Weekly — August 16, 2024

Weekly Economic & Financial Commentary

United States: **Solid Activity Raises Questions About the Degree of Policy Easing**

- Financial markets were volatile last week as they digested a troubling rise in the unemployment rate in July. The economic calendar this week was packed with solid data that helped quell recession jitters. Inflation continues its gradual descent, and small business optimism has trended higher amid cooler input price growth and steady consumer spending.
- Next week: Leading Economic Index (Mon.), Existing Home Sales (Thu.), New Home Sales (Fri.)

International: **Steady U.K. Growth, Gradual Inflation Slowdown Mean Measured Central Bank Easing**

- This week's U.K. data were mixed, which we believe keeps the Bank of England on track for a pause in September before resuming rate cuts in November. Q2 GDP grew a respectable 0.6% quarter-over-quarter, employment growth was solid and private sector regular pay growth slowed moderately. We think these factors will keep the Bank of England on hold next month, even as the July CPI showed services and core inflation decelerating a bit more than expected.
- Next week: Riksbank Policy Rate (Tue.), Canada CPI (Tue.), Eurozone PMIs (Thu.)

Interest Rate Watch: **Fishing in Jackson Hole for Clues About the Fed Rate Path**

- Chair Powell's highly-anticipated annual speech at Jackson Hole is likely to emphasize how much the inflation and labor market picture have changed in the year since the FOMC took the fed funds target range to 5.00%–5.25%, laying the groundwork for a rate cut at the FOMC's September meeting.

Topic of the Week: **Lower Income Household Liquidity Crunch**

- Amid a slowdown in the labor market, the staying power of the consumer is once again central to the economic outlook. However, consumer purchasing power may be dwindling for lower income households as they face an increasingly constrained availability of liquid assets.

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Wells Fargo U.S. Economic Forecast

	Actual						Forecast		Actual		Forecast	
	2023				2024				2022	2023	2024	2025
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product [1]	2.2	2.1	4.9	3.4	1.4	2.8	2.1	1.3	1.9	2.5	2.6	1.9
Personal Consumption	3.8	0.8	3.1	3.3	1.5	2.3	2.3	1.0	2.5	2.2	2.2	1.7
Consumer Price Index [2]	5.7	4.0	3.6	3.2	3.2	3.2	2.7	2.5	8.0	4.1	2.9	2.3
"Core" Consumer Price Index [2]	5.5	5.2	4.4	4.0	3.8	3.4	3.2	3.0	6.2	4.8	3.3	2.5
Quarter-End Interest Rates [3]												
Federal Funds Target Rate[4]	5.00	5.25	5.50	5.50	5.50	5.50	5.00	4.25	2.02	5.23	5.06	3.56
Conventional Mortgage Rate	6.54	6.71	7.20	6.82	6.82	6.92	6.40	6.25	5.38	6.80	6.60	5.93
10 Year Note	3.48	3.81	4.59	3.88	4.20	4.36	3.80	3.70	2.95	3.96	4.02	3.63

Forecast as of: August 07, 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

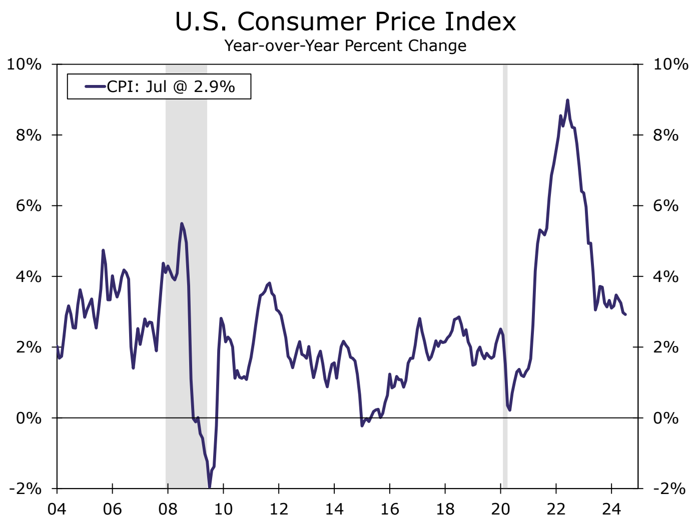
Please see our full U.S. Economic Forecast.

U.S. Review

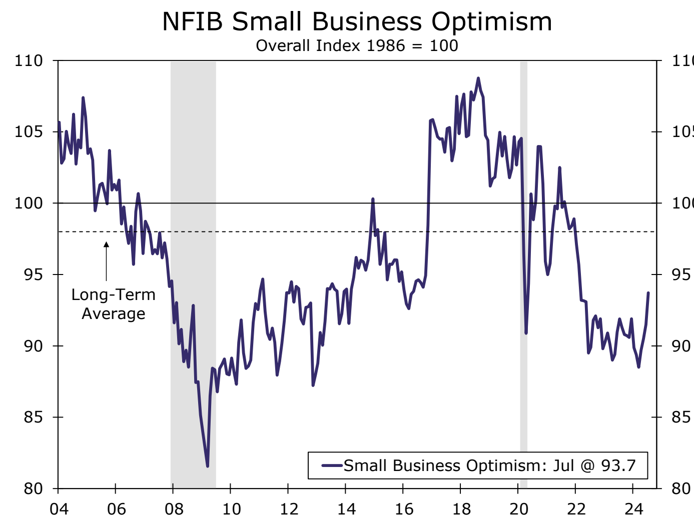
Solid Activity Raises Questions About the Degree of Policy Easing

The economic calendar was packed this week. A quick look across the board suggests recession jitters may be overdone. Inflation continues its gradual descent, and business optimism has trended higher amid cooler input price growth and steady consumer spending. While the growth picture appears solid, it is unlikely to settle the debate on the degree of monetary policy easing this year until we get more clarity on the labor market with next week's preliminary payroll benchmark revision and August's jobs report.

