

Economics Group

Weekly Economic & Financial Commentary

U.S. Review

Incoming Data Unlikely to Dissuade Fed Cuts

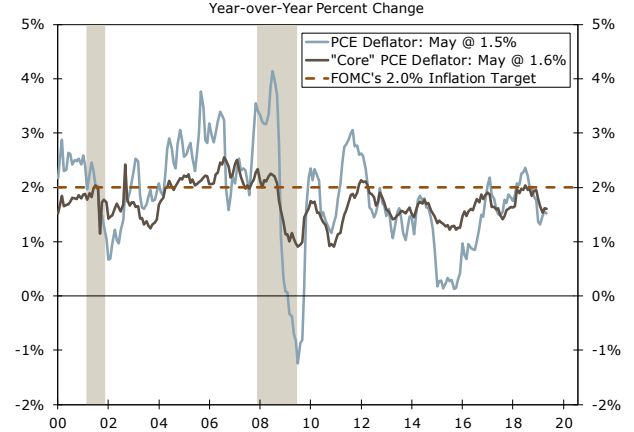
- All eyes are on President Trump and Chinese President Xi as they meet at the G-20 meeting to see if they can hammer out a trade truce. Please see our Topic of the Week section on Page 7 for our take on the potential outcome.
- Trade concern has clouded business certainty on investment spending and perhaps hiring plans. Consumer confidence has also been hit, though spending has fared slightly better.
- Inflation seems to be coming in modestly firmer in the second quarter, though not enough to dissuade the Fed from cutting rates, in our view.

Global Review

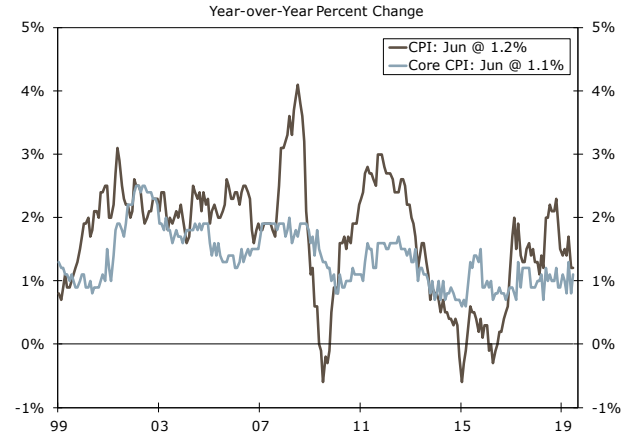
Central Banks on Hold For Now, But For How Long?

- The Reserve Bank of New Zealand (RBNZ) opted to hold policy rates steady; however, it signaled lower rates may be needed over time. The Central Bank of Mexico also kept rates on hold. Although it may start to tilt towards a more dovish forward guidance, we continue to believe it will cut rates this year.
- European economic and sentiment data continue to underwhelm, with CPI inflation still subdued in June, while measures of confidence were softer than expected. This week's data continue to underpin our view that the ECB will look to ease monetary policy this year and provide new stimulus to spark the broader European economy.

PCE Deflator vs. Core PCE Deflator



Eurozone Inflation



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Wells Fargo U.S. Economic Forecast													
	Actual 2018				Forecast 2019				Actual 2016-2017		Forecast 2018-2020		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2016	2017	2018	2019	2020
Real Gross Domestic Product ¹	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 ²													
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 ¹	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 ²	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 ³	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 ⁴	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 ⁵													
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
¹ Compound Annual Growth Rate Quarter-over-Quarter
² Year-over-Year Percentage Change
³ Federal Reserve Advanced Foreign Economies Index, 2006=100 - Quarter End
⁴ Millions of Units
⁵ 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

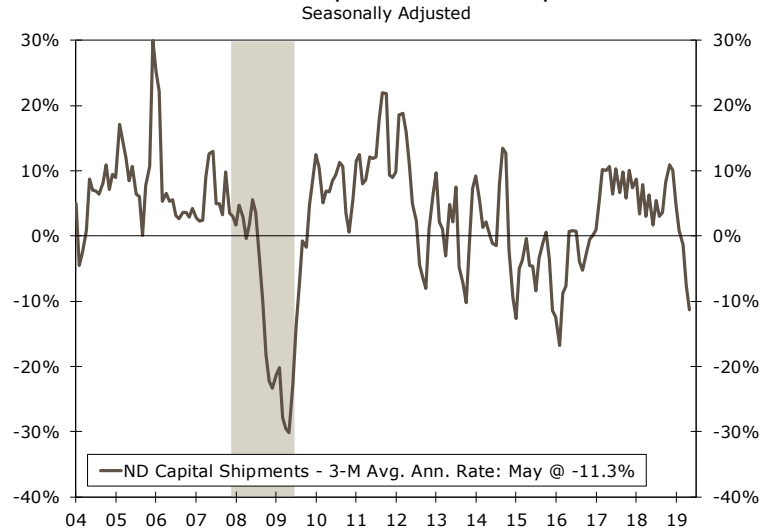
Incoming Data Unlikely to Dissuade Fed Cuts

All eyes are on President Trump and Chinese President Xi as they meet at the G-20 summit to see if they can hammer out a trade truce. In short, we do not expect a deal nor further levies to come out of the meeting, but instead for it to result in further negotiation. You can find more on this in our Topic of the Week section, but here we emphasize that despite the cease-fire since late March, the mere threat of additional tariffs has weighed on business confidence and investment spending and is likely to do so until a resolution is met.

