

Weekly — July 11, 2025

Weekly Economic & Financial Commentary

United States: Dog Days of Summer

- While it was a light week on the economic data front, there was still plenty of news to digest with tariffs coming back to center stage. Elevated uncertainty is beginning to creep into economic activity, leading us to revise down our estimate for Q2 real GDP growth.
- Next week: CPI (Tue.), Retail Sales (Thu.), Housing Starts (Fri.)

International: Down Under Central Banks Take Rate Cut Time-Outs

- The Reserve Bank of Australia surprised markets by holding its policy rate steady at 3.85% this week, though its accompanying statement and comments suggest an August rate cut remains on course. The Reserve Bank of New Zealand also held rates steady at 3.25% and signaled further easing should be forthcoming. U.K. May GDP was soft, but Canadian June jobs data showed some resilience, while June inflation surprised to the upside in both Mexico and Brazil.
- Next week: China GDP (Tue.), Canada CPI (Tue.), United Kingdom CPI (Wed.)

Interest Rate Watch: FOMC Remains in Wait & See Mode, at Least for Now

- The minutes of the June 17-18 FOMC meeting indicate that the Committee likely will not cut rates at its next meeting at the end of this month. However, we think conditions will warrant a 25 bps rate cut in September.

Topic of the Week: You Get a Tariff! You Get a Tariff!

- In a flurry of tariff announcements this week, President Trump extended the pause on reciprocal rates, upped rates for some countries and brought new sector-level tariffs back into the fold. We summarize these developments and estimate the effect on the U.S. effective tariff rate.

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	-0.5	1.8	0.9	1.0	2.9	2.8	1.4	1.9
Personal Consumption	1.9	2.8	3.7	4.0	0.5	1.3	0.6	0.4	2.5	2.8	1.8	1.7
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	3.0
Quarter-End Interest Rates ³												
Federal Funds Target Rate ⁴	5.50	5.50	5.00	4.50	4.50	4.50	4.25	3.75	5.23	5.27	4.25	3.75
Conventional Mortgage Rate	6.82	6.92	6.18	6.72	6.65	6.82	6.65	6.55	6.80	6.72	6.67	6.51
10 Year Note	4.20	4.36	3.81	4.58	4.23	4.24	4.30	4.25	3.96	4.21	4.26	4.33

Forecast as of: July 10, 2025

¹ Compound Annual Growth Rate Quarter-over-Quarter² Year-over-Year Percentage Change³ Quarterly Data - Period End; Annual Data - Annual Averages⁴ 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

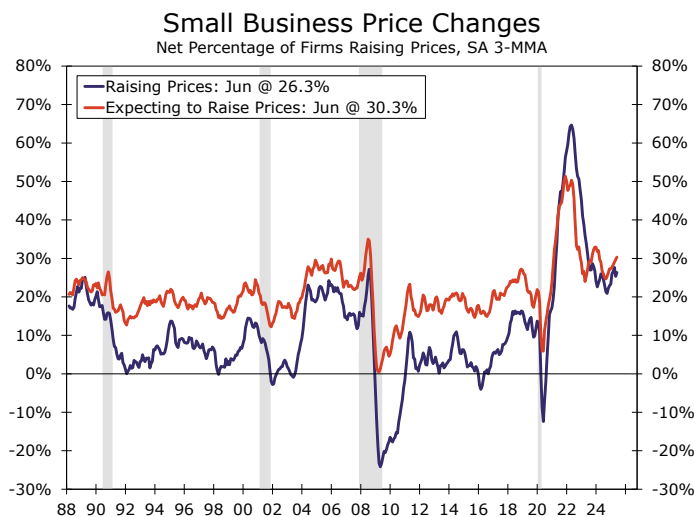
Submit a question to our ["Ask Our Economists"](#) podcast at askoureconomists@wellsfargo.com.

U.S. Review

Dog Days of Summer

While it was a light week on the economic data front, there was still plenty of news to digest. Following the passage of the One Big Beautiful Bill Act late last week, attention turned back toward trade policy as July 9 marked the end of the Trump administration's 90-day pause on its country-level "reciprocal" tariff rates. As discussed in [Topic of the Week](#), that deadline was extended to Aug. 1, and over 20 countries received letters notifying them of new reciprocal tariff rates. The slew of letters, as well as a renewed focus on product-specific tariffs on copper and pharmaceuticals, will likely exacerbate economic policy uncertainty.

Elevated uncertainty is beginning to creep into economic activity. Recent revisions to GDP show real personal consumption expenditures expanding at a 0.5% annualized pace in the first quarter, a significant moderation from the 2.8% pace averaged in 2024. The weakening trend stretched into May, with real consumer spending falling 0.3% over the month, and has underpinned a softer pace of consumer credit growth recently. Total consumer credit ebbed to a 1.2% annualized rate of growth in May, slower than its 2.0% average pace in 2024. The pullback in underlying demand has led us to revise our forecast for second quarter real GDP growth to 1.8% (annualized), down from 3.4% previously—see our latest [U.S. Economic Outlook](#) for more detail.

