February 18, 2011

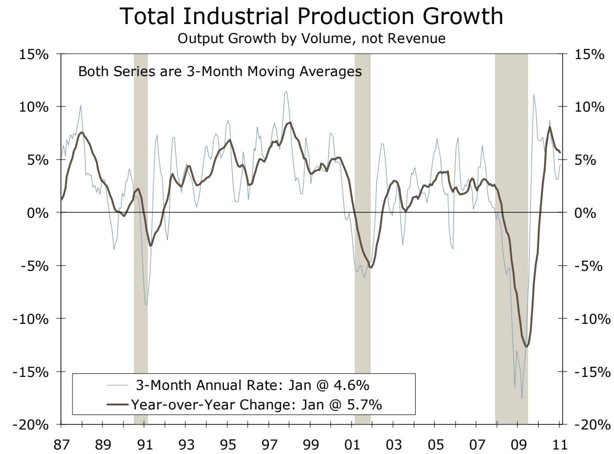
# Economics Group

## Weekly Economic & Financial Commentary

## U.S. Review

### Look Past the Headlines in This Week's Data

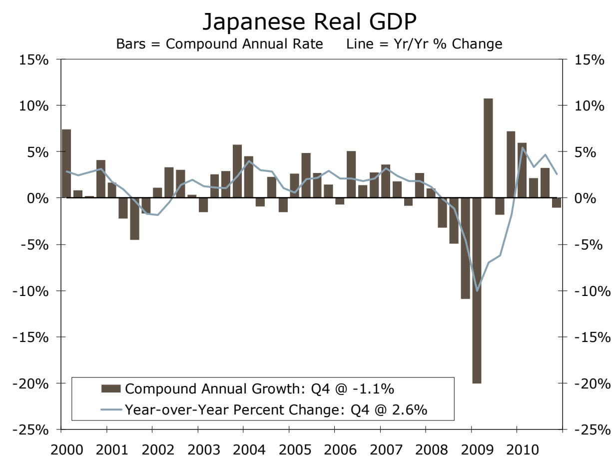
- Both retail sales and industrial production came in below consensus estimates this week. However, as we discuss on the following page, one-off factors, such as weather and revisions to past data, help explain the miss. The details are better than the negative headlines imply.
- There was a lot of data on prices this week as well. The theme of producer price inflation that is higher than consumer price inflation continues. While core consumer prices remain historically low, we discuss why core consumer prices are likely headed higher.




## Global Review

### Has Japan Slipped Back into Recession Already?

- Japanese real GDP growth turned negative again in the fourth quarter. In our view, however, the recent decline in real GDP does not indicate that the Japanese economy is slipping back into recession. Rather, the modest drop in real GDP in the fourth quarter represents some temporary factors that should reverse in the quarters ahead.
- Although we expect that the Japanese economic recovery will remain intact, inflation is nonexistent in Japan. Therefore, the Bank of Japan likely will refrain from hiking rates for as far as the eye can see.




**Wells Fargo U.S. Economic Forecast**

| | Actual | | | | Forecast | | | | Actual | | | Forecast | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | | | | 2011 | | | | 2008 | 2009 | 2010 | 2011 | 2012 |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | | |
| Real Gross Domestic Product [1] | 3.7 | 1.7 | 2.6 | 3.2 | 3.3 | 2.9 | 2.9 | 3.0 | 0.0 | -2.6 | 2.9 | 3.0 | 2.9 |
| Personal Consumption | 1.9 | 2.2 | 2.4 | 4.4 | 2.5 | 2.4 | 2.5 | 3.0 | -0.3 | -1.2 | 1.8 | 2.8 | 2.6 |
| Inflation Indicators [2] | | | | | | | | | | | | | |
| "Core" PCE Deflator | 1.8 | 1.5 | 1.2 | 0.8 | 0.8 | 0.8 | 1.0 | 1.2 | 2.3 | 1.5 | 1.3 | 1.0 | 1.4 |
| Consumer Price Index | 2.4 | 1.8 | 1.2 | 1.2 | 1.8 | 2.4 | 2.5 | 2.4 | 3.8 | -0.3 | 1.6 | 2.3 | 2.4 |
| Industrial Production [1] | 7.1 | 7.2 | 6.2 | 3.2 | 4.5 | 4.3 | 4.1 | 3.9 | -3.3 | -9.3 | 5.7 | 4.5 | 4.0 |
| Corporate Profits Before Taxes [2] | 37.6 | 37.0 | 26.4 | 12.5 | 8.2 | 6.2 | 6.2 | 6.7 | -16.4 | -0.4 | 27.5 | 6.8 | 7.0 |
| Trade Weighted Dollar Index [3] | 76.1 | 78.8 | 73.6 | 73.2 | 72.5 | 73.0 | 74.0 | 75.0 | 74.3 | 77.7 | 75.6 | 73.6 | 78.0 |
| Unemployment Rate | 9.7 | 9.6 | 9.6 | 9.6 | 9.3 | 9.4 | 9.3 | 9.2 | 5.8 | 9.3 | 9.6 | 9.3 | 9.0 |
| Housing Starts [4] | 0.62 | 0.60 | 0.59 | 0.53 | 0.58 | 0.61 | 0.66 | 0.71 | 0.90 | 0.55 | 0.59 | 0.64 | 0.83 |
| Quarter-End Interest Rates [5] | | | | | | | | | | | | | |
| Federal Funds Target Rate | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 1.88 | 0.25 | 0.25 | 0.25 | 0.75 |
| Conventional Mortgage Rate | 4.97 | 4.74 | 4.35 | 4.71 | 4.90 | 5.15 | 5.15 | 5.20 | 6.04 | 5.04 | 4.69 | 5.10 | 5.63 |
| 10 Year Note | 3.84 | 2.97 | 2.53 | 3.30 | 3.60 | 3.75 | 3.75 | 3.80 | 3.66 | 3.26 | 3.22 | 3.73 | 4.13 |

Forecast as of: February 18, 2011
[1] Compound Annual Growth Rate Quarter-over-Quarter
[2] Year-over-Year Percentage Change
[3] Federal Reserve Major Currency Index, 1973=100 - Quarter End
[4] Millions of Units
[5] Annual Numbers Represent Averages

