

Weekly — September 12, 2025

Weekly Economic & Financial Commentary

United States: Gradually, then Suddenly

- This week's economic data showcased how both sides of the Fed's dual mandate are under pressure. Inflation is running closer to 3% than 2%, according to both the CPI and PPI. Meanwhile, the BLS's preliminary benchmark revision revealed that the pace of job growth leading up to March 2025 was substantially weaker than previously thought.
- Next week:** Retail Sales (Tue.), Housing Starts (Wed.)

International: Diverging Decisions, Emerging Risks

- This week, the European Central Bank held rates steady, while Turkey surprised with a sharper-than-expected rate cut. Inflation edged up in Norway and Mexico, while price pressures continued to ease in Brazil. Finally, Argentina hosted elections where political risks resurfaced ahead of October midterms.
- Next week:** China Industrial Production and Retail Sales (Mon.), Bank of Canada Policy Rate (Wed.), Bank of Japan Policy Rate (Fri.)

Interest Rate Watch: Cuts to Begin Again

- We expect the FOMC to resume lowering the fed funds rate at its September meeting with a 25 bps rate cut that would bring the policy rate to a range of 4.00%-4.25%.

Topic of the Week: Benchmark Revision: Downshifting to a Lower Gear

- The BLS's estimate of the preliminary benchmark revisions suggests that total nonfarm payrolls were roughly 911K lower than currently published in March 2025 (not seasonally adjusted). This year's downward revisions are large on a historical basis, beating the preliminary estimates in 2024 and 2009 (-818K and -824K, respectively). So what is the benchmark and what does it mean about payroll growth?

Wells Fargo U.S. Economic Forecast

	Actual				Forecast				Actual		Forecast		
	2025				2026				2024		2025		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2024	2025	2026	2027	
Real Gross Domestic Product (a)	-0.5	3.3	2.0	0.7	1.4	2.9	2.8	2.4	2.8	1.8	2.0	2.3	
Personal Consumption	0.5	1.6	1.5	0.5	2.0	2.7	2.4	2.2	2.8	2.0	1.8	2.2	
Consumer Price Index (b)	2.7	2.5	2.8	2.8	2.7	3.0	2.9	2.7	3.0	2.7	2.8	2.4	
"Core" Consumer Price Index	3.1	2.8	3.0	3.0	2.9	3.1	2.9	2.8	3.4	3.0	2.9	2.5	
Quarter-End Interest Rates (c)													
Federal Funds Target Rate (d)	4.50	4.50	4.25	3.75	3.50	3.25	3.25	3.25	5.27	4.25	3.31	3.25	
Conventional Mortgage Rate	6.65	6.82	6.40	6.30	6.20	6.20	6.25	6.25	6.72	6.54	6.23	6.30	
10 Year Note	4.23	4.24	4.05	4.00	3.95	4.00	4.10	4.15	4.21	4.13	4.05	4.20	

Forecast as of: September 10, 2025

Notes: (a) Compound Annual Growth Rate Quarter-over-Quarter

(c) Quarterly Data - Period End; Annual Data - Annual Averages

(b) Year-over-Year Percentage Change

(d) 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

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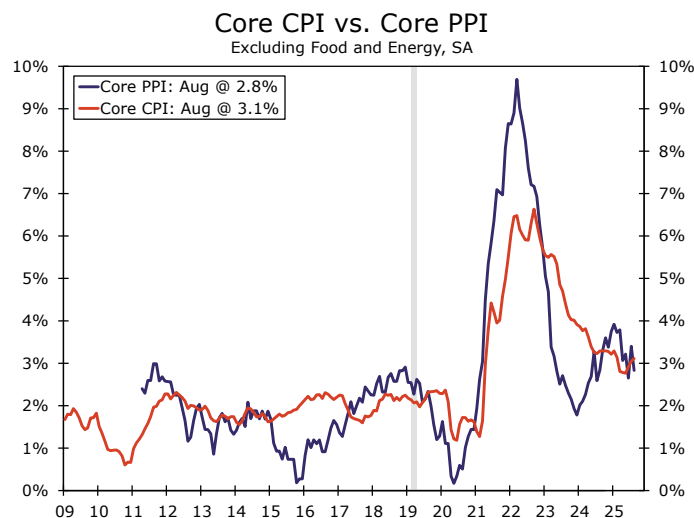
U.S. Review

Gradually, then Suddenly

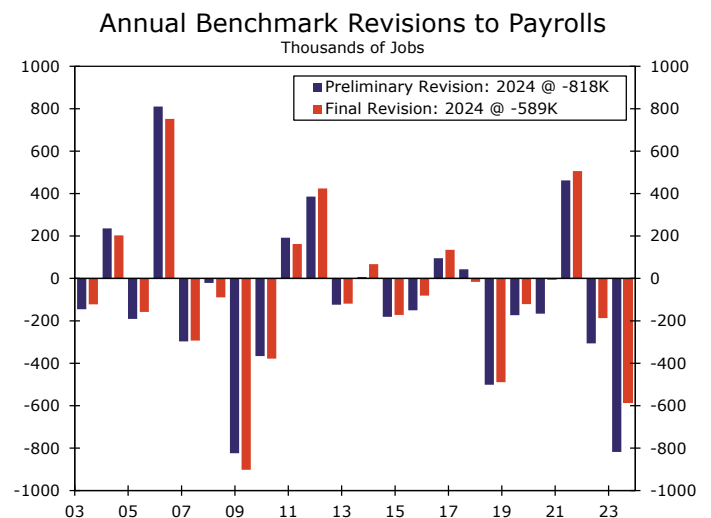
After emerging from the post-pandemic trials of high inflation and rapid interest rate hikes, the economy is facing a new strain. This week's economic data showcase how both sides of the Fed's dual mandate are under pressure.

