WELLS FARGO

Weekly — September 20, 2024

Weekly Economic & Financial Commentary

United States: **Recalibrating the Monetary Policy Stance**

- The commencement of monetary policy easing comes at a time when overall economic growth remains solid, supported by stronger-than-expected retail sales, industrial production and residential construction in August. Yet, signs of labor market weakness have posed meaningful threats to the sustainability of growth, which underpinned the FOMC's decision to start the easing cycle with a 50 bps cut, rather than a conventional 25 bps move.
- Next week: New Home Sales (Wed.), Durable Goods (Thu.), Pers. Income & Spending (Fri.)

International: **Central Bank Rate Divergences Are Apparent Again**

- Central banks were in the spotlight this week. Not just the Federal Reserve, but foreign central banks as well. Institutions across the advanced and emerging markets met to discuss and decide monetary policy settings.
- Next week: Eurozone PMIs (Mon.), Reserve Bank of Australia (Tue.), Bank of Mexico (Thu.)

Interest Rate Watch: **An Update to Our Fed Funds Forecast**

- The Federal Open Market Committee (FOMC) opted to reduce the target range for the federal funds rate by 50 bps at its meeting this week. Based on what we know now, we believe the FOMC probably leans toward downshifting to a 25 bps pace going forward. Accordingly, we look for the FOMC to cut the federal funds rate by 25 bps at each of its two remaining meetings of the year.

Topic of the Week: **Mexico Passes Sweeping Judicial Reforms**

- In Mexico, a constitutional amendment that calls for an overhaul of the country's judicial branch passed through local congress, leaving market participants wondering what the financial, economic and governance-related implications may be. We remain cautiously optimistic on the prospects for Mexican financial markets and the peso for now, though we will be closely watching any developments with ratings agencies' assessment of the country's debt.

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

Wells Fargo U.S. Economic Forecast

	Actual				Forecast				Actual	Forecast		
	2024				2025							
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2023	2024	2025	2026
Real Gross Domestic Product [1]	1.4	3.0	2.6	1.0	1.1	1.9	2.8	2.9	2.5	2.7	1.9	2.6
Personal Consumption	1.5	2.9	3.5	1.2	1.3	1.8	2.4	2.5	2.2	2.5	1.9	2.3
Consumer Price Index [2]	3.2	3.2	2.6	2.4	2.2	2.1	2.4	2.5	4.1	2.9	2.3	2.4
"Core" Consumer Price Index [2]	3.8	3.4	3.2	3.1	2.6	2.5	2.6	2.5	4.8	3.4	2.6	2.4
Quarter-End Interest Rates [3]												
Federal Funds Target Rate[4]	5.50	5.50	5.00	4.50	4.00	3.50	3.25	3.25	5.23	5.13	3.50	3.25
Conventional Mortgage Rate	6.82	6.92	6.30	6.15	5.95	5.80	5.65	5.55	6.80	6.55	5.74	5.58
10 Year Note	4.20	4.36	3.70	3.60	3.50	3.45	3.40	3.40	3.96	3.97	3.44	3.48

Forecast as of: September 19, 2024 [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

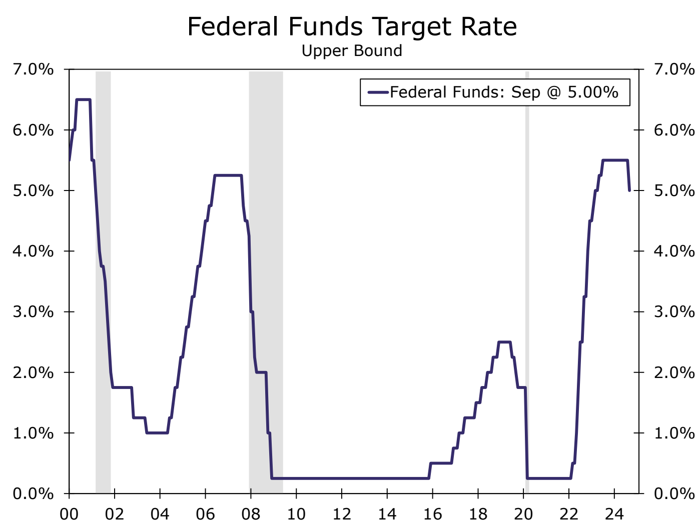
Please see our full U.S. Economic Forecast.

U.S. Review

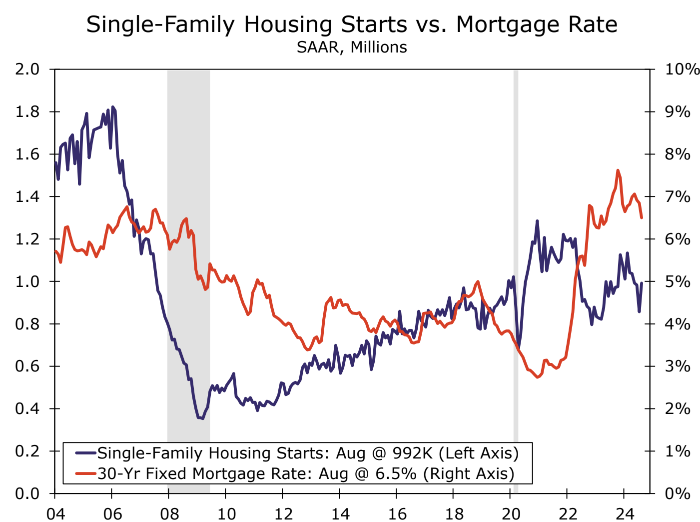
Recalibrating the Monetary Policy Stance