Consumer prices increased 0.2% in July, in line with expectations. The modest monthly gain was underpinned by restrained food and energy inflation. Most of the increase was thus driven by core services, specifically a stronger-than-expected rise in shelter prices. Core goods continued on their deflationary path, slipping 0.3%, and were pulled down by a large drop in used vehicles prices. The outturn led the headline CPI to tick down a tenth to 2.9% on a year-over-year basis in July, which is the first time that inflation has fallen below 3% since March 2021.



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



Source: NFIB and Wells Fargo Economics

Inflation's downward trajectory has provided relief to small businesses. The NFIB Small Business Optimism Index rose for the fourth straight month to 93.7 in July, or its highest since early 2022. Price growth remains a top problem for small business owners, but improving sales expectations have supported plans to expand inventories. Separate data on retail sales show those expectations are not unwarranted—spending at retail stores and food service places rose a better-than-expected 1.0% in July. The sales pop poses some upside risk to our current forecast of a 2.3% annualized rise in real personal consumption expenditures in the third quarter.

Despite the ongoing strength in consumption, manufacturing remains in the doldrums as solid imports have likely stepped in to fulfill consumer goods demand. Industrial production contracted 0.6% in July. The details point to weakness in motor vehicle & parts manufacturing and utilities production as key drivers of the headline decline, but the environment for capital expenditures remains challenging. Uncertainty around the timing and degree of monetary policy easing and the results of the U.S. presidential election have fostered little incentive for firms to take on major projects today.

A similar dynamic is playing out in residential construction. Housing starts posted a sharp 6.8% decline in July. Applications for building permits, a leading indicator of home construction, also slipped 4.0% over the month. The broad contraction points to a deferment mindset among home builders and manufacturers alike. As written in Interest Rate Watch, we will be looking for clues on the path of monetary policy this year and next in Chair Powell's speech at the annual Economic Policy Symposium at Jackson Hole on August 23. (Return to Summary)

U.S. Outlook

Weekly Domestic Indicator Forecasts					
Date	**Indicator**	**Period**	**Consensus**	**Wells Fargo**	**Prior**
19-Aug	Leading Index (MoM)	Jul	-0.3%	-0.6%	-0.2%
22-Aug	Existing Home Sales (SAAR)	Jul	3.90M	3.94M	3.89M
23-Aug	New Home Sales (SAAR)	Jul	631K	635K	617K

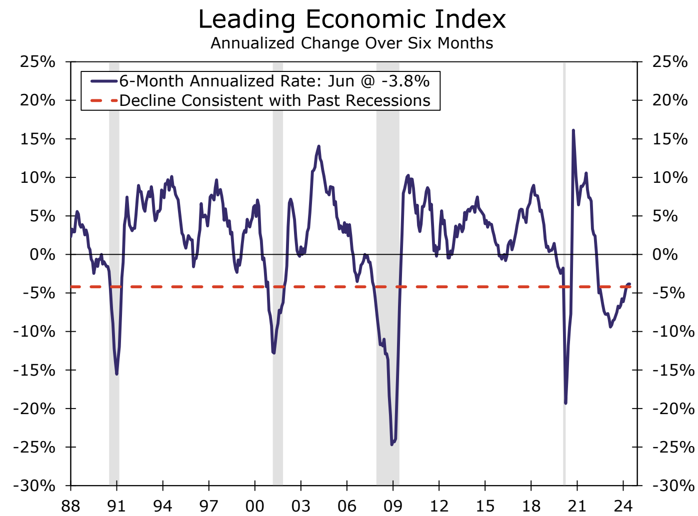
Forecast as of August 16, 2024

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

Leading Economic Index • Monday

Recent trends in the LEI appear divorced from reality. This historical bellwether of recessions has been on the downswing since March 2022, when the Fed first started raising interest rates. After the 28th consecutive slip in June (save for one month when the index was unchanged), it is now sitting eerily close to the low point hit during the pandemic downturn. Although July's labor market deterioration suggests that recession risks are elevated, the long downdraft in LEI overstates recent weakness. Keep in mind that real GDP expanded by 2.8% in the second quarter. Looking closer, however, the decline in LEI has softened in recent months, prompting the index to stop signaling recession on a six-month annualized basis.