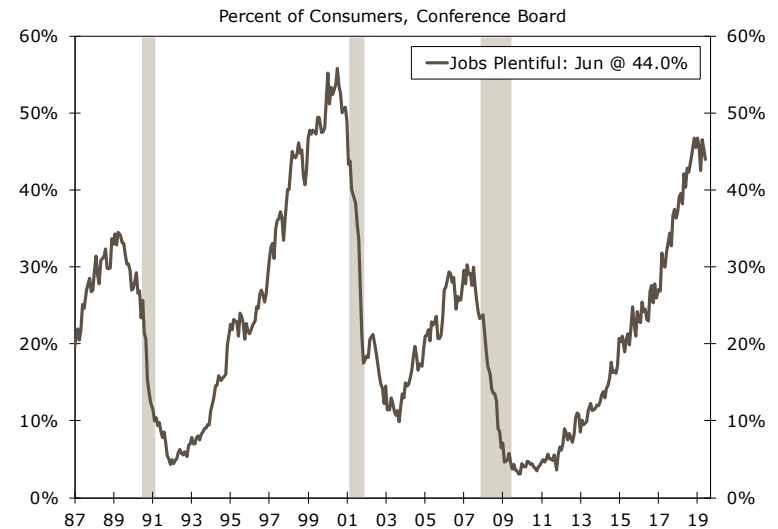
The U.S. Commerce Department reported this week that durable goods orders declined 1.3% in May, surpassing consensus expectations for a scant 0.3% decline. The good news: taking the May decline at face value likely overstates the weakness of factory activity in May. Boeing's ongoing struggles with its 737 MAX fleet of aircraft were largely to blame for the decline in orders, given the volatile nondefense aircraft component declined nearly 30% over the month. That followed almost a 40% decline the previous month and obscures a modestly firmer trend in underlying core orders. The bad news: recall it is nondefense capital goods *shipments* that feed into the BEA's estimates of equipment spending in the GDP report, which, on a three-month average annualized basis, were down 11.3% in May. That is not a good sign for Q2 equipment spending, but—again—this is entirely due to the halt in Boeing shipments. Ex-aircraft, nondefense capital goods shipments are up at a 1.7% pace, and suggest a moderately firmer trend in investment spending. The U.S. Federal Aviation Agency found a *new* safety issue in the 737 MAX computer system this week, which is expected to delay the aircraft's return to service (and deliveries) up to three more months. Further, more recent readings on new orders from purchasing managers' indices suggest factory activity remains under pressure. The tabling of Mexican tariffs points to some room for improvement, but without a resolution to trade disputes with China, we expect factory activity to continue to languish amid the resulting uncertainty and floundering global growth.

Uncertainty regarding trade has also likely weighed on consumer confidence in recent months. But the slower job growth in May was also likely a factor in the weakness. While the labor market is still hot by most measures, it is not as strong as it was according to measures of consumer confidence. The jobs plentiful index has rolled over in recent months, and is worryingly reminiscent of what we have seen late in prior cycles. The job opening rate and small business hiring plans have also come down slightly, though they too remain high. It is possible that businesses are holding off on hiring until trade tensions dissipate. But if these patterns hold, job growth could slow in coming months, something the Fed is likely monitoring. Despite uncertainty, spending data have fared slightly better. Personal consumption rose 0.4% in May, following an upwardly revised 0.6% in April and suggest personal consumption expenditures are on track to come in north of 3.0% in the second quarter. Inflation fared better as well, with the PCE deflator rising 1.6% on a year-ago basis in May. Even despite the modestly firmer footing in Q2 inflation, data this week are unlikely to dissuade the Fed from cutting rates later this year.

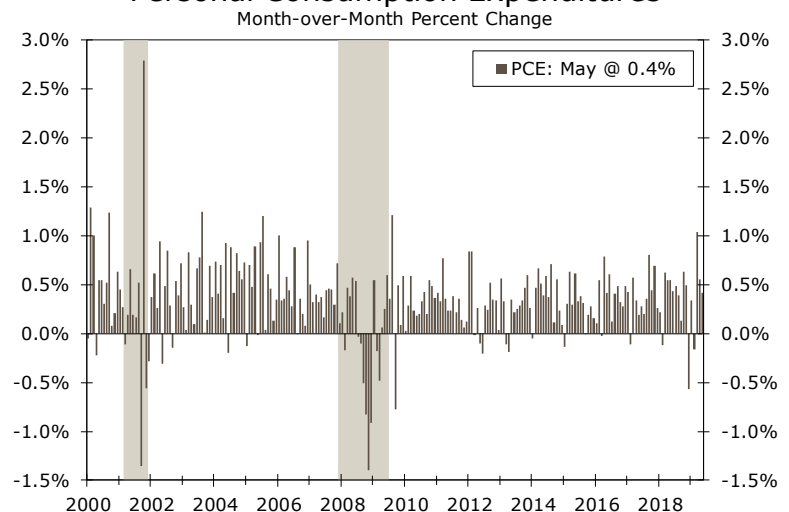
Nondefense Capital Goods Shipments



Do Consumers Feel Jobs Are Plentiful?



Personal Consumption Expenditures



Source: The Conference Board, U.S. Department of Commerce and Wells Fargo Securities

ISM Manufacturing • Monday

In May, manufacturing activity continued to weaken as the ISM index dipped to 52.1, marking the slowest pace of growth in the factory sector since October 2016. Last week the preliminary Markit PMI unexpectedly tumbled even further to 50.1, the lowest reading since September 2009. With still no resolution of a trade deal, slower economic growth out of China and weaker global demand, further weakening in the ISM index is likely. Other purchasing managers' indices have also indicated slippage for June. All regional Fed PMI survey's declined for the month, suggesting we should expect downside momentum in manufacturing activity.