The economic calendar was packed this week, but one event took center stage. At the conclusion of its September 17-18 meeting, the FOMC announced a 50 bps reduction in the federal funds rate to a target range of 4.75%-5.00% (chart). The commencement of monetary policy easing comes at a time when overall economic growth remains solid, supported by stronger-than-expected retail sales, industrial production and residential construction in August. Yet, signs of labor market weakness have posed meaningful threats to the sustainability of growth, which underpinned the Committee's decision to start the easing cycle with a 50 bps cut, rather than a conventional 25 bps move.

Chair Powell summarized: "It's a process of recalibrating our policy stance away from where we had it a year ago when inflation was high and unemployment low to a place that's more appropriate, given where we are now and where we expect to be, and that process will take place over time." We suspect the 50 bps reduction was made in an effort to front-load policy easing, and we now look for the FOMC to opt for a smaller 25 bps cut at each of its two remaining meetings this year—see Interest Rate Watch for full detail.



Source: Federal Reserve Board and Wells Fargo Economics



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

The reduction of the fed funds rate was widely anticipated by financial markets, evident in the roughly 90 bps descent in the average 30-year fixed mortgage rate since early July, per Freddie Mac. The drop in mortgage rates helped to spur home construction in August (chart). Single-family housing starts jumped 15.8% to a 992,000-unit annual pace, marking the first improvement in six months. Construction of apartment properties remains comparatively weak (multifamily starts decreased 4.2% month-over-month) amid a robust supply of multifamily developments already under way.

While the pipeline of apartments under construction is robust, lower financing costs will likely incentivize more multifamily building as rental demand remains firm amid poor affordability conditions in the for-sale market. Existing home sales slid 2.5% to a 3.86 million-unit annual pace in August. The recent decline in mortgage rates was likely not realized by homebuyers in August, as interest rates are typically locked in a month or two before the sale is closed. We anticipate lower mortgage rates will spark demand, but steady home price appreciation will keep affordability constrained.

Relief on borrowing costs is also set to support consumer spending. Retail sales increased a better-than-expected 0.1% in August, but the details point to a concentrated source of growth in ecommerce. Sales at food & beverage retailers, general merchandisers and electronics stores all fell. Annual growth in total retail sales has averaged 2.3% thus far in 2024, which is a noticeable step down from the 3.5% average over 2023. The downshift is illustrative of an increasingly choosy consumer and is supportive of a less restrictive monetary policy environment to encourage broad-based consumption growth.

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U.S. Outlook

Weekly Domestic Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
24-Sep	Consumer Confidence	Sep	103.3	103	103.3
25-Sep	New Home Sales (SAAR)	Aug	695K	705K	739K
26-Sep	GDP Annualized (QoQ)	Q2	2.9%	3.0%	3.0%
26-Sep	Personal Consumption (QoQ)	Q2	—	2.9%	2.9%
26-Sep	Durable Goods Orders (MoM)	Aug	-2.7%	-3.0%	9.8%
26-Sep	Durables Ex Transportation (MoM)	Aug	0.1%	0.1%	-0.2%
27-Sep	Personal Income (MoM)	Aug	0.4%	0.4%	0.3%
27-Sep	Personal Spending (MoM)	Aug	0.3%	0.3%	0.5%
27-Sep	PCE Deflator (MoM)	Aug	0.1%	0.1%	0.2%
27-Sep	PCE Deflator (YoY)	Aug	2.3%	2.3%	2.5%
27-Sep	Core PCE Deflator (MoM)	Aug	0.2%	0.2%	0.2%
27-Sep	Core PCE Deflator (YoY)	Aug	2.7%	2.7%	2.6%

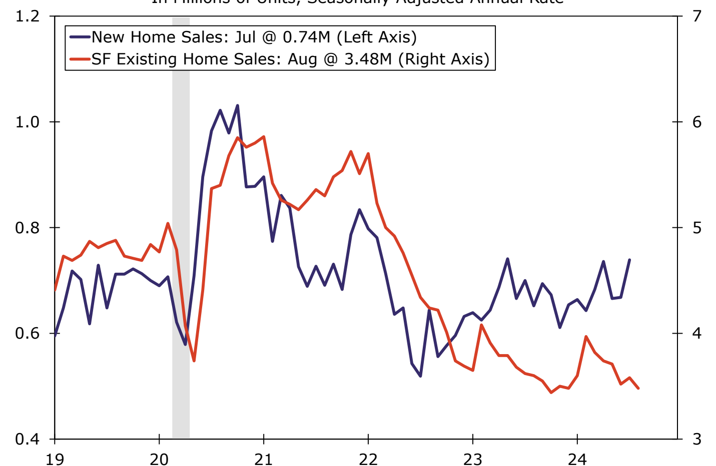
Forecast as of September 20, 2024

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

New Home Sales • Wednesday

Although housing market unaffordability remains a major challenge to prospective homebuyers, new home sales continue to outperform. Sales of new construction leaped 10.6% in July to a 739K unit pace, the highest level in more than a year. Builder incentives are the main factor keeping new home sales on a positive trajectory in the high interest rate environment. Consider that while new home sales were up 5.6% the 12 months ended July, single-family resales were down 1.4% during the same time. In a survey from the National Association of Homebuilders, 61% of builders reported offering sales incentives like price cuts and mortgage rate buy-downs in July, a share that increased to 64% in August as builders attempted to cut against interest rate headwinds.