We do not expect the LEI to break trend come July. The index is poised to receive negative hits from contracting ISM new orders and the inverted yield curve. The consumer expectations component will likely be a wash, as outlooks improved in the Conference Board Consumer Confidence survey but deteriorated in the University of Michigan Consumer Sentiment survey. Other components, like a drop in building permits and tick down in hours worked by manufacturing employees, will likely be counteracted by strength in the S&P 500. All told, we forecast a 0.6% dip in July.

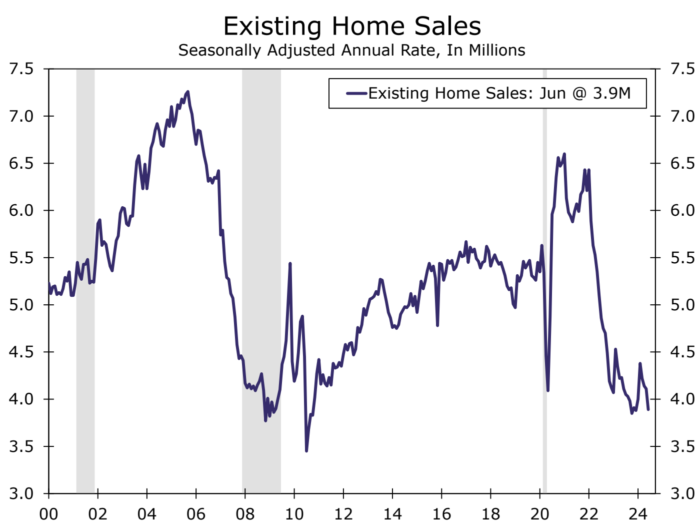


Source: The Conference Board and Wells Fargo Economics

Existing Home Sales • Thursday

An unsavory combination of high mortgage rates and rising prices have kept the housing market in a lull. Existing home sales have waned for four consecutive months as of June. At 3.89 million, the annual pace of resales is only a stone's throw away from the 3.83-million pace low point reached in 2010. We expect the Fed to begin its easing cycle this September, which would put downward pressure on mortgage rates and potentially incentivize buyers to come back from the sidelines. However, sturdy price appreciation alongside slower income growth will likely keep a lid on resales.

Preliminary evidence suggests that a dip in mortgage rates in June produced a slight bounce in activity in July, but that prohibitive financing costs continued to constrain sales. The 30-year fixed mortgage rate averaged 6.9% in the last week of June, an improvement from 7.2% at the start of May. Leading indicators of housing market activity inched higher in tandem. Pending home sales, which lead existing home sales by a month or two, ticked 4.8% higher in June off a record low reached in May. Mortgage purchase applications also rose modestly over the month. We expect existing home sales to inch 1.3% higher in July to a 3.94 million-unit annual rate, which would remain sluggish compared to recent history.



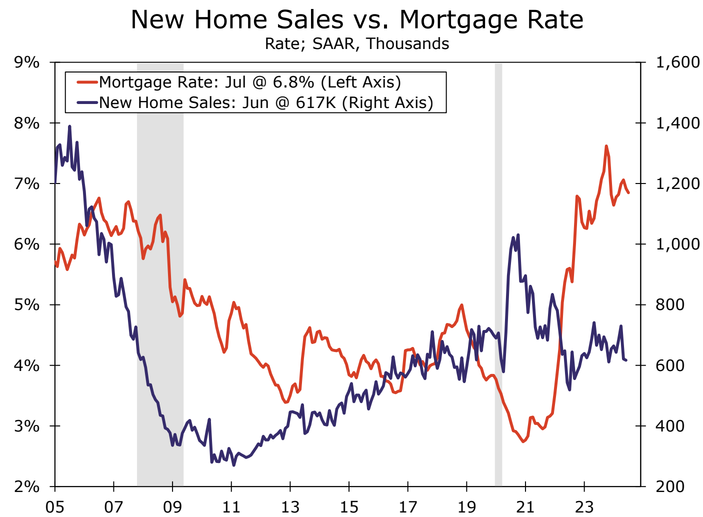
Source: NAR and Wells Fargo Economics

New Home Sales • Friday

The tailwinds supporting home builders appear to be fading. New home sales dipped 0.6% in June, the second consecutive deterioration that brought the total sales pace 7.4% below its year-ago level. A softer jobs market and growing expectations for lower mortgage rates down the pike appear to be denting demand for new construction. On top of that, builder incentives are losing their sway. According to the National Association of Home Builders, 61% of builders offered incentives like price cuts and mortgage rate buy-downs in both June and July, the highest percentages since January.

We look for a modest improvement in July. Unlike existing home sales, new home sales reflect transactions at the time of contract signing, indicative of mortgage rates during that current month. Mortgage rates continued to trend lower in July after starting to claw back in June, averaging 6.8% over the month. Although only a minor step down, it marked further progress away from the over 7.0% rates that prevailed in April and May. We forecast a 2.9% uptick in sales to a 635K-unit pace.

