

U.S. Economic Forecast

**WELLS
FARGO**

SECURITIES

Wells Fargo Securities U.S. Economic Forecast

	Actual				Forecast								Actual		Forecast					
	2019				2020				2021				2022				2019	2020	2021	2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product (a)	2.9	1.5	2.6	2.4	-5.0	-31.7	25.4	7.2	6.9	3.3	2.9	2.3	2.7	2.9	2.6	2.6	2.2	-4.2	4.6	2.7
Personal Consumption	1.8	3.7	2.7	1.6	-6.9	-34.1	39.4	5.9	5.1	3.6	3.2	2.3	2.3	2.6	2.6	2.5	2.4	-4.1	5.1	2.6
Business Fixed Investment	4.2	0.0	1.9	-0.3	-6.7	-26.0	5.3	4.6	4.8	4.0	4.8	4.8	5.3	5.2	5.2	4.9	2.9	-6.0	2.4	5.0
Equipment	2.0	-3.8	-1.7	-1.7	-15.2	-35.9	24.4	8.0	6.5	5.5	5.9	6.9	7.1	6.4	6.1	5.8	2.1	-9.5	5.2	6.4
Intellectual Property Products	4.5	4.1	5.3	4.6	2.4	-7.7	-0.8	0.7	4.2	4.8	6.8	6.3	6.2	5.5	5.6	5.1	6.4	0.8	2.7	5.9
Structures	8.2	1.6	3.6	-5.3	-3.7	-33.4	-19.0	4.5	1.5	-1.5	-2.2	-3.4	-1.4	1.3	1.9	2.1	-0.6	-10.6	-4.8	-0.8
Residential Investment	-1.7	-2.1	4.6	5.8	19.0	-37.9	44.0	12.0	7.0	7.0	7.0	6.5	6.5	7.0	6.8	6.5	-1.7	2.3	8.1	6.7
Government Purchases	2.5	5.0	2.1	2.4	1.3	2.8	-3.0	-1.7	-1.2	-0.8	-0.4	0.2	0.2	0.5	0.5	0.8	2.3	1.4	-1.0	0.2
Net Exports	-907.4	-951.4	-950.2	-861.5	-788.0	-760.9	-913.7	-961.4	-981.8	-967.5	-965.9	-965.4	-965.9	-969.9	-981.7	-993.7	-917.6	-856.0	-970.1	-977.8
Pct. Point Contribution to GDP	0.6	-0.8	0.0	1.5	1.1	0.9	-3.5	-1.0	-0.4	0.3	0.0	0.0	0.0	-0.1	-0.2	-0.2	-0.2	0.3	-0.6	0.0
Inventory Change	101.7	49.4	44.0	-1.1	-80.9	-286.4	-200.0	-50.0	90.0	80.0	70.0	60.0	65.0	70.0	70.0	70.0	48.5	-154.3	75.0	68.8
Pct. Point Contribution to GDP	0.2	-1.0	-0.1	-0.8	-1.3	-3.5	2.0	3.3	3.0	-0.2	-0.2	-0.2	0.1	0.1	0.0	0.0	0.0	-1.1	1.3	0.0
Nominal GDP (a)	4.0	4.1	4.0	3.9	-3.4	-33.3	29.8	8.2	8.6	4.9	4.6	4.1	4.5	4.7	4.5	4.4	4.0	-3.1	6.1	4.5
Real Final Sales	2.7	2.5	2.7	3.2	-3.6	-28.5	24.1	3.8	3.8	3.5	3.1	2.5	2.6	2.8	2.6	2.6	2.2	-3.1	3.4	2.7
Retail Sales (b)	2.7	3.4	3.9	4.0	1.2	-7.7	3.7	3.8	6.4	15.2	1.8	1.6	1.9	2.2	2.3	2.7	3.5	0.3	5.9	2.3
Inflation Indicators (b)																				
PCE Deflator	1.4	1.5	1.5	1.5	1.7	0.6	1.1	0.9	1.0	1.8	1.4	1.6	1.7	1.7	1.8	1.8	1.5	1.1	1.5	1.7
"Core" PCE Deflator	1.7	1.7	1.8	1.6	1.8	1.0	1.3	1.2	1.2	1.8	1.5	1.6	1.6	1.6	1.7	1.7	1.7	1.3	1.5	1.7
Consumer Price Index	1.6	1.8	1.8	2.0	2.1	0.4	1.1	0.9	1.0	2.3	1.6	1.9	2.0	2.0	2.1	2.1	1.8	1.1	1.7	2.0
"Core" Consumer Price Index	2.1	2.1	2.3	2.3	2.2	1.3	1.5	1.4	1.4	2.2	1.7	1.8	1.9	1.9	1.9	2.0	2.2	1.6	1.8	1.9
Producer Price Index (Final Demand)	1.9	2.0	1.6	1.1	1.1	-0.8	-0.2	0.1	0.8	2.5	2.2	2.1	2.1	2.1	2.2	2.2	1.7	0.1	1.9	2.1
Employment Cost Index	2.8	2.7	2.8	2.7	2.8	2.7	2.0	1.8	1.5	1.8	2.0	2.1	1.5	1.8	2.0	2.1	2.7	2.3	1.8	1.8
Real Disposable Income (b)	3.2	2.1	1.8	1.6	1.4	11.9	5.5	2.7	2.8	-6.3	-0.8	1.9	1.8	2.0	2.4	2.6	2.2	5.4	-0.7	2.2
Nominal Personal Income (b)	4.7	4.1	3.5	3.5	3.2	10.4	5.5	2.7	2.8	-3.8	0.7	3.6	3.5	3.8	4.2	4.4	3.9	5.4	0.8	4.0
Industrial Production (a)	-1.9	-2.3	1.1	0.4	-6.7	-43.2	36.5	8.0	5.0	5.0	5.7	3.6	3.5	4.2	4.4	2.5	0.9	-7.5	4.8	4.1