Despite builders' efforts, new home sales appear poised for some giveback in August. We forecast a 4.6% dip to a 705K-unit pace, which would partially, but not fully, reverse July's blockbuster gain. Looking ahead, conditions appear favorable for the new home market. The start of the Fed's easing cycle and expectations for further interest rate cuts on the horizon have brought the 30-year fixed mortgage rate to 6.09% on average this week, the lowest level in over 12 months. As mortgage rates retreat, builders are expressing increased optimism about sales expectations over the coming months. Headwinds certainly remain; however, lower financing costs will provide buyers with some relief.

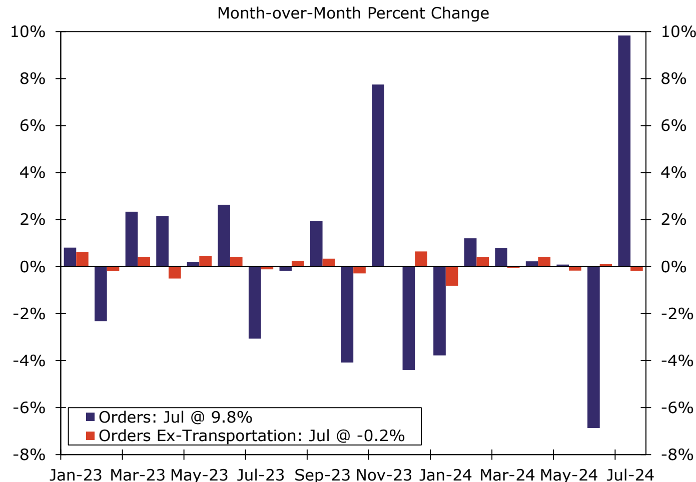


Source: U.S. Department of Commerce, NAR and Wells Fargo Economics

Durable Goods Orders • Thursday

Big swings in aircraft orders have driven volatility in headline durable goods prints over the past few months, masking a steady underlying weakness in durable goods demand. Overall orders rocketed 9.8% in July, lifted by a significant rebound in aircraft. But excluding transportation, orders slipped 0.2%. Softness was broad based with orders down across motor vehicles & parts, communication equipment and primary metals. Although auto orders have grown at a decent clip over the past year, demand has downshifted in recent months reflecting a post-pandemic normalization in the auto sector. Alternatively, the adoption of productivity-enhancing software like generative AI continues to drive robust demand for computers and related products, which have leaped almost 13% over the past year.

All told, the composition of orders exposes a sluggish environment for capital expenditures. Although a strong start to the Fed's easing cycle is welcome news for manufacturers, it will likely take some time for lower interest rates to filter through the real economy and revitalize business demand for durable goods. Looking to August, a sharp drop in Boeing orders foretells an overall decline in durable goods. We estimate headline orders dropped 3.0% in August. Stripping away transportation, we look for a modest 0.1% uptick.



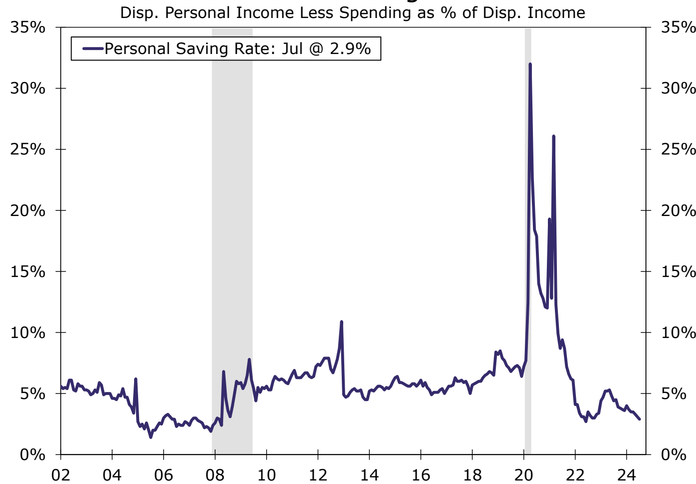
Source: U.S. Department of Commerce and Wells Fargo Economics

Personal Income & Spending • Friday

Consumer fortitude continues to surprise. Personal spending rose by 0.5% in July on a nominal basis and a still-robust 0.4% once adjusted for inflation. The combination of softer inflation and steady income growth is helping to support consumers, but cannot fully explain the upshift in spending. Despite a slight gain in real disposable personal income, growth in spending outpaced income for the sixth straight month in July, sending the saving rate down to 2.9%. This marked only the second time that the saving rate has dipped below 3.0% since 2008, revealing that consumers are deprioritizing saving in order to spend more.