(Return to Summary)



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

International Review

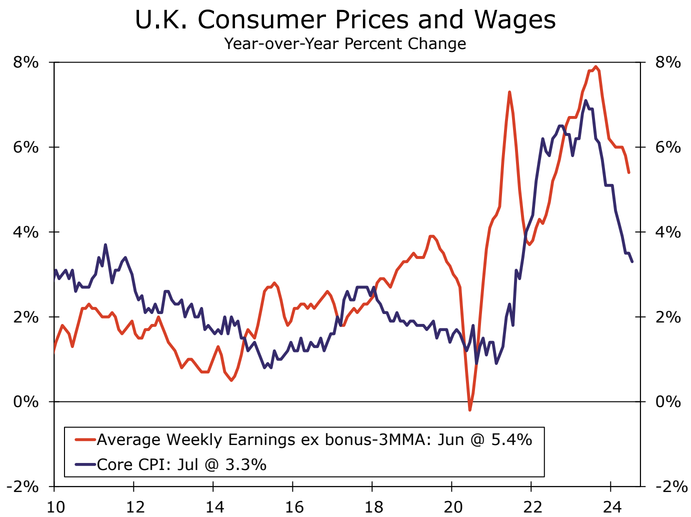
Steady U.K. Growth, Gradual Inflation Slowdown Mean Measured Central Bank Easing

The U.K. consumer price index for July offered some good news for Bank of England (BoE) policymakers. Headline inflation firmed a bit less than expected to 2.2% year-over-year, while other measures reflecting the underlying trend slowed further. Core inflation slowed slightly more than forecast to 3.3%, while services inflation was a notable downside surprise at 5.2%. Whether the BoE will be swayed by the surprise in services inflation is an open question. Policymakers, to some extent, discounted surprisingly high outcomes in recent months and so, similarly, might downplay the downside miss for July.

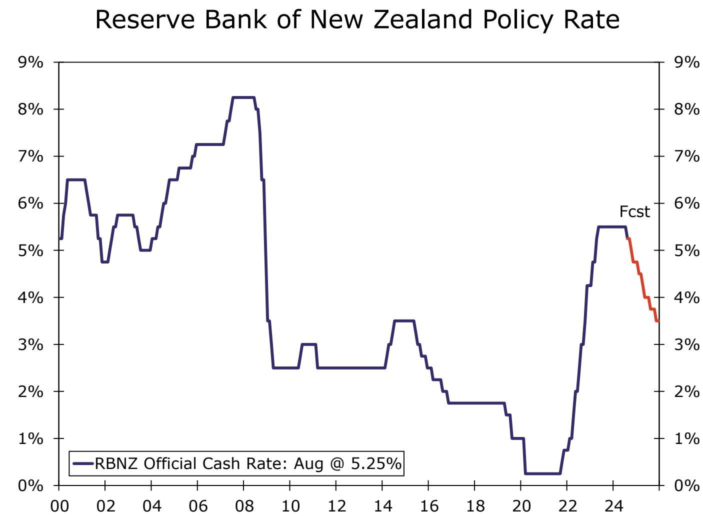
Meanwhile, this week's U.K. labor market data were mixed and might also give the BoE some pause about lowering interest rates too aggressively. Average weekly earnings slowed slightly more than forecast to 4.5% year-over-year in the three months to June. However, average weekly earnings excluding bonuses were exactly as forecast, rising 5.4%, while for the private sector average weekly earnings excluding bonuses rose 5.2%, which was slightly higher than the BoE's forecast. Separately, the employment details were solid, even if there are some questions about the reliability of the data given the low survey response rates in recent quarters, as well as a tendency for frequent revision. Still, the survey-based employment measure showed a gain of 97,000 for the three months to June compared to the three months to March, while the monthly payrolled employees measure showed a gain of 24,000 in July. Meanwhile, U.K. second quarter GDP figures were mixed, but favorable, overall. Q2 GDP rose 0.6% quarter-over-quarter, matching the consensus forecast, although some strength was driven by an increase in government spending. Consumer spending rose a more modest 0.2%, while business investment dipped 0.1%. The second quarter ended on a muted note, as June GDP was flat month-over-month, with services activity down 0.1% and industrial output up 0.8%. Even with the modest end to Q2, the U.K. economy appears well-placed for another steady quarter of growth in Q3. Given the moderate ongoing deceleration in wage and inflation trends and steady growth in activity, our view remains that the BoE is likely to hold rates steady in September before resuming rate cuts in November.

Another country to show more encouraging growth in the second quarter was the economy of Japan. Q2 GDP growth grew at a 3.1% quarter-over-quarter annualized pace, beating the consensus forecast and more than reversing the decline in Q1. The details were also constructive, as Q2 consumer spending grew at a 4% pace and business capital spending grew at a 3.6% pace. With wage growth firming and inflation still elevated, we believe the economic case for further Bank of Japan rate hikes remains intact. Our base case is currently for 25 bps rate hikes in October and January, although recent market turmoil means there is some risk those moves get pushed back to January and April.

Finally, July activity data from China were mixed and overall likely consistent with ongoing gradual deceleration. The more favorable news was from July retail sales which firmed a bit more than expected to 2.7% year-over-year, while industrial output eased more than forecast to 5.1%. Fixed asset investment also slowed in July, with year-to-date growth decelerating to 3.6% year-over-year. In the absence of large scale fiscal stimulus, and even with some lowering of interest rates and easing in liquidity policy in recent months, we forecast China's GDP growth to slow to 4.8% for full-year 2024.