First, the heat is rising on inflation. The headline Consumer Price Index (CPI) came in above expectations with a 0.4% uptick in August, amounting to a 2.9% year-over-year gain. This measure has steadily moved higher since bottoming at 2.3% in April. Fed watchers are attuned to core inflation, which rose 0.3% over the month and 3.1% year-over-year. Digging deeper, solid price growth for apparel and used vehicles lifted core goods prices at their fastest rate since January. Meanwhile, higher prices for travel-related services like airfare and hotels kept core services inflation stuck firmly above the Fed's 2% target. Based on August's CPI, we estimate that the Fed's preferred core PCE deflator rose 2.9% annually.

The Producer Price Index (PPI) is another indicator suggesting that inflation is running closer to 3% than 2%. In contrast to CPI, which measures the average price of goods and services typically purchased by consumers, PPI measures the prices *received* by wholesale and retail sellers. Excluding food and energy, core PPI rose 2.8% year-over-year in August. This would have been even higher if not for a 0.1% dip in core selling prices over the month, which was largely influenced by margin compression. The "trade services" portion of PPI, which captures seller margins, posted its largest one-month dip since July 2024 (-1.7%). This may provide preliminary evidence that tariffs are squeezing seller margins, but it is also a highly volatile category often subject to revision. Looking through the volatility, growth in "core core" PPI excluding trade services accelerated to 2.8% year-over-year, echoing the hotter trend in consumer price growth.



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



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

Second, the labor market is displaying material signs of deterioration. The economy added 911K fewer payrolls from April 2024 to March 2025 than previously reported, according to the BLS's preliminary benchmark revision. As explored in greater detail in [Topic of the Week](#), benchmarking is a regular process undertaken each year to improve the quality of labor market data. Economy-wide data are estimated using surveys, with survey error, so statistical agencies like BLS improve their estimates over time by collecting more samples. Even this preliminary benchmark revision will be revised again next February with the release of the January employment report. But as it currently stands, the 911K payroll cut marks the largest downward benchmark revision on record. It essentially slashed the monthly average job gain leading up to March 2025 in half, reducing it from 149K per month to 73K per month.

The blow to payrolls stemming from the benchmark revision says nothing about the pace of job growth since then. However, it does reveal that the U.S. labor market started the year on less stable footing than originally thought. It is also consistent with the weakening trend in payrolls in recent

months. The latest three-month average job gain was just 29.3K per month in August, essentially the slowest pace since the pandemic recession.

Despite bubbling inflation, we believe that the precarious state of the labor market will motivate the Fed to cut interest rates in September and further into next year. We've adjusted our forecast to reflect this view, now expecting a total of 125 bps of interest rate cuts by next June.

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

U.S. Outlook

Weekly Domestic Indicator Forecasts					
Date	Indicator	Period	Consensus	Wells Fargo	Prior
16-Sep	Retail Sales	Aug	0.2%	0.4%	0.5%
16-Sep	Retail Sales Ex Auto	Aug	0.4%	0.5%	0.3%
16-Sep	Import Price Index (MoM)	Aug	-0.3%	0.0%	0.4%
16-Sep	Import Price Index (YoY)	Aug	-	0.0%	-0.2%
16-Sep	Industrial Production	Aug	-0.1%	-0.1%	-0.1%
16-Sep	Capacity Utilization	Aug	77.4%	77.4%	77.5%
16-Sep	Business Inventories	Jul	0.2%	0.2%	0.2%
17-Sep	Housing Starts	Aug	1368K	1380K	1428K
17-Sep	FOMC Rate Decision (Upper Bound)	Sep	4.25%	4.25%	4.50%
17-Sep	FOMC Median Rate Forecast: Current Yr	Sep	-	3.625%	3.875%
17-Sep	FOMC Median Rate Forecast: Next Yr	Sep	-	3.125%	3.625%
17-Sep	FOMC Median Rate Forecast: +2 Yrs	Sep	-	3.125%	3.375%
17-Sep	FOMC Median Rate Forecast: +3 Yrs	Sep	-	3.125%	3.125%
17-Sep	FOMC Median Rate Forecast: Long-run	Sep	-	3.000%	3.000%
18-Sep	Leading Index	Aug	-0.1%	-0.3%	-0.1%

