

# Economics Group

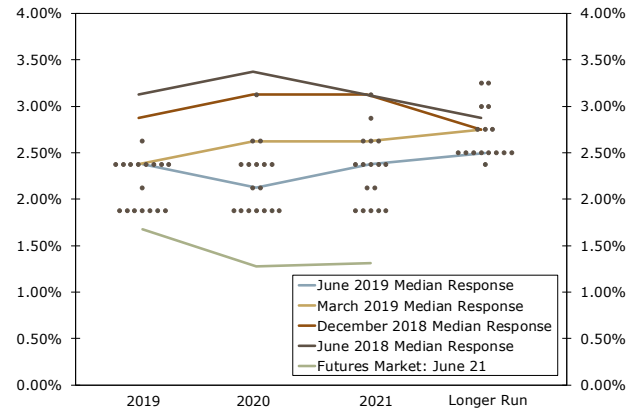
## Weekly Economic & Financial Commentary

### U.S. Review

#### Fed Positions for Rate Cut

- The Fed kept rates unchanged this week but opened the door to easing later this year by noting the heightened uncertainty to the economic outlook and the persistent undershoot of inflation.
- With inflationary pressures “muted,” the Fed has more cover to act decisively to stave off a more pronounced slowdown. We expect it to cut rates 25 bps at the July meeting and another 25 bps before the end of the year, likely in October.

Appropriate Pace of Policy Firming  
Target Federal Funds Rate at Year-End

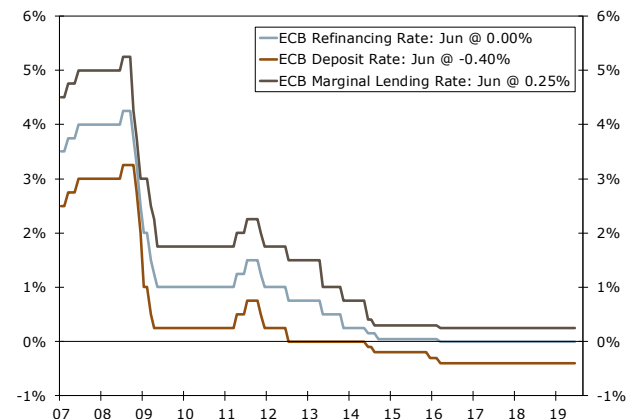


### Global Review

#### ECB Signals Policy Easing Ahead

- European Central Bank (ECB) President Draghi caught markets off guard when he suggested in a speech this week that the central bank would likely ease monetary policy in the relatively near term. We now think the ECB will cut rates deeper into negative territory in September and change its forward guidance, although at this time we do not expect the central bank to restart its asset purchase program.
- The Bank of Japan also met this week and signaled it was flexible on its yield target, while the Bank of England kept rates steady and acknowledged increased downside risks.

ECB Policy Rates



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Wells Fargo U.S. Economic Forecast																		
	Actual 2018				Forecast 2019				Actual 2016		Actual 2017		Forecast 2018		Forecast 2019		Forecast 2020	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q										
Real Gross Domestic Product <sup>1</sup>	2.2	4.2	3.4	2.2	3.1	2.0	2.1	2.4	1.6	2.2	2.9	2.6	2.1					
Personal Consumption	0.5	3.8	3.5	2.5	1.3	2.9	2.4	2.4	2.7	2.5	2.6	2.5	2.1					
Inflation Indicators <sup>2</sup>																		
PCE Deflator	1.9	2.2	2.2	1.9	1.4	1.5	1.5	1.6	1.1	1.8	2.0	1.5	2.0					
Consumer Price Index	2.2	2.7	2.6	2.2	1.6	1.9	1.8	2.0	1.3	2.1	2.4	1.8	2.3					
Industrial Production <sup>1</sup>	2.3	4.6	5.2	3.9	-1.9	-1.8	1.6	1.9	-2.0	2.3	3.9	1.1	0.7					
Corporate Profits Before Taxes <sup>2</sup>	5.9	7.3	10.4	7.4	3.1	2.7	3.5	2.1	-1.1	3.2	7.8	2.8	-0.9					
Trade Weighted Dollar Index <sup>3</sup>	103.1	107.3	107.6	110.1	109.8	107.3	107.0	106.5	109.4	108.9	106.4	107.6	103.6					
Unemployment Rate	4.1	3.9	3.8	3.8	3.9	3.6	3.6	3.6	4.9	4.4	3.9	3.7	3.5					
Housing Starts <sup>4</sup>	1.32	1.26	1.23	1.19	1.20	1.27	1.31	1.30	1.17	1.20	1.25	1.27	1.29					
Quarter-End Interest Rates <sup>5</sup>																		
Federal Funds Target Rate	1.75	2.00	2.25	2.50	2.50	2.50	2.25	2.00	0.52	1.13	1.96	2.31	2.00					
Conventional Mortgage Rate	4.44	4.57	4.63	4.64	4.28	3.75	3.80	3.90	3.65	3.99	4.54	3.93	4.00					
10 Year Note	2.74	2.85	3.05	2.69	2.41	2.15	2.20	2.30	1.84	2.33	2.91	2.27	2.40					

Forecast as of: June 12, 2019  
<sup>1</sup> Compound Annual Growth Rate Quarter-over-Quarter  
<sup>2</sup> Year-over-Year Percentage Change  
<sup>3</sup> Federal Reserve Advanced Foreign Economies Index, 2006=100 - Quarter End  
<sup>4</sup> Millions of Units  
<sup>5</sup> Annual Numbers Represent Averages

Source: Federal Reserve Board, IHS Markit, U.S. Department of Commerce, U.S. Department of Labor and Wells Fargo Securities

