Your guide to the data and events that will shape the economic outlook and drive financial markets in the month ahead

March 11, 2020
Key Takeaways

Developments since our February Monthly Economic Outlook

- Our forecast for U.S. real GDP growth has declined materially, falling by 0.6 percentage points relative to our February 12 forecast. We anticipate that the continued disruptions from the spread of COVID-19 will weigh on personal consumption growth over the next few months at least, while business investment growth will also weaken amid falling demand, heightened uncertainty and the significant decline in oil prices. Although we expect real GDP growth to turn negative in Q2-2020, we are not forecasting a U.S. recession at this point in time.

- We look for the FOMC to cut its target range for the federal funds rate 50 bps at its next meeting on March 18, and for a final 50 bps rate cut on April 29. Against this backdrop, we have revised down our 2020 year-end forecast for the 10-year Treasury yield to 1.0%.

- Our 2020 global growth forecast has fallen by one percentage point and is now just 1.9%, which if realized would easily be the slowest pace of global growth since 2009. The Eurozone and Japan appear poised to fall into at least technical recessions, and we have increased our estimate of the economic disruption that is taking place in China.

Source: U.S. Department of Commerce, International Monetary Fund and Wells Fargo Securities
## Monthly Macro Calendar: March 9-April 3

<table>
<thead>
<tr>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
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<tr>
<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>13</td>
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<tr>
<td>FOMC Blackout Period Begins</td>
<td></td>
<td>Consumer Price Index (YoY)</td>
<td>PPI Final Demand (YoY)</td>
<td>Import Price Index (YoY)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>January 2.5%; February 2.2% (W)</td>
<td>January 2.1%; February 1.8% (W)</td>
<td>January 0.3%; February -1.7% (W)</td>
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<tr>
<td>16</td>
<td>17</td>
<td>18</td>
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<td></td>
<td></td>
<td>Housing Starts</td>
<td>Bank of Japan Rate Decision</td>
<td>Existing Home Sales</td>
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<td></td>
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<td>January 1,567K; February 1,490K (C)</td>
<td>Previous -0.10%</td>
<td>January 5.46M; February 5.55M (C)</td>
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<td>23</td>
<td>24</td>
<td>25</td>
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<td></td>
<td></td>
<td>New Home Sales</td>
<td>Durable Goods Orders (MoM)</td>
<td>Bullard (St. Louis Fed)</td>
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<tr>
<td></td>
<td></td>
<td>January 746K</td>
<td>January -0.2%</td>
<td>Speaks at Monetary Policy Forum at the ECB</td>
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<tr>
<td></td>
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<td>Bullard (St. Louis Fed)</td>
<td>United Kingdom CPI (YoY)</td>
<td>Bank of England Rate Decision</td>
</tr>
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<td>Speaks at Bank of France Event in Paris</td>
<td>January 1.8%</td>
<td>Previous 0.75%</td>
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<td>Bank of Mexico Rate Decision</td>
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<td>Previous 7.00%</td>
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<td>30</td>
<td>31</td>
<td>1</td>
<td>2</td>
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<td></td>
<td></td>
<td>Consumer Confidence</td>
<td>Trade Balance</td>
<td>Nonfarm Payrolls</td>
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<td></td>
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<td>February 130.7</td>
<td>January -45.3B</td>
<td>February 273K</td>
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<td></td>
<td></td>
<td>Kaplan* (Dallas Fed)</td>
<td>ISM Manufacturing Index</td>
<td>ISM Non-manufacturing Index</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Discusses Economic Outlook &amp; Monetary Policy</td>
<td>February 50.1</td>
<td>February 57.3</td>
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<td>Reserve Bank of India Rate Decision</td>
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<td>Previous 4.00% (Cash Reserve Ratio)</td>
</tr>
</tbody>
</table>

Note: (W) = Wells Fargo Estimate, (C) = Consensus Estimate, * = voting FOMC member in 2020, Red = Market Moves Releases

Source: Bloomberg LP and Wells Fargo Securities
Real GDP growth forecast for Q1-2020: 1.8%, Q2-2020: -0.6% (seasonally adjusted annualized rate)