Are consumers willingly spending, or forced to? August's retail sales report revealed broad-based weakness in seven out of the 13 categories with discretionary buckets like food & beverage, clothing and electronics falling markedly. However, a burst of online shopping propelled a 0.3% rise in control group sales, setting up personal spending for a solid print in August. We estimate that personal spending rose 0.3% in August, aided by a 0.4% uptick in personal income.

On the inflation front, the pickup in shelter inflation revealed in CPI will likely drive the core PCE deflator higher in August. That said, shelter's relatively weaker influence on the Fed's preferred inflation gauge will make for a smaller bump. We estimate that the core PCE deflator rose 0.2% over the month, a small step above the unrounded 0.16% increase in July. Unfavorable base effects set up the year-over-year gain for a firmer 2.7%. Through the monthly volatility, however, core price pressures remain on a downtrend.



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

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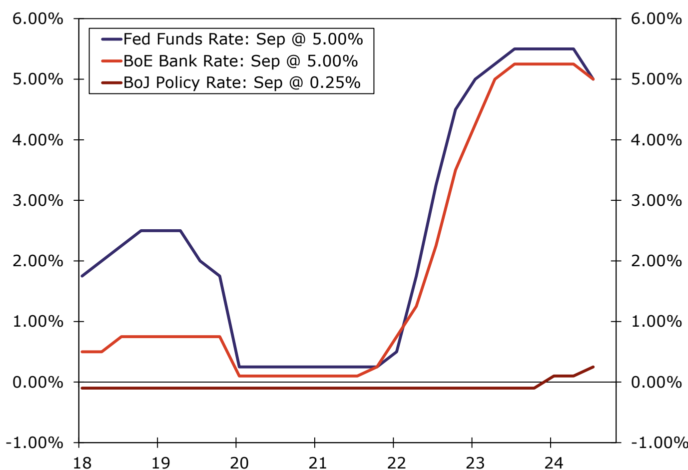
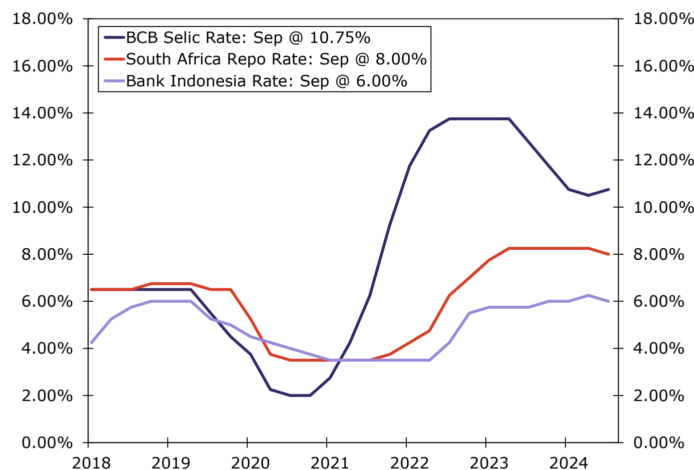
International Review

Central Bank Rate Divergences Are Apparent Again in the G10...

Central banks were in the spotlight this week. Not just the Federal Reserve, but foreign central banks as well. And not just in the advanced economies. Central banks across the emerging markets met to discuss and decide monetary policy settings as well. Thematically, central banks around the world are, or are close to, adjusting interest rates; however, divergences in the direction and pace of interest rate adjustments were also on display over the course of the week. We covered the Fed's mega rate cut in detail above, but peer advanced economy central banks did not follow the Fed lower this week. To that point, the Bank of England (BoE) kept rates on hold and signaled any policy rate adjustments would be gradual in nature. We did not forecast BoE policymakers to lower policy rates at the September meeting; however, we did expect a bit more dovishness. Policymakers voted 8-1 to keep rates unchanged, which does not necessarily mean a rate cut cannot be delivered at the next meeting, but the bar for easier monetary policy may be a bit higher than we initially expected. For now, we still believe rate cuts will be delivered before year-end in the United Kingdom, but maintain our view that BoE easing will indeed be gradual. The Bank of Japan (BoJ) also met this week and also decided to keep monetary policy settings unchanged. No major surprise that BoJ policymakers held rates steady, especially now that the Japanese yen is not facing significant depreciation pressures. What is notable about the BoJ is that policymakers do continue to hint that future rate adjustments could be delivered; however, the BoJ is still signaling the potential for tighter monetary policy. Should the BoJ deliver another rate hike in the near future, two of the world's major G10 central banks would be on diverging paths for policy rates. Historically, two G10 central banks moving in opposite directions is rare, but nevertheless is a sign that Japanese policymakers are more attentive to domestic economic developments rather than following the Fed or any global trends in monetary policy.



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



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

...And in the Emerging Markets

A similar trend emerged across the developing economies this week. In Asia, Bank Indonesia (BI) served a mild surprise to financial markets by opting to lower interest rates by 25 bps. Rupiah strength and moderating inflation were the primary drivers of BI's rate decision, and as far as forward guidance, further rate reductions seem likely over the course of this year. South Africa's central bank also lowered its policy rate 25 bps and cited similar developments for its decision to ease. The South African rand has been the top performing major EM currency this year, which, combined with improving political risk and softening inflation, created policy space for the central bank to lower policy rates. Similar to BI, forward guidance suggests additional easing is likely to be delivered at remaining central bank meetings through the end of this year. The central bank divergence theme in the emerging markets is centered around the Brazilian Central Bank (BCB). With inflation and inflation expectations rising, BCB policymakers lifted the Selic rate by 25 bps in a unanimous decision. BCB policymakers also expressed a relatively hawkish tone, which to us, indicates further tightening through the end of this year, possibly even picking up the pace of rate hikes.