Together we'll go far



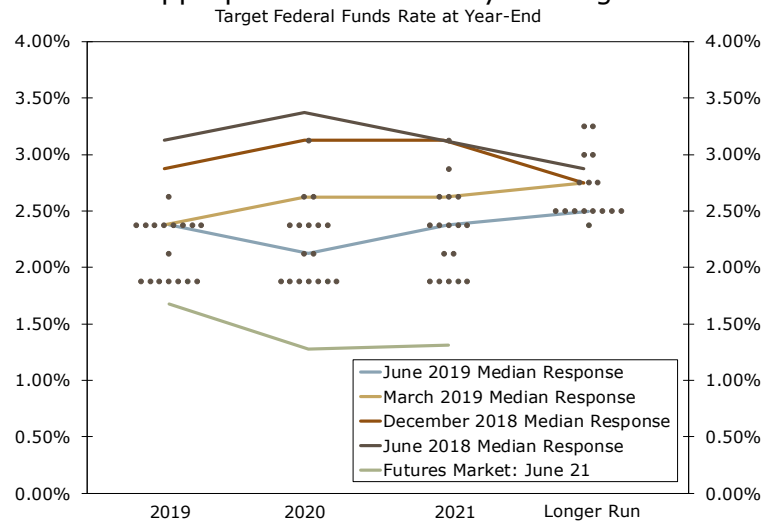
U.S. Review

Fed Positions for Rate Cut

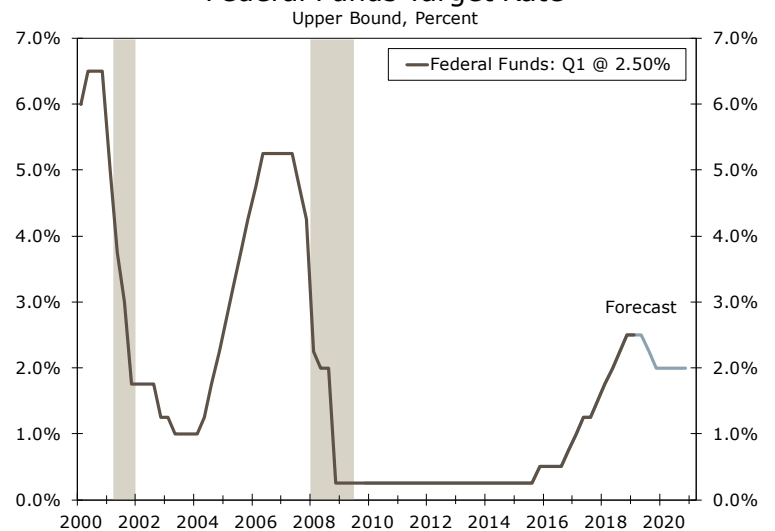
The Fed kept rates unchanged this week but opened the door to easing later this year by noting the heightened uncertainty to the economic outlook and the persistent undershoot of inflation. Seven committee members expected the year-end fed funds rate to be 50 bps lower, one expected it to be 25 bps lower and eight projected the Fed’s benchmark rate would remain unchanged. One member also expected a *hike*, while uber-dove James Bullard called for an immediate cut, marking the first dissent of the Powell era. Much more noteworthy is the fact that this meeting marked the first time the FOMC has forecast any sort of cut since it began making its formalized summary of economic projections publicly available in 2012. Those projections were not materially changed, however, with GDP and inflation forecasts shaved down modestly. Instead, driving the dovish tilt at the Fed is the *uncertainty* surrounding that outlook, stemming mostly from ongoing trade negotiations and weakening global growth. Moreover, with inflationary pressures “muted,” the Fed has more cover to act decisively to stave off a more pronounced slowdown. Powell dropped mention of inflation being “transitory”—a word he used nearly a dozen times at the last FOMC press conference a mere seven weeks ago—as well as the need for “patience” and data dependence, signaling what we believe to be a willingness to cut rates at the first sign of trouble. Indeed, Powell identified an “overarching goal” of sustaining the economic expansion. As such, the dots and press conference comments support our view that the Fed will cut rates 25 bps in July and another 25 bps, likely in October. The bond market has really let the doves fly, anticipating *more than 75 bps* of cuts by the end of 2019. Underlying all of this, including our overall macro forecast, is trade, which we expect to go unresolved for the foreseeable future. Presidents Trump and Xi will meet next week in Japan as part of the G20 meeting, ostensibly to reach a deal. While a deal is not in our forecast, a sooner than expected resolution to trade hostilities would dispel much uncertainty and likely obviate the need for a return to monetary policy easing in an economy with a 3.6% unemployment rate and a stock market at an all-time high. An unexpected deterioration or improvement in the trade arena could dramatically move the needle—in either direction—for the Fed, leading us to think markets are a bit too convinced of the magnitude of future easing. Yet with trade, perhaps the most appropriate course of action is to expect the unexpected.

We also got a look at some of the most cyclical portions of the economy this week. The housing market—one of the primary transmission mechanisms for monetary policy—continues to get a bit of a reprieve from drastically lower mortgage rates, but has not meaningfully re-accelerated. While existing home sales are still down 1.1% over the year, sales rose 2.5% in May and are trending in the right direction. Housing starts fell 0.9% in May, and remain 5.3% below their prior-year pace on a year-to-date basis. The NAHB builder confidence survey fell two points, likely on fears of a prolonged trade war driving materials prices higher. Purchasing manager surveys plummeted this month, with the Empire manufacturing and Philly Fed indices dropping 26.4 (the largest drop on record) and 16.3, respectively.

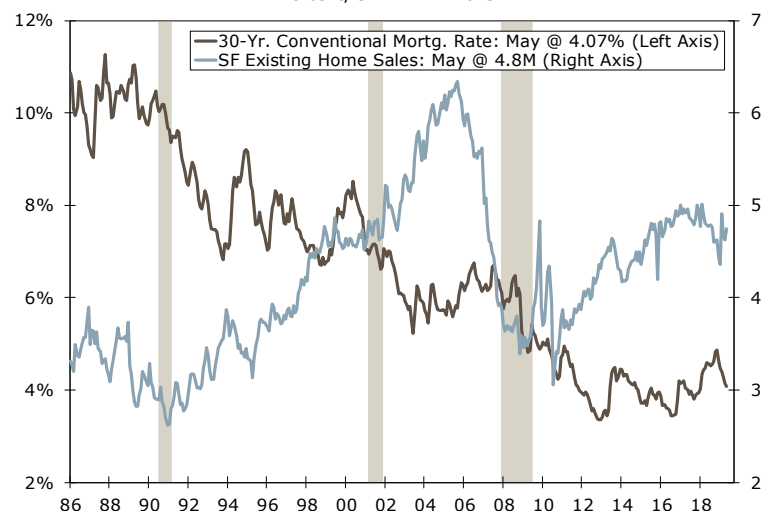
Appropriate Pace of Policy Firming



Federal Funds Target Rate



Mortgage Rate vs. Existing Single-Family Home Sales



Source: Federal Reserve Board, Bloomberg LP, National Association of Realtors, Freddie Mac and Wells Fargo Securities