## Inside

## U.S. Review

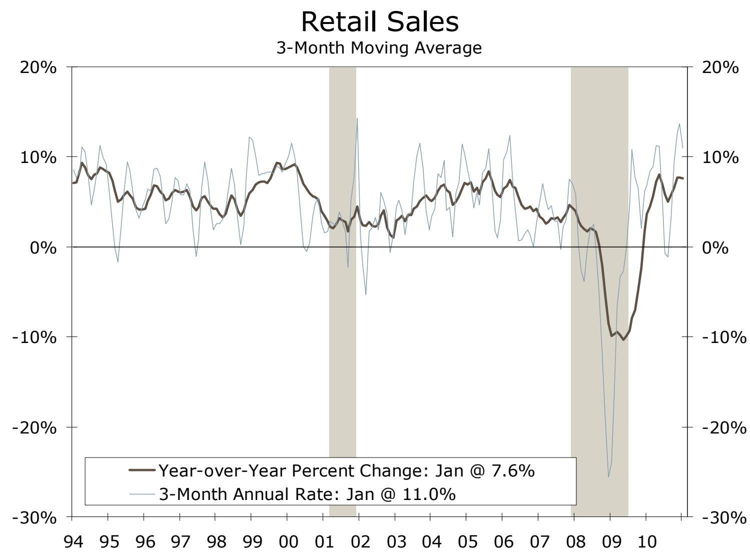
### Soft Data This Week Do Not De-Rail the Expansion

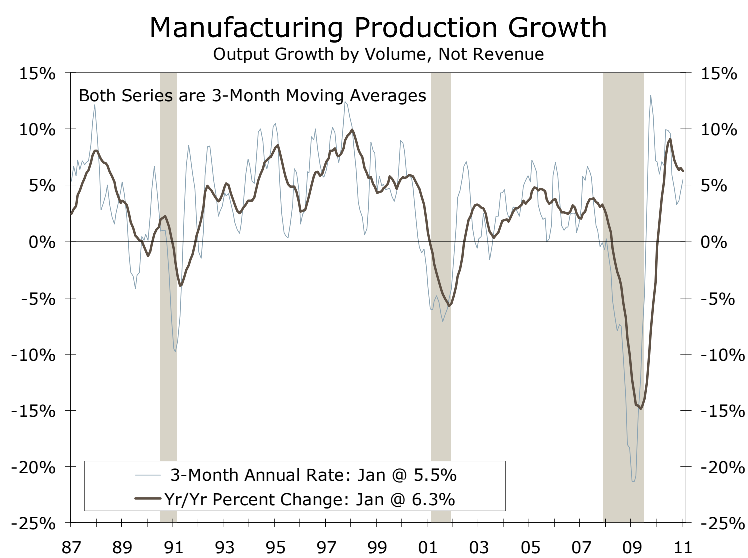
Economic data this week were mixed as industrial production declined for the first time since June 2009 and retail sales came in well below consensus expectations. Despite the miss for these indicators, our forecast for continued economic expansion is not materially swayed. When you look past the headline numbers, the underlying details are more encouraging.

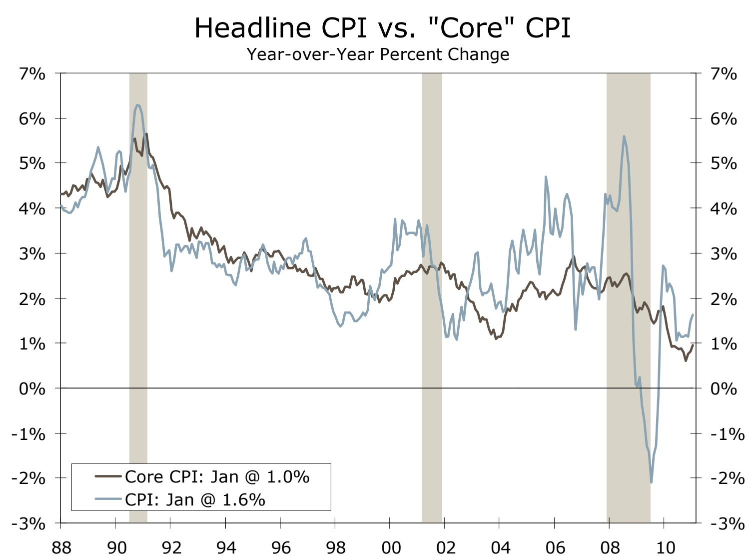
Retail sales increased only 0.3 percent in the month, a smaller gain than the 0.5 percent jump the consensus had been expecting. It appears as though weather played a bigger role this January than it usually does. This past month was the coldest January since 1994 across the contiguous Unites States. Sales at stores selling building materials, garden equipment and supplies fell 2.9 percent, exerting the largest drag from any kind of business. Restaurants and drinking places also reported smaller sales. Looking forward, we do not expect consumer spending to grow at the same breakneck pace we saw in the fourth quarter when personal consumption expenditures surged at a 4.4 percent annualized rate. That was the fastest pace of growth in consumer spending since 2006. We still think consumer spending will grow, but with an elevated unemployment rate and ongoing challenges in the housing market, a pace of about 2.5 percent or so seems more sustainable.

The other big economic headline this week was the 0.1 percent slip in industrial production. We do not interpret this report as a significant blow to the recovery in the factory sector. For one thing, prior month's data were revised higher. The initially reported 0.8 percent gain in December was revised higher to a jump of 1.2 percent—matching the largest monthly increase in the last year and a half. Also, declines were primarily concentrated in smaller industry groups. Both utility production and mining output declined, but these areas make up only about a quarter of industrial production. The predominant component and the part that is more indicative of the pace of recovery in the factory sector is manufacturing output. This measure added 0.3 percent on the month. The gain here was underpinned by a 3.2 percent jump in automobile and parts production. Auto sales to dealers have been strong in recent months, and dealerships do not seem to be having much trouble turning over inventory on their lots, suggesting some sustainability in the recent strength in auto output. Other indicators, such as regional PMIs in New York and particularly Philadelphia, which are both firmly in expansion territory, offer further support to our outlook for sustained growth in business spending.