- Change since last Monthly Economic Outlook: +0.3 percentage points, -3.0 percentage points
- Q1 growth should be relatively strong as the U.S. economy was gaining some traction early in the year. The Phase I trade deal alleviated some trade tension between the U.S. and China, hiring rose at a solid pace in both January and February and the stock market was rising to all time highs.
- But two major shocks have since hit the economy: the COVID-19 outbreak and the collapse in oil prices. As such, we have slashed our Q2-2020 forecast and look for the economy to contract 0.6%. Slower growth in economies most exposed to the outbreak will weigh on U.S. export growth, and there are likely to be disruptions to U.S. supply chains and manufacturing. The virus will likely weigh on consumer spending and lower oil prices will likely generate headwinds on business investment in the near term.

- Real GDP growth forecast for full-year 2020: 1.4% (year-over-year percent change)
- Change since last Monthly Economic Outlook: -0.6 percentage points
- We look for a rebound in growth to a roughly 3% pace in H2-2020. But, if our forecast is realized, economic growth for full-year 2020 would come in around 1.4%, which would be the slowest pace of growth since 2009.
Federal Reserve Watch

Inflation Forecast

- We have revised our 2020 headline inflation forecast down based on our expectation for lower oil prices this year. Our 2021 headline forecast has come up a bit due to low base effects and as oil prices begin to trend higher again. Our core inflation forecast is slightly lower, and we still expect core PCE inflation to rise slightly in the coming months, but to remain shy of 2%.

Labor Market Forecast

- We expect the pace of hiring to slow to an average of less than 100K workers per month for the remainder of 2020. This downshift reflects the growth-slowing effects of the two shocks.

Fed Funds Outlook

Fed Funds Forecast for 2020: Additional 100 bps of cuts

- The FOMC cut its target range for the federal funds rate 50 bps on March 3. We look for the Fed to cut rates an additional 50 bps at its next meeting on March 18 and a final 50 bps on April 29.
- If realized, these rate cuts would return the target range for the fed funds rate to the 0% to 0.25% range that the Fed maintained from December 2008 to December 2015.

Fed Funds Forecast for 2021: 50 bps of hikes

- We look for the FOMC to hike rates 50 bps next year, starting in Q3. As COVID-19 subsides, economic growth rebounds and inflation picks back up, we believe the Fed will begin to reverse its accommodation.
March 2020

U.S. Interest Rate Outlook

Source: Federal Reserve Board and Wells Fargo Securities

Markets priced for a return to the zero lower bound on fed funds

Markets are priced for nearly 100 bps of easing from the Fed over the next twelve months, and we agree with this assessment. We think Treasury yields two years and in will remain below 75 bps for the remainder of 2020.

Inflation expectations at 2008 levels

In addition to more accommodative central bank policy and falling growth expectations, the recent slide in oil prices has further weighed on inflation expectations, putting additional downward pressure on longer-term Treasury yields. 10-year breakevens are near levels not seen since the Great Recession. A resolution to the oil price war could provide a boost to yields at the back-end of the curve even if COVID-19 remains a problem.

Fiscal stimulus to the rescue?

Will fiscal stimulus come to the rescue in places like the United States? If conditions continue to worsen, it would not surprise us if a stimulus bill comes to pass. But, elevated debt levels in some economies, as well as the normal political and implementation lags, mean even this tool is far from a guaranteed panacea.

What Are We Watching in the Month Ahead?

- Markets priced for a return to the zero lower bound on fed funds
- Inflation expectations at 2008 levels
- Fiscal stimulus to the rescue?