**New Home Sales • Tuesday**

The sharp drop in mortgage rates this past month would normally be a panacea to a housing market that has stumbled under the weight of diminished affordability. Unfortunately, we believe even the latest drop in mortgage rates, which has seen rates on conventional 30-year mortgages fall below 4%, may not be enough to overcome the rising anxiety among potential homebuyers who sense that lingering trade tensions are putting economic growth at risk.

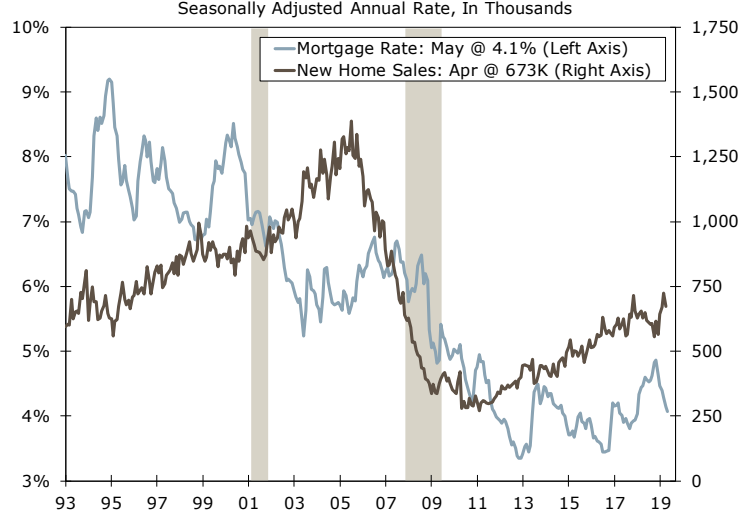
While new construction is expected to gradually ramp back up this year, we are still looking for modest gains. We look for new home sales to rise 1.0% in May to an annualized rate of 680,000. For full year 2019, we look for new single-family construction to climb 1.9% off a much larger and more inclusive base. A larger proportion of new home construction will focus on more affordable product, which are homes priced close to or below the median for a metro area.

**Previous: 673K**

**Wells Fargo: 680K**

**Consensus: 685K**

**New Home Sales vs. Mortgage Rates**



**Durable Goods Orders • Wednesday**

Durable goods orders declined for the second time over the past three months in April, underscoring the challenges trade policy uncertainty is having on the manufacturing sector. Core capital goods orders—a proxy for quarter-ahead business equipment investment—dropped 1.0% month-over-month in April following a downwardly revised March performance.

Market participants eagerly await the May durable goods order performance, yet this month's data still precede the White House's decision to increase tariffs on additional imported goods from China. We look for total durable goods orders to slip 0.2% in May, with orders excluding transportation to increase 0.2%. Highlighted several times by Chair Powell at the FOMC meeting, policy makers will closely monitor incoming data, like durable goods orders, for clues to any detrimental impact associated with trade policy uncertainty.

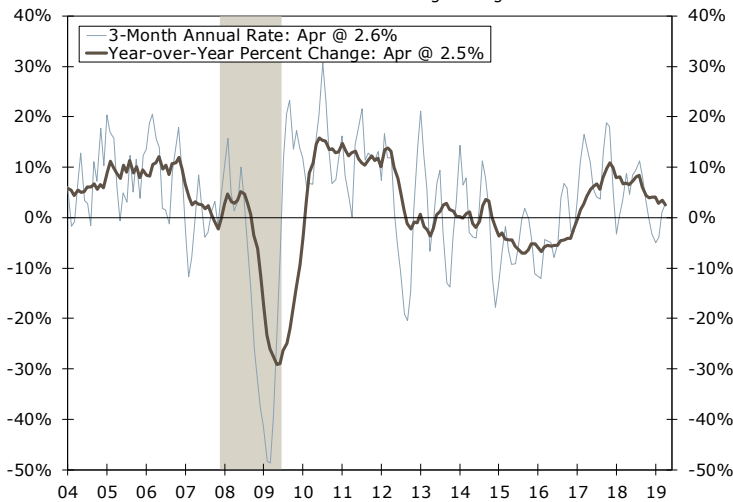
**Previous: -2.1%**

**Wells Fargo: -0.2%**

**Consensus: 0.3% (month-over-month)**

**Nondefense Capital Goods Orders, Ex-Aircraft**

Series are 3-Month Moving Averages



**Personal Spending • Friday**

Following a soft start to the year, consumer spending picked up measurably in March and April, with the two-month gain as strong as the economy has seen in seven years. Even as real consumer spending was unchanged in April, it is nonetheless set up for a significant rebound in the second quarter. Indeed, the real spending level in April was up an annualized 2.2% above the Q1 average and supports our call for strong consumer spending growth in Q2. This solid spending gain will provide significant underlying support to Q2 GDP growth, which is likely to be restrained by a wider trade deficit and less inventory building.

A close eye will be kept on the PCE deflator following Chair Powell's comments associated with this week's FOMC meeting. Emphasizing risks to the outlook, the FOMC downgraded inflation expectations for 2019 and 2020. Any further weakness in core inflation would support expectations for a July Fed rate cut.

