

U.S. Economic Forecast

**WELLS
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SECURITIES

Wells Fargo U.S. Economic Forecast

	Actual								Forecast								Actual		Forecast	
	2017				2018				2019				2020				2017	2018	2019	2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product (a)	1.8	3.0	2.8	2.3	2.2	4.2	3.4	2.0	2.0	2.8	2.4	2.4	2.3	2.1	1.7	1.7	2.2	2.8	2.5	2.2
Personal Consumption	1.8	2.9	2.2	3.9	0.5	3.8	3.5	2.4	2.4	2.6	2.5	2.4	2.2	2.1	1.8	1.7	2.5	2.6	2.7	2.2
Business Fixed Investment	9.6	7.3	3.4	4.8	11.5	8.7	2.5	4.2	2.8	3.5	4.2	4.0	3.7	3.6	2.9	2.8	5.3	6.8	3.8	3.6
Equipment	9.1	9.7	9.8	9.9	8.5	4.6	3.4	4.8	0.6	2.3	3.7	3.1	2.7	2.6	2.1	2.0	6.1	7.3	2.9	2.7
Intellectual Property Products	8.0	6.6	1.7	0.7	14.1	10.5	5.6	6.8	6.0	5.3	4.7	4.6	4.7	4.6	3.7	3.5	4.6	7.3	6.0	4.5
Structures	12.8	3.8	-5.7	1.3	13.9	14.5	-3.4	-1.5	2.5	3.5	4.5	5.0	4.5	4.0	3.5	3.5	4.6	5.1	2.3	4.2
Residential Construction	11.1	-5.5	-0.5	11.1	-3.4	-1.3	-3.6	-4.5	-3.6	2.6	2.0	1.5	1.5	1.5	1.0	1.0	3.3	-0.3	-1.5	1.5
Government Purchases	-0.8	0.0	-1.0	2.4	1.5	2.5	2.6	2.3	1.3	4.0	1.5	1.2	0.7	0.7	0.3	0.1	-0.1	1.6	2.2	1.0
Net Exports	-845.5	-844.1	-845.9	-899.2	-902.4	-841.0	-949.7	-964.3	-972.6	-979.0	-983.1	-986.7	-983.2	-982.0	-985.4	-985.0	-858.7	-914.3	-980.3	-983.9
Pct. Point Contribution to GDP	-0.1	0.1	0.0	-0.9	0.0	1.2	-2.0	-0.3	-0.2	-0.1	-0.1	-0.1	0.1	0.0	-0.1	0.0	-0.4	-0.3	-0.4	0.0
Inventory Change	-2.4	11.9	64.4	16.1	30.3	-36.8	89.8	90.0	90.0	84.0	74.0	74.0	72.0	72.0	72.0	72.0	22.5	43.3	80.5	72.0
Pct. Point Contribution to GDP	-0.8	0.2	1.0	-0.9	0.3	-1.2	2.3	0.0	0.0	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.0
Nominal GDP (a)	3.9	4.2	4.8	5.1	4.3	7.6	4.9	3.2	2.8	5.6	4.9	4.8	4.6	4.4	3.6	3.6	4.2	5.1	4.4	4.5
Real Final Sales	2.6	2.8	1.8	3.2	1.9	5.4	1.0	2.3	2.0	3.0	2.6	2.4	2.3	2.1	1.7	1.7	2.2	2.8	2.4	2.3
Retail Sales (b)	4.9	4.1	4.3	5.7	4.5	5.7	5.7	3.7	2.8	1.8	1.8	2.6	4.1	4.4	4.4	3.7	4.7	4.9	2.2	4.1
Inflation Indicators (b)																				
PCE Deflator	2.0	1.6	1.6	1.8	1.9	2.2	2.2	1.8	1.4	1.6	1.8	2.1	2.4	2.3	2.2	2.1	1.8	2.0	1.7	2.2
"Core" PCE Deflator	1.8	1.6	1.5	1.6	1.7	1.9	2.0	1.9	1.9	2.0	2.1	2.2	2.2	2.2	2.2	2.1	1.6	1.9	2.0	2.2
Consumer Price Index	2.5	1.9	2.0	2.1	2.2	2.7	2.6	2.2	1.7	1.9	2.1	2.4	2.8	2.7	2.5	2.4	2.1	2.4	2.0	2.6
"Core" Consumer Price Index	2.1	1.8	1.7	1.8	1.9	2.2	2.2	2.2	2.2	2.3	2.4	2.4	2.3	2.2	2.2	2.2	1.8	2.1	2.3	2.2
Producer Price Index (Final Demand)	2.0	2.2	2.4	2.7	2.8	3.0	3.1	2.7	1.9	1.8	1.9	2.0	2.5	2.6	2.4	2.2	2.3	2.9	1.9	2.4
Employment Cost Index	2.4	2.4	2.5	2.6	2.7	2.8	2.8	2.9	2.9	3.1	3.1	3.2	3.2	3.3	3.3	3.3	2.5	2.8	3.1	3.3
Real Disposable Income (a)	4.5	2.2	2.2	2.3	4.4	1.8	2.4	3.0	3.1	3.3	3.1	3.0	2.9	2.8	2.7	2.5	2.6	2.8	2.9	2.9
Nominal Personal Income (b)	4.1	4.3	4.5	4.6	4.3	4.5	4.4	4.3	4.1	4.5	4.7	4.6	4.4	4.2	3.9	3.6	4.4	4.4	4.5	4.0
Industrial Production (a)	1.0	5.0	-1.5	7.7	2.5	5.2	4.9	4.6	-1.1	2.1	1.2	4.0	2.5	4.7	0.7	0.1	1.6	4.0	2.3	2.6
Capacity Utilization	75.4	76.2	75.8	77.0	77.2	77.8	78.3	78.8	78.5	78.6	78.7	78.8	78.9	79.1	79.0	78.9	76.1	78.0	78.7	79.0