Forecast as of March 11, 2020

Source: Federal Reserve Board and Wells Fargo Securities

<table>
<thead>
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<td>3 Month LIBOR</td>
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<td>2.40</td>
<td>2.81</td>
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<td>Prime Rate</td>
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<td>Conventional Mortgage Rate</td>
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<td>4.64</td>
<td>4.28</td>
<td>3.80</td>
<td>3.61</td>
<td>3.72</td>
<td>2.65</td>
<td>2.60</td>
<td>2.60</td>
<td>2.70</td>
<td>2.80</td>
<td>2.90</td>
<td>3.00</td>
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<td>3 Month Bill</td>
<td>1.73</td>
<td>1.93</td>
<td>2.19</td>
<td>2.45</td>
<td>2.40</td>
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<td>1.88</td>
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<td>0.30</td>
<td>0.15</td>
<td>0.15</td>
<td>0.20</td>
<td>0.20</td>
<td>0.25</td>
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<td>6 Month Bill</td>
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<td>0.15</td>
<td>0.15</td>
<td>0.20</td>
<td>0.25</td>
<td>0.35</td>
<td>0.55</td>
<td>0.80</td>
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<td>1 Year Bill</td>
<td>2.09</td>
<td>2.33</td>
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<td>1.92</td>
<td>1.75</td>
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<td>0.25</td>
<td>0.25</td>
<td>0.30</td>
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<td>0.45</td>
<td>0.55</td>
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<td>1.00</td>
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<td>2 Year Note</td>
<td>2.27</td>
<td>2.52</td>
<td>2.81</td>
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<td>1.75</td>
<td>1.63</td>
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<td>0.45</td>
<td>0.50</td>
<td>0.60</td>
<td>0.75</td>
<td>0.90</td>
<td>1.05</td>
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<td>5 Year Note</td>
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<td>2.51</td>
<td>2.23</td>
<td>1.76</td>
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<td>1.69</td>
<td>0.45</td>
<td>0.55</td>
<td>0.65</td>
<td>0.80</td>
<td>0.95</td>
<td>1.10</td>
<td>1.20</td>
<td>1.30</td>
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<td>10 Year Note</td>
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<td>3.05</td>
<td>2.69</td>
<td>2.41</td>
<td>2.00</td>
<td>1.68</td>
<td>1.92</td>
<td>0.55</td>
<td>0.70</td>
<td>0.85</td>
<td>1.00</td>
<td>1.10</td>
<td>1.20</td>
<td>1.30</td>
<td>1.40</td>
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<td>30 Year Bond</td>
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<td>2.98</td>
<td>3.19</td>
<td>3.02</td>
<td>2.81</td>
<td>2.52</td>
<td>2.12</td>
<td>2.39</td>
<td>0.95</td>
<td>1.10</td>
<td>1.30</td>
<td>1.50</td>
<td>1.60</td>
<td>1.65</td>
<td>1.70</td>
<td>1.75</td>
</tr>
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</table>
The spread of COVID-19 well beyond China’s borders comes at a time when economic growth in many economies was already relatively weak. In the Eurozone, for instance, real GDP growth was up just 0.9% year-over-year to finish 2019. And in Japan, real GDP growth plunged in Q4-2019, admittedly in part due to transitory factors, such as the value-added tax increase and a typhoon. In the weeks and months ahead, we expect the economic data in these two economies will deteriorate, such that both will likely enter at least technical recessions in H1-2020.

As we wrote in a recent report, monitoring the South Korean economy in the months ahead could offer some useful clues as to how a more widespread outbreak could impact major economies where the disease appears to have arrived later. In the next few weeks, for example, we will receive data on Korean retail sales, activity in the hotel & food service industries and monthly tourist arrivals. Based on how these data look, it should give us a better feel for how the economic data could look in other countries that are currently struggling with their own outbreaks, or could be in the near future.
European Central Bank
- With the Eurozone potentially headed for recession, we think the ECB will be forced to act, even if it would rather not. **We expect the ECB to push its policy rates deeper into negative territory in the coming months, cutting another 20 bps and expanding its quantitative easing program further.**

Bank of Japan
- At this point in time, we do not anticipate any further easing from the BoJ, though we see the risks as clearly skewed towards some type of more accommodative policy.

Bank of England
- We expect the BoE to cut rates 25 bps at its March 26 meeting, followed by one more 25 bps cut in Q2, bringing its policy rate down to 0.25%.

Bank of Canada
- We look for the BoC to follow the Federal Reserve and bring its policy rate down by 100 bps over the next few months to 0.25% against the backdrop of real GDP growth of just 0.7% in 2020.