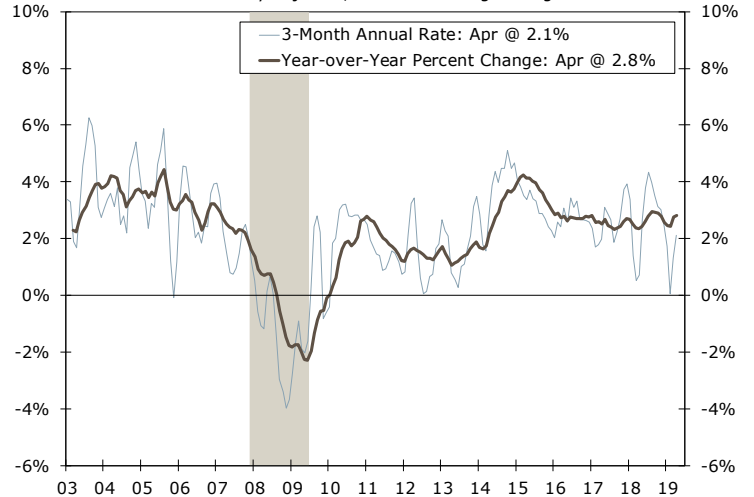
**Previous: 0.3%**

**Wells Fargo: 0.4%**

**Consensus: 0.5% (month-over-month)**

**Real Consumer Spending**

Seasonally Adjusted, 3-Month Moving Averages



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

## Global Review

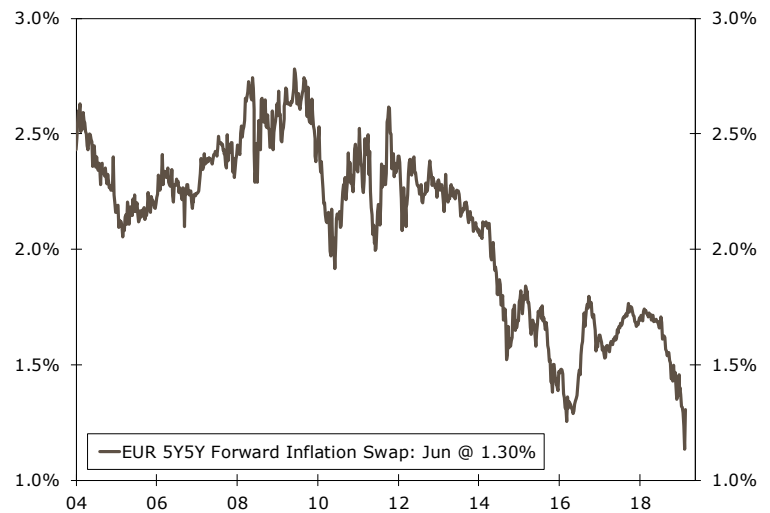
### ECB's Draghi Springs a Dovish Surprise

European Central Bank (ECB) President Draghi caught markets off guard this week with an announcement that suggested the central bank was likely to ease monetary policy in the relatively near term. Specifically, Draghi noted that, “in the absence of [economic] improvement, such that the sustained return of inflation to our aim is threatened, additional stimulus will be required.” Importantly, Draghi’s comments suggest that the economic data need to improve to avoid further policy easing, effectively making it more likely the central bank will ease policy. The change in guidance comes as Eurozone growth has continued to underwhelm and core inflation has showed signs of softening. Moreover, market-based inflation expectations have moved sharply lower recently, although Draghi’s comments appear to have led to some stabilization (top chart).

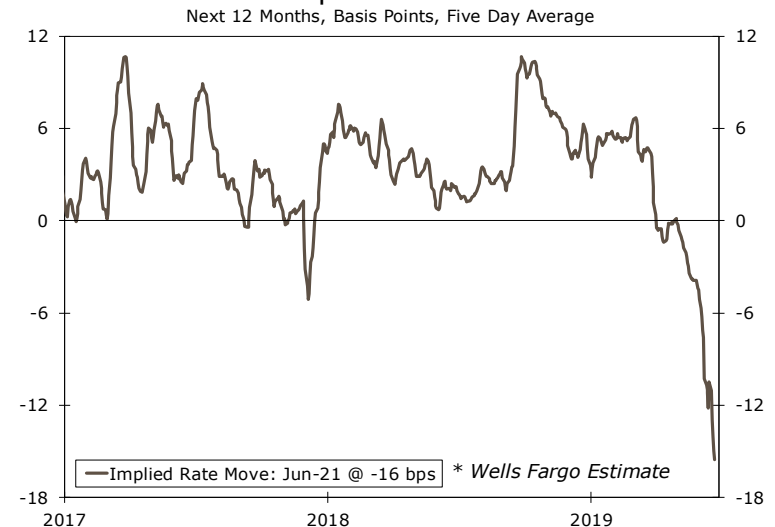
The ECB has a few policy measures in its toolkit if it decides to ease monetary policy, including: forward guidance, interest rate cuts and renewed asset purchases. In our view, rate cuts are the most likely first-order means by which the ECB will ease policy, including a change in forward guidance to accompany that rate move. Specifically, we expect the ECB **to cut its deposit rate and its main refinancing rate by 10 bps to -0.50% and -0.10%, respectively, in September**. The ECB’s current forward guidance is that rates will remain at current levels through H1-2020, but we would expect the ECB to change its language such that it now sees rates at present levels “or lower,” and perhaps remove any time-based guidance such that the commitment is more open-ended. Asset purchases are less likely at this time in our view, although we note the risk of a larger 20 bp rate cut in September or an additional 10 bp rate cut in December. On a more positive note, we learned this week that the Eurozone services PMI recovered further to 53.4 in June. While the manufacturing PMI remained in contraction territory, the Eurozone economy is primarily a services economy, and thus it appears the bulk of the economy is growing, if only moderately.

Elsewhere, the Bank of Japan (BoJ) met this week and made no changes to monetary policy, although it acknowledged that it was flexible on its target range for the 10-year Japanese government bond (JGB) yield, currently set at 0% +/- 20 bps. The yield is within a few bps of the bottom end of the range (-0.20%), and defending that level could entail outright sales of JGBs by the BoJ, which would likely run counter to the central bank’s messaging of “powerful monetary easing.” Finally, the Bank of England (BoE) also announced policy this week and held its Bank Rate at 0.75%, but acknowledged that the downside risks to the outlook had increased. The central bank also noted that the probability of a no-deal exit had likely increased, which markets perceived as a tepid acknowledgement that the BoE may have a hard time raising rates in the coming quarters as the Brexit process, and the associated uncertainty, drags on. We still expect BoE hikes next year, but the risk is certainly skewed toward fewer hikes than we expect, or no hikes at all, particularly if there is no resolution to Brexit by October or if the U.K. leaves the E.U. without a deal.