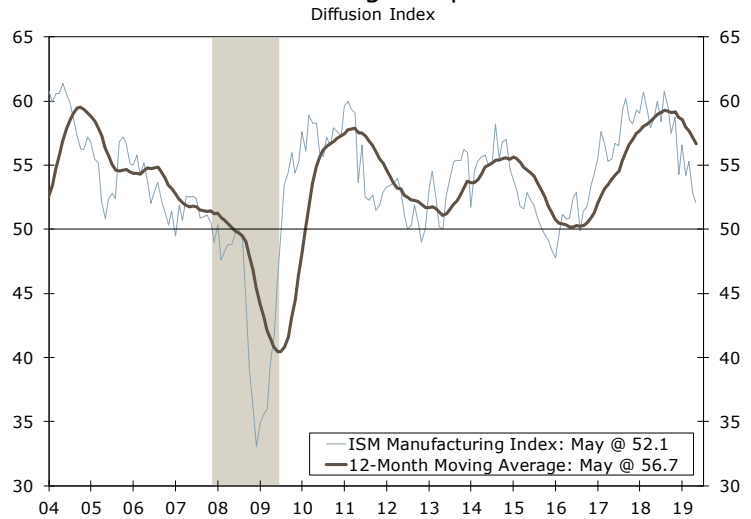
A sub-50 reading could potentially add to the market's call that the Fed will cut its target range for the fed funds rate 50 bps at its next meeting on July 31. We look for the ISM to remain in expansion territory, consistent with a smaller reduction in rates.

Previous: 52.1

Wells Fargo: 51.3

Consensus: 51.2

ISM Manufacturing Composite Index



ISM Non-Manufacturing • Wednesday

The ISM non-manufacturing index rose more than expected in May to 56.9. While the index is still below its six-month average, the growth in the service sector continues to outpace the manufacturing sector.

The preliminary read of the Markit service sector PMI fell in June to 50.7, the worst reading since February 2016. Meanwhile, the regional Fed service-sector surveys also showed activity slowing in June. We therefore expect the June ISM non-manufacturing index to ease to 55.7.

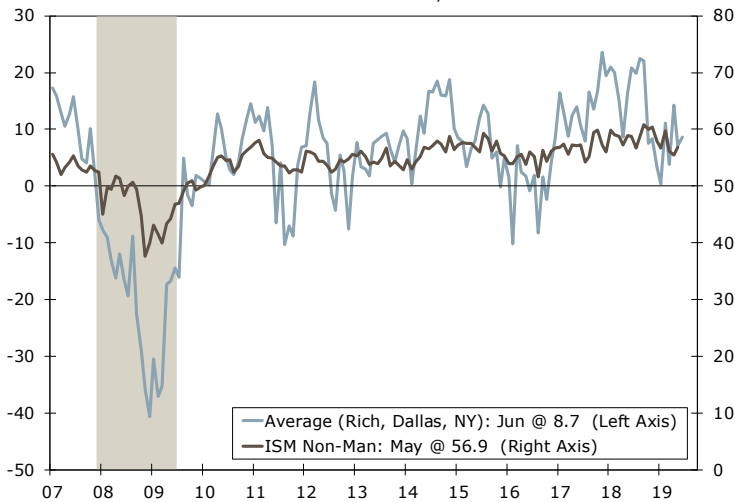
A sharp miss to the downside would generate more cause for concern about a slowdown in the economy. Although it does not get as much attention as the manufacturing index, the ISM non-manufacturing index encompasses a majority of the economy and can offer greater insight into the stability of current economic conditions.

Previous: 56.9

Wells Fargo: 55.7

Consensus: 56.0

ISM Non-Man vs. Regional Fed Surveys
General Business Outlook - Services, Diffusion Index SA



Employment • Friday

Hiring cooled in May, with firms adding only 75K jobs, while job gains for the prior two months saw the largest downward net revision since 2010. The three-month moving average employment gain is now at only 151K. Initial jobless claims were little changed in June, leading us to look for a rebound in hiring.

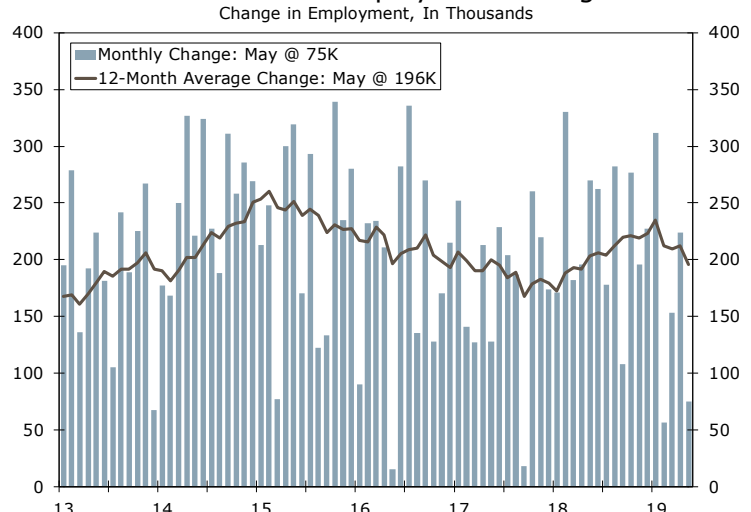
Nonfarm payrolls tend to be a volatile series, but another sub-100 print may reinforce the market's expectation that the Fed will cut interest rates 50 bps in July. However, an upside surprise in job growth would dampen the markets' aggressive rate cut expectations. We expect payroll growth to rise in May adding 175K jobs, while the unemployment rate should remain at 3.6%. The slower rate of improvement would be consistent with only a 25 bps cut at the Fed's July meeting, in our view.

Previous: 75K

Wells Fargo: 175K

Consensus: 160K

U.S. Nonfarm Employment Change



Source: Federal Reserve System, IHS Markit, Institute for Supply Management, U.S. Department of Labor and Wells Fargo Securities

Global Review

RBNZ Steady, but Signal More Cuts Could Be Coming

As widely expected, the Reserve Bank of New Zealand (RBNZ) held its Official Cash Rate at 1.50% this week. However, policymakers at the RBNZ stated that the outlook for global growth has weakened, while the domestic economy is also decelerating. In this context, the RBNZ also mentioned that a lower policy rate may be needed over time as inflation continues to remain subdued and to meet its employment objectives. New Zealand’s economy has been slowing down for some time now as demand from China softens amid a structural slowdown and persistent trade tensions with the United States, as well as issues within the domestic economy. In response to low inflation, a softening labor market and external conditions, the RBNZ cut policy rates in early May, and given commentary from central bank policymakers, we expect the RBNZ to pursue further monetary easing measures later this year. Market participants seem to be in agreement with this outlook as well, as markets are currently pricing in two more rate cuts from the RBNZ over the next twelve months.