### Wells Fargo Central Bank Policy Forecasts

<table>
<thead>
<tr>
<th>Central Bank</th>
<th>Current Policy Rate</th>
<th>Last Major Policy Change</th>
<th>WF Next Forecasted Policy Change</th>
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</thead>
<tbody>
<tr>
<td>United States (FOMC)</td>
<td>1.25%</td>
<td>March 2020 50 bps cut</td>
<td>Next Rate Move: Cut in Q1-2020 (50 bps)</td>
</tr>
<tr>
<td>Eurozone (ECB)</td>
<td>-0.50% (Deposit Rate)</td>
<td>September 2019 10 bps cut, restart of asset purchases in November of 20 billion euros per month with an open-ended timeframe</td>
<td>Next Rate Move: Cut in Q1-2020 (10 bps) Announce additional asset purchases of 5-10 billion euros per month</td>
</tr>
<tr>
<td>United Kingdom (BoE)</td>
<td>0.75%</td>
<td>August 2018 25 bps hike</td>
<td>Next Rate Move: Cut in Q1-2020 (25 bps)</td>
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<tr>
<td>Japan (BoJ)</td>
<td>-0.10%</td>
<td>July 2018 QQE and a greater degree of variation in 10-year govt. bond yield target</td>
<td>No change through Q2-2021</td>
</tr>
<tr>
<td>Canada (BoC)</td>
<td>1.75%</td>
<td>March 2020 50 bps cut</td>
<td>Next Rate Move: Cut in Q2-2020 (50 bps)</td>
</tr>
</tbody>
</table>

Forecast as of: March 11, 2020

Source: Bloomberg LP and Wells Fargo Securities

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**What Are We Watching in the Month Ahead?**

**March 2020**

8

Wells Fargo Securities
**Chinese Growth to Take a Near-Term Hit**

- Although the number of new COVID-19 cases in China appears to have decelerated, the most recent economic data have not been promising. The official manufacturing PMI cratered to an all-time low in February, and auto sales in the nation were down 80% year-over-year. **Financial markets will be watching closely on March 15 when hard data on Chinese industrial production and retail sales for the first two months of the year are reported.**

- We look for real GDP growth in China to fall from 6.0% year over year in Q4-2019 to 2.8% in Q2-2020, and 3.4% for full year 2020.

**Mexico Looking at Another Year of No Growth**

- The Mexican economy hovered near recession levels for much of 2019, and the prospects for 2020 do not look much better. **Slower-than-previously-expected economic growth in the United States and Canada do not bode well for Mexico’s economy, and the recent steep decline in oil prices create even more challenges for the struggling Mexican oil industry.**

- Against this backdrop, the Mexican peso has struggled mightily of late and is down roughly 13% against the U.S. dollar since February 20. **Additional easing from the Bank of Mexico seems likely in the near and medium term.**

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**Source:** IHS Markit and Wells Fargo Securities
An Update to the Potential Implications of COVID-19

- The economic impact of the coronavirus remains uncertain, but the downside risks are mounting. The U.S. and global economy are set to experience the slowest pace of growth since 2009, in our view. Just how slow remains an open question, which we have been attempting to answer in our recent research, summarized below. To read the full reports, there is a dedicated section on our website to COVID-19 updates.

- Global Impact: While the coronavirus originated in China, its impact has not been contained. We have downwardly revised our 2020 China GDP forecast to 3.4% from 5.5% previously. We are also closely monitoring developments in countries most exposed, such as Italy and South Korea, and have revised our global GDP forecast down to 1.9% in 2020—which would mark the slowest pace since 2009.

- U.S. Consumer Impact: Uncertainty from the outbreak will weigh on consumption. We now expect personal consumption expenditures to rise only 0.3% in Q2. Some categories of spending, such as healthcare, will likely remain resilient, but consumers may pare back durable goods purchases and air transportation and travel expenditures.

- U.S. Production Impact: U.S. industrial output will slow, though the extent partly depends on the ability of producers to get inputs from exposed countries. For example, the chemical products industry is one of the most exposed. Not only does it represent a large portion of U.S. manufacturing, it also supplies the most inputs to other industries.