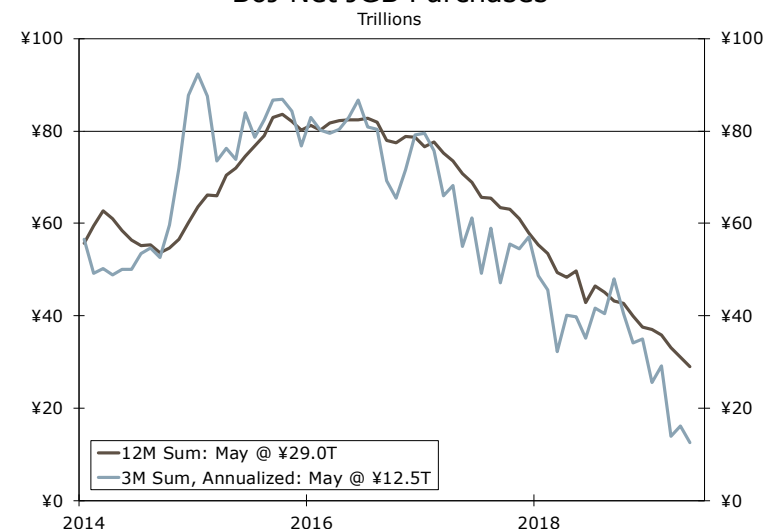
### Eurozone Inflation Expectations



### Market Implied ECB Rate Move



### BoJ Net JGB Purchases



Source: Bloomberg LP, IHS Markit and Wells Fargo Securities

## Mexico Central Bank Decision • Thursday

Monetary policy in Mexico is especially tight at present, with the nominal policy rate at 8.25% and core inflation of just under 4%, suggesting the real policy rate is above 4.00%. Against this backdrop of restrictive monetary policy, economic growth in Mexico has been sluggish, as real GDP grew just 1.2% year-over-year in the first quarter. Interest-rate sensitive sectors have been particularly weak, including gross fixed investment spending, which fell 2.4% from a year earlier in March.

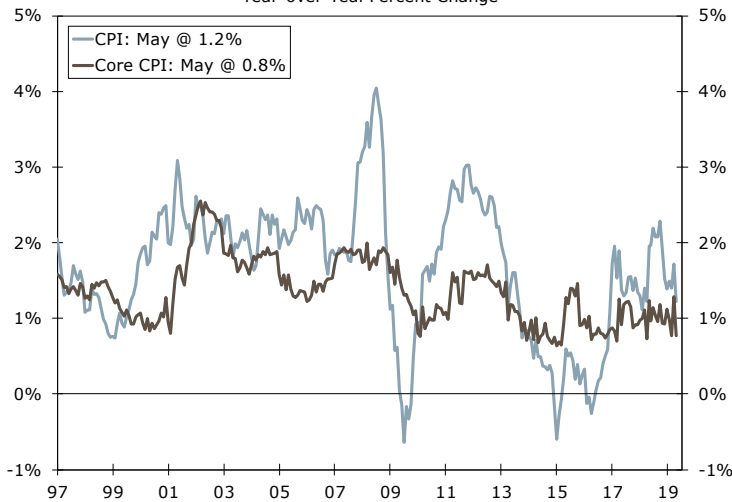
The central bank is widely expected to shift to an easing bias in the not-too-distant future, but has thus far continued to convey a hawkish message in recent policy announcements. However, now that U.S. tariffs on Mexico are no longer an immediate threat and the peso has stabilized, the central bank may feel more comfortable backing away from its hawkish stance and slowly starting to signal rate cuts.

**Previous: 8.25%**

**Consensus: 8.25%**

## Eurozone Consumer Price Inflation

Year-over-Year Percent Change



## Canada GDP • Friday

Canada's economy has slowed considerably over the past year or so as oil prices have generally moved lower and the housing market has cooled. Real GDP rose just 0.4% on a sequential annualized basis in the first quarter after growing just 0.3% in the prior quarter. However, the details of the Q1 print were better than the headline, as final domestic demand rebounded solidly on stronger consumer spending and fixed investment spending.

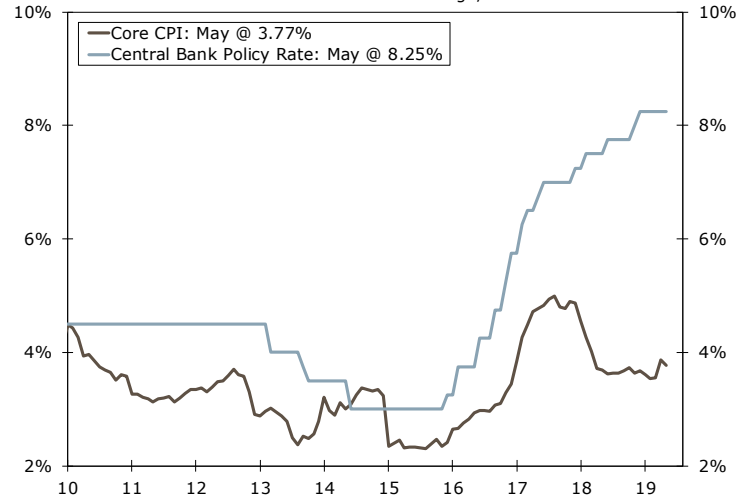
GDP data for April are released next week, and will provide insight into the performance of the economy as Q2 kicks off. This week's softer-than-expected retail sales report for April suggests some modest downside risk for the consensus estimate for April GDP growth of 0.2% month-over-month. Next week also includes the release of the Bank of Canada business outlook survey for Q2, which should also provide some insight into the performance on the Canadian economy in the current quarter.