The most recent readings on prices came out this week, and price gains across the board were generally larger than most market-watchers expected. Import prices and producer prices are both up more than 3.5 percent over the previous year. The annual increase in the Consumer Price Index was more muted at 1.6 percent. In terms of core CPI, the year-over-year measure is only 1.0 percent, but on a three-month annualized basis, core consumer prices are rising at 1.5 percent annual rate, which suggests prices, while still quite low, are beginning to turn higher.



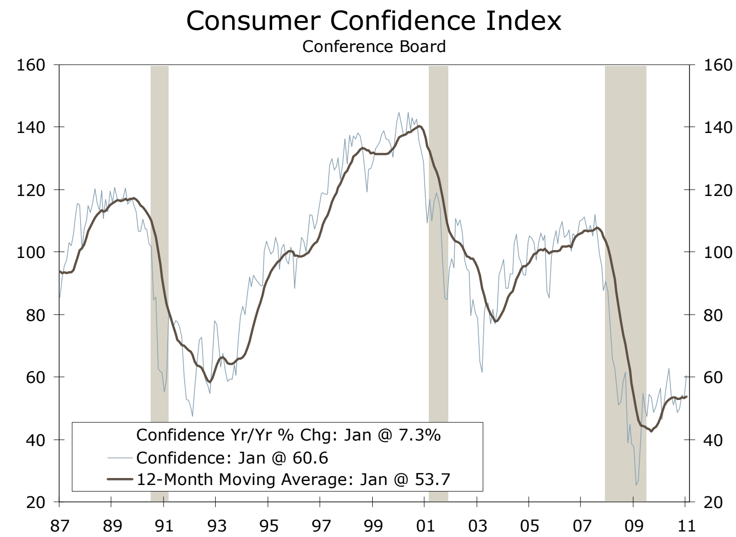



## Consumer Confidence • Tuesday

Consumer Confidence rose 7.3 points in January to 60.6, resulting in the highest confidence reading since the onset of the recession. The decline in initial unemployment claims along with December's drop in the unemployment rate helped to boost consumer expectations. However, consumers' assessment of current conditions is only slightly higher today than it was two years ago. The low level of confidence can be directly related to the continued high unemployment rate that will likely continue to hold down confidence for the foreseeable future. In January, the number of consumers reporting that jobs were plentiful rose to 5.2 percent, while the number of consumers reporting that jobs were difficult to get fell slightly to 43.4 percent. Going forward, we anticipate that consumer confidence will remain somewhat depressed as a result of the continued high unemployment picture.

**Previous: 65.6** **Wells Fargo: 67.9**

**Consensus: 63.0**

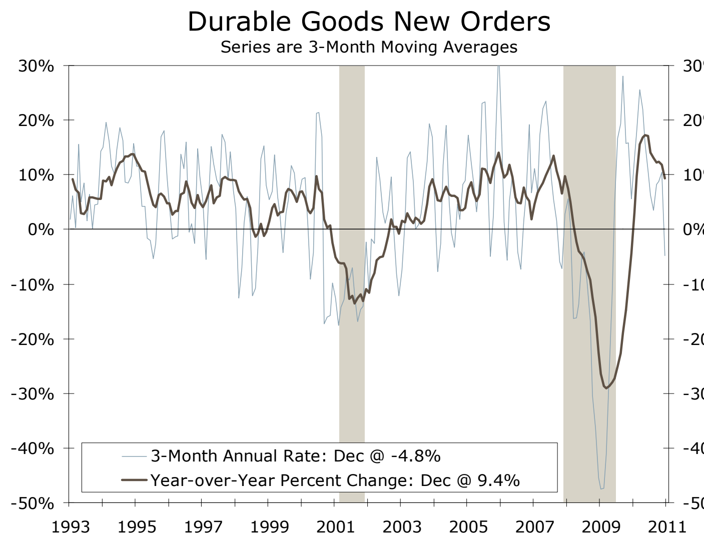



## Durable Goods Orders • Thursday

December durable goods orders fell 2.5 percent, mostly due to a substantial decline in nondefense aircraft orders. Durable goods orders excluding transportation rose 0.5 percent led by increased orders for machinery, up 10.6 percent for the month. Other sectors that posted declines in new orders were primary metals, fabricated metals, computer and electronic orders, and defense orders. Shipments exceeded inventory growth in December, climbing 1.4 percent compared to the 0.7 percent growth in inventories. The inventories-to-shipment ratio fell slightly to 1.61 in December from November's 1.62, signaling that inventory building appears to be keeping up with the pace of demand. We suspect that January's durable goods orders rose 2.9 percent. Indications from both the ISM manufacturing index and industrial production continue to signal strengthening in the manufacturing sector and, in particular, durable goods manufacturing.

**Previous: -2.3%** **Wells Fargo: 2.9%**

**Consensus: 3.0% (Month-over-Month)**

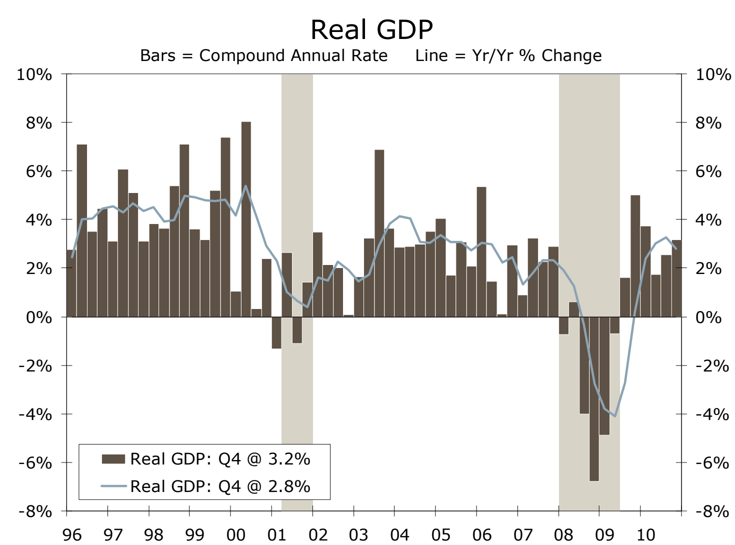



## Gross Domestic Product • Friday

The preliminary estimate of GDP for the fourth quarter of 2010 indicated that the U.S. economy grew at a 3.2 percent pace, officially marking the transition into expansion territory. The increase in Q4 GDP can be attributed to a 4.4 percent rise in real consumption, the strongest growth rate observed in five years. One of the most surprising components that detracted from GDP growth was the sharp decline in inventory accumulation, which subtracted 3.7 percent from headline GDP. It is possible that we will see some upward revision to this number with this release. In addition, the December trade data earlier this month confirmed that the trade deficit was not as substantial as assumed by the Bureau of Economic Analysis, thus we expect that this difference will help to lift the revision to fourth-quarter GDP. Our expectation is that GDP will be upwardly revised to 3.4 percent from the originally reported 3.2 percent.