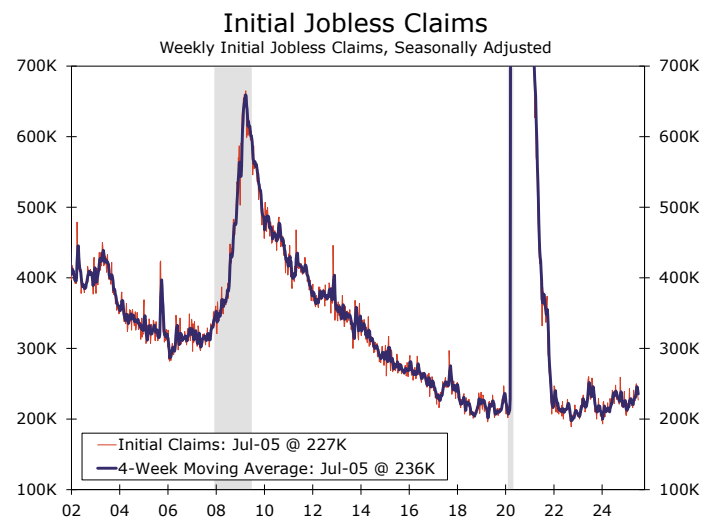


Source: NFIB and Wells Fargo Economics

The weaker demand backdrop has softened business confidence. The net share of small businesses expecting the economy to improve over the next six months fell three points to 22% in June. Despite expectations for sluggish growth, cost pressures from tariffs have led more small businesses to raise, or plan to raise, their prices in recent months ([chart](#)). Yet, the tariff pass-through to consumer prices has been limited to a selection of goods thus far, keeping a broad-based pickup in inflation at bay. The muted effect has helped household inflation expectations recede; the median one-year ahead expectation fell to 3.02% from 3.20% in the New York Federal Reserve Bank's Survey of Consumer Expectations in June. One-year ahead expectations also declined to 5.0% from 6.6% in the University of Michigan's survey.

With inflation expectations returning to earth, the Federal Reserve may feel more comfortable easing monetary policy even if core inflation is running above its 2% target, as the labor market is expected to weaken further in the coming months. While initial jobless claims suggest layoffs remain low for now—the four-week moving average of claims slipped to a historically low 236K in the week ended July 5—measures of labor demand continue to weaken, pointing to a slower pace of payroll growth ahead. With employment growth poised to downshift and the unemployment rate likely drifting higher, we look for the FOMC to lower the federal funds rate 75 bps to a target range of 3.50%-3.75% by the end of the year; see [Interest Rate Watch](#) for more detail.

[\(Return to Summary\)](#)



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

U.S. Outlook

Weekly Indicator Forecasts

Domestic					
Date	Indicator	Period	Consensus	Wells Fargo	Prior
15-Jul	CPI (MoM)	Jun	0.3%	0.3%	0.1%
15-Jul	CPI (YoY)	Jun	2.6%	2.6%	2.4%
15-Jul	Core CPI (MoM)	Jun	0.3%	0.2%	0.1%
15-Jul	Core CPI (YoY)	Jun	2.9%	2.9%	2.8%
15-Jul	CPI Index NSA	Jun	322.500	322.462	321.465
16-Jul	PPI Final Demand (MoM)	Jun	0.2%	0.2%	0.1%
16-Jul	PPI Final Demand (YoY)	Jun	2.5%	2.5%	2.6%
16-Jul	Core PPI (MoM)	Jun	0.2%	0.2%	0.1%
16-Jul	Core PPI (YoY)	Jun	2.7%	2.7%	3.00%
16-Jul	Industrial Production (MoM)	Jun	0.1%	0.2%	-0.2%
16-Jul	Capacity Utilization	Jun	77.4%	77.5%	77.4%
17-Jul	Retail Sales (MoM)	Jun	0.2%	0.2%	-0.9%
17-Jul	Retail Sales Ex Auto (MoM)	Jun	0.3%	0.3%	-0.3%
17-Jul	Import Price Index (MoM)	Jun	0.2%	0.1%	0.0%
17-Jul	Import Price Index (YoY)	Jun	—	0.3%	0.2%
17-Jul	Business Inventories (MoM)	May	0.0%	0.0%	0.0%
18-Jul	Housing Starts (SAAR)	Jun	1300K	1230K	1256K

Forecast as of July 11, 2025

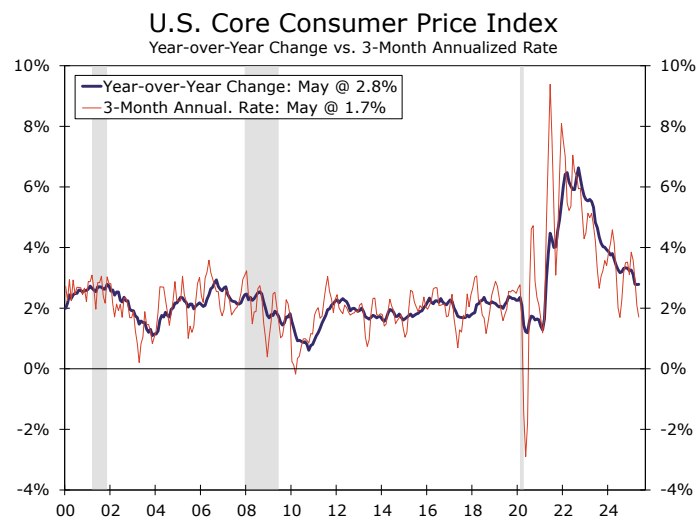
Source: Bloomberg Finance L.P. and Wells Fargo Economics

Consumer Price Index • Tuesday

The Consumer Price Index (CPI) generally has showed a cooling trend over the past several months, largely due to moderating core inflation. The 1.7% annualized increase in the core CPI over the past three months matches the slowest pace since early 2021. Tariff pressures have been evident in some segments of goods prices; however, easing services prices have provided an offset.