For extra content on Brazil's central bank, policymakers highlighted how fiscal loosening, currency depreciation and above-trend GDP growth have all contributed to rising inflation. In the September statement policymakers indicated a “do whatever it takes” stance to bring inflation back to target ranges over the medium term. We interpreted this language as a central bank that is ready to embark on aggressive tightening in the coming months and quarters ahead. While we were one of the first forecasters to explicitly call for the BCB to restart its tightening cycle, we felt the tightening cycle would be somewhat short-lived and unlikely to match financial market pricing. Given the hawkish sentiments coming from the Copom statement this week, we now believe BCB policymakers will deliver more tightening than we previously forecast. We will formally update our BCB Selic rate forecast in our September International Economic update, but we can confidently say that our Selic rate forecast will increase rather meaningfully. We still believe Brazil's central bank can ease monetary policy in the second half of 2025; however, easing may now be delayed and could take carry forward into 2026.

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International Outlook

Weekly International Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
23-Sep	Eurozone Manufacturing PMI	Sep	45.7	–	45.8
23-Sep	Eurozone Services PMI	Sep	52.3	–	52.9
24-Sep	Reserve Bank of Australia Policy Rate	24-Sep	4.35%	4.35%	4.35%
26-Sep	Banxico Policy Rate	26-Sep	10.50%	10.50%	10.75%

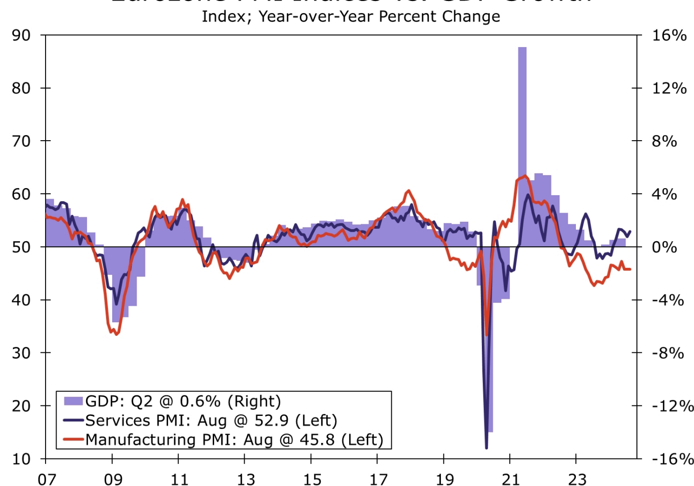
Forecast as of September 20, 2024

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

Eurozone PMIs • Monday

Following weak economic activity and recessionary conditions at the end of 2023, the Eurozone economy has shown signs of recovery over the first half of this year. Sentiment has improved and the Eurozone has exited technical recession. However, tentative signals that the recovery is starting to falter are becoming more apparent. Next week, PMI data should offer new insight into the health of the Eurozone economy and whether recession risks could be rising.

As of the latest read in August, the Eurozone manufacturing PMI is in contraction territory. In fact, manufacturing sentiment has been in contraction since the middle of 2022. While the PMI is up from the low point in mid-2023, the manufacturing sector is still acting as a drag on the overall economy. Services sentiment is stronger and in expansion territory; however, consensus forecasts expect both the services and manufacturing PMI to slip in September. As sentiment worsens, another Eurozone recession is possible, especially with the European Central Bank (ECB) acting gradually to take monetary policy in a more accommodative direction.

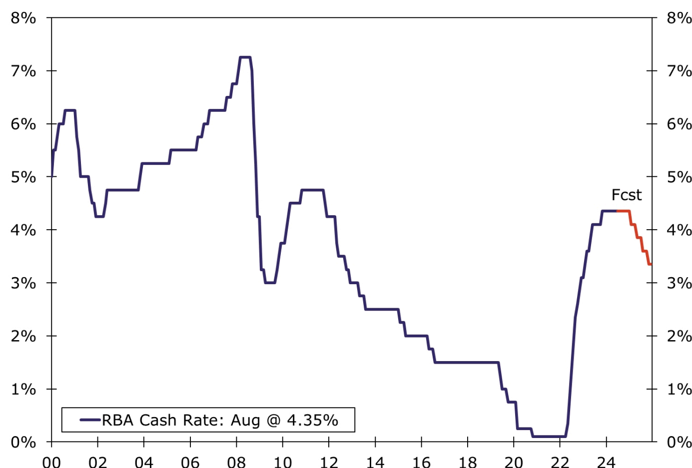


Source: Datastream and Wells Fargo Economics

Reserve Bank of Australia • Tuesday

Most G10 central banks have either made the pivot to interest rate cuts or have signaled that rate cuts are on the near horizon. However, Reserve Bank of Australia (RBA) policymakers have largely been absent from that trend. In fact, the RBA turned slightly more hawkish around the middle of this year and has not materially changed its stance since then.