**Previous: 3.2%** **Wells Fargo: 3.4%**

**Consensus: 3.3% (CAGR)**



## Global Review

### Has Japan Slipped Back into Recession Already?

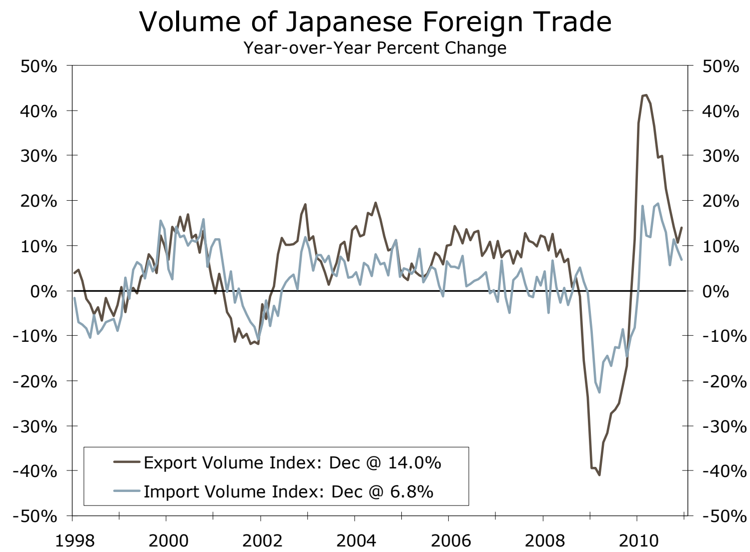
Data released this week show that real GDP in Japan contracted at an annualized rate of 1.1 percent in the fourth quarter relative to the previous quarter (see graph on front page). After enduring a very deep recession—Japanese real GDP plunged 10.0 percent between Q1 2008 and Q1 2009—Japan had enjoyed four consecutive quarters of solid economic growth. However, the negative growth rate in the fourth quarter raises the possibility that Japan may be sliding back into recession even before the economy has climbed out of its hole. (The level of real GDP in Japan remains about 4 percent below its Q1 2008 peak.)

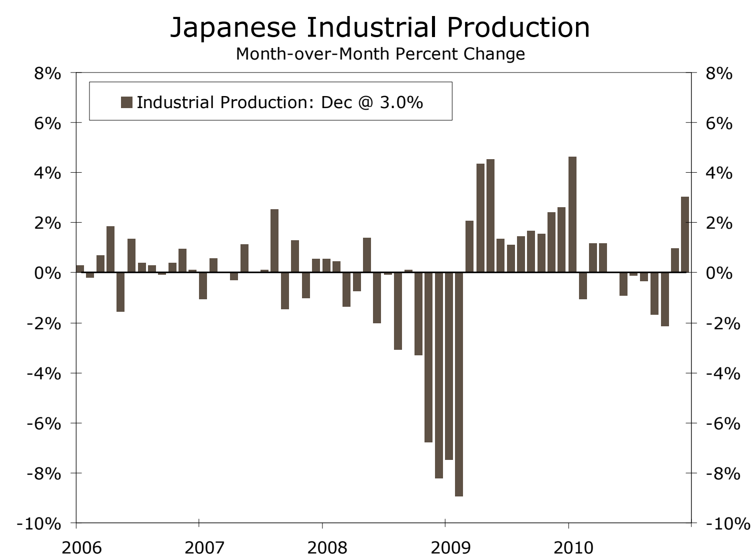
In our view, however, the modest contraction in real GDP in the fourth quarter of last year is not the beginning of another downturn in Japan. Rather, the negative growth rate in the fourth quarter represents some payback for unsustainably strong growth in some important components of spending that had occurred earlier in the recovery. We look for positive economic growth to resume, albeit it at relatively slow rates, in the quarters ahead.

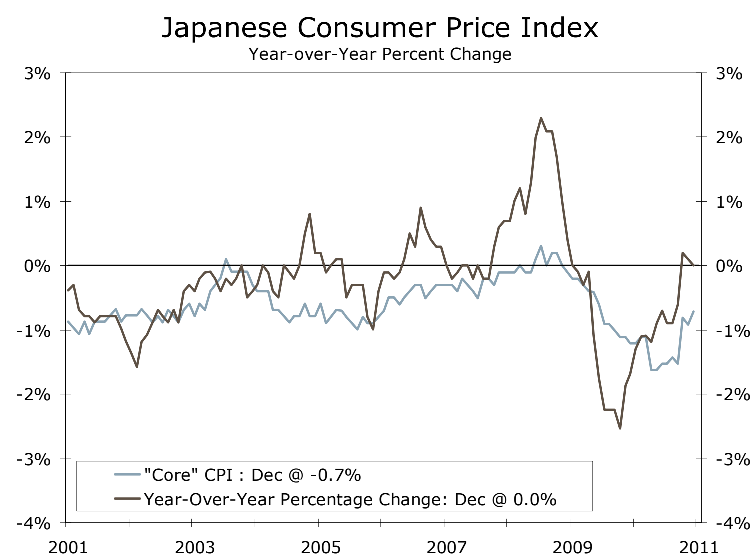
After falling off a cliff in late 2008, Japanese exports came roaring back in mid-2009 as economic stimulus and inventory swings in some of Japan's major trading partners, especially in Asia, led to economic recovery in those countries (top chart). Some slowdown was inevitable in the sequential rate of Japanese export growth and, indeed, real exports of goods and services contracted at an annualized rate of 2.8 percent in the fourth quarter. However, the fourth quarter ended on a positive note as the volume of goods exports jumped 7.2 percent in December relative to the previous month. Consistent with the rebound in exports, industrial production increased 3.0 percent in December (middle chart). As long as the global economic expansion remains intact, which is our expectation, growth in Japanese exports, as well as the overall rate of GDP growth, should turn positive again in the quarters ahead.