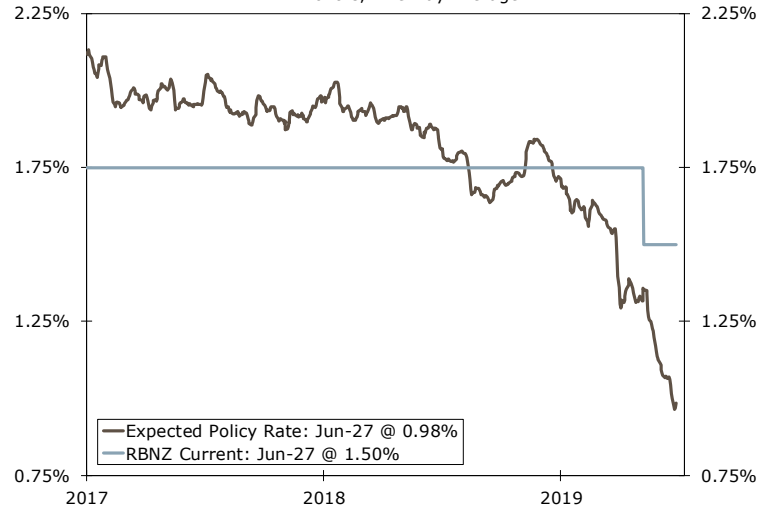
Central Bank of Mexico Finally Turning Dovish?

On Thursday, the Central Bank of Mexico opted to keep policy rates steady at 8.25%, with policymakers voting to hold rates with a vote of 4-1. This vote represents the first “divided decision” since November 2018 and, in our view, is a signal that the Central Bank of Mexico may be starting to turn more dovish than previous assessments of monetary policy. We also view some of the language in the accompanying statement as relatively dovish and could be further evidence of the evolving stance on monetary policy in Mexico. This language includes mention of a softening economy, while the central bank also noted that additional downgrades to the country’s sovereign credit rating are possible and could weigh on Mexican asset prices going forward. We view this as a significant shift, as the Central Bank of Mexico has maintained a relatively hawkish bias this year despite a softening economy. Mexico’s economy has decelerated sharply since 2018 and leading indicators of economic activity, as well as sentiment data, have been underwhelming for most of this year as well. While we expected the Central Bank of Mexico to pursue a rate cut at some point this year, the tone from Thursday’s meeting could indicate an interest rate cut could be coming sooner than we expected.

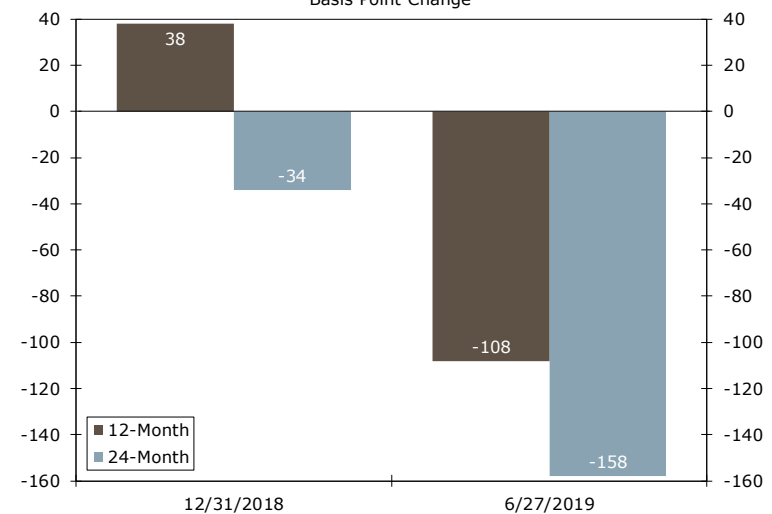
Europe Stuck in The Doldrums

European economic and sentiment data continue to remain rather subdued, with June CPI inflation still underwhelming. The most recent inflation data indicate headline inflation held steady at 1.2% year-over-year, while core CPI increased moderately to 1.1%. Despite the increase in core inflation, CPI remains well below the ECB’s target of close to, but below 2%, and recent comments from Mario Draghi suggest that the transmission of easy monetary policy to boost inflation has been slower to materialize than expected. Also concerning are the European Commission’s confidence measures throughout the Eurozone. Those confidence measures have been trending lower since early 2018, with the most recent data the softest since mid-2016. The combination of weak sentiment, along with deteriorating growth and inflation dynamics, reintroduces the possibility of new stimulus measures from the ECB. Given recent comments from Draghi and recent economic developments, we believe the ECB will cut its deposit rate and main refinancing rate in September.

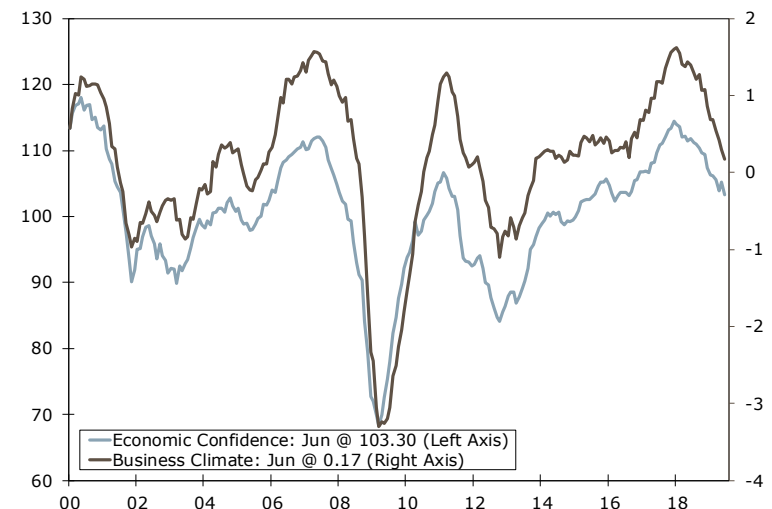
NZ Policy Rate: Actual vs. Expected
In 12 Months, Five Day Average