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



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

In terms of monetary policy, this week was notable for the Reserve Bank of New Zealand (RBNZ) delivering an initial 25 bps policy rate cut, to 5.25%. The outcome was a mild surprise for economists, with just nine analysts calling for a rate cut versus 14 analysts (and ourselves) that had expected the RBNZ to remain on hold. It also represented a relatively rapid pivot from the RBNZ who, as recently as May, had delivered a hawkish monetary policy announcement at which it revised its peak for the policy rate path higher, suggesting there was still some risk of a rate increase. Fast-forward a few months, and a weak economy (the central bank forecasts negative GDP growth in both Q2 and Q3) and a downside surprise for Q2 inflation have increased the RBNZ's confidence that inflation will soon return to the 1%–3% target range. The RBNZ also revised its policy rate projections lower, indicating that further rate cuts should be forthcoming at the upcoming meetings. The central bank projected an average policy rate of 4.92% for Q4-2024, falling to 3.85% by Q4-2025 and 3.13% by Q4-2026.

The RBNZ's comfort in lowering interest rates this week (ahead of the Q3 inflation figures) means we now expect 25 bps rate cuts in October and November, which would see the policy rate end 2024 at 4.75%. So long as inflation trends continue to moderate, we also forecast 25 bps rate reductions in February, April and May next year. Beyond that, and as the central bank moves closer to a more neutral policy interest rate, we expect a more gradual quarterly cadence of easing, with rate cuts anticipated at the August and November 2025 meetings, which would see the RBNZ's policy rate end next year at 3.50% (compared to our prior forecast of 4.25% by the end of 2025). Finally, Norway's central bank—Norges Bank—kept its policy rate unchanged at 4.50% at this week's policy meeting. The central bank acknowledged slowing of inflation to date but also signaled concerns that premature easing could see inflation remain above target for too long. Central bank policymakers also expressed particular concern about weakness in the krone exchange rate, a factor that could boost inflation. Given these developments, the Norges Bank said "the policy rate will likely be kept at the current level for some time ahead." Our view remains that the Norges Bank will deliver an initial rate cut in Q4 this year, most likely in December.

(Return to Summary)

International Outlook

Weekly International Indicator Forecasts

Date	Indicator	Period	Consensus	Wells Fargo	Prior
20-Aug	Riksbank Policy Rate	20-Aug	3.50%	3.50%	3.75%
20-Aug	Canada CPI (YoY)	Jul	2.4%	–	2.7%
22-Aug	Eurozone Manufacturing PMI	Aug	45.9	–	45.8
22-Aug	Eurozone Services PMI	Aug	51.7	–	51.9

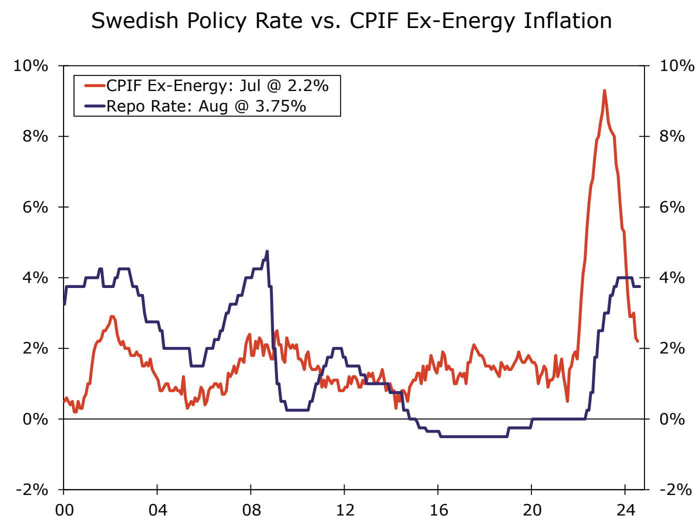
Forecast as of August 16, 2024

Source: Bloomberg Finance L.P and Wells Fargo Economics

Riksbank Policy Rate • Tuesday

The Riksbank announces its monetary policy decision next week, an announcement at which we (and the consensus) expect Sweden's central bank to lower its policy rate a further 25 bps to 3.50%. The Riksbank held rates steady at 3.75% at its most recent meeting in June, but its statement and economic projections from that meeting were dovish in tone. Acknowledging slower underlying inflation and anticipating slower wage growth, Sweden's central bank lowered its core CPI forecasts as well as its projected policy rate path while saying that "the policy rate can be cut two or three times during the second half of the year."

Since then, CPIF ex-energy inflation has slowed even further to 2.2% year-over-year in July, evidence of slower wage growth has begun to emerge and trends in economic activity have remained subdued. Against this backdrop, we fully expect the Riksbank to cut its policy rate by 25 bps at next week's meeting. Market participants might instead be more closely focused on the Riksbank's policy guidance. We expect the central bank will signal at least two more rate cuts over the rest of this year, with the risk tilted toward even more dovish guidance that signals rate cuts at each of the three remaining policy announcements during the rest of 2024.