The jump in exports that occurred in mid-2009 also led to a rebound in domestic demand. Growth in private consumption expenditures turned positive again in Q2 2009, and business fixed investment spending followed suit later that year. Following six consecutive quarters of growth, consumer spending contracted in the fourth quarter of last year due, at least in part, to the expiration of car-buying incentives that pulled some auto sales forward. However, we look for growth in consumer spending to turn positive again in the quarters ahead as other areas of the economy continue to expand.

The rise in food and energy prices over the past few months has caused deflation to cease, at least for the time being (bottom chart). Outside of food and energy, however, consumer prices continue to decline, falling 0.7 percent on a year-over-year basis in December. Therefore, we project that the Bank of Japan will refrain from raising interest rates for as far as the eye can see. As rates of return on assets in the United States rise relative to those in Japan, the dollar should strengthen against the yen, which is the forecast of the Wells Fargo Currency Strategy team.



## Germany PMI & Ifo • Monday

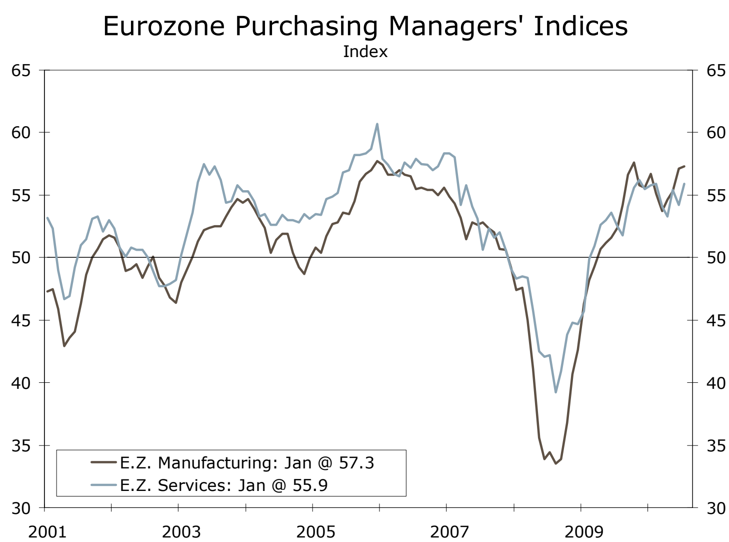
Germany's February purchasing manager's index and the Ifo index are to be released on Monday, and we expect both indices to shed some more light on the continued strength of the German economy, the locomotive of growth of the regional economy.

While markets expect the German economy to continue to lead the way in the European region, growth is going to slowdown from the very strong pace recorded during 2010. All and all, the German economy continues to benefit from a very strong export growth environment even as some countries of the region continue to grapple with the sovereign debt crisis.

Strong growth in exports during the past year seems to be carrying over to this year, while the domestic market is also contributing to the growth effort. Thus, firms should remain positive about this year's economic prospects for the German economy.

**Previous: 110.3**

**Consensus: 110.3 (Ifo)**


## Eurozone PMI • Monday

Growth in the Eurozone is expected to continue this year, and the February PMI numbers will probably show this trend. However, the Eurozone economy is still battling between the drag being created by the recent sovereign debt problems facing some of its periphery countries, as they continue to put fiscal accounts in order by cutting government expenses and raising taxes, versus the strength of some of its largest members, but especially the German and the French economies. While there is a possibility that the PMI numbers come a bit lower than what they were in January, the expectation is that they will remain above 50, which means that orders from both the manufacturing and service sectors are still expanding. It does not escape to us, however, that the expansion is probably being driven by the same large countries that have kept the regional economy above ground for the past year or so.

**Previous: 57.0**

**Consensus: 56.9 (Composite)**

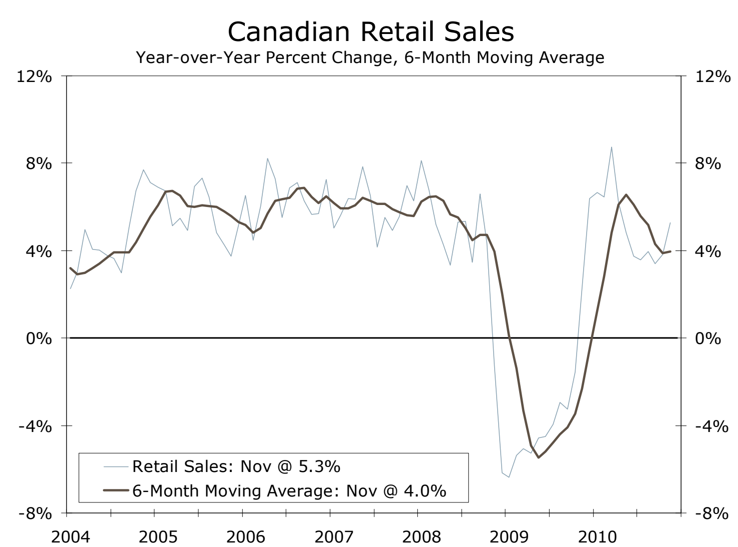
## Canada Retail Sales • Tuesday

The expectation for the release of the retail sales index for December is for the index to show a relatively strong closing to 2010 from consumer expenditures as the economy continues to take advantage of the surge in commodity prices. While the Canadian economy slowed down considerably during the third quarter of last year, a strong showing by retail sales at the end of the year will probably be a good omen for fourth-quarter GDP as well as for this year's performance.

One of the major contributors to a strong consumer sector is the strength of the Canadian dollar as consumers tend to indulge themselves when the currency's terms are favorable. Furthermore, the fact that the economy was in recession in 2009, while it expanded in 2010, is another good omen for consumers to have splurged somewhat during the holiday season.