Forecast as of September 12, 2025

Source: Bloomberg Finance L.P and Wells Fargo Economics

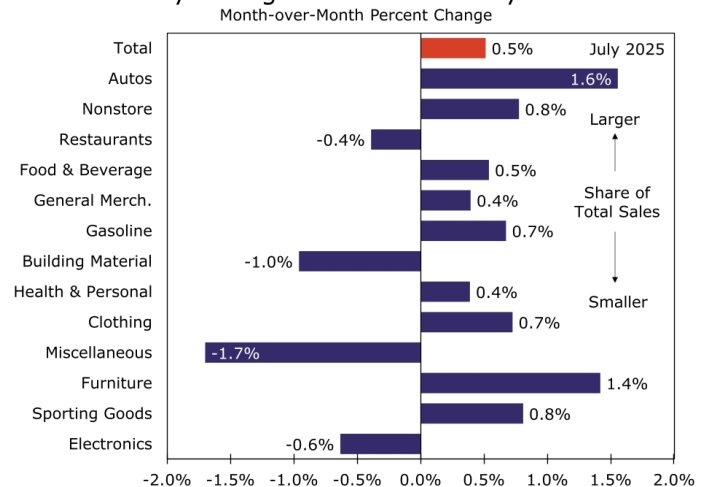
Retail Sales • Tuesday

The July retail sales report revealed ongoing consumer spending resiliency, with headline retail sales rising 0.5%, accompanied by an upward revision to 0.9% for June. July's performance was driven by stronger motor vehicle sales and solid gains in clothing, sporting goods and at non-store retailers. That said, spending was down at home improvement stores and restaurants, reflecting extended weakness in housing and a further pullback in discretionary services spending.

Control group sales—excluding autos, gas, building materials and food services—also increased to a better-than-expected 0.5% in July, alongside a sizable upward revision to June's performance. The stronger data indicate consumer spending had more momentum than initially thought heading into the third quarter, making it easier for consumption to contribute meaningfully to real GDP growth. We have [revised up](#) our Q3 real consumer spending growth forecast to 1.5% from 0.7% previously.

We expect to see slower growth in headline retail sales for the month of August at 0.4%. Following two solid monthly gains, retail sales ex autos looks to rise by 0.5%. While there is underlying resilience, consumption is slowing. Softer sentiment, elevated inflation expectations and a weakening labor market suggest there is good reason for caution. Households still generally have the means to spend, but growing concerns over the labor market suggest that we will likely see a pullback in the pace of spending growth for the remainder of the year.

Monthly Change in Retail Sales by Retailer



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

Housing Starts • Wednesday

Marking the strongest pace since February and up 12.9% from a year earlier, total housing starts increased 5.2% in July to a 1.428 million unit annualized rate. Upward revisions to prior months added further support. July's gain was driven by a surge in multifamily construction and supplemented by more modest improvement in single-family building. While the rebound marks the strongest pace in residential construction in five months, forward-looking building permits, which declined 2.2%, suggest that current positive momentum may be fleeting. Home builders have been discounting homes to clear inventories, which have increased to their highest level in more than a decade.

Home builder sentiment continues to reveal deterioration, with the NAHB/Wells Fargo Housing Market Index falling to its lowest level since December 2022. More than a third of home builders report cutting prices—with an average price cut of 5%—while two-thirds of builders are offering buyer incentives. Collectively, these trends reflect weak buyer traffic, material affordability headwinds and, in general, a sense of caution heading into the fall.

For August, we look for total housing starts to pull back 3.4% to a 1.380 million-unit annualized pace. Ongoing economic uncertainty and elevated interest rates continue to suppress residential construction. Although mortgage rates have softened somewhat in recent weeks, they still remain more than double the 3% average of 2021. We anticipate a string of Fed rate cuts starting next week, with builders and prospective buyers hoping mortgage rates will lower and allow for increased activity in the housing sector.

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

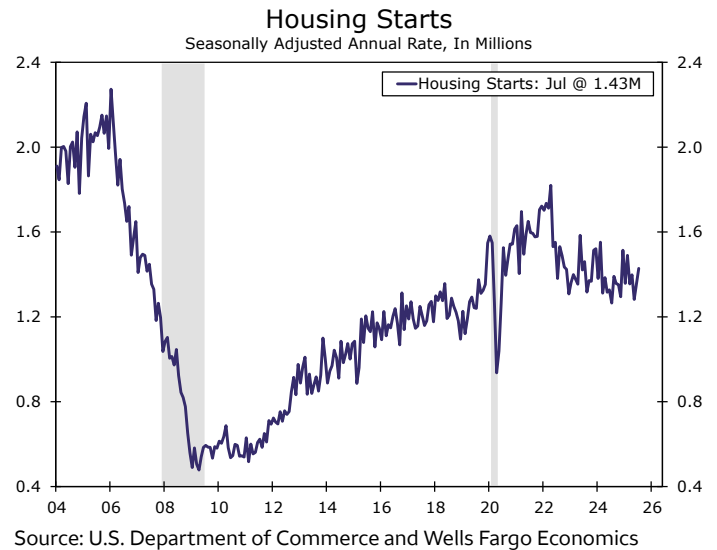
International Review

Diverging Decisions, Emerging Risks

This week, the European Central Bank (ECB) held its Deposit Rate steady at 2.00%, keeping its monetary policy stance on hold for the second meeting in a row. The accompanying statement was neutral in tone and offered little in the way of forward guidance on future policy moves. The ECB made only modest revisions to its economic projections, raising its economic growth outlook modestly, while lowering its forecast for underlying inflation very slightly. The ECB projects underlying inflation at 2.4% for 2025, 1.9% for 2026 and 1.8% for 2027. The fact that the central bank's medium-term inflation forecasts are below the 2% inflation target, and the 2027 forecast was revised lower, are modestly dovish signals in our view. The dovish signal from the economic projections was largely offset, however, by comments from ECB President Lagarde. She said that growth risks were balanced and suggested the disinflationary process for the Eurozone is now over. Despite the overall neutral tone of the announcement, we suspect the evolving growth, wage and inflation trends will still see the ECB deliver one final 25 bps rate cut, to 1.75%, at its December meeting.