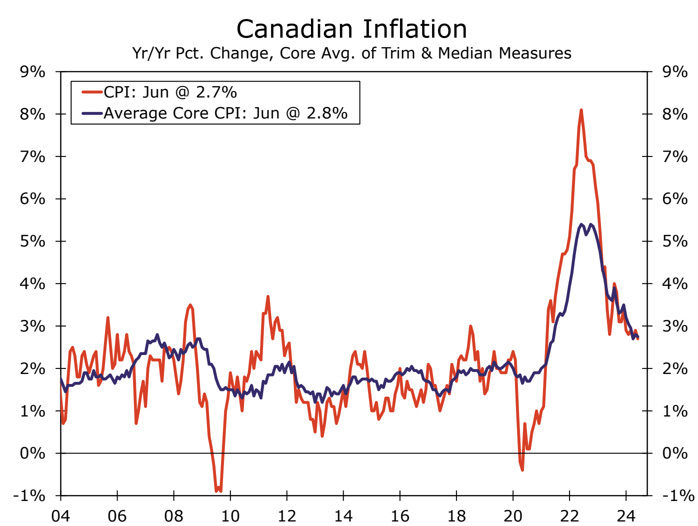


Source: Bloomberg Finance L.P. and Wells Fargo Economics

Canada CPI • Tuesday

Canada's consumer price index for July, due for release next week, looms as a key data point ahead of the Bank of Canada's next monetary policy announcement in early September. The underlying trend in Canadian inflation has been on a decelerating path for several months, contributing to the 50 bps of rate cuts the central bank has delivered so far. To be sure, services inflation and hourly wage growth for permanent employees remain elevated, the former at 4.8% year-over-year in June and the latter at 5.2%. Still, the labor market appears to be softening and broader economic activity is relatively subdued, a factor that is contributing to lessening price pressures more broadly.

For July, the consensus forecast is for headline inflation to slow further to 2.4% and for core inflation measures to also decelerate, while the trimmed mean CPI is seen slowing to 2.8% and the median CPI is seen slowing to 2.5%. If realized, those readings would mean the average core CPI will have advanced at a 2.4% annualized pace over the past six months, only moderately in excess of the Bank of Canada's 2% inflation. Further evidence of contained inflation trends, combined with indications of a slowing in economic growth momentum, should be enough, in our opinion, for the Bank of Canada to deliver another 25 bps policy rate reduction at its early September monetary policy announcement.



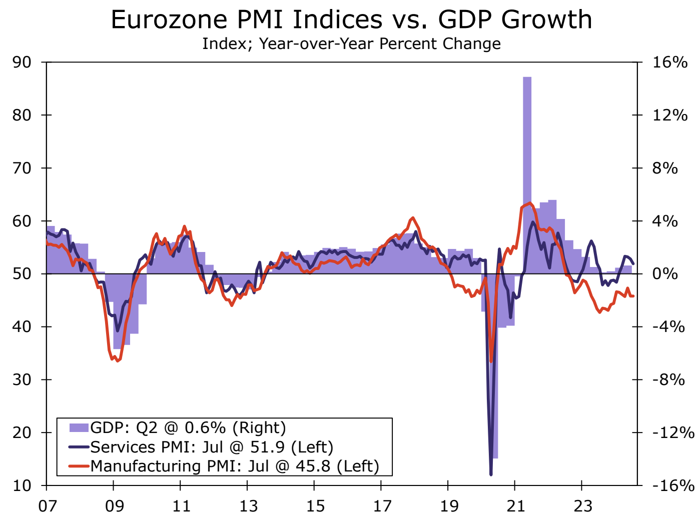
Source: Bloomberg Finance L.P. and Wells Fargo Economics

Eurozone PMIs • Thursday

The Eurozone manufacturing and services PMIs are scheduled for release next week, figures that will be important not only for assessing the health of the region's economy, but also the likelihood that the European Central Bank will deliver another interest rate cut at its September monetary policy announcement.

The Eurozone economy showed improved momentum in early 2024, with GDP growth of 0.3% quarter-over-quarter in both Q1 and Q2. Slowing headline inflation, ongoing employment growth and improving real income trends helped to contribute to the Eurozone's firmer growth trends. That said, sentiment surveys have softened in recent months, reflecting ongoing headwinds in Germany's manufacturing sector and perhaps also temporary uncertainty surrounding the recent French elections. For August, the outlook for Eurozone PMI surveys are mixed, with the consensus forecast for the manufacturing PMI to edge up to 45.9 and the services PMI expected to dip to 51.7. However, should the August PMIs show a sharp downside surprise, that could portend slower growth in the second half of this year, reinforcing the chances of a September rate cut, an outcome which is our base case. Significant strength in the PMI surveys, however, would leave the outlook for a September rate cut more clouded, especially if subsequent data releases point to wage growth and services inflation remaining elevated for the time being.