- U.S. Monetary Policy Response: The Fed delivered a 50 bps emergency rate cut on March 3. We look for the Fed to cut rates an additional 100 bps this year, starting with a 50 bps cut at its March 18 meeting.
<table>
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<tr>
<th>Wells Fargo U.S. Economic Forecast</th>
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**Wells Fargo U.S. Economic Forecast**

### 2018 - 2019 Actual
- **Real Gross Domestic Product (a)**
  - 1Q: 2.6 to 3.5
  - 2Q: 2.9 to 3.1
  - 3Q: 2.0 to 2.1
  - 4Q: 2.1 to 2.0
- **Personal Consumption**
  - 1.7 to 4.0
- **Business Fixed Investment**
  - 8.8 to 7.9
- **Inventories (a)**
  - 6.6 to 3.4
- **Structures**
  - 12.1 to 11.0
- **Residential Investment**
  - -5.3 to -3.7
- **Government Purchases**
  - 1.9 to 2.6
- **Net Exports**
  - -894.2 to -850.5
- **Inventory**
  - 45.8 to 87.2
- **Pct. Point Contribution to GDP**
  - 0.1 to -1.2
- **Nominal GDP (a)**
  - 5.0 to 7.1
- **Consumer Sales (b)**
  - 4.7 to 5.7
- **Inflation Indicators (b)**
  - **PCE Deflator**
  - 1.9 to 2.3
  - **Core PCE Deflator**
  - 1.8 to 2.0
  - **Consumer Price Index**
  - 2.2 to 2.7
  - **Core Consumer Price Index**
  - 1.9 to 2.3
  - **Producer Price Index (Final Demand)**
  - 2.8 to 3.0
  - **Employment Cost Index**
  - 2.7 to 2.8
- **Real Disposable Income (b)**
  - 3.9 to 4.1
- **Nominal Personal Income (b)**
  - 5.6 to 5.6
- **Industrial Production (a)**
  - 2.3 to 4.6
- **Capacity Utilization**
  - 77.0 to 79.6
- **Corporate Profits Before Taxes (b)**
  - 2.9 to 2.4
- **Corporate Profits After Taxes**
  - 10.3 to 8.3
- **Federal Budget Balance (c)**
  - -375.0 to 57.0
- **Trade Weighted Dollar Index (d)**
  - 103.1 to 107.3
- **Nonfarm Payroll Change (e)**
  - 234.0 to 211.0
- **Unemployment Rate**
  - 4.1 to 3.9
- **Housing Starts (f)**
  - 1.3 to 1.2
- **Vehicle Sales (g)**
  - 17.1 to 17.3
- **Crude Oil - Brent (h)**
  - 66.9 to 74.6

### 2020 - 2021 Forecast
- **Real Gross Domestic Product (a)**
  - 1Q: 1.6 to 0.6
  - 2Q: 2.9 to 1.9
  - 3Q: 2.9 to 2.5
  - 4Q: 2.4 to 2.9
- **Personal Consumption**
  - 3.0 to 4.1
- **Business Fixed Investment**
  - 1.4 to 2.9
- **Equipment**
  - -1.2 to -1.1
- **Inventories (a)**
  - -4.2 to 3.0
- **Structures**
  - -3.5 to -9.1
- **Residential Investment**
  - 10.5 to 3.5
- **Government Purchases**
  - 1.3 to 0.8
- **Net Exports**
  - -873.0 to -986.1
- **Inventory**
  - -25.0 to 10.0
- **Pct. Point Contribution to GDP**
  - 0.1 to -1.2
- **Nominal GDP (a)**
  - 2.8 to 3.2
- **Consumer Sales (b)**
  - 3.1 to 0.2
- **Inflation Indicators (b)**
  - **PCE Deflator**
  - 1.6 to 1.0
  - **Core PCE Deflator**
  - 1.7 to 1.6
  - **Consumer Price Index**
  - 2.1 to 1.8
  - **Core Consumer Price Index**
  - 2.3 to 2.1
  - **Producer Price Index (Final Demand)**
  - 1.7 to 1.0
  - **Employment Cost Index**
  - 2.8 to 2.7
- **Real Disposable Income (b)**
  - 2.4 to 3.4
- **Nominal Personal Income (b)**
  - 4.0 to 4.3
- **Industrial Production (a)**
  - -1.6 to -1.3
- **Capacity Utilization**
  - 76.7 to 77.7
- **Corporate Profits Before Taxes (b)**
  - 1.3 to 1.5
- **Corporate Profits After Taxes**
  - 1.8 to 1.5
- **Federal Budget Balance (c)**
  - -466.0 to 208.0
- **Trade Weighted Dollar Index (d)**
  - 110.8 to 108.3
- **Nonfarm Payroll Change (e)**
  - 222.0 to 140.0
- **Unemployment Rate**
  - 3.6 to 3.7
- **Housing Starts (f)**
  - 1.41 to 1.33
- **Vehicle Sales (g)**
  - 16.8 to 16.4
- **Crude Oil - Brent (h)**
  - 52.0 to 39.0