In other European economic news this week, the U.K. economy remained at a standstill in July, posting a 0.0% month-over-month GDP reading, in line with consensus expectations. Stagnant economic trends suggest that the resilience seen in the first half of the year may be fading. Released alongside headline GDP figures were data on industrial production, manufacturing and services. Industrial production fell by 0.9% month-over-month, while manufacturing output dropped 1.3%. The index of services also decelerated, rising just 0.1% over the month. These figures point to a broad-based loss of momentum across sectors. Looking ahead, next week's CPI and wage growth data will be closely watched ahead of the Bank of England's (BoE) monetary policy decision. While the data won't likely shift the outcome of the meeting itself, any upside surprise in inflation could influence the pace of future easing. We, along with consensus economists, expect the BoE to hold rates steady at 4.00% next week, with further easing anticipated in November and into the first half of 2026.

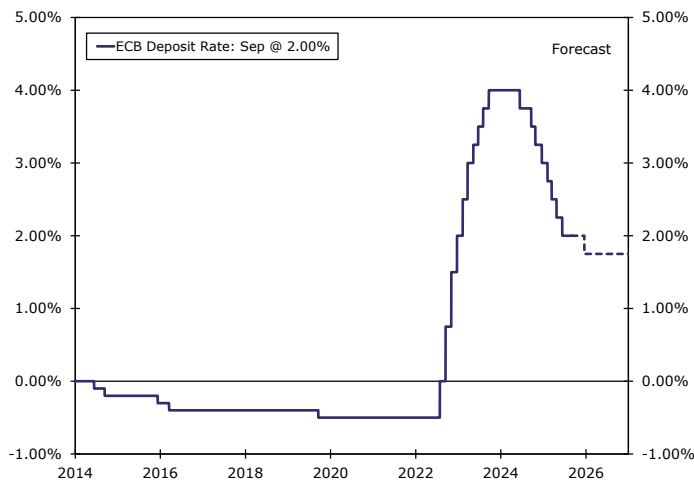
Looking north, Norway's August inflation data support the case for Norges Bank to maintain a cautious monetary easing approach ahead of next week's monetary policy meeting. Headline CPI edged up to



3.5% year-over-year, matching consensus expectations. While underlying inflation surprised slightly to the upside, it remained steady at 3.1% year-over-year for the third consecutive month, helping ease pressure on policymakers. On a monthly basis, underlying CPI fell 0.7%. Even with growth resilient and underlying inflation steady, our outlook remains for a 25 bps rate cut at the central bank's September meeting, bringing the policy rate down to 4.00%.

Turning to prices in emerging markets, Mexico released its August CPI inflation data. Headline inflation came in slightly above consensus expectations at 0.06% month-over-month and 3.57% year-over-year. Core inflation remained steady at 4.23% year-over-year, while easing to 0.22% over the month—both readings modestly exceeding consensus expectations. Despite the monthly uptick, headline inflation remains within Banxico's target range of 3% +/- 1 percentage point. While headline inflation is within Banxico's band, core inflation remains elevated and seems to be the focus of Banxico policymakers. At least one Banxico member notes that core inflation is too high and supports no more easing from the central bank. Elevated core inflation combined with resilient economic trends and a narrow rate spread with the Fed suggest to us that Banxico could be close to the end of its easing cycle. We forecast a 25 bps rate cut in September, which, in our view, could mark the final rate cut from Banxico in the current cycle.

European Central Bank Deposit Rate



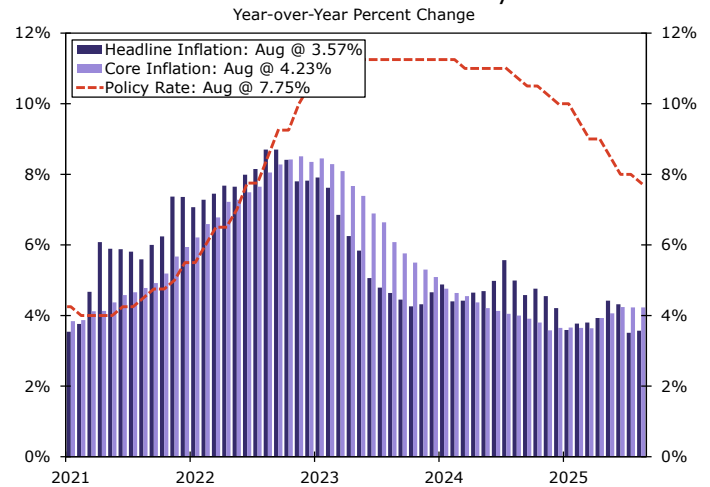
Source: Bloomberg Finance L.P. and Wells Fargo Economics

Elsewhere in Latin America, Brazil's August inflation data showed a second consecutive month of deceleration. Headline inflation came in at 5.13% year-over-year—slightly above consensus expectations of 5.09%, but down from 5.23% in July. On a monthly basis, prices declined by 0.11%, a slightly smaller drop than the expected 0.15%. The monthly deflation was primarily driven by a one-off electricity discount applied in August. While inflation continues to moderate, it remains elevated and above the central bank's target. Looking ahead to next week's policy meeting, we expect the Brazilian Central Bank to keep the Selic rate unchanged at 15.00%, with easing likely to begin in the first quarter of next year.