Inflation is the RBA's main concern, citing above-target price growth as rationale for turning more hawkish. Price pressures have receded modestly in recent months; however, we have our doubts the RBA is ready to pivot in a more dovish direction. The Fed cutting interest rates 50 bps may be an input into the RBA's thought process, but with economic growth resilient and inflation concerns likely to linger, we expect the RBA to keep monetary policy settings unchanged next week. Given inflation worries and a resilient economy, we also do not expect the RBA to ease monetary policy this year. We expect the main policy interest rate to remain at 4.35% through the end of this year, with policymakers, in our view, likely to pivot to rate cuts in the early months of next year.

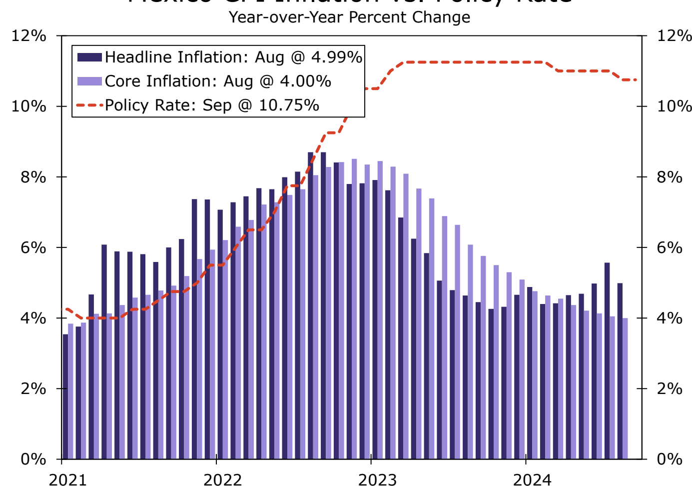


Source: Bloomberg Finance L.P. and Wells Fargo Economics

Central Bank of Mexico • Thursday

Mexico's central bank initiated an easing cycle at its prior meeting, opting for a 25 bps rate cut. Last meeting, policymakers expressed little concern for the depreciation pressure the peso has faced as well as little concern for rising headline inflation. Rather, Banxico members have focused on stable-to-softening core inflation and the noticeable deceleration in economic growth prospects that has materialized in recent months.

In our view, Banxico's attention will remain on core inflation and a softening economy. In that sense we believe policymakers will deliver another 25 bps rate cut when they meet next week in an effort to support economic activity. With the Federal Reserve having cut rates 50 bps this week, there is a growing possibility that Banxico could match the Fed's pace of easing; however, we tend to believe Banxico will opt for gradual easing in the early innings of its rate cutting cycle. The peso has been volatile, and outsized rate cuts risks more intense depreciation that could bring about imported inflationary pressures. As the easing cycle matures, Banxico could pick up the pace and cut in 50 bps clips; although for the time being, we believe Mexican policymakers will take a cautious approach to easing that defends against a bump in underlying inflationary pressures.



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

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Interest Rate Watch

An Update to Our Fed Funds Forecast

The Federal Open Market Committee (FOMC) opted to reduce the target range for the federal funds rate by 50 bps at its meeting this week. A reduction in the fed funds rate was widely anticipated, but financial markets and economists were split on whether the FOMC would move by 25 bps or 50 bps. There were strong cases to be made for either outcome, and we discussed in our preview piece the reasons why the Committee might opt to start with a 50 bps cut. The vote was 11-1 in favor, with the lone dissent coming from Governor Michelle Bowman. Just one dissent is not uncommon, but it is more uncommon for a member of the Board of Governors to vote against the policy decision. This week's meeting marks the first governor to dissent since 2005, and the first governor to dissent in favor of tighter policy since 1994.

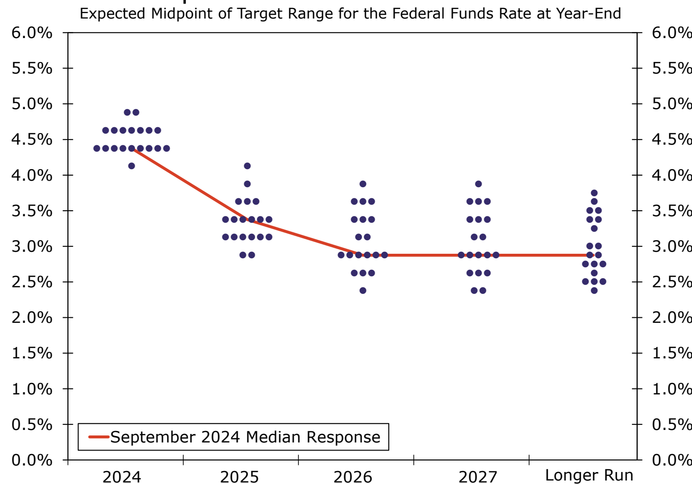
The updated dot plot further suggests that not all participants are on board with continuing this pace of easing going forward. The median participant's projection for the fed funds rate at year-end was 4.375%, implying two 25 bps rate cuts if further easing is spread evenly over the two remaining meetings this year (Nov. 7 and Dec. 18). However, seven Committee members projected rates to fall only 25 bps further this year, while two projected no change at all. At the other end of the spectrum, just one participant projected more than 50 bps of cumulative easing by year-end. In other words, only one voter may have dissented in September, but a meaningful share of the Committee is in no hurry to make 50 bps cuts the default move.