Although cooler recently, we expect the CPI heated up in June. We estimate headline CPI rose 0.25% during the month, enough to nudge the year-ago rate up to 2.6%. The anticipated pickup in the headline CPI stems from higher gas prices, which shot up in June. Excluding food and energy, core inflation also looks to have increased during the month. We look for a 0.24% increase in the core CPI and see the risks skewed more toward an upside surprise, given recent pressures observed in both core goods and services prices. If realized, the 3-month and 12-month annualized rates of core CPI would strengthen to 2.4% and 2.9%, respectively, a bit stronger than the pace of the past few months but still relatively mild in the context of the past four years.

For additional insight on our expectations for next week's CPI print, please see the [June CPI Preview](#).



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

Retail Sales • Thursday

Consumer spending looks to be losing a bit of momentum. Total nominal retail sales declined 0.9% in May, the second consecutive monthly drop. Most of the weakness during May was traced to categories that are excluded from the control measure, which rose by 0.4% during the month. That noted, we believe the control measure may overstate the strength of underlying spending today. Only half of all retailers reported a pickup in sales activity last month, which suggests tariffs may be negatively affecting consumer behavior.

One of the largest segment of retail sales is auto dealership sales. Auto dealers have now seen falling sales in four out of the first five months of the year, with a notable decline in May, which exerted a significant drag on top-line sales. Some positive payback may be forthcoming, given recent signs of a pickup in auto sales. Meanwhile, ecommerce sales, another large category, continues to outperform and offset weakness elsewhere. Given these cross-currents, we expect headline retail sales were flat in June, similar to the market consensus. We also anticipate another small 0.3% gain in control group sales. All told, the household sector still appears to holding up, but a moderation in consumer spending appears under way.

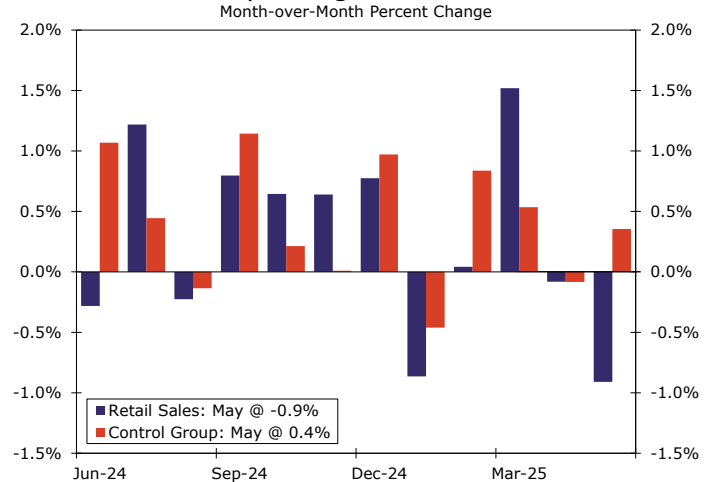
Housing Starts • Friday

Residential groundbreakings are downshifting, with single-family starts the primary drag. Although single-family starts edged up in May, permits declined for the third consecutive month. The recent pullback in single-family permits has occurred against a backdrop of intensifying headwinds for home builders. In addition to persistently elevated mortgage rates, there is now more options for buyers in the resale market. Meantime, new home supply is elevated relative to sales, especially in key building markets in the South. Low readings on builder confidence suggest more weakness in single-family construction is in store.

Meanwhile, apartment construction is stabilizing alongside ongoing strong rental demand and steadying vacancy rates for apartments. That said, multifamily permits have edged lower over the past several months, which points to a near-term downshift in development. Given the trend lower in total permits over the past several months, we expect housing starts dropped to a 1.23 million-unit pace in June.

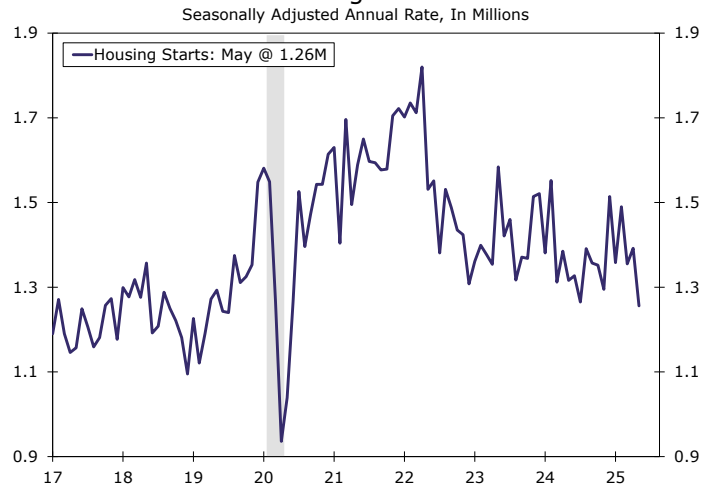
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Monthly Change in Retail Sales