**Previous: 1.3%**

**Consensus: 0.0% (Month-over-Month)**



## Interest Rate Watch

### FOMC: Steady Policy in the Face of Rising Inflation

Yes, we do have inflation. Over the past year, inflation, measured by the CPI, is up 1.4 percent. Over the past three months, it is up 3.1 percent. At a rate of 1.4 percent, if sustained, that puts all Treasury debt out to three years, ex-ante, underwater with negative real yields if inflation just stays where it is now. Too often, commentators will assert that there is no inflation or that there is no problem with accelerating inflation. However, for investors, the problem is creeping inflation that gradually undermines the real returns on financial investments and real incomes. Inflation, at just 1.4 percent, is a challenge today to many investors who bought Treasury debt in the fear of continued recession and deflation. Ex-post, investors holding Treasury debt bought with yields below 2 percent just a year ago are now also going to face negative returns even before taxes.

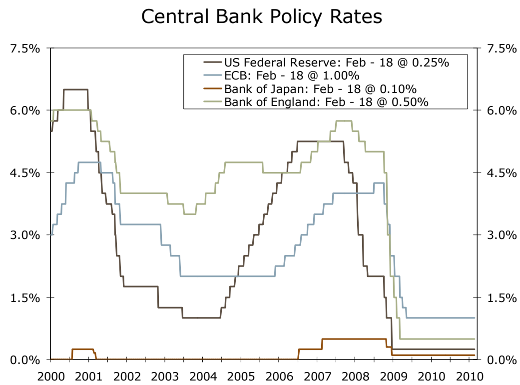
### Low Does Not Mean Stable

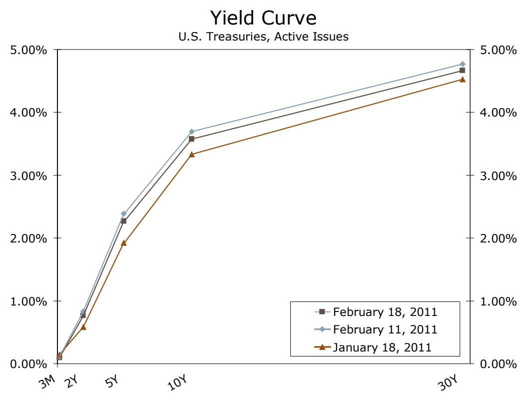
Assertions that inflation is low do not mean that the pace of inflation is stable. Low and high are very different terms than rising and falling. While current inflation is low, for forward-looking investors and decision-makers who are looking out for the next three to five years, the outlook for rising inflation would mean today's five-year Treasury note would yield a negative real rate of return before taxes were even paid.

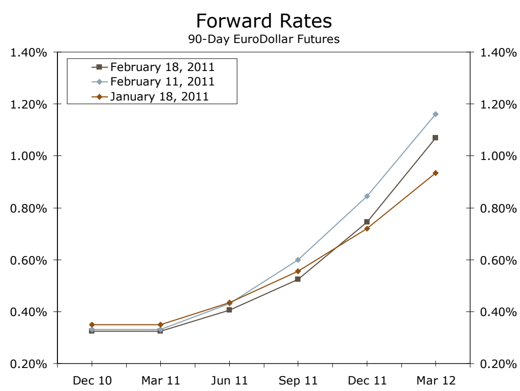
### Interdependence: Inflation, Interest Rates and the Dollar

Moreover, the experience of the United States and for many other countries is that in a global capital market with linked markets of goods, currencies and credit, the interaction of inflation, the exchange rate and interest rates can generate a rapid change in the outlook relative to the smooth movements generated by models.

Our base case is a gradual rise in interest rates and inflation, but the second-most likely case is that they continue to surprise on the upside. For decision-makers, the problem is not the irrelevant outcome of skyrocketing inflation thrown out by commentators. Instead, the threat is the steady rise of inflation that eats into and eventually erases any real return over time.




## Consumer Credit Insights

### Mixed Signals on Mortgage Credit

The good news is that delinquency rates fell across the board in the fourth quarter. The overall delinquency rate fell to 8.22 percent, the lowest in two years. The delinquency rate fell for prime, subprime, fixed- and adjustable-rate mortgages. This is very good news as it suggests fewer people are falling behind on their monthly payments. Loan modifications may be having some effect, but many modified loans are still considered delinquent for a time until the trial period is over. In addition, the number of loans that have been modified is very small. Furthermore, there have been no moratoriums on delinquencies like there have been on foreclosures. Thus, the drop in the delinquency rate is good news, and it is real rather than the result of government programs. Rising incomes and better, albeit still weak, job growth are the main drivers pushing delinquency rates lower.

Foreclosure rates were mixed. The overall foreclosure start rate dipped to 1.27 percent from 1.34 percent. However, the decline was most likely due to banks pulling back on foreclosures early in the fourth quarter amid the robo-signing fiasco rather than an ebbing in the foreclosure crisis. On the other hand, the foreclosure inventory rate rose to 4.63 percent from 4.39 percent. The increase in the foreclosure inventory rate suggests fewer loans exited foreclosure than entered foreclosure, which was likely due to banks halting some foreclosure sales to verify procedural adherence.

## Mortgage Data

| | Current | Week Ago | 4 Weeks Ago | Year Ago |
|---|---|---|---|---|
| **Mortgage Rates** | | | | |
| 30-Yr Fixed | 5.00% | 5.05% | 4.74% | 4.93% |
| 15-Yr Fixed | 4.27% | 4.29% | 4.05% | 4.33% |
| 5/1 ARM | 3.87% | 3.92% | 3.69% | 4.12% |
| 1-Yr ARM | 3.39% | 3.35% | 3.25% | 4.23% |
| **MBA Applications** | | | | |
| Composite | 420.4 | 464.7 | 507.0 | 600.5 |
| Purchase | 175.1 | 186.1 | 188.8 | 212.3 |
| Refinance | 1,848.6 | 2,086.4 | 2,390.7 | 2,860.1 |