In Turkey, central bank policymakers lowered interest rates by 250 bps, a more aggressive cut than markets were expecting. While inflation has come down over time, price growth is still well above the central bank's target rate. In recent months, new evidence has revealed that price pressures may be starting to firm again. A combination of firming price pressures and easier monetary policy can be a dangerous combination, especially in Turkey where financial markets have been quick to punish local financial markets when they feel policy is misaligned with local economic trends. Near term, we will be following the evolution of local inflation and the Turkish administration's views on monetary policy to get a sense of whether another large lira sell-off could be on the horizon. Political risk may be edging higher, which could compound risks to the currency. For now, we expect a gradual depreciation in the lira, but we would note that risks are rising, and the currency could weaken by more than we expect.

And finally, Argentina hosted elections in Buenos Aires Province this past weekend and the results have markets concerned that the left-leaning Peronist philosophy might have momentum leading into national midterms in October. President Milei's LLA party candidates underwhelmed in elections losing

Mexico CPI Inflation vs. Policy Rate



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

by a significantly wider margin than expected. Milei is reliant on alliances to enact structural reform and maintain fiscal discipline, but should Peronist politicians win seats in congress and LLA again underwhelm at midterms, the reform agenda could stall and Argentina could be back in crisis in the coming years. October is the true test of whether Argentina has turned a corner or will revert to old policy frameworks, but [we believe the likelihood of LLA success in October has dipped](#) after elections in the Province. With a little over a month to go before national midterms, Milei has communicated that cabinet changes are likely forthcoming along with other adjustments. Time will tell if those adjustments are enough to hold off Peronism. This week, the Argentine financial markets were under pressure, but if Peronism is back in full force, those pressures could extend for a longer period of time.

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

International Outlook

Weekly International Indicator Forecasts					
Date	Indicator	Period	Consensus	Wells Fargo	Prior
15-Sep	China Industrial Production (YoY)	Aug	5.6%	—	5.7%
15-Sep	China Retail Sales (YoY)	Aug	3.8%	—	3.7%
17-Sep	Bank of Canada Policy Rate	17-Sep	2.50%	2.75%	2.75%
19-Sep	Japan National CPI (YoY)	Aug	2.8%	—	3.1%
19-Sep	Bank of Japan Policy Rate	19-Sep	0.50%	0.50%	0.50%

Forecast as of September 12, 2025

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

China Industrial Production and Retail Sales • Monday

Next week, China’s August industrial production and retail sales data will offer market participants fresh insight into how the economy is performing so far in Q3. Following last month’s surprisingly soft readings—partly due to severe flooding and weather disruptions—consensus expectations point to a modest rebound, though underlying softness is expected to persist. Industrial production is expected to slow slightly to 5.6% year-over-year from 5.7%, while retail sales growth is expected to edge up to 3.8% year-over-year from 3.7%. Even with some recovery, both indicators remain subdued relative to historical norms.

Zooming out, Chinese economic data have generally underwhelmed in recent months. Manufacturing PMI has remained below the 50 “breakeven” level for most of the year, and the non-manufacturing PMI has barely held above it, despite some modest improvement following the U.S. decision to extend a pause on higher tariffs for Chinese goods. While it is true that sentiment has ticked up, the gains have been limited and do not meaningfully alter our outlook. We continue to expect Chinese GDP growth to slow to 4.8% in 2025, followed by further moderation to 4.5% in 2026. Additional policy support—including potential Reserve Requirement Ratio cuts—remains likely as authorities seek to balance short-term stabilization with longer-term structural goals.



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

Bank of Canada Policy Rate • Wednesday

Next week, the Bank of Canada (BoC) will announce its latest monetary policy decision. We expect the central bank to hold rates steady at 2.75%, while consensus expectations lean toward a 25 bps cut. The decision comes amid mixed signals from recent data: Q2 GDP contracted by 1.6% quarter-over-quarter annualized, pointing to softening growth, but average core inflation remains elevated, with July's reading at 3.1% year-over-year. Labor market conditions have also weakened, with August marking a second consecutive decline in total employment and the unemployment rate rising to 7.1% from 6.9% in July, above expectations. Notably, labor demand fell faster than labor supply, contributing to the uptick in unemployment. The August CPI report, due just ahead of the BoC meeting, could be pivotal—particularly if core inflation surprises to the downside.

In our view, it is a close call. While we lean toward the BoC holding steady this month and cutting in October, we would not be especially surprised if officials opted to lower rates as soon as next week. Looking ahead, we expect further easing into Q1 2026, bringing the policy rate to a new low of 2.25%.