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

Housing Starts



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

International Review

Down Under Central Banks Take Rate Cut Time-Outs

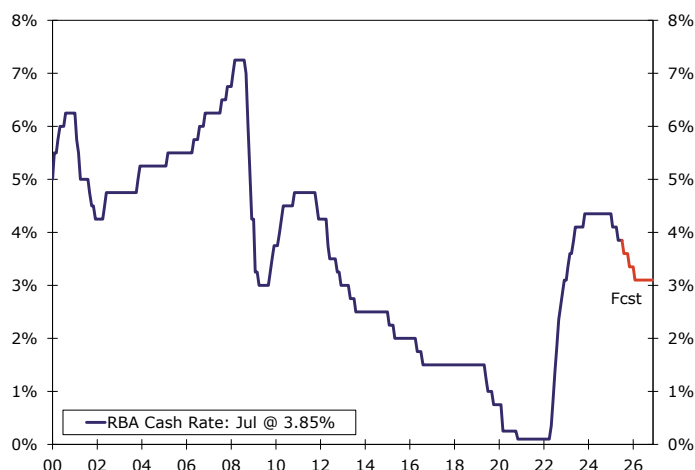
This week was highlighted by a couple of monetary policy decisions that did not produce any policy adjustment, but nonetheless offered some surprises. In particular, the Reserve Bank of Australia (RBA) surprised market participants by holding its policy rate steady at 3.85%, in contrast to widespread expectations for a rate cut. While acknowledging the latest slowing in the May CPI, the RBA said it was "at the margin, slightly stronger than expected." The RBA also indicated that "private domestic demand appears to have been recovering gradually, real household incomes have picked up and there has been an easing in some measures of financial stress." The central bank also said that various indicators suggest labor market conditions remain tight. Overall, the RBA judged "it could wait for a little more information to confirm that inflation remains on track to reach 2.5 percent on a sustainable basis. It noted that monetary policy is well-placed to respond decisively to international developments if they were to have material implications for activity and inflation in Australia." Based on the RBA's announcement, we expect a gradual quarterly pace of rate cuts to continue. That said, we see potential for a more extended easing cycle than previously. We are less convinced of the underlying strength of domestic demand. Should inflation pressures continue to ease, we expect 25 bps rate cuts in August, November and February, bringing the RBA's policy rate to a low of 3.10% by early next year.

For the Reserve Bank of New Zealand (RBNZ), this week's decision to hold its policy rate steady at 3.25% was more straightforward than widely expected. The central bank said elevated export prices and lower interest rates were supporting growth, but that global trade and tariff uncertainties provided some offset. The RBNZ said that its medium-term inflation pressures continue to ease as projected, and it expects to ease monetary policy, which we view as broadly consistent with our outlook for 25 bps rate cuts at the August and November meetings, which would see the RBNZ's policy rate reach a low of 2.75%. Finally, among this week's other monetary policy announcements, Malaysia's central bank cut its policy rate by 25 bps to 2.75%, Korea's central bank held rates steady at 2.50%, and Israel's central bank held rates steady at 4.50%.

In the United Kingdom, May GDP disappointed with an unexpected 0.1% month-over-month fall, following on from a 0.3% decline in April. Much of the weakness was concentrated in the manufacturing sector, with industrial output falling 0.9%, while services eked out a slight 0.1% gain. The subpar report perhaps reflects some payback in activity after some front-loading ahead of higher U.S. tariffs. Even so, given the GDP declines seen in both April and May, the United Kingdom is on course for only barely positive GDP growth for the second quarter as a whole. For the April-May period, the level of GDP is just 0.1% above its Q1 average.

Canada's June labor market was much firmer than expected. Overall employment rose by 83,100, including a 46,600 increase in private sector jobs and a 23,400 increase in public sector jobs. Hours worked rose 0.5% month-over-month in June, while the unemployment rate unexpectedly dipped to 6.9%. If one was looking for pockets of softness within the report, they were few and far between. Full-time employment did rise by "only" 13,500, while the hourly wages for permanent employees slowed to 3.2% year-over-year. While Canada's monthly employment figures are admittedly volatile, we think this could see the Bank of Canada lean toward another rate pause at its July monetary policy announcement. We suspect it would take a significant downside inflation surprise for the Bank of Canada to consider lowering interest rates later this month.

Reserve Bank of Australia Policy Rate



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

In Latin America, the past week saw a few notable CPI releases. In Mexico, June inflation surprised modestly to the upside, as the headline CPI slowed less than expected to 4.32% year-over-year, while the core CPI quickened more than expected to 4.24%. The slowdown in overall inflation was driven by fruit and vegetable prices, as well as energy prices. However, both services inflation and core goods inflation saw an acceleration in June, to 4.62% and 3.91%, respectively. We still expect Mexico's central bank to lower its policy rate by 25 bps to 8.25% in August, though should inflation pressures persist, the 25 bps rate cut we currently anticipate at the September announcement could come into question.

In Brazil, the June CPI showed an unexpected and slight quickening, to 5.35% year-over-year. Prices for housing, clothing and transportation quickened, while prices for food & beverages and health & personal care were among those to decelerate. We doubt the June inflation reading will prompt Brazil's Central Bank to raise rates further. If inflation pressures were to linger, however, it could delay the start of the next easing cycle, especially if Brazil's currency shows renewed weakness in the months ahead. In other inflation news from Latin America this week, Colombia's June CPI slowed more than expected to 4.82%, while Chile's June CPI also surprised to the downside at 4.1%.