**Previous: 0.5%**

**Consensus: 0.2% (Month-over-Month)**

## Mexico Policy Rate vs. Core CPI

Year-over-Year Percent Change, Rate



## Eurozone CPI • Friday

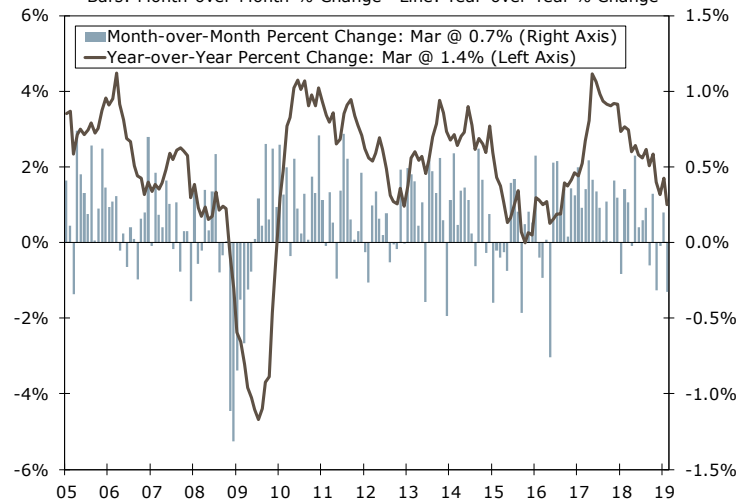
Core inflation in the Eurozone has been stuck right around 1.0% for several years now, and despite recent increases in wage growth, core inflation has yet to show any signs that it is ready to move higher. Persistent undershoots of the ECB's inflation target ("below, but close to, 2%") may be feeding through to weakness in inflation expectations. Indeed, the 5-year, 5-year forward inflation swap—a market-based measure of inflation expectations often cited by the ECB—reached new all-time lows around 1.1%, matching the average core CPI inflation rate since 2010. However, those expectations snapped higher after ECB President Draghi suggested that further stimulus may be coming if the economic situation does not improve. His comments suggest that if growth and inflation do not materially improve, the ECB is likely to cut interest rates (we expect a 10-bp cut in September). However, core CPI inflation will be a key metric to watch next week for further clues on future ECB actions.

**Previous: 0.8%**

**Consensus: 1.0% (Year-over-Year)**

## Canadian Real GDP

Bars: Month-over-Month % Change Line: Year-over-Year % Change



Source: Bloomberg LP, IHS Markit and Wells Fargo Securities

Interest Rate Watch

Dovish Signals from Central Banks

Major central banks were in the limelight this week, and policymakers generally delivered dovish comments. ECB President Draghi gave a speech on Tuesday in which he addressed the topic on why inflation remains well below the ECB's target. The statement that received the most press was "further cuts in policy rates ... remain part of our tools." In other words, the ECB is prepared to take rates further into negative territory.

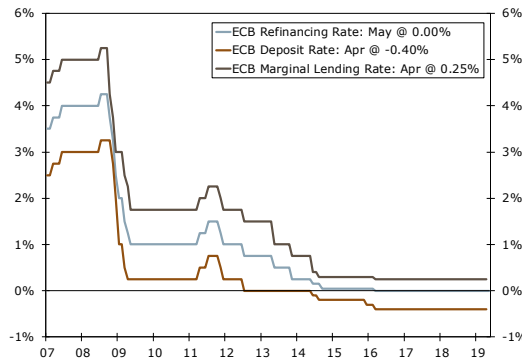
Accordingly, we expect that at its September 12 policy meeting the Governing Council will reduce the ECB's deposit rate to -0.50% from -0.40% and its two-week refinancing rate to -0.10% from 0.00% (top chart). See the [report](#) we wrote this week for more details.

The ECB was not the only major central bank generating headlines this week. As widely expected, the Federal Open Market Committee (FOMC) decided on Wednesday to leave its target range for the federal funds rate unchanged between 2.25% and 2.50%. But the committee indicated that it could be easing policy in the not-too-distant future. The FOMC acknowledged that uncertainties to its economic outlook have increased, and the committee stated that it "will closely monitor the implications of incoming information for the economic outlook and will act as appropriate to sustain the expansion." We interpret this wording as a signal that the Fed will cut rates at the first sign of trouble.

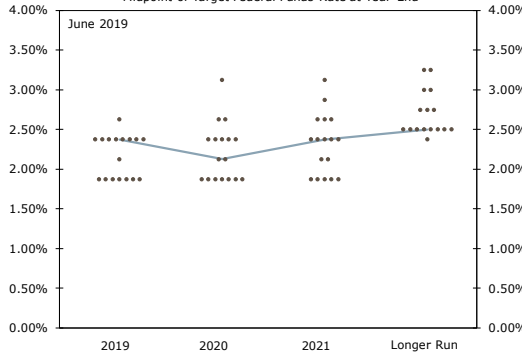
There were also important changes to the so-called "dot plot." One committee member looks for rates to be 25 bps lower by the end of the year, and seven members expect that rates will be 50 bps lower at the end of 2019 (middle chart). Previously, no committee members looked for rates to be lower at the end of the year.

We expect that the FOMC will cut its target range for the fed funds rate 25 bps at its next meeting on July 31 and by another 25 bps in the fourth quarter, probably at the October 30 meeting (bottom chart). This forecast depends, at least in part, on the assumptions we have made regarding U.S. trade policy. See our [Monthly Economic Outlook](#) for more details.