Mexico Market Implied Policy Rate
Basis Point Change



Euro Area Confidence Indicators



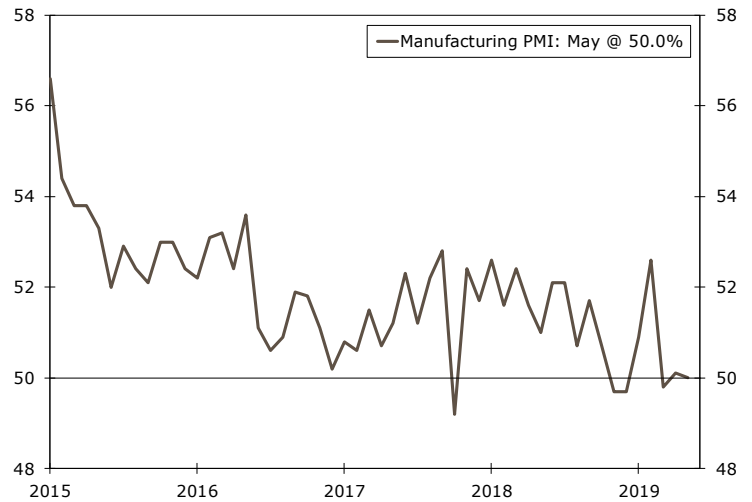
Source: Bloomberg LP and Wells Fargo Securities

Mexico Manufacturing PMI • Monday

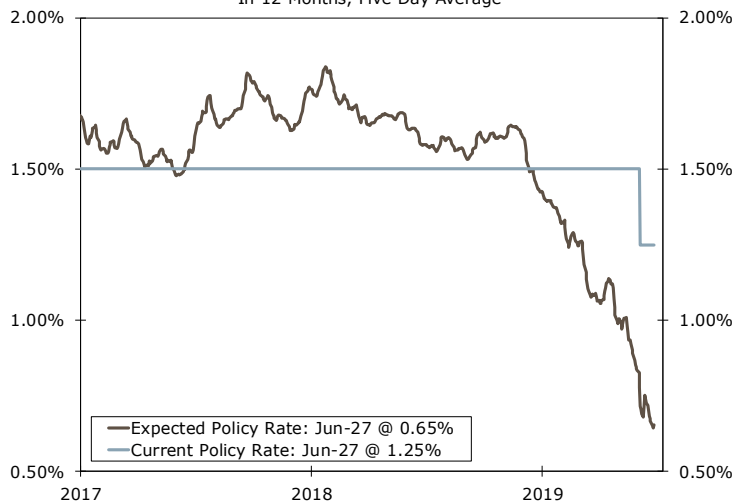
Over the past year or so, Mexico’s economy has slowed significantly, with Q1 GDP softening and missing consensus forecasts yet again. This sluggish momentum has carried into the second quarter as well, with broad measures of economic activity slowing and sentiment data remaining subdued. The manufacturing PMI in particular has fallen notably over the course of the year, with the May PMI dropping to 50, down from a peak of 52.6 in February. While the manufacturing PMI has not yet fallen into contraction territory, we would not be surprised if it did so in June, as the threat from President Trump to impose tariffs on all of Mexico’s exports to the United States likely weighed on manufacturing sentiment and activity this month. Despite Trump’s decision to not impose tariffs on Mexican exports, we continue to believe the Mexican economy will decelerate from here, while the Central Bank of Mexico will likely need to pursue rate cuts this year in order to stabilize the economy.

Previous: 50.0

Markit Mexico Manufacturing PMI



Expected RBA Policy Rate
In 12 Months, Five Day Average



Reserve Bank of Australia • Tuesday

Australia’s economy continues to markedly underperform as a sharp slowdown in the domestic housing sector, along with uncertainty related to the health of China’s economy and persistent U.S.-China trade tensions, weighs on economic activity and sentiment. In response, the Reserve Bank of Australia (RBA) cut its cash rate in early June for the first time in over two years, while signaling further rate cuts may be appropriate going forward. However, over the past few days, RBA Governor Philip Lowe indicated that while market participants are anticipating easier monetary policy from central banks, it’s possible that further monetary easing may not be as effective as markets expect. Despite Lowe’s comments, markets are currently pricing in 60 bps of policy rate cuts over the next 12 months, with over a 70% chance of an interest rate cut at next week’s meeting. We believe the RBA will cut the cash rate next week, and consensus forecasts share a similar view as well.