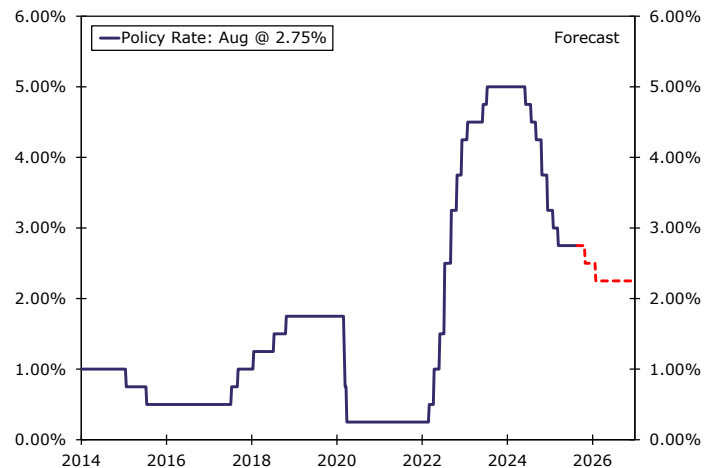
Bank of Japan Policy Rate • Friday

Next week, the Bank of Japan (BoJ) will announce its latest monetary policy decision, and we, along with consensus economists, expect the central bank to keep its policy rate on hold at 0.50%. While the economic case for further rate hikes remains intact—supported by a tight labor market, firming wage growth and steady GDP expansion—recent political developments may prompt policymakers to remain cautious in the near term.

Following Prime Minister Ishiba's resignation, the upcoming LDP leadership contest scheduled for early October introduces a period of political uncertainty that could spill over into markets. As a result, we have pushed back our forecast for the next BoJ rate hike from October to early next year. The longer-term path for monetary policy may also hinge on whether the new leadership pursues more expansive fiscal measures. Next week, we will also get updated inflation figures for August, which will be closely watched for any upside surprises following three consecutive months of deceleration. For now, we expect the BoJ to stay on the sidelines until there is greater clarity on the political and fiscal outlook, with rate hikes likely to resume in January 2026, bringing the policy rate to around 0.75%.

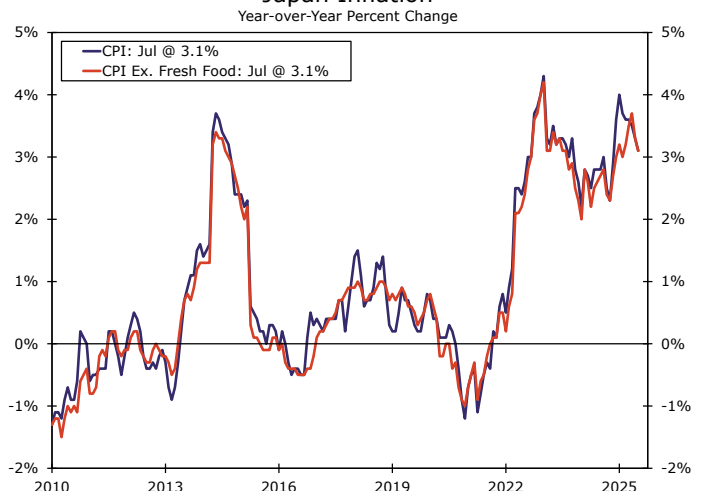
[\(Return to Summary\)](#)

Bank of Canada Policy Rate



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

Japan Inflation



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

Interest Rate Watch

Cuts to Begin Again

The FOMC held interest rates steady at its July 30 meeting for the fifth consecutive time, citing elevated inflation and a stable labor market. However, dissents from Governors Waller and Bowman, who favored a 25 bps cut, highlighted growing concerns about the jobs market. We expect the Committee to resume rate cuts in September, lowering the fed funds rate to a target range of 4.00%-4.25%. The move aligns with the March and June Summary of Economic Projections, which anticipated easing this year despite expectations for stronger inflation.

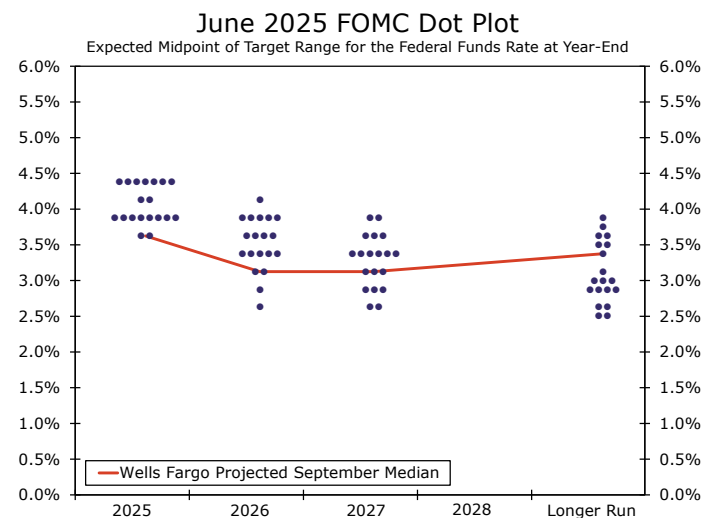
Inflation remains a key obstacle. Consumer price growth has exceeded the FOMC's 2% target for over four years, with recent tariff hikes reigniting goods inflation. The deflation in the goods sector alongside slower services disinflation has kept core PCE inflation running about one percentage point above target, and the outlook has remained largely unchanged. Our forecast still anticipates a 3.1% rise in the core PCE deflator on a Q4/Q4 basis in 2025.