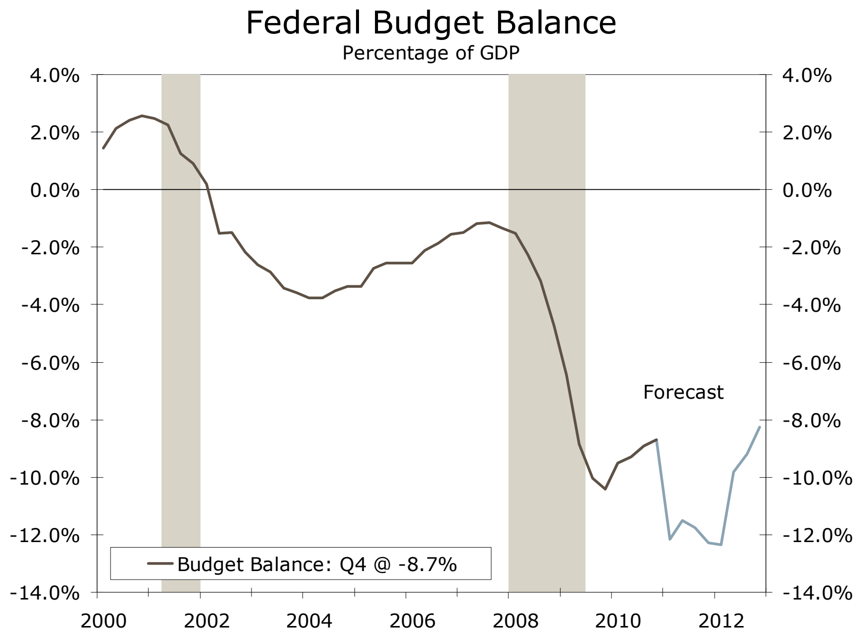
Source: Freddie Mac, Mortgage Bankers Association and Wells Fargo Securities, LLC

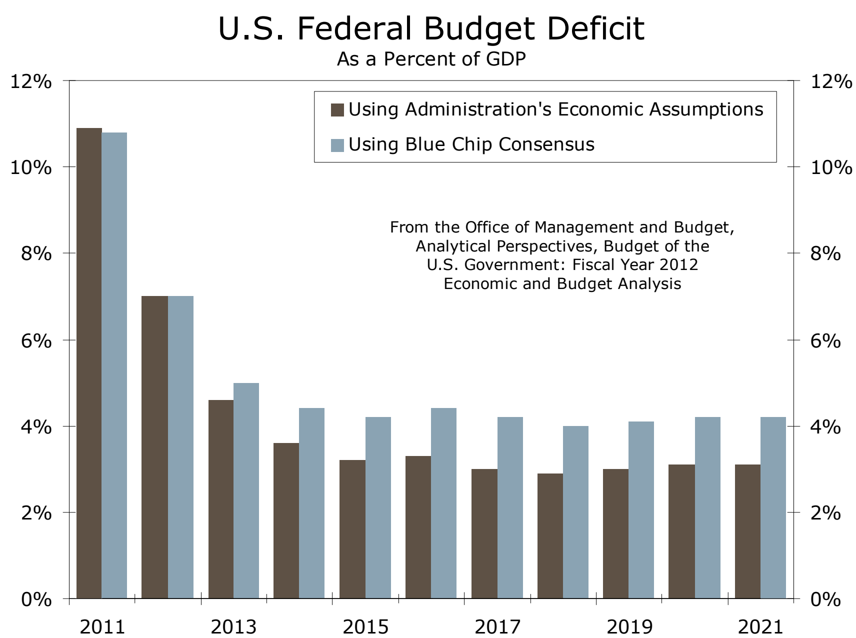
## Topic of the Week

### The Economics of the Federal Budget

This week, President Obama released the details of his fiscal 2012 budget. The plan calls for reducing spending by 2.4 percent, which when combined with the anticipated 20.8 percent increase in anticipated revenue leads to a reduction in the budget deficit of approximately 33 percent over the next year. The long-term budget projections show a budget deficit reduction of $1.1 trillion over the next 10 years. While these deficit-reduction strategies appear to dramatically reduce the long-term deficit, there are potential risks to these forecasts that may not result in the savings that are projected within the current budget estimate.

The long-term budget estimate heavily relies on the economic forecast assumptions built into the projections. These assumptions contain a projection of GDP and interest rates, which together can dramatically affect revenue collections and the costs of federal borrowing, respectively. Buried among the budget documents, the Office of Management and Budget (OMB) discloses how its forecasts differ from Blue Chip consensus views. The chapter highlights how many of the key economic assumptions, such as the GDP growth, unemployment and interest rates, differ with current consensus views. In particular, the budget projects GDP to be slightly lower than the consensus in 2011, but beginning in 2012 through 2018, projected GDP growth is higher than the current consensus view. The budget projections also appear to underestimate the impact of higher inflation and interest rates. The net result of these shortcomings, according to the OMB, is that the $1.1 trillion reduction in the deficit over the next 10 years becomes less likely to occur. On Capitol Hill, the debate over the current fiscal year budget continues. The fiscal 2011 budget deficit is estimated to be approximately $1.65 trillion, or 10.9 percent of GDP. With the deficit continuing to swell, the question that remains is whether Congress and the president can develop an approach to reduce the deficit that will be robust under a more likely economic outlook.




### Subscription Info

Wells Fargo's *Weekly Economic & Financial Commentary* is distributed to subscribers each Friday afternoon by e-mail.

To subscribe please visit: www.wellsfargo.com/economicsemail

The *Weekly Economic & Financial Commentary* is available via the Internet at www.wellsfargo.com/economics

Via The Bloomberg Professional Service at WFEC.