Previous: 1.25%

Consensus: 1.00%

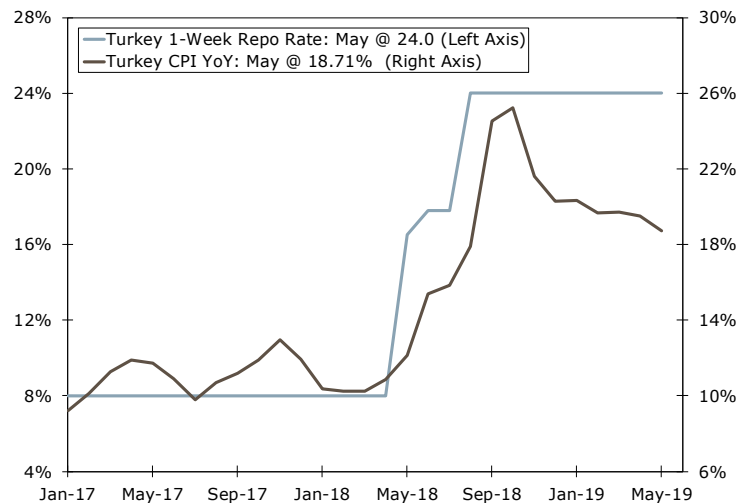
Turkey CPI Inflation • Wednesday

Following the sharp depreciation of the Turkish lira and delayed policy tightening from the central bank in 2018, inflation has been elevated for an extended period of time in Turkey. However, for the past few months, inflation has been on a downward trajectory, falling quicker than consensus forecasts, with May CPI easing to 18.7% year-over-year. A quicker-than-expected slowdown in inflation could be significant, as it may provide an incentive for Turkey’s central bank to start cutting policy rates. Monetary easing from the central bank at this time could likely be viewed by markets as premature and would likely result in another sharp sell-off of the currency. Despite the economy exiting technical recession, it is still fragile, and a significant depreciation of the lira would likely throw Turkey’s economy back into recession. If CPI falls below consensus forecasts again in June, the probability of rate cuts could increase, and our focus would shift to the next monetary policy decision in late July.

Previous: 18.71% (Year-over-Year)

Consensus: 16.10%

Turkey Policy Rate vs. CPI Inflation



Source: Bloomberg LP and Wells Fargo Securities

Interest Rate Watch

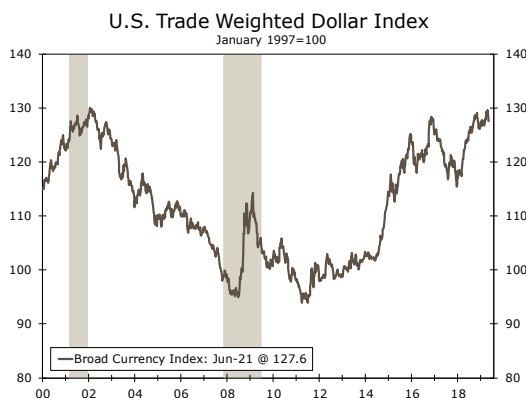
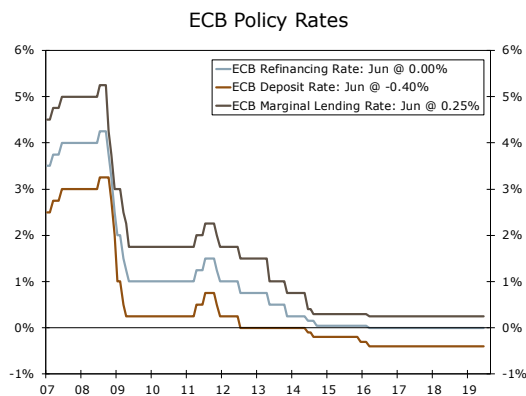
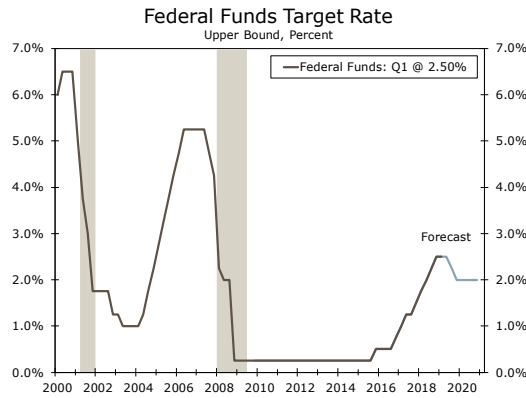
Policy Ease is a Global Phenomenon

We have been writing recently about our expectations of monetary easing by some major central banks in coming months. Specifically, we look for the Fed to reduce its target range for the federal funds rate 25 bps at its July 31 FOMC meeting and another 25 bps in fourth quarter, probably on October 30 (top chart). We also expect that on September 12 the European Central Bank will cut its deposit rate to -0.50% from -0.40% and its two-week refinancing rate to -0.10% from 0.00% (middle chart).

But the Fed and the ECB are not the only central banks who are easing policy. By our count, seven central banks (Argentina, Australia, Chile, Iceland, India, Mozambique and Russia) have cut policy rates in this month alone, while only one (Norway) has raised rates. Reasons for rate cuts by specific central banks vary, but the general backdrop of slowing global growth and benign inflation is conducive for more monetary policy accommodation.

Although we look for 50 bps of policy ease by the Fed—the market is currently priced for 75 bps of FOMC rates cuts by early next year—implemented rate cuts by many foreign central banks to date and expectations of more to come have helped to keep the U.S. dollar well supported. As shown in the bottom chart, the trade-weighted value of the dollar remains near a 17-year high. The greenback has been especially robust vis-à-vis the currencies of many developing economies.

Looking forward, we expect that the U.S. dollar will depreciate modestly in coming quarters versus the currencies of many advanced economies as the growth differential between the U.S. economy and these economies narrow. (See our [Monthly Economic Outlook](#) for details.) However, we look for the greenback to remain generally better supported against the currencies of many developing economies. Emerging currencies tend to do better in an environment of strong global growth. Slower global growth in coming quarters should diminish the relative appeal of some of these currencies, even if easier Fed policy provides a modicum of support to those emerging currencies.



Source: Bloomberg LP, IHS Markit and Wells Fargo Securities

Credit Market Insights

Consumer Credit in Its Present State

Outstanding consumer credit rose \$17.5 billion in April, its fastest pace in six months. Revolving credit, mostly linked to credit card debt, rose \$7.0 billion in April after a decline of \$2.0 billion in March and pushed revolving credit to about \$45 billion above its 2008 peak. These numbers are not a cause for concern as long as we do not see a continuous rise in credit card delinquencies.

Currently, low 90-day credit card delinquencies and a reassuring debt-to-income ratio do not corroborate an ailing consumer. The personal saving rate is elevated, while tight labor market has allowed for modest wage gains.