[\(Return to Summary\)](#)

International Outlook

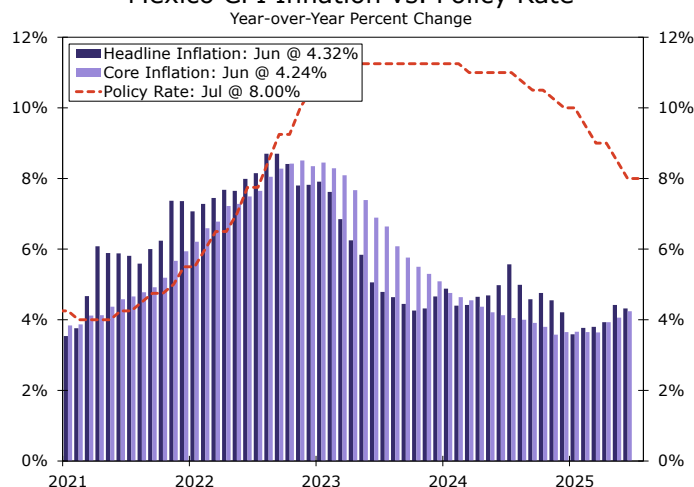
Weekly International Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
15-Jul	China GDP (QoQ)	Q2	0.9%	—	1.2%
15-Jul	China GDP (YoY)	Q2	5.1%	—	5.4%
15-Jul	Canada CPI (YoY)	Jun	2.0%	—	1.7%
16-Jul	United Kingdom CPI (YoY)	Jun	3.4%	3.4%	3.4%

Forecast as of July 11, 2025

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

Mexico CPI Inflation vs. Policy Rate



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

China GDP • Tuesday

China's second quarter GDP report scheduled for released next week should provide the broadest assessment so far of how the country's economy has fared during the early stages of escalated trade tensions with the United States. China's GDP growth held up reasonably well in Q1 but is expected to show a deceleration in Q2, with the consensus forecast for GDP growth to slow to 0.9% quarter-over-quarter and 5.1% year-over-year. Based on monthly trade and industrial production data, exports and manufacturing could be a source of softness, though relatively sturdy retail sales figures suggests consumption activity held up better. Property sector activity, meanwhile, likely remained downbeat.

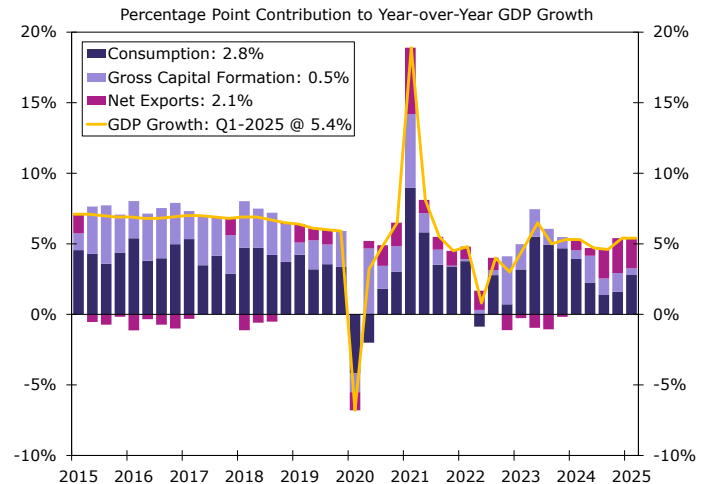
Going forward, we still anticipate some slowing in China's economic growth as the impact of higher tariffs weighs more heavily on exports and manufacturing, as well as affecting broader economic activity. Indeed, in next week's monthly data, the consensus forecast is also for growth in June retail sales to slow to 5.2% year-over-year, and for industrial output growth to ease to 5.6%. With activity growth likely to decelerate as the year progresses, we forecast Chinese GDP growth of 4.7% in 2025, which would be down from the 5.0% GDP growth registered in 2024.

Canada CPI • Tuesday

Canada's June CPI, due next week, should be a key data release ahead of the Bank of Canada's (BoC) next monetary policy announcement scheduled for late July. The consensus forecast is for headline inflation to quicken to 2.0% year-over-year, an outcome that would still be in line with the central bank's inflation target. There will likely be more focus, however, on underlying inflation trends—average core inflation eased to 3.0% year-over-over in May, and the consensus forecast is for an unchanged 3.0% reading in June.

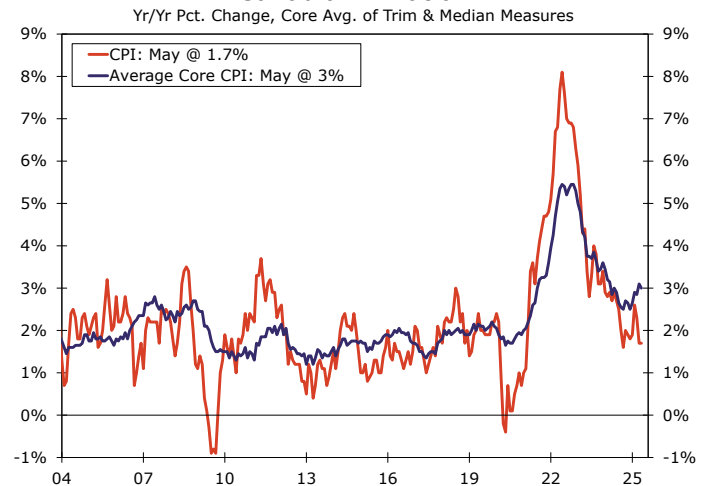
There are several factors that point to an ebbing in core inflation trends in the months ahead. Demand has softened, with GDP down in April and the advance estimate suggesting another decline in May, although private and overall employment have held up reasonably well so far. Various measures of wage growth have decelerated and services inflation has slowed. Against this backdrop, we view further BoC easing as likely, with the main question being one of timing. In that context, the June core inflation reading could be significant. We do, however, believe it might take a notable downside surprise to keep the chances of a July BoC rate cut alive. We think that it might take average core inflation of 2.8% or below for the BoC to consider cutting interest rates later this month.