Labor market conditions have weakened notably since the July FOMC meeting. The July and August employment reports revealed a sharp slowdown in hiring, with payroll growth averaging just 29K over the past three months. The unemployment rate has risen to 4.3%, the highest in the current cycle, suggesting the labor market may no longer be consistent with the FOMC's "full employment" mandate. The marked deceleration has increased support within the Committee for rate cuts, including from Chair Powell, who acknowledged rising employment risks in his address at Jackson Hole.

The September Summary of Economic Projections is expected to reflect a more dovish stance. We anticipate the dot plot to show the median participant now looks for 75 bps of cuts in 2025, instead of the 50 bps signaled in June. For 2026, we anticipate the median dot will fall from 3.625% to 3.125%, and we do not expect any changes to the longer-run estimate. We think the FOMC's median inflation forecast will remain unchanged, while the risks around its unemployment projection will likely tilt to the upside due to the slowdown in labor demand.

The meeting statement will likely mark down the FOMC's current view of the labor market but refrain from signaling that additional rate cuts will immediately follow September's cut. This would give the FOMC the flexibility to reduce the policy rate again at its next meeting on Oct. 29 or proceed with additional easing more slowly. Our base case forecast is three 25 bps rate cuts at the three remaining FOMC meetings of the year (including September), followed by two 25 bps rate cuts at the March and June 2026 meetings before a prolonged hold at 3.00%-3.25%. For further reading on next week's meeting, see our recently released [Flashlight for the September FOMC Blackout](#).

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



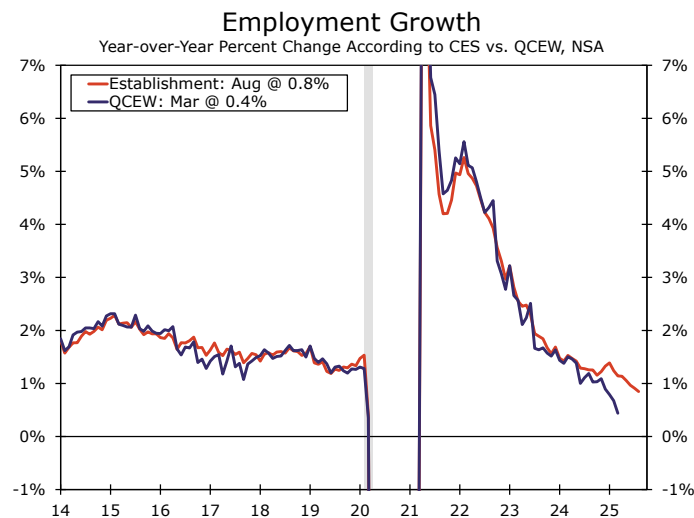
Source: Federal Reserve Board and Wells Fargo Economics

Topic of the Week

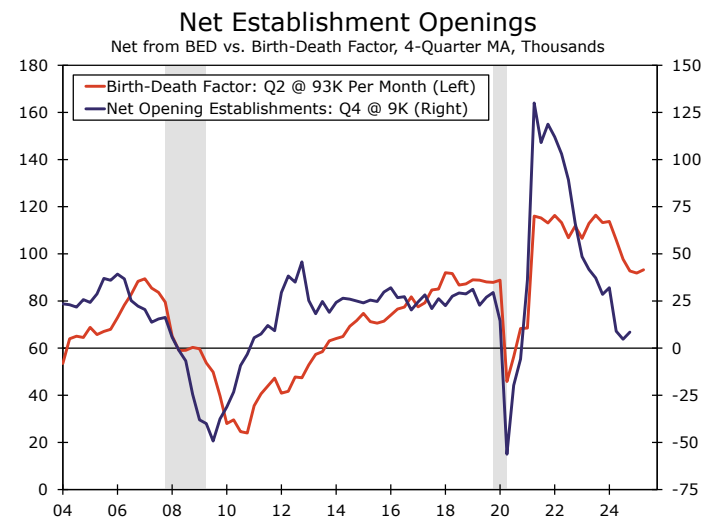
Benchmark Revision: Downshifting to a Lower Gear

The first look at the 2025 benchmark revision to employment showed that job growth was flying at a much lower altitude than previously thought. The BLS's estimate of the preliminary benchmark revisions suggests that total nonfarm payrolls were roughly 911K lower than currently published in March 2025 (not seasonally adjusted). This implies the average pace of job growth averaged 73K between April 2024 and March 2025, less than half the currently reported average of 149K. This year's downward revisions are large on a historical basis, beating the preliminary estimates in 2024 and 2009 (-818K and -824K, respectively). So what is the benchmark and what does it mean about payroll growth?