### 2020 - 2021 Sources
- **Federal Funds Rate (i)**
- **3 Month LIBOR**
- **Conventional Mortgage Rate**
- **6 Month LIBOR**
- **1 Year LIBOR**
- **5 Year LIBOR**
- **10 Year LIBOR**
- **30 Year Bond**

### Notes
- (a) Compound Annual Growth Rate - Quarter-over-Quarter
- (b) Year-over-Year Percentage Change
- (c) (i) Millions of Units - Annual Data - Not Seasonally Adjusted
- (ii) Quarterly Data - Average Monthly SAAR; Annual Data - Actual Total Vehicles Sold
- (d) (i) Percentage Change of Daily Close
- (e) Federal Reserve Advanced Foreign Economies Index, 2006=100 - Quarter End
- (f) Average Monthly Change
## Changes to the Wells Fargo U.S. Economic Forecast

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### Inflation Indicators (b)

- **PCE Deflator**: 0.00
- **"Core" PCE Deflator**: -0.02
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00
- **Consumer Price Index**: 0.00
  - 1Q: 0.01
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00
- **"Core" Consumer Price Index**: -0.02
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00
- **Producer Price Index (Final Demand)**: 0.00
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00
- **Employment Cost Index**: 0.00
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00

### Real Disposable Income (b)

- 0.00
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00

### Nominal Personal Income (b)

- 0.00
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00

### Industrial Production (a)

- 0.00
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00

### Capacity Utilization

- 0.00
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00

### Corporate Profits Before Taxes (b)

- 0.00
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00

### Corporate Profits After Taxes

- 0.00
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00

### Federal Budget Balance (c)

- 0.00
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00

### Trade Weighted Dollar Index (d)

- 0.00
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00

### Nonfarm Payroll Change (e)

- 0.00
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00

### Unemployment Rate

- 0.00
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00

### Housing Starts (f)

- 0.00
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00

### Light Vehicle Sales (g)

- 0.00
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00

### Crude Oil - Brent - Front Contract (h)

- 0.00
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00

### Quarter-End Interest Rates (i)

- **Federal Funds Target Rate**: 0.00
  - 1Q: 0.00
  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00
- **3 Month LIBOR**: 0.00
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- **Prime Rate**: 0.00
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- **Conventional Mortgage Rate**: 0.00
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- **3 Month Bill**: 0.00
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- **2 Year Note**: 0.00
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- **10 Year Note**: 0.00
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- **30 Year Bond**: 0.00
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  - 2Q: 0.00
  - 3Q: 0.00
  - 4Q: 0.00

**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

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

March 2020
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Forecast as of: March 11, 2020

1Aggregated Using PPP Weights

Source: International Monetary Fund and Wells Fargo Securities
### Changes to the Wells Fargo International Economic Forecast

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**Forecast as of:** March 11, 2020

1 Aggregated Using PPP Weights

Source: International Monetary Fund and Wells Fargo Securities
## International Outlook

### Wells Fargo International Interest Rate Forecast

(End of Quarter Rates)

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<th>Country</th>
<th>2020 Q1</th>
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Forecast as of: March 11, 2020

1 ECB Deposit Rate 2 German Government Bond Yield

Source: International Monetary Fund and Wells Fargo Securities
## Wells Fargo International Interest Rate Forecast

(End of Quarter Rates)

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<td>-1.00%</td>
<td>-0.95%</td>
</tr>
</tbody>
</table>

Forecast as of: March 11, 2020

¹ ECB Deposit Rate ² German Government Bond Yield

Source: International Monetary Fund and Wells Fargo Securities