-410-3280	Sam.Bullard@wellsfargo.com
Nick Bennenbroek	International Economist	212-214-5636	Nicholas.Bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	704-410-3283	Tim.Quinlan@wellsfargo.com
Sarah House	Senior Economist	704-410-3282	Sarah.House@wellsfargo.com
Azhar Iqbal	Econometrician	212-214-2029	Azhar.Iqbal@wellsfargo.com
Charlie Dougherty	Senior Economist	212-214-8984	Charles.Dougherty@wellsfargo.com
Michael Pugliese	Senior Economist	212-214-5058	Michael.D.Pugliese@wellsfargo.com
Brendan McKenna	International Economist	212-214-5637	Brendan.Mckenna@wellsfargo.com
Jackie Benson	Economist	704-410-4468	Jackie.Benson@wellsfargo.com
Shannon Grein	Economist	704-410-0369	Shannon.Grein@wellsfargo.com
Nicole Cervi	Economist	704-410-3059	Nicole.Cervi@wellsfargo.com
Jeremiah Kohl	Economic Analyst	212-214-1164	Jeremiah.J.Kohl@wellsfargo.com
Aubrey Woessner	Economic Analyst	704-410-2911	Aubrey.B.Woessner@wellsfargo.com
Delaney Conner	Economic Analyst	704-374-2150	Delaney.Conner@wellsfargo.com
Anna Stein	Economic Analyst	212-214-1063	Anna.H.Stein@wellsfargo.com
Ali Hajibeigi	Economic Analyst	212-214-8253	Ali.Hajibeigi@wellsfargo.com
Azhin Abdulkarim	Economic Analyst	212-214-5154	Azhin.Abdulkarim@wellsfargo.com
Coren Miller	Administrative Assistant	704-410-6010	Coren.Miller@wellsfargo.com

Required Disclosures