Our sense is that this week's 50 bps move was an effort to front-load a bit of the initial policy easing. The slowdown in hiring and rise in unemployment have created a situation in which most members of the FOMC do not want to see any further weakness in the labor market. Yet, coming into this week's meeting, the spot federal funds rate (5.33%) was well-above the median participant's projection of the longer-run neutral rate (2.88%). A 50 bps move keeps the federal funds rate in restrictive territory, while moving back closer to neutral a bit more expeditiously.

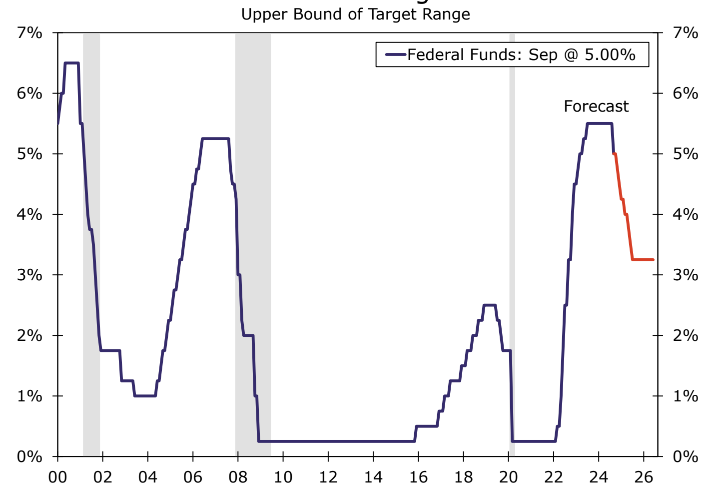
Based on what we know now, we believe the FOMC probably leans toward downshifting to a 25 bps pace going forward. The dot plot suggests that if the unemployment rate is flat to only slightly up over the next few months, two more 25 bps rate cuts will be the base case. This outcome for the labor market is roughly in line with our own current expectations. Accordingly, we look for the FOMC to cut the federal funds rate by 25 bps at each of its two remaining meetings of the year.

If realized, this would put the federal funds target range at 4.25%-4.50% at year-end. The next two employment reports, to be released on October 4 and November 1, will be critical to the monetary policy outlook. An unexpected slowdown in payroll growth or larger-than-anticipated rise in the unemployment rate might push us to project another 50 bps move at the November 7 FOMC meeting.

Looking ahead to 2025, we expect the string of 25 bps rate cuts to continue. We project five 25 bps cuts from the start of the year through the summer, such that in one year's time the target range for the federal funds rate will have returned to 3.00%-3.25%, our current estimate of the neutral rate. Gradually removing policy restrictiveness should help keep inflation in check, while transitioning back to a more neutral policy setting will help keep this economic expansion going. (Return to Summary)



Source: Federal Reserve Board and Wells Fargo Economics



Source: Federal Reserve Board and Wells Fargo Economics

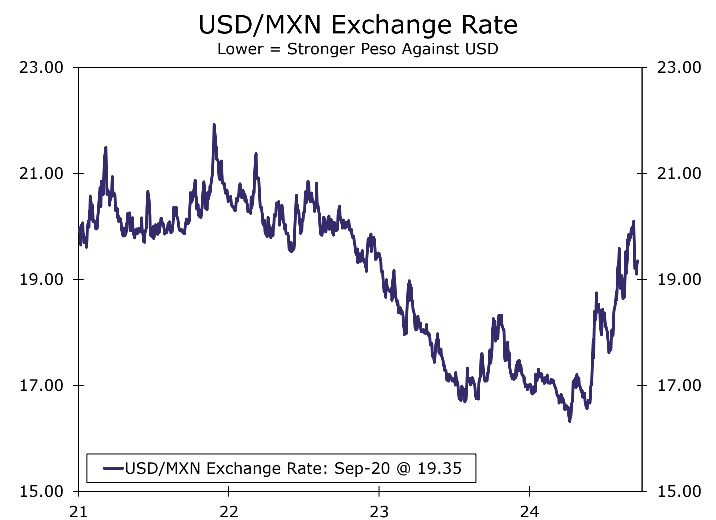
Topic of the Week

Mexico Passes Sweeping Judicial Reforms

While the most watched domestic event this week was certainly the FOMC meeting, our neighbor to the south is also experiencing some headline-making developments. In Mexico, a constitutional amendment that calls for an overhaul of the country's judicial branch passed through local congress, leaving market participants wondering what the financial, economic and governance-related implications may be. For background, judicial reforms were originally introduced by President Andrés Manuel López Obrador—commonly known as AMLO—last year. The reform package entails a variety of provisions that significantly alter the way Supreme Court justices and other judicial positions will be filled in the future. The primary change is that, going forward, all members of the judicial system including Supreme Court justices will be elected by popular vote rather than appointed. Many worry that the changes reflect an effort by the Morena party to create a one-party state, as the party already holds sizable power in the two branches of congress as well as local jurisdictions. These reforms could weaken Mexico's democratic institutions by lessening the judicial branch's ability to provide a check on the president's, as well as the ruling party's, decision-making power. Not only are there governance concerns, but foreign investors have shared worries that investments in Mexico may no longer be safe, at least from a legal perspective. Wrapped into judicial reforms are also modifications that say the size of Mexico's Supreme Court will shrink from 11 to nine justices and term lengths will be shortened to 12 years from 15. In addition, some barriers to holding a justice position have been lowered, with an end to the minimum age requirement for the Supreme Court and a halving in the necessary years of work experience for non-Supreme Court justices.