And for those with permission at www.wellsfargoresearch.com

## Market Data ♦ Mid-Day Friday

### U.S. Interest Rates

| | Friday 2/18/2011 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| 3-Month T-Bill | 0.09 | 0.11 | 0.11 |
| 3-Month LIBOR | 0.31 | 0.31 | 0.25 |
| 1-Year Treasury | 0.33 | 0.28 | 0.36 |
| 2-Year Treasury | 0.80 | 0.83 | 0.92 |
| 5-Year Treasury | 2.32 | 2.36 | 2.47 |
| 10-Year Treasury | 3.62 | 3.63 | 3.80 |
| 30-Year Treasury | 4.71 | 4.69 | 4.73 |
| Bond Buyer Index | 5.10 | 5.29 | 4.38 |

### Foreign Exchange Rates

| | Friday 2/18/2011 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| Euro ($/€) | 1.363 | 1.355 | 1.353 |
| British Pound ($/£) | 1.623 | 1.601 | 1.553 |
| British Pound (£/€) | 0.840 | 0.846 | 0.871 |
| Japanese Yen (¥/$) | 83.460 | 83.430 | 91.810 |
| Canadian Dollar (C$/$) | 0.984 | 0.987 | 1.047 |
| Swiss Franc (CHF/$) | 0.951 | 0.973 | 1.084 |
| Australian Dollar (US$/A$) | 1.011 | 1.002 | 0.894 |
| Mexican Peso (MXN/$) | 12.028 | 12.031 | 12.874 |
| Chinese Yuan (CNY/$) | 6.575 | 6.593 | 6.833 |
| Indian Rupee (INR/$) | 45.210 | 45.685 | 46.271 |
| Brazilian Real (BRL/$) | 1.669 | 1.666 | 1.809 |
| U.S. Dollar Index | 77.860 | 78.460 | 80.398 |

### Foreign Interest Rates

| | Friday 2/18/2011 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| 3-Month Euro LIBOR | 1.03 | 1.05 | 0.60 |
| 3-Month Sterling LIBOR | 0.80 | 0.80 | 0.64 |
| 3-Month Canadian LIBOR | 1.21 | 1.21 | 0.41 |
| 3-Month Yen LIBOR | 0.19 | 0.19 | 0.25 |
| 2-Year German | 1.40 | 1.41 | 1.08 |
| 2-Year U.K. | 1.53 | 1.56 | 1.14 |
| 2-Year Canadian | 1.89 | 1.90 | 1.38 |
| 2-Year Japanese | 0.24 | 0.25 | 0.16 |
| 10-Year German | 3.25 | 3.29 | 3.25 |
| 10-Year U.K. | 3.81 | 3.87 | 4.10 |
| 10-Year Canadian | 3.49 | 3.47 | 3.49 |
| 10-Year Japanese | 1.31 | 1.31 | 1.33 |

### Commodity Prices

| | Friday 2/18/2011 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| WTI Crude ($/Barrel) | 87.35 | 85.58 | 79.06 |
| Gold ($/Ounce) | 1384.85 | 1357.05 | 1108.70 |
| Hot-Rolled Steel ($/S.Ton) | 810.00 | 800.00 | 595.00 |
| Copper (¢/Pound) | 449.80 | 453.10 | 328.50 |
| Soybeans ($/Bushel) | 13.80 | 14.11 | 9.39 |
| Natural Gas ($/MMBTU) | 3.87 | 3.91 | 5.17 |
| Nickel ($/Metric Ton) | 28,463 | 27,829 | 20,066 |
| CRB Spot Inds. | 621.38 | 616.64 | 481.92 |

## Next Week's Economic Calendar

| | Monday 21 | Tuesday 22 | Wednesday 23 | Thursday 24 | Friday 25 |
|---|---|---|---|---|---|
| U.S. Data | | **Consumer Confidence**<br>January 65.6<br>February 67.9 (W) | **Existing Home Sales**<br>December 5.28M<br>January 5.18M (W) | **Durable Goods Orders**<br>December -2.3%<br>January 2.9% (W)<br>**Durables Ex Transp.**<br>December 0.8%<br>January 0.8% (W)<br>**New Home Sales**<br>December 329K<br>January 310K (W) | **GDP**<br>4Q (1st) 3.2%<br>4Q (2nd) 3.4% (W) |
| Global Data | **Germany**<br>**Ifo Business Climate**<br>Previous (Jan) 110.3<br>**Eurozone**<br>**PMI (Manufacturing)**<br>Previous (Jan) 57.0 | | **Canada**<br>**Retail Sales (MoM)**<br>Previous (Nov) 1.3%<br>**Brazil**<br>**Current Account**<br>Previous (Feb) -$3493M | **Eurozone**<br>**Economic Confidence**<br>Previous (Jan) 106.5<br>**Japan**<br>**CPI (YoY)**<br>Previous (Dec) 0.0% | **Mexico**<br>**Unemployment Rate**<br>Previous (Dec) 4.94%<br>**Mexico**<br>**Current Account**<br>Previous (Q3) -$1849M |

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

## Wells Fargo Securities, LLC Economics Group


| | | | |
|---|---|---|---|
| Diane Schumaker-Krieg | Global Head of Research & Economics | (704) 715-8437<br>(212) 214-5070 | diane.schumaker@wellsfargo.com |
| John E. Silvia, Ph.D. | Chief Economist | (704) 374-7034 | john.silvia@wellsfargo.com |
| Mark Vitner | Senior Economist | (704) 383-5635 | mark.vitner@wellsfargo.com |
| Jay Bryson, Ph.D. | Global Economist | (704) 383-3518 | jay.bryson@wellsfargo.com |
| Scott Anderson, Ph.D. | Senior Economist | (612) 667-9281 | scott.a.anderson@wellsfargo.com |
| Eugenio Aleman, Ph.D. | Senior Economist | (704) 715-0314 | eugenio.j.aleman@wellsfargo.com |
| Sam Bullard | Senior Economist | (704) 383-7372 | sam.bullard@wellsfargo.com |
| Anika Khan | Economist | (704) 715-0575 | anika.khan@wellsfargo.com |
| Azhar Iqbal | Econometrician | (704) 383-6805 | azhar.iqbal@wellsfargo.com |
| Ed Kashmarek | Economist | (612) 667-0479 | ed.kashmarek@wellsfargo.com |
| Tim Quinlan | Economist | (704) 374-4407 | tim.quinlan@wellsfargo.com |
| Michael A. Brown | Economist | (704) 715-0569 | michael.a.brown@wellsfargo.com |
| Tyler B. Kruse | Economic Analyst | (704) 715-1030 | tyler.kruse@wellsfargo.com |
| Joe Seydl | Economic Analyst | (704) 715-1488 | joseph.seydl@wellsfargo.com |
| Sarah Watt | Economic Analyst | (704) 374-7142 | sarah.watt@wellsfargo.com |




WELLS FARGO SECURITIES