Capacity Utilization	78.6	77.8	77.6	77.2	75.8	65.8	71.2	72.5	73.4	74.3	75.3	75.9	76.6	77.3	78.2	78.6	77.8	71.3	74.7	77.7
Corporate Profits Before Taxes (b)	-1.1	1.7	-0.5	1.3	-6.7	-20.1	-8.0	-4.0	8.0	22.0	10.0	3.0	4.0	5.0	3.0	4.0	0.3	-9.7	10.3	4.0
Corporate Profits After Taxes	-3.3	0.5	-0.3	1.3	-5.7	-19.9	-8.5	-3.4	7.3	22.2	10.0	2.9	3.8	5.0	2.9	4.1	-0.4	-9.4	10.1	3.9
Federal Budget Balance (c)	-372	-56	-237	-357	-387	-2001	-556	-495	-611	-270	-424	-404	-527	-142	-327	-336	-984	-3300	-1800	-1400
Trade Weighted Dollar Index (d)	109.8	109.7	111.0	109.8	112.7	110.3	105.8	104.8	103.8	103.0	102.5	102.0	101.8	101.5	101.3	101.3	110.1	108.4	102.8	104.4
Nonfarm Payroll Change (e)	139	159	203	210	-303	-4427	1268	617	450	328	283	270	257	243	227	213	178	-711	333	235
Unemployment Rate	3.9	3.6	3.6	3.5	3.8	13.0	8.9	7.8	7.3	6.8	6.3	5.9	5.6	5.3	5.0	4.7	3.7	8.4	6.6	5.2
Housing Starts (f)	1.20	1.26	1.29	1.43	1.48	1.06	1.37	1.28	1.32	1.32	1.32	1.32	1.33	1.34	1.34	1.35	1.29	1.30	1.32	1.34
Light Vehicle Sales (g)	16.9	17.0	17.0	16.8	15.0	11.3	15.0	14.3	14.5	14.8	15.3	15.3	15.5	15.7	15.7	15.8	17.0	13.9	15.0	15.7
Crude Oil - Brent - Front Contract (h)	63.8	67.6	61.5	61.7	51.0	34.7	43.0	44.0	46.0	46.0	46.0	50.0	53.0	55.0	57.0	55.0	63.6	43.2	47.0	55.0
Quarter-End Interest Rates (i)																				
Federal Funds Target Rate	2.50	2.50	2.00	1.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	2.25	0.25	0.25	0.25
Secured Overnight Financing Rate (h)	2.43	2.43	2.28	1.67	1.23	0.05	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	2.20	0.37	0.10	0.10
3 Month LIBOR	2.60	2.32	2.09	1.91	1.45	0.30	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	2.33	0.56	0.25	0.25
Prime Rate	5.50	5.50	5.00	4.75	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Conventional Mortgage Rate	4.28	3.80	3.61	3.72	3.45	3.16	2.85	2.80	2.80	2.85	2.90	3.00	3.05	3.10	3.15	3.20	3.94	3.07	2.89	3.13
3 Month Bill	2.40	2.12	1.88	1.55	0.11	0.16	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	2.11	0.14	0.15	0.15
6 Month Bill	2.44	2.09	1.83	1.60	0.15	0.18	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	2.11	0.16	0.15	0.15
1 Year Bill	2.40	1.92	1.75	1.59	0.17	0.16	0.15	0.15	0.15	0.15	0.20	0.20	0.20	0.20	0.25	0.25	2.05	0.16	0.18	0.23
2 Year Note	2.27	1.75	1.63	1.58	0.23	0.16	0.15	0.15	0.20	0.20	0.20	0.25	0.25	0.30	0.35	0.45	1.97	0.17	0.21	0.34
5 Year Note	2.23	1.76	1.55	1.69	0.37	0.29	0.25	0.30	0.35	0.40	0.50	0.60	0.65	0.70	0.80	0.90	1.95	0.30	0.46	0.76
10 Year Note	2.41	2.00	1.68	1.92	0.70	0.66	0.70	0.85	1.00	1.10	1.20	1.30	1.35	1.40	1.45	1.50	2.14	0.73	1.15	1.43
30 Year Bond	2.81	2.52	2.12	2.39	1.35	1.41	1.40	1.60	1.75	1.90	2.05	2.15	2.20	2.20	2.25	2.30	2.58	1.44	1.96	2.24

Forecast as of: September 10, 2020

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 Advanced Foreign Economies Index, 2006=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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