As far as understanding how the judicial reforms were ultimately enshrined into law, we have to go back to Mexico's elections from earlier this summer. Claudia Sheinbaum—who is seen as AMLO's handpicked successor from within the Morena party—won the presidency in early June, but she will not be sworn into office until October 1. In the meantime, AMLO will maintain his role as president until his six-year term ends on September 30, giving him decision-making power despite his lame duck status. Turning to the country's Congress, Morena won a supermajority of seats in the lower house and fell just one seat shy of a supermajority in the Senate. These newly elected congress members took their seats in September, meaning AMLO overlaps with a congress heavily tilted in his favor. As such, his push for reforms was ultimately met with support in both houses of congress, with each passing the measures last week. After that, the reforms were ratified by a majority of state legislatures, paving the way for AMLO to sign constitutional changes into law.

Judicial reforms raise political risk in Mexico; however, we maintain a degree of optimism for Mexican financial markets, at least in the short term. While the Mexican peso has weakened noticeably since the election in June, we believe economic fundamentals are more consistent with a stronger currency and believe the peso can continue to rebound. With that said, a USD/MXN exchange rate that falls back to levels seen prior to the election is unlikely at this point as elevated political risk is likely to linger over the currency for a period of time. We will, however, be closely watching any potential actions taken by credit ratings agencies. Mexico's sovereign debt is currently rated as "investment grade" by Fitch, Moody's and S&P. If rating agencies start downgrading Mexico's sovereign debt in the near future, capital could be forced out of Mexico. Capital outflows could lead to a weaker peso, a softer economy and possibly a stop in nearshoring-related investment. Should rating agencies move Mexico out of investment grade territory, the longer-term effects could be rather detrimental to the health of Mexico's economy. Mexico is already struggling to achieve sustainable and above-average growth. If capital formation slows due to governance challenges and "fallen angel" status, Mexico's economy will experience even more subdued growth for an extended period of time.



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

(Return to Summary)

Market Data • Mid-Day Friday

U.S. Interest Rates

	Friday 9/20/2024	1 Week Ago	1 Year Ago
SOFR	4.82	5.33	5.31
Effective Fed Funds Rate	4.83	5.33	5.33
3-Month T-Bill	4.70	4.88	5.46
1-Year Treasury	3.85	3.95	5.33
2-Year Treasury	3.64	3.58	5.18
5-Year Treasury	3.53	3.43	4.58
10-Year Treasury	3.76	3.65	4.41
30-Year Treasury	4.09	3.98	4.44
Bond Buyer Index	3.81	3.83	3.90

Foreign Exchange Rates

	Friday 9/20/2024	1 Week Ago	1 Year Ago
Euro ($/€)	1.114	1.108	1.066
British Pound ($/₤)	1.327	1.312	1.234
British Pound (₤/€)	0.839	0.844	0.864
Japanese Yen (¥/$)	144.420	140.850	148.340
Canadian Dollar (C$/$)	1.359	1.359	1.346
Swiss Franc (CHF/$)	0.851	0.849	0.899
Australian Dollar (US$/A$)	0.678	0.670	0.645
Mexican Peso (MXN/$)	19.354	19.206	17.093
Chinese Yuan (CNY/$)	7.052	7.097	7.286
Indian Rupee (INR/$)	83.575	83.898	83.081
Brazilian Real (BRL/$)	5.495	5.565	4.880
U.S. Dollar Index	100.981	101.114	105.328

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

Foreign Interest Rates

	Friday 9/20/2024	1 Week Ago	1 Year Ago
3-Month German Govt Bill Yield	3.07	3.23	3.68
3-Month U.K. Govt Bill Yield	4.94	4.91	5.44
3-Month Canadian Govt Bill Yield	4.03	4.04	5.10
3-Month Japanese Govt Bill Yield	0.06	0.10	-0.12
2-Year German Note Yield	2.25	2.21	3.26
2-Year U.K. Note Yield	3.93	3.80	4.85
2-Year Canadian Note Yield	2.95	2.95	4.97
2-Year Japanese Note Yield	0.39	0.39	0.02
10-Year German Bond Yield	2.22	2.15	2.70
10-Year U.K. Bond Yield	3.91	3.77	4.22
10-Year Canadian Bond Yield	2.96	2.90	3.91
10-Year Japanese Bond Yield	0.85	0.85	0.73

Commodity Prices

	Friday 9/20/2024	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	72.10	68.65	90.28
Brent Crude ($/Barrel)	74.87	71.61	93.53
Gold ($/Ounce)	2612.54	2577.70	1930.30
Hot-Rolled Steel ($/S.Ton)	705.00	698.00	706.00
Copper (¢/Pound)	426.90	417.50	374.65
Soybeans ($/Bushel)	10.03	9.96	13.08
Natural Gas ($/MMBTU)	2.37	2.31	2.73
Nickel ($/Metric Ton)	16,097	15,899	19,671
CRB Spot Inds.	551.65	547.08	557.38

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