China GDP Breakdown



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

Canadian Inflation



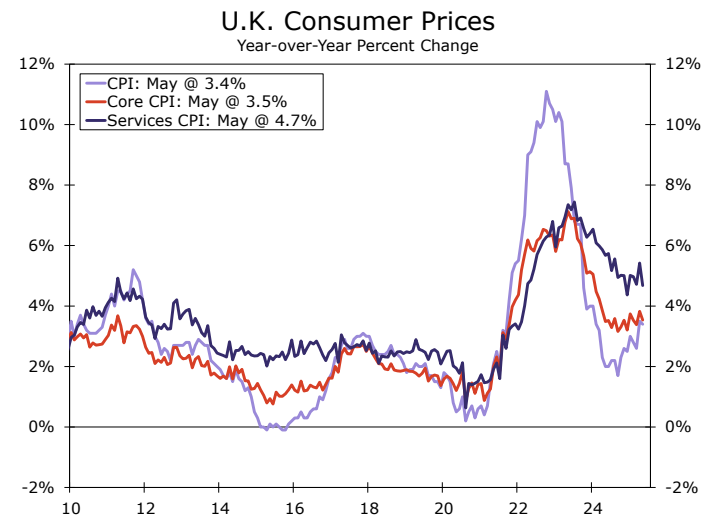
Source: Bloomberg Finance L.P. and Wells Fargo Economics

United Kingdom CPI • Wednesday

Next week's U.K. June CPI should show a disinflationary trend, an outcome that in our view will keep the Bank of England (BoE) on a monetary easing path. U.K. inflation slowed modestly in May, although inflation might have plateaued in June. The consensus forecast is for headline inflation to remain steady at 3.4% year-over-year, while core inflation is also expected to be unchanged at 3.5%. Elevated food prices could contribute to the persisting price pressures, while oil prices also spiked briefly late last month. On a more favorable note, services inflation, which slowed sharply in May, could also ease further in June, to 4.6%. The deceleration in services inflation is supported by slowing wage growth, with next week also expected to show average weekly earnings excluding bonuses for the private sector slowed to 4.8% year-over-year in the three months to May.

We suspect that slower wage and price growth will see the BoE lower its policy rate by 25 bps to 4.00% at its next meeting in early August. That said, the central bank had previously forecast that inflation will not peak until late this year, and for now, we expect the central bank to continue with its quarterly cadence of rate cuts. We think it will take a faster slowing in wage and price growth, alongside continued weakness in economic activity, for the BoE to consider lowering interest rates at back-to-back meetings.

[\(Return to Summary\)](#)



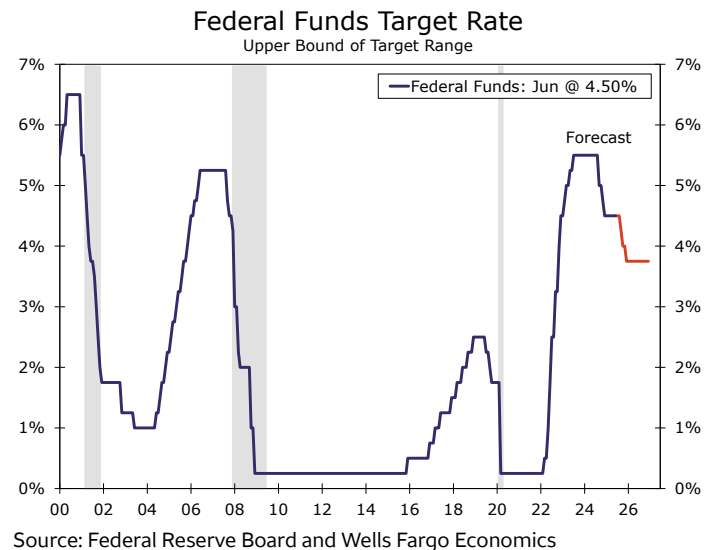
Source: Datastream and Wells Fargo Economics

Interest Rate Watch

FOMC Remains in Wait & See Mode, at Least for Now

The minutes of the June 17-18 FOMC meeting, which were released this week, essentially indicated that the Committee is in no hurry to ease policy. The minutes noted that "with economic growth and the labor market still solid and current monetary policy moderately or modestly restrictive, the Committee was well positioned to wait for more clarity on the outlook for inflation and economic activity." Committee members are clearly attuned to the upside risks to inflation stating that "increased tariffs were likely to put upward pressure on prices." However, the minutes went on to say that there is "considerable uncertainty ... about the timing, size, and duration of these effects." But the FOMC is not completely closing the door on a policy easing at some point. The minutes noted that "most participants assessed that some reduction in the target range for the federal funds rate this year would likely be appropriate."