Corporate Profits Before Taxes (b)	3.0	3.6	2.8	3.3	5.9	7.3	10.4	6.7	3.9	6.6	6.7	5.1	3.5	1.0	-2.6	-1.0	3.2	7.6	5.6	0.2
Corporate Profits After Taxes	6.0	6.2	6.4	7.3	15.1	15.8	19.6	12.9	2.9	6.4	6.4	5.0	3.4	0.9	-2.9	-1.3	6.5	15.8	5.2	-0.1
Federal Budget Balance (c)	-317	4	-143	-225	-375	-7	-172	-319	-408	-45	-204	-301	-449	-66	-233	-315	-666	-779	-975	-1050
Trade Weighted Dollar Index (d)	94.0	90.5	88.1	87.5	86.3	90.0	90.1	91.8	90.8	90.0	89.0	87.8	86.8	86.0	85.3	84.5	91.1	89.0	89.4	85.6
Nonfarm Payroll Change (e)	173	190	136	218	228	243	189	232	221	170	160	160	150	140	100	90	179	223	178	120
Unemployment Rate	4.6	4.4	4.3	4.1	4.1	3.9	3.8	3.8	3.9	3.7	3.6	3.5	3.4	3.4	3.4	3.4	4.4	3.9	3.7	3.4
Housing Starts (f)	1.23	1.17	1.17	1.26	1.32	1.26	1.23	1.27	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.20	1.27	1.30	1.30
Light Vehicle Sales (g)	17.1	16.8	17.1	17.6	17.1	17.2	16.9	17.5	16.7	16.7	16.7	16.6	16.6	16.5	16.4	16.3	17.1	17.2	16.7	16.5
Crude Oil - Brent - Front Contract (h)	54.6	50.8	52.2	61.4	66.9	74.6	75.8	68.6	59.5	62.0	66.0	68.0	68.0	67.0	66.0	65.0	54.7	71.5	63.9	66.5
Quarter-End Interest Rates (i)																				
Federal Funds Target Rate	1.00	1.25	1.25	1.50	1.75	2.00	2.25	2.50	2.50	2.50	2.75	2.75	2.75	2.75	2.75	2.50	1.13	1.96	2.63	2.69
3 Month LIBOR	1.15	1.30	1.33	1.69	2.31	2.34	2.40	2.81	2.70	2.70	2.95	2.95	2.95	2.95	2.95	2.70	1.26	2.31	2.83	2.89
Prime Rate	4.00	4.25	4.25	4.50	4.75	5.00	5.25	5.50	5.50	5.50	5.75	5.75	5.75	5.75	5.75	5.50	4.13	4.96	5.63	5.69
Conventional Mortgage Rate	4.20	3.90	3.81	3.94	4.44	4.57	4.63	4.64	4.45	4.55	4.65	4.70	4.70	4.65	4.65	4.60	3.99	4.54	4.59	4.65
3 Month Bill	0.76	1.03	1.06	1.39	1.73	1.93	2.19	2.45	2.45	2.50	2.70	2.70	2.70	2.70	2.70	2.45	0.95	1.97	2.59	2.64
6 Month Bill	0.91	1.14	1.20	1.53	1.93	2.11	2.36	2.56	2.60	2.65	2.75	2.75	2.75	2.70	2.70	2.50	1.07	2.14	2.69	2.66
1 Year Bill	1.03	1.24	1.31	1.76	2.09	2.33	2.59	2.63	2.65	2.70	2.75	2.75	2.75	2.70	2.65	2.50	1.20	2.33	2.71	2.65
2 Year Note	1.27	1.38	1.47	1.89	2.27	2.52	2.81	2.48	2.65	2.70	2.75	2.75	2.70	2.65	2.60	2.50	1.40	2.53	2.71	2.61
5 Year Note	1.93	1.89	1.92	2.20	2.56	2.73	2.94	2.51	2.70	2.80	2.85	2.90	2.90	2.85	2.80	2.70	1.91	2.75	2.81	2.81
10 Year Note	2.40	2.31	2.33	2.40	2.74	2.85	3.05	2.69	2.85	2.95	3.05	3.10	3.10	3.05	3.05	3.00	2.33	2.91	2.99	3.05
30 Year Bond	3.02	2.84	2.86	2.74	2.97	2.98	3.19	3.02	3.15	3.30	3.40	3.45	3.50	3.45	3.45	3.40	2.89	3.11	3.33	3.45

Forecast as of: February 15, 2019

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

(b) Year-over-Year Percentage Change

(c) Quarterly Sum - Billions USD; Annual Data Represents Fiscal Yr.

(d) Federal Reserve Major Currency Index, 1973=100 - Quarter End

(e) Average Monthly Change

(f) Millions of Units - Annual Data - Not Seasonally Adjusted

(g) Quarterly Data - Average Monthly SAAR; Annual Data - Actual Total Vehicles Sold

(h) Quarterly Average of Daily Close

(i) Annual Numbers Represent Averages

Together we'll go far



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