Consumer expectations tend to lead consumers' use of revolving credit. According to the University of Michigan, these expectations declined to 89.3 in June but still remain near their cycle high. A continuous decline in expectations could have implications for a slowdown for revolving credit or more discretionary spending, but despite current uncertainty, we expect consumers to continue borrowing given their strong foundation.

Nonrevolving credit, which includes items such as mortgages and student loans, grew \$10.5 billion in April—its slowest pace in 11 months. This measure of credit is often thought to be a better indicator of financial stress, and a persistent downward trend could imply the economy is slowing. Right now this measure is quite healthy, but it is something to watch in coming months.

Credit Market Data

Mortgage Rates	Current	Week	4 Weeks	Year
		Ago	Ago	Ago
30-Yr Fixed	3.73%	3.84%	3.82%	4.55%
15-Yr Fixed	3.16%	3.25%	3.28%	4.04%
5/1 ARM	3.39%	3.48%	3.52%	3.87%
Bank Lending	Current Assets	1-Week Change	4-Week Change	Year-Ago
	(Billions)	(SAAR)	(SAAR)	Change
Commercial & Industrial	\$2,352.4	14.04%	-0.28%	7.13%
Revolving Home Equity	\$337.7	-10.70%	-8.87%	-6.96%
Residential Mortgages	\$1,926.4	33.55%	8.88%	4.72%
Commercial Real Estate	\$2,232.2	-8.77%	-0.83%	4.21%
Consumer	\$1,544.2	4.38%	6.28%	5.01%

Mortgage Rates Data as of 06/28/19, Bank Lending Data as of 06/12/19

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

Topic of the Week

Let's Make a Deal?

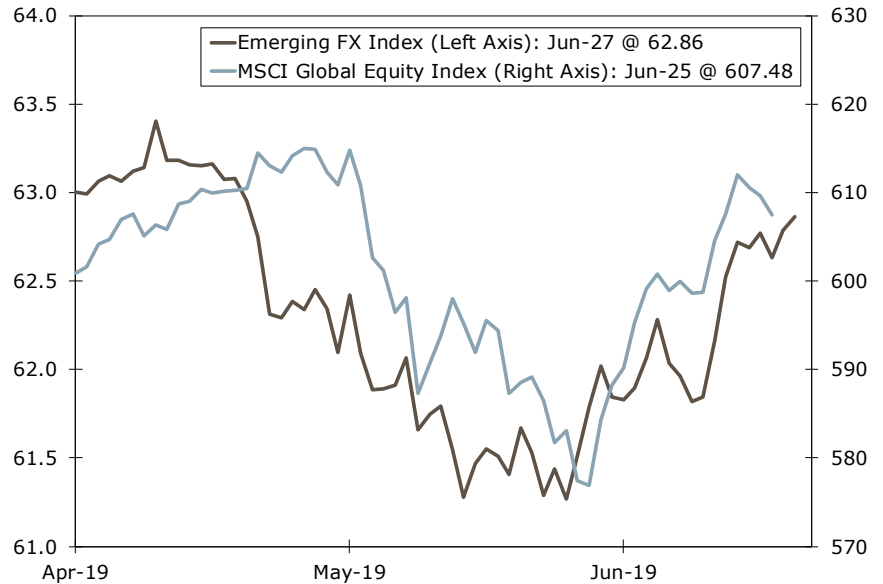
What's Happening: Today marks the start of the two-day annual Group of 20 summit in Osaka, Japan, where leaders of 19 countries and the European Union come together in what is known as the “premier forum for international economic cooperation.” The countries included in the meeting represent 80% of global GDP and the summit's focus is likely to be concentrated on international trade and climate change, among other pressing global issues.

U.S. President Trump is scheduled to meet with several leaders during the summit, but perhaps the most important is the meeting with Chinese President Xi Jinping tomorrow. Trade talks are set to be the key topic of discussion.

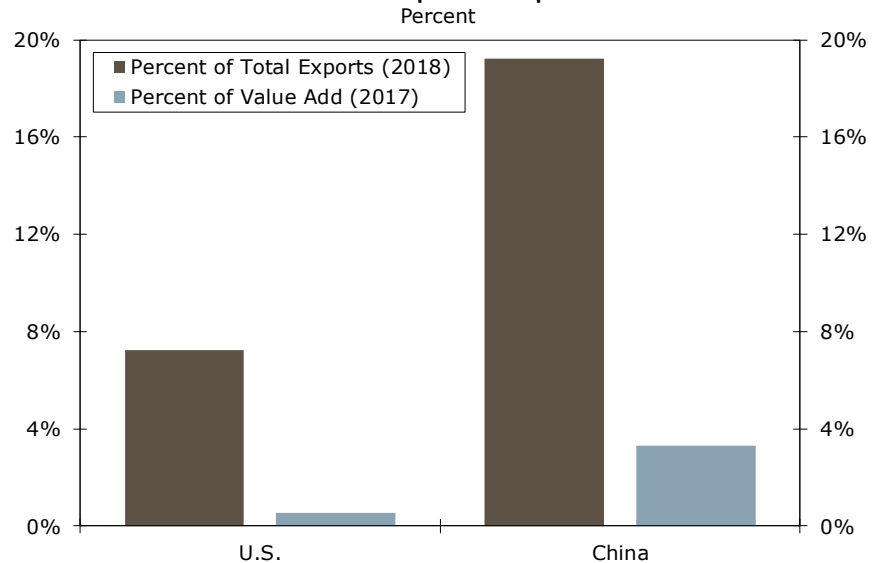
Why it Matters: The outcome of the meeting is keenly anticipated by markets, which have been riddled with uncertainty about the trade war in recent months. In early May the United States increased tariffs on \$200 billion of imported Chinese goods to 25% from 10%—an event that contributed to weakness in global equities and emerging currency markets. Increasing hopes of a productive outcome from the Trump-Xi meeting have been contributing to a recovery in markets. Indeed, the United States and China both have a lot to lose if the trade war escalates any further. With additional tariffs, American and Chinese consumers are likely to face higher prices and global business supply chains may be disrupted. Business and consumer confidence is also likely to be rattled until a truce is met on trade, and investment spending and personal consumption could recede as a result. In China, economic growth is slowing and consumer demand is weakening in the wake of an uncertain future.