The FOMC's assessment is in line with our own views. As we noted in our most recent [U.S. Economic Outlook](#), we think the probability of a rate cut at the July 29-30 FOMC meeting is very low. Indeed, market pricing as of this writing implies a probability of a 25 bps rate cut at that meeting of less than 10%. By the time of the next policy meeting on Sept. 16-17, Fed officials will have received two more labor market reports (Aug. 1 and Sept. 5) and three more CPI inflation reports (July 15, Aug. 12 and Sept. 11). If, as we forecast, any rise in inflation in coming months proves to be a bump rather than a spike and the labor market softens further, then we believe the Committee will reason that a more accommodative stance of monetary policy is appropriate. We look for the FOMC to cut rates by 25 bps on Sept. 17 followed by two more similar reductions on Oct. 29 and Dec. 10 ([chart](#)).



We readily acknowledge that the risks to our outlook are skewed toward the Fed waiting longer to ease policy than we currently forecast. The FOMC's decisions in the coming months will depend crucially on the path of inflation. If any rise in inflation turns out to be higher than we project, then the FOMC likely will delay policy ease. We forecast the Committee will cut rates by 75 bps between now and the end of the year, but we do not have a great deal of conviction regarding the timing of that policy easing. Rather, we have a stronger conviction that the fed funds target range will be roughly 75 bps lower this time next year than it is currently.

[\(Return to Summary\)](#)

Topic of the Week

Everybody Gets a Tariff!

In a flurry of trade-policy announcements this week, there were four major developments:

1. The original 90-day reprieve to higher "reciprocal" tariff rates for 57 countries that was set to expire this past Wednesday (July 9) was extended a month to Aug. 1.
2. President Trump announced updated rates for 35 of the 57 "reciprocal" countries, some higher and some lower than the previously announced rates from early April.
3. President Trump announced higher rates on Brazil (50%) and Canada (non-USMCA, ex-energy 35%), also set to go into effect Aug. 1.
4. New sector-level tariffs are now back on the table with 50% on copper Aug. 1, and potentially as high as 200% on pharmaceutical products, though the on-ramp of more than a year likely limits the near-term disruption to the Pharma sector even as it adds a cloud of uncertainty.

This ever-changing framework to trade policy makes it inherently difficult to keep up. This challenge was the very basis for our *Tariff Tracker* tool, which tracks the changes and estimates the average U.S. tariff rate in an effort to provide a snapshot of policy. We don't claim to be experts on international trade law or even the inner workings of trade policy, and our detailed methodology in the "Notes/Assumptions" section describes exactly how we've landed where we did and the assumptions we are making. This is our best-effort attempt at tallying the potential broad macro impact.

As of July 10, we approximate the effective tariff rate is roughly 16% based on current policy, but look for this to rise to ~22% on Aug. 1 should this week's announced adjustments stay in place. There remains a large degree of uncertainty around these policies and there is still a lot of attention on other countries, like the EU, where deals may still be reached ahead of Aug. 1. While the extension allows time for negotiations, it also extends the uncertainty that complicates capital spending decisions and leaves many firms sitting on their hands waiting to see where the dust settles on policy.

[\(Return to Summary\)](#)

Tariff Tracker: U.S. Tariffs On...							
Estimates Reflect 2025 Announced Policy Based on 2024 Annual Trade Levels; Billions of USD							
Country	Date Effective	Effective Tariff Rate	Tariff Details	Legislation Used		Tariff Revenue	Dutiable Share of U.S. Imports
All	Mar-2018, Mar/May-2025	50%	50% Steel	Proclamation 10896	Trade Expansion Act of 1962, Sec 232	\$27	2%
All	Mar-2018, Mar/May-2025	50%	50% Aluminum	Proclamation 10895	Trade Expansion Act of 1962, Sec 232	\$36	2%
All	Apr-2025, May-2025	25%	25% Autos & Parts, non-USMCA (1)	Proclamation 10908	Trade Expansion Act of 1962, Sec 232	\$107	13%
China	2018 & 2019, Sep-2024, Feb/Mar/Apr-2025	38%	25% Intermediates/Capital Equipment, 7.5% Consumer Goods, 10% Reciprocal Baseline All Goods, Additional 20% All Goods	Executive Order 14195	Trade Act of 1974, Sec 301; IEEPA of 1977, Sec 203 (2)	\$168	11%
Mexico	Mar-2025	17%	25% All Non-USMCA Goods (1)	Executive Order 14194	IEEPA of 1977, Sec 203 (2)	\$84	7%
Canada	Mar-2025	9%	25% All Non-USMCA Non-Energy Goods (1), 10% on Energy Goods	Executive Order 14156 Executive Order 14193	IEEPA of 1977, Sec 203 (2)	\$39	4%
Various	Apr-2025	9%	10% Baseline All Goods All Countries (Except CA & MX)	Executive Order 14257	IEEPA of 1977, Sec 203 (2)	\$132	40%
United Kingdom	Jun-2025	10%	10-25% Autos, 10% Auto Parts, 0% Civilian Air, 10% All Other	Executive Order 14309	Trade Expansion Act of 1962, Sec 232; IEEPA of 1977, Sec 203 (2)	\$7	2%
Avg. U.S. Trade-Weighted Tariff Rate:		16%					
Rate Excluding Court Challenged Tariffs: (2)		7%					
Estimated Rate August 1: (3)		22%					
Total Annual Tariff Revenue Collected & Share of U.S. Imports:						\$517	66%

As of 7/10/2025

Notes/Assumptions: All estimates rely on 2024 trade data and do not account for future change in trade flows. Dutiable share of imports represent estimated share of 2024 total U.S. goods imports subject to tariffs. Line entries may not sum to total as sectoral tariffs (Steel, Aluminum, Autos, etc.) encompass all countries and country lines include product-specific tariffs. As detailed in Executive Order 14257, calculations exclude products detailed in Annex II (and later modified in CSMS #64724565 on April 11) as well as sector-level Section 232 tariffs to avoid stacking of tariffs. All calculations are also adjusted for double-counting of HTS codes, when applicable.