(Return to Summary)



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

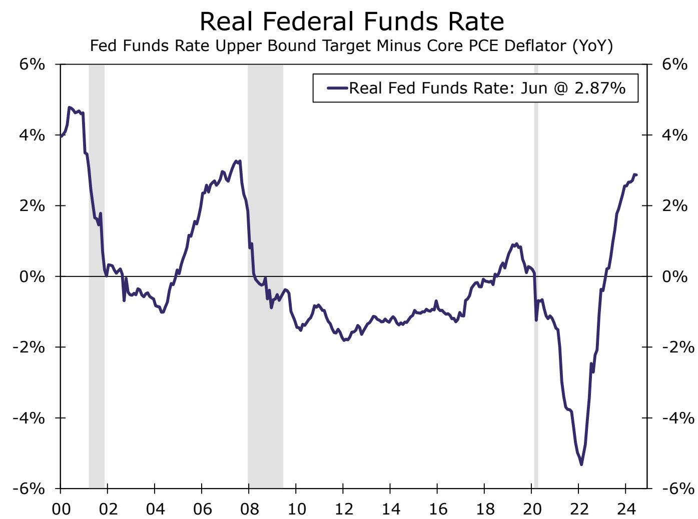
Interest Rate Watch

Fishing in Jackson Hole for Clues About the Fed Rate Path

While the data calendar will be rather light next week, there will be plenty to chew on when it comes to interest rates as FOMC Chair Powell delivers his annual speech at Jackson Hole. The Chair's address at the Kansas City Fed's annual Economic Policy Symposium has grown to become the most-anticipated Fed speech of the year. The heightened interest stems from a history of various chairs using the forum to deliver significant policy messages during one of the longer calendar stretches between scheduled meetings. These include Ben Bernanke signaling support for additional rounds of quantitative easing in 2010 and 2012, as well as Powell announcing a new FOMC policy framework in 2020, and then delivering pointed remarks in 2022 that the Committee would do what is necessary to restore price stability even if it causes some pain.

While not every speech by Fed Chairs at Jackson Hole makes waves, we see the potential for Powell's address this year to signal another important policy shift. The FOMC has held the fed funds rate at 5.25%–5.50%, its highest level since 2001, for more than a year now in an effort to corral decades-high inflation. Since the FOMC last adjusted its policy rate in July 2023, inflation has fallen significantly, even though it has not returned all the way back to the FOMC's 2% target. The core PCE deflator has declined from a year-over-year rate of 4.2% to 2.6% and is likely to remain near that 12-month pace through the end of the year by our estimates. As a result, there has been passive tightening in monetary policy over the past year when looking at the fed funds rate on an inflation-adjusted basis (chart).

Inflation is not the only part of the FOMC's mandate that looks materially different from when the Committee first lifted the fed funds rate to its current range. By a host of measures, labor market conditions have softened over the past year, and according to Chair Powell the jobs market is no longer overheated. Notably, payroll employment growth averaged 264K jobs per month in the 12 months through July 2023, but has slowed to an average pace of 209K in the past 12 months (and likely even less once benchmark revisions are factored in). Meantime, the unemployment rate has risen from 3.5% a year ago to 4.3%. That puts it at the top end of the FOMC's central tendency estimate of the longer-run unemployment rate, implying further loosening in the jobs market would be undesirable.



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

Chair Powell's Jackson Hole address, therefore, could be used to take the next step toward a rate cut by suggesting that, amid the evolution of the economy over the past year, the increasingly restrictive stance of policy, when viewed through the lens of the real fed funds rate, may no longer be appropriate. The July FOMC statement and Chair Powell's post-meeting conference illustrated that the risks to the Fed's mandates are no longer all about inflation given the improvement on the price front and cooler state of the jobs market.

As such, Powell may frame possible easing in terms of a risk-management approach to policy. With economic growth still strong and inflation not fully snuffed out, we would expect Powell to suggest that any easing at this juncture would be a dialing-back of policy restriction, with the policy setting normalizing alongside economic conditions. While his speech is likely to hint that a rate cut is coming as soon as the FOMC's next meeting, we expect him to stop short of offering any clues as to the size of a potential rate adjustment, since there is another month of employment and inflation data still to come before the Committee's September 17–18 meeting.

(Return to Summary)

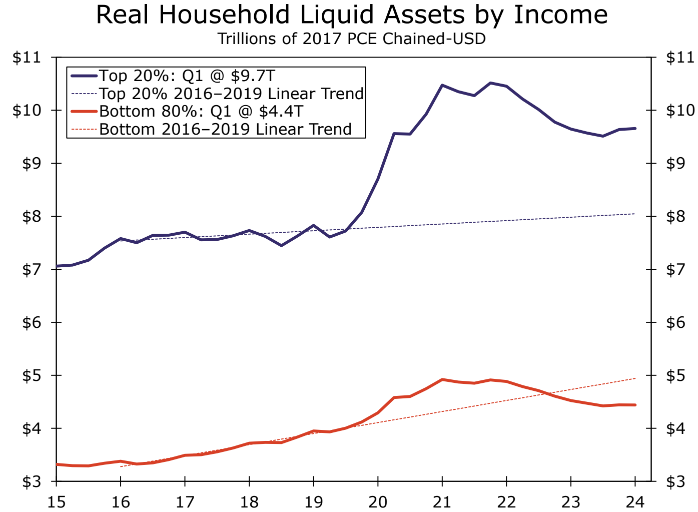
Topic of the Week

Lower Income Household Liquidity Crunch

Amid a slowdown in the labor market, the staying power of the consumer is once again central to the economic outlook. However, consumer purchasing power may be dwindling for lower income households. A notable trend has appeared in the Fed's distributional financial accounts data in recent quarters,with lower income households facing an increasingly constrained availability of liquid assets. The story has been that, broadly, households have thus far maintained spending growth at a solid clip, evident in both sustained personal spending and retail sales that have demonstrated surprising strength as of late. Even so, under the hood, lower income households have been drawing on liquid reserves to help maintain spending. These liquid assets, which include cash, checking deposits, savings deposits and money market shares, are important to the outlook for real personal consumption expenditures, as they are the assets most easily deployed for spending.