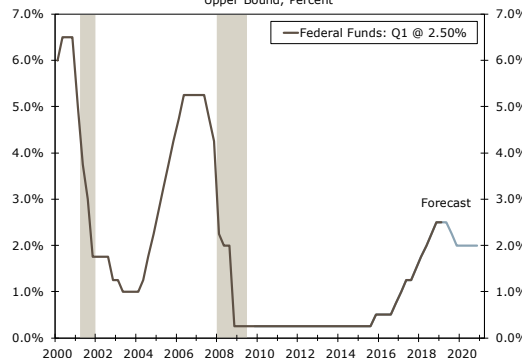
ECB Policy Rates



FOMC: Appropriate Pace of Policy Firming  
Midpoint of Target Federal Funds Rate at Year-End



Federal Funds Target Rate  
Upper Bound, Percent



Source: Bloomberg LP, IHS Markit and Wells Fargo Securities

Credit Market Insights

Rates Down, Refinancing Up

Mortgage applications dropped 3.4% this week after a 26.8% surge last week, according to the Mortgage Bankers Association. While the weekly application rate is a volatile index, last week's surge was the highest percentage increase since January 2015. The surge was concentrated in the refinancing portion of the index as homeowners took advantage of lower rates. Lower rates have also supported purchases, however, which year-to-date are outpacing the prior nine years. Indeed, the conventional 30-year fixed mortgage rate dropped below 4% this month, suggesting consumers can expect favorable home buying conditions to extend into the summer. This is consistent with consumer sentiment toward buying a home.

According to the preliminary results of the University of Michigan's Survey of Consumers, the 'good time to buy a home' measure improved 17 points to 147 this month, the largest one-month gain since 2013. But, will favorable home buying conditions necessarily translate to increased purchasing? Limited home supply may add to the affordability issue of consumers. According to CoreLogic, investors accounted for 11% of U.S. home purchasers in 2018. With increased competition for single-family homes weighing on median-priced supply, the affordability issue may cap the extent of a rebound in home sales. Still, while we expect a modest rebound in sales this year, what we see as more likely, is consumers—who have seen only modest wage growth—take advantage of low rates to refinance their homes.

Credit Market Data

Mortgage Rates	Current	Week	4 Weeks	Year
		Ago	Ago	Ago
30-Yr Fixed	3.84%	3.82%	3.99%	4.57%
15-Yr Fixed	3.25%	3.26%	3.46%	4.04%
5/1 ARM	3.48%	3.51%	3.60%	3.83%
Bank Lending	Current Assets	1-Week Change	4-Week Change	Year-Ago
	(Billions)	(SAAR)	(SAAR)	Change
Commercial & Industrial	\$2,346.3	9.68%	1.24%	6.82%
Revolving Home Equity	\$338.4	-10.17%	-8.04%	-6.96%
Residential Mortgages	\$1,915.7	0.29%	3.65%	4.05%
Commercial Real Estate	\$2,236.1	-3.70%	2.80%	4.61%
Consumer	\$1,542.9	1.97%	4.83%	4.99%

Mortgage Rates Data as of 06/21/19, Bank Lending Data as of 06/05/19

Source: Freddie Mac, Federal Reserve Board and Wells Fargo Securities

Topic of the Week

Should We Worry About American Debt?: Part II

In the [second report](#) of our series on American debt, we conclude that a downturn in the U.S. economy caused by financial stress in the household sector does not seem likely in the foreseeable future. Indeed the financial health of consumers has improved. But, still the rise in auto and student debt could have adverse effects, at least at the margin, on certain individuals and specific areas of consumer spending in coming years.

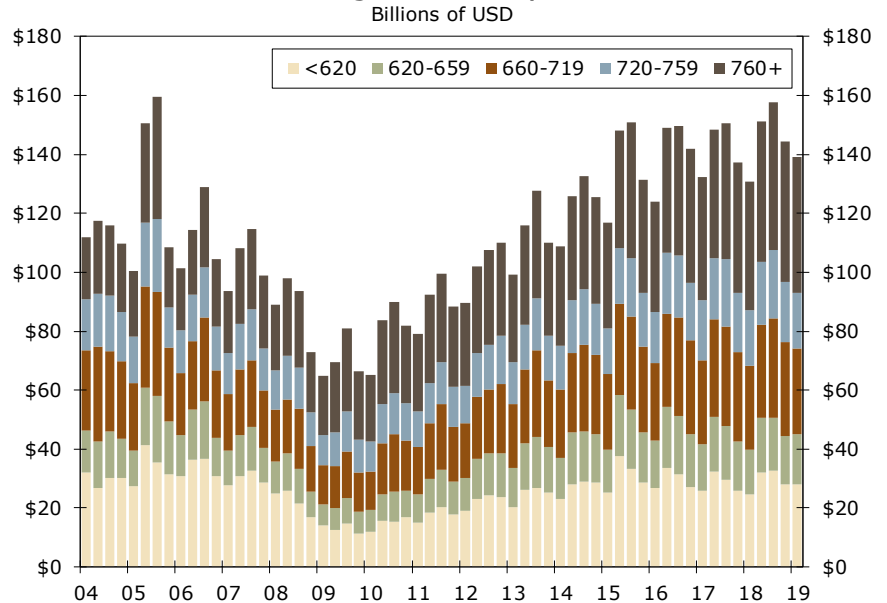
Even though combined household debt has increased by \$15 trillion in the past decade, low long-term interest rates, a thriving stock market and tight credit spreads point to few signs of current financial stress. The household balance sheet shows liabilities rising \$1.6 trillion from 2008, but a holistic view shows that household net worth has risen by about \$48 trillion. Today's lower financial obligations and household-debt to-income ratios are also improvements to be considered.

Since 2008, auto loans have grown by \$500 billion largely due to more originations to individuals with FICO scores less than 660. The risk profile of new auto loans has remained unchanged, but from 2015-2018, origination of loans to this subset increased \$200 billion per annum. The amount of outstanding auto loans stands at nearly \$1.3 trillion but is not close to that of residential mortgage debt which exceeded \$9 trillion at the height of the housing bubble. In the case of a wave of defaults, auto loans would not be as detrimental to the economy as residential mortgage debt was 10 years ago.