Estimates of payrolls from the Current Employment Statistics (CES) survey are benchmarked annually to counts of employment from the Quarterly Census of Employment and Wages, which are derived from unemployment insurance tax records. The QCEW is considered a more accurate picture of employment and it covers more than 95% of U.S. employment. The QCEW data released this week for Q1-2025 show a materially slower rate of job growth than the CES ([chart](#)). The gap between the year-over-year growth rates of each survey widened further from roughly 0.43pp in December 2024 to 0.70pp in March 2025. While monthly breakdowns of employment growth during this period are not yet available, the data imply that job growth momentum was already much weaker before the lurch lower in May and suggest payroll growth might not just be stalling of late, but declining.



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



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

It is important to note that the QCEW data will be revised to account for any late filings of unemployment insurance records by businesses. Over the past five years, the benchmark revision itself was revised up by an average of 118K between the preliminary and final estimate. However, that would still leave 2025 as the largest downward revision since 2009.

There are a few explanations as to why the downward revision may have been larger than usual. The CES survey is likely overestimating employment growth due to response error and nonresponse error. Response error occurs when businesses report less employment to the QCEW than they did to the CES survey. Nonresponse error occurs when businesses who do not respond to the CES report less employment to the QCEW than businesses who did respond to the CES. Some of this error may reflect unauthorized workers being excluded from the QCEW data, as they are not eligible for unemployment insurance. This variation could have biased the benchmark revision downward, as unauthorized workers have likely played an outsized role in employment growth over the past year or so.

The birth-death model has also likely overstated the net effect of job creation from new firms that are not initially available to be sampled. Business Employment Dynamics data from the QCEW relate to gross jobs gained and gross jobs lost and are subject to large revisions. These data for Q1 are not available until Oct. 29, but net opening establishments from Q4 remain far below the birth-death

factor as of Q2. Therefore, we still see scope for the birth-death factor to be overestimating job growth ([chart](#)).

This year's benchmark announcement paints a more fragile picture of recent hiring, given the further loss of momentum in job growth in the months following the benchmark period. With the labor market on shakier ground, more members of the Federal Reserve appear ready to support reducing the fed funds rate even as inflation remains above target. As a result, we look for the FOMC to resume lowering the fed funds rate at its September meeting with a 25 bps cut. For more information on the benchmarking process, please see our [special report](#).

([Return to Summary](#))

Market Data • Mid-Day Friday

U.S. Interest Rates			
	Friday 9/12/2025	1 Week Ago	1 Year Ago
SOFR	4.41	4.41	5.32
Effective Fed Funds Rate	4.33	4.33	5.33
3-Month T-Bill	4.02	4.00	4.96
1-Year Treasury	3.85	3.85	5.24
2-Year Treasury	3.56	3.51	3.64
5-Year Treasury	3.62	3.58	3.46
10-Year Treasury	4.07	4.07	3.67
30-Year Treasury	4.70	4.76	3.99
Bond Buyer Index	4.94	5.22	3.83

Foreign Exchange Rates			
	Friday 9/12/2025	1 Week Ago	1 Year Ago
Euro (\$/€)	1.171	1.172	1.107
British Pound (\$/£)	1.355	1.351	1.312
British Pound (£/€)	0.864	0.867	0.844
Japanese Yen (¥/\$)	147.760	147.430	141.820
Canadian Dollar (C\$/ \$)	1.385	1.383	1.358
Swiss Franc (CHF/\$)	0.798	0.798	0.851
Australian Dollar (US\$/A\$)	0.664	0.656	0.672
Mexican Peso (MXN/\$)	18.510	18.716	19.533
Chinese Yuan (CNY/\$)	7.124	7.133	7.117
Indian Rupee (INR/\$)	88.279	88.266	83.975
Brazilian Real (BRL/\$)	5.381	5.413	5.626
U.S. Dollar Index	97.785	97.768	101.366

Foreign Interest Rates			
	Friday 9/12/2025	1 Week Ago	1 Year Ago
3-Month German Govt Bill Yield	1.68	1.86	3.25
3-Month U.K. Govt Bill Yield	4.09	4.09	4.93
3-Month Canadian Govt Bill Yield	2.46	2.59	4.03
3-Month Japanese Govt Bill Yield	0.43	0.42	0.09
2-Year German Note Yield	2.02	1.93	2.23
2-Year U.K. Note Yield	3.98	3.91	3.82
2-Year Canadian Note Yield	2.52	2.54	3.00
2-Year Japanese Note Yield	0.87	0.84	0.39
10-Year German Bond Yield	2.71	2.66	2.15
10-Year U.K. Bond Yield	4.66	4.65	3.78
10-Year Canadian Bond Yield	3.20	3.27	2.91
10-Year Japanese Bond Yield	1.59	1.58	0.87

Commodity Prices			
	Friday 9/12/2025	1 Week Ago	1 Year Ago
WTI Crude (\$/Barrel)	63.34	61.87	68.97
Brent Crude (\$/Barrel)	67.47	65.50	71.97
Gold (\$/Ounce)	3651.40	3586.69	2557.90
Hot-Rolled Steel (\$/S.Ton)	810.00	800.00	700.00
Copper (¢/Pound)	458.55	448.25	413.30
Soybeans (\$/Bushel)	10.11	10.01	9.81
Natural Gas (\$/MMBTU)	2.99	3.05	2.36
Nickel (\$/Metric Ton)	14,976	15,057	15,866
CRB Spot Inds.	575.45	573.61	544.51

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

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