Our Takeaway: We expect the United States and China will avoid a further escalation of tensions and commit to ongoing dialogue. To reach an agreement, China requires the United States to remove extraneous tariffs, eliminate the ban on American technology sales to Huawei Technologies and set a trade balance that will satisfy actual demand in both countries. Considering these conditions, we doubt there will be significant progress on Saturday and that a near-term deal will remain elusive.

Emerging Currencies & Global Equities



Bilateral Export Exposure



Source: LP, OECD, International Monetary Fund, United Nations and Wells Fargo Securities

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Market Data ♦ Mid-Day Friday

U.S. Interest Rates

	Friday 6/28/2019	1 Week Ago	1 Year Ago
1-Month LIBOR	2.40	2.38	2.10
3-Month LIBOR	2.33	2.39	2.34
3-Month T-Bill	2.13	2.10	1.91
1-Year Treasury	1.89	1.92	2.29
2-Year Treasury	1.75	1.77	2.51
5-Year Treasury	1.78	1.79	2.71
10-Year Treasury	2.02	2.05	2.84
30-Year Treasury	2.54	2.58	2.97
Bond Buyer Index	3.50	3.51	3.87

Foreign Exchange Rates

	Friday 6/28/2019	1 Week Ago	1 Year Ago
Euro (\$/€)	1.138	1.137	1.157
British Pound (\$/£)	1.269	1.274	1.308
British Pound (£/€)	0.897	0.892	0.885
Japanese Yen (¥/\$)	107.680	107.320	110.490
Canadian Dollar (C\$/\\$)	1.309	1.322	1.325
Swiss Franc (CHF/\$)	0.975	0.977	0.998
Australian Dollar (US\$/A\$)	0.701	0.693	0.735
Mexican Peso (MXN/\$)	19.200	19.125	19.717
Chinese Yuan (CNY/\$)	6.869	6.869	6.627
Indian Rupee (INR/\$)	69.100	69.588	68.793
Brazilian Real (BRL/\$)	3.820	3.840	3.862
U.S. Dollar Index	96.106	96.220	95.312

Source: Bloomberg LP and Wells Fargo Securities

Foreign Interest Rates

	Friday 6/28/2019	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.39	-0.38	-0.37
3-Month Sterling LIBOR	0.77	0.78	0.66
3-Month Canada Banker's Acceptance	1.97	1.98	1.75
3-Month Yen LIBOR	-0.06	-0.07	-0.04
2-Year German	-0.74	-0.74	-0.67
2-Year U.K.	0.61	0.61	0.71
2-Year Canadian	1.46	1.43	1.85
2-Year Japanese	-0.22	-0.23	-0.13
10-Year German	-0.32	-0.29	0.32
10-Year U.K.	0.83	0.85	1.26
10-Year Canadian	1.48	1.49	2.13
10-Year Japanese	-0.16	-0.16	0.04

Commodity Prices

	Friday 6/28/2019	1 Week Ago	1 Year Ago
WTI Crude (\$/Barrel)	59.41	57.43	73.45
Brent Crude (\$/Barrel)	66.56	65.20	77.85
Gold (\$/Ounce)	1413.74	1399.60	1248.25
Hot-Rolled Steel (\$/S.Ton)	538.00	563.00	907.00
Copper (¢/Pound)	270.75	270.45	295.35
Soybeans (\$/Bushel)	8.55	8.83	8.45
Natural Gas (\$/MMBTU)	2.32	2.19	2.94
Nickel (\$/Metric Ton)	Security	Security	Security
CRB Spot Inds.	454.66	455.50	515.29

Next Week's Economic Calendar

	Monday 1	Tuesday 2	Wednesday 3	Thursday 4	Friday 5
U.S. Data	ISM Manufacturing Index May 52.1 June 51.3 (W)		Trade Balance April -\$50.8B May -\$53.6B (W)	Fourth of July [Markets Closed]	Nonfarm Payrolls May 75,000 June 175,000 (W)
			ISM Non-Manufacturing Index May 56.9 June 55.7 (W)		
	Mexico Manufacturing PMI May 50.0	Australia Central Bank Rate Previous 1.25%	Eurozone Services PMI June 53.4		Switzerland CPI (YoY) May 0.6%
Global Data	United Kingdom Manufacturing PMI May 49.4	Canada Manufacturing PMI May 49.1	Turkey CPI (YoY) May 18.7%		Norway Industrial Production (MoM) April 0.2%

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

Source: Bloomberg LP and Wells Fargo Securities

Wells Fargo Securities Economics Group

Jay H. Bryson, Ph.D.	Global Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	Macro Strategist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Azhar Iqbal	Econometrician	(212) 214-2029	azhar.iqbal@wellsfargo.com
Sarah House	Senior Economist	(704) 410-3282	sarah.house@wellsfargo.com
Charlie Dougherty	Economist	(704) 410-6542	charles.dougherty@wellsfargo.com
Erik Nelson	Macro Strategist	(212) 214-5652	erik.f.nelson@wellsfargo.com
Michael Pugliese	Economist	(212) 214-5058	michael.d.pugliese@wellsfargo.com
Brendan McKenna	Macro Strategist	(212) 214-5637	brendan.mckenna@wellsfargo.com
Shannon Seery	Economic Analyst	(704) 410-1681	shannon.seery@wellsfargo.com
Matthew Honnold	Economic Analyst	(704) 410-3059	matthew.honnold@wellsfargo.com
Jen Licis	Economic Analyst	(704) 410-1309	jennifer.licis@wellsfargo.com

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