Early in the pandemic, households across the income spectrum bolstered their liquid asset reserves. This was due to an infusion of fiscal stimulus and an environment in which certain experiential services spending, such as eating out and concerts, was not possible, causing forced thrift among households. Beginning in early 2022, both lower and higher income households' liquid assets started to decline on a real basis, which continued for over a year for both types of households, though it began diverging in mid-2023. At that point, higher income households resumed bolstering their liquid assets, driven primarily by money market inflows, while lower income households' balances stagnated.

Real Household Liquid Assets by Income



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

Liquidity measures are difficult to concretely estimate with precision due to the data being subject to large revisions at times. A simple linear trend analysis suggests that real liquid assets for households below the 80th percentile of the income distribution are now about $500 billion, or over 10%, below where they would have been had they continued on their trend from 2016–2019 in the absence of the pandemic. Meanwhile, liquid assets for households in the top 20% of the income distribution are over $1.6 trillion, or 20%, above where they would have been following their 2016–2019 linear trend. The staying power for middle and lower income households is not as robust as it is for higher income households who have liquid assets that have increased significantly since the pandemic.

A recent research note from the Federal Reserve Bank of San Francisco corroborates this finding. Perhaps even more cautionary than our simple linear trend analysis, economists at the SF Fed estimate that real liquid assets for *all* households are now below where they would have been in a scenario without the pandemic. The upshot of both analyses is that middle to low income households are not as flush with cash as they once were.

(Return to Summary)

Market Data • Mid-Day Friday

U.S. Interest Rates	Friday 8/16/2024	1 Week Ago	1 Year Ago
SOFR	5.35	5.34	5.30
Effective Fed Funds Rate	5.33	5.33	5.33
3-Month T-Bill	5.21	5.21	5.44
1-Year Treasury	4.41	4.38	5.24
2-Year Treasury	4.10	4.05	4.97
5-Year Treasury	3.79	3.80	4.40
10-Year Treasury	3.91	3.94	4.25
30-Year Treasury	4.16	4.22	4.35
Bond Buyer Index	3.88	3.85	3.75

Foreign Exchange Rates	Friday 8/16/2024	1 Week Ago	1 Year Ago
Euro ($/€)	1.099	1.092	1.088
British Pound ($/£)	1.289	1.276	1.273
British Pound (£/€)	0.853	0.856	0.854
Japanese Yen (¥/$)	148.150	146.610	146.350
Canadian Dollar (C$/$)	1.372	1.373	1.353
Swiss Franc (CHF/$)	0.869	0.865	0.880
Australian Dollar (US$/A$)	0.663	0.658	0.642
Mexican Peso (MXN/$)	18.688	18.832	17.139
Chinese Yuan (CNY/$)	7.167	7.168	7.299
Indian Rupee (INR/$)	83.950	83.956	82.955
Brazilian Real (BRL/$)	5.473	5.509	4.992
U.S. Dollar Index	102.804	103.135	103.431

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

Foreign Interest Rates	Friday 8/16/2024	1 Week Ago	1 Year Ago
3-Month German Govt Bill Yield	3.29	3.27	3.58
3-Month U.K. Govt Bill Yield	5.00	5.01	5.42
3-Month Canadian Govt Bill Yield	4.24	4.29	5.13
3-Month Japanese Govt Bill Yield	0.13	0.09	-0.12
2-Year German Note Yield	2.44	2.39	3.09
2-Year U.K. Note Yield	3.68	3.65	5.20
2-Year Canadian Note Yield	3.32	3.33	4.80
2-Year Japanese Note Yield	0.36	0.29	0.02
10-Year German Bond Yield	2.25	2.23	2.65
10-Year U.K. Bond Yield	3.92	3.95	4.65
10-Year Canadian Bond Yield	3.08	3.11	3.77
10-Year Japanese Bond Yield	0.88	0.85	0.63

Commodity Prices	Friday 8/16/2024	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	76.26	76.84	79.38
Brent Crude ($/Barrel)	79.34	79.66	83.45
Gold ($/Ounce)	2483.70	2431.32	1891.81
Hot-Rolled Steel ($/S.Ton)	660.00	678.00	804.00
Copper (¢/Pound)	411.35	399.30	365.75
Soybeans ($/Bushel)	10.29	10.53	13.80
Natural Gas ($/MMBTU)	2.14	2.14	2.59
Nickel ($/Metric Ton)	16,070	15,887	19,499
CRB Spot Inds.	543.77	538.63	551.79

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