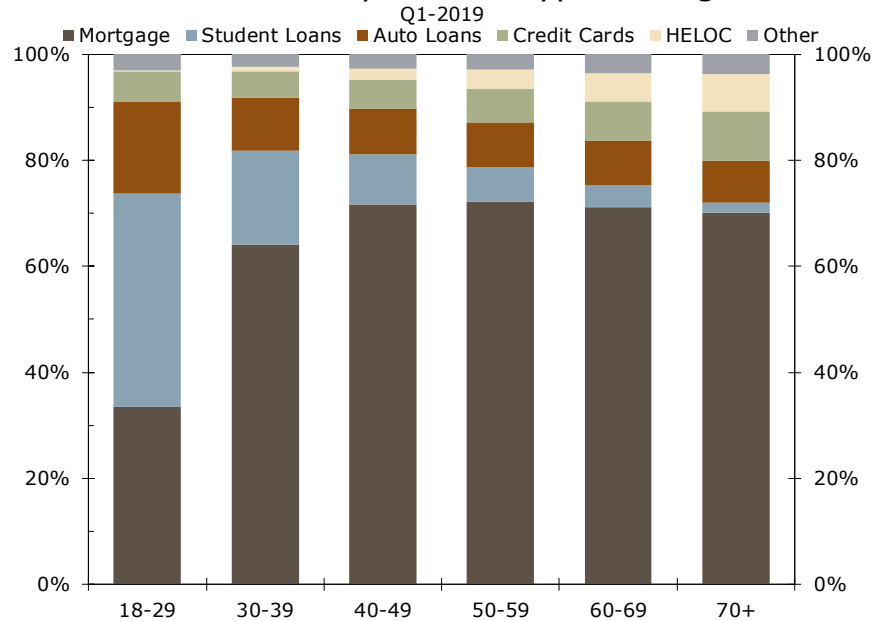
Student loans have also sharply increased to \$1.5 trillion today from \$600 billion circa 2008. As with auto loans, the mere magnitude of student loan debt does not compare to that of residential mortgages a decade ago and is not likely to bring the U.S. economy to its knees. That said, for certain individuals and segments of the economy, there could be adverse implications, since student loans are responsible for 35% of the outstanding debt owed by individuals age 18-29 years old. Since qualifying for mortgages or auto loans is more difficult with high debt loads, headwinds could be exerted on the housing and auto markets, and credit issues could arise due to delinquencies from these student loans.

In our next report, we will evaluate debt in the non-financial corporate debt. Stay tuned.

Auto Loan Originations by Credit Score



Debt Share by Product Type and Age



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

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## Market Data ♦ Mid-Day Friday

## U.S. Interest Rates

	Friday 6/21/2019	1 Week Ago	1 Year Ago
1-Month LIBOR	2.38	2.40	2.09
3-Month LIBOR	2.39	2.43	2.33
3-Month T-Bill	2.12	2.17	1.93
1-Year Treasury	1.92	1.97	2.31
2-Year Treasury	1.79	1.84	2.54
5-Year Treasury	1.80	1.83	2.77
10-Year Treasury	2.05	2.08	2.90
30-Year Treasury	2.56	2.59	3.04
Bond Buyer Index	3.51	3.52	3.87

## Foreign Exchange Rates

	Friday 6/21/2019	1 Week Ago	1 Year Ago
Euro (\$/€)	1.133	1.121	1.160
British Pound (\$/£)	1.267	1.259	1.324
British Pound (£/€)	0.894	0.890	0.876
Japanese Yen (¥/\$)	107.570	108.560	109.990
Canadian Dollar (C\$/\\$)	1.321	1.341	1.332
Swiss Franc (CHF/\$)	0.982	0.999	0.992
Australian Dollar (US\$/A\$)	0.691	0.687	0.738
Mexican Peso (MXN/\$)	19.028	19.155	20.310
Chinese Yuan (CNY/\$)	6.870	6.926	6.493
Indian Rupee (INR/\$)	69.588	69.801	67.981
Brazilian Real (BRL/\$)	3.819	3.897	3.769
U.S. Dollar Index	96.525	97.572	94.862

Source: Bloomberg LP and Wells Fargo Securities

## Foreign Interest Rates

	Friday 6/21/2019	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.38	-0.37	-0.36
3-Month Sterling LIBOR	0.78	0.79	0.63
3-Month Canada Banker's Acceptance	1.98	1.99	1.76
3-Month Yen LIBOR	-0.07	-0.07	-0.05
2-Year German	-0.74	-0.69	-0.67
2-Year U.K.	0.61	0.61	0.73
2-Year Canadian	1.44	1.38	1.83
2-Year Japanese	-0.23	-0.20	-0.13
10-Year German	-0.28	-0.26	0.34
10-Year U.K.	0.84	0.85	1.28
10-Year Canadian	1.49	1.44	2.14
10-Year Japanese	-0.16	-0.13	0.04

## Commodity Prices

	Friday 6/21/2019	1 Week Ago	1 Year Ago
WTI Crude (\$/Barrel)	57.40	52.51	65.54
Brent Crude (\$/Barrel)	65.15	62.01	73.05
Gold (\$/Ounce)	1397.61	1341.85	1267.20
Hot-Rolled Steel (\$/S.Ton)	563.00	577.00	902.00
Copper (¢/Pound)	270.25	262.95	302.15
Soybeans (\$/Bushel)	8.83	8.56	8.67
Natural Gas (\$/MMBTU)	2.19	2.39	2.98
Nickel (\$/Metric Ton)	Security	Security	Security
CRB Spot Inds.	455.50	457.86	519.04

## Next Week's Economic Calendar

	Monday 24	Tuesday 25	Wednesday 26	Thursday 27	Friday 28
U.S. Data		<b>Consumer Confidence</b> May 134.1 June 129.5 (W) <b>New Home Sales</b> April 673K May 680K (W)	<b>Durable Goods (MoM)</b> April -2.1% May -0.2% (W)		<b>Personal Income (MoM)</b> April 0.5% May 0.3% (W)
	<b>New Zealand</b> <b>Trade Balance NZD</b> April \$433M	<b>New Zealand</b> <b>Central Bank Rate Decision</b> Previous 1.50%	<b>Japan</b> <b>Retail Sales (MoM)</b> May -0.1%	<b>Mexico</b> <b>Central Bank Decision</b> Previous 8.25% <b>Japan</b> <b>Industrial Production (MoM)</b> April 0.6%	<b>Eurozone</b> <b>CPI Core (YoY)</b> May 0.8% <b>Canada</b> <b>GDP (MoM)</b> March 0.5%

Note: (W) = Wells Fargo Estimate (C) = Consensus Estimate

Source: Bloomberg LP and Wells Fargo Securities



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