(1) Our USMCA-compliant assumptions reflect 2024 import shares: 98% of autos imported from Canada (CA) and 89% imported from Mexico (MX) were USMCA-compliant in 2024. For auto parts, 76% imported from CA and 37% imported from MX were USMCA-compliant. For non-auto & parts goods, 30% of goods imported from CA and 43% imported from MX were USMCA-compliant.

(2) The Court of International Trade challenged the President's authority to use the International Emergency Economic Powers Act (IEEPA) of 1977 to implement recent tariffs. Tariffs under review remain in effect until an appeals court reaches a final decision. For China, tariffs implemented prior to 2025 under the Trade Act of 1974 are not subject to this challenge.

(3) Rate reflects a basic assumption regarding copper tariffs (applying a 50% tariff to broad HTS code 74), as well as assumptions to April 2 announced tariff rates. Reciprocal adjustments are based on July 7-9 updated Trump Administration announcements reflecting: Vietnam (20%), Japan (25%), South Korea (25%), Malaysia (25%), Kazakhstan (25%), South Africa (30%), Laos (40%), Myanmar (40%), Tunisia (25%), Bosnia & Herzegovina (30%), Indonesia (32%), Bangladesh (35%), Serbia (35%), Cambodia (36%), Thailand (36%), Philippines (20%), Brunei (25%), Moldova (25%), Algeria (30%), Iraq (30%), Libya (30%), Sri Lanka (30%). The remaining 22 countries included on the reciprocal tariff list have rates revert back to higher levels as detailed in E.O. 14257. As previously detailed in the original E.O. we assume tariffs do not stack on pre-existing sectoral-level tariffs. This rate also lifts Brazil to a 50% rate from 10% and the 25% rate on Canada to 35% starting August 1.

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

Market Data • Mid-Day Friday

U.S. Interest Rates			
	Friday 7/11/2025	1 Week Ago	1 Year Ago
SOFR	4.31	4.35	5.34
Effective Fed Funds Rate	4.33	4.33	5.33
3-Month T-Bill	4.35	4.35	5.34
1-Year Treasury	3.85	3.85	5.24
2-Year Treasury	3.90	3.88	4.51
5-Year Treasury	3.98	3.94	4.14
10-Year Treasury	4.41	4.35	4.21
30-Year Treasury	4.93	4.86	4.42
Bond Buyer Index	5.21	5.20	3.94

Foreign Exchange Rates			
	Friday 7/11/2025	1 Week Ago	1 Year Ago
Euro (\$/€)	1.170	1.178	1.087
British Pound (\$/£)	1.351	1.365	1.292
British Pound (£/€)	0.866	0.863	0.842
Japanese Yen (¥/\$)	147.300	144.470	158.840
Canadian Dollar (C\$/ \$)	1.368	1.360	1.363
Swiss Franc (CHF/\$)	0.796	0.794	0.897
Australian Dollar (US\$/A\$)	0.658	0.656	0.676
Mexican Peso (MXN/\$)	18.682	18.629	17.774
Chinese Yuan (CNY/\$)	7.169	7.166	7.258
Indian Rupee (INR/\$)	85.803	85.395	83.568
Brazilian Real (BRL/\$)	5.582	5.421	5.439
U.S. Dollar Index	97.835	97.180	104.440

Foreign Interest Rates			
	Friday 7/11/2025	1 Week Ago	1 Year Ago
3-Month German Govt Bill Yield	1.81	1.82	3.34
3-Month U.K. Govt Bill Yield	4.14	4.14	5.20
3-Month Canadian Govt Bill Yield	2.66	2.66	4.60
3-Month Japanese Govt Bill Yield	0.38	0.43	0.02
2-Year German Note Yield	1.91	1.82	2.79
2-Year U.K. Note Yield	3.86	3.85	4.07
2-Year Canadian Note Yield	2.74	2.66	3.86
2-Year Japanese Note Yield	0.78	0.74	0.34
10-Year German Bond Yield	2.73	2.61	2.46
10-Year U.K. Bond Yield	4.62	4.55	4.07
10-Year Canadian Bond Yield	3.50	3.35	3.43
10-Year Japanese Bond Yield	1.52	1.44	1.09

Commodity Prices			
	Friday 7/11/2025	1 Week Ago	1 Year Ago
WTI Crude (\$/Barrel)	68.41	67.00	82.62
Brent Crude (\$/Barrel)	70.38	68.30	85.40
Gold (\$/Ounce)	3359.61	3337.15	2415.48
Hot-Rolled Steel (\$/S.Ton)	877.00	885.00	666.00
Copper (¢/Pound)	549.45	509.70	450.85
Soybeans (\$/Bushel)	10.21	10.45	11.52
Natural Gas (\$/MMBTU)	3.40	3.41	2.27
Nickel (\$/Metric Ton)	15,092	15,264	16,606
CRB Spot Inds.	575.94	572.71	559.43

Source: Bloomberg L.P. and Wells Fargo Economics

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