July 9, 2010

WELLS FARGO SECURITIES

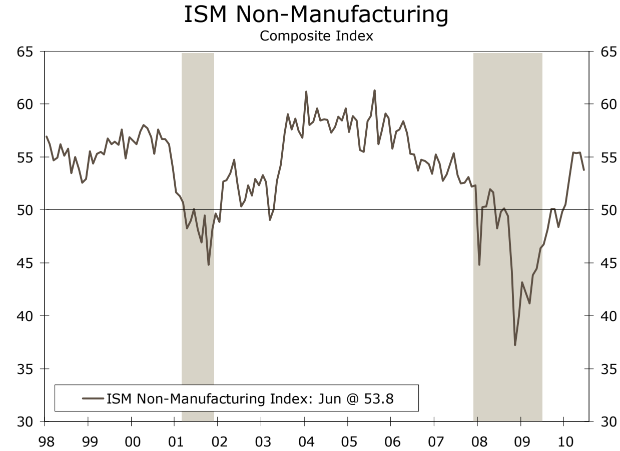
# Economics Group

## Weekly Economic & Financial Commentary

## U.S. Review

### Those Lazy Days of Summer Are Here

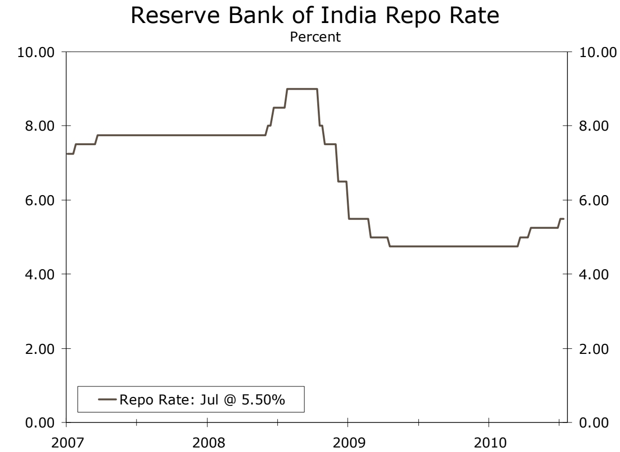
- The first full week of July had an unusually light schedule of economic reports, which allowed Wall Street refocus its attention on upcoming earnings reports.
- This week's key reports included a weaker-than-expected ISM nonmanufacturing report, another drop in mortgage purchase applications, and slightly better than expected reports on chain store sales and jobless claims.
- Forecasts of second-quarter economic growth continue to be scaled back. Our own forecast calls for real GDP to average a 2 percent pace.




## Global Review

### Indian Economy Red Hot Right Now

- Economic growth in India is very strong at present. Not only have the depressing effects of last year's bad monsoon passed, but the underlying pace of growth appears to have picked up as well.
- Inflation is also becoming an issue again. The bad monsoon pushed up food prices and, hence, overall CPI inflation, and the government's decision to phase out fuel subsidies should push the CPI higher as well. The Reserve Bank of India recently hiked rates, and further monetary tightening seems likely in the months ahead.




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

| | Actual 2009 | | | | Forecast 2010 | | | | Actual | | | | Forecast | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Real Gross Domestic Product [1] | -6.4 | -0.7 | 2.2 | 5.6 | 2.7 | 3.2 | 1.6 | 2.2 | 2.7 | 2.1 | 0.4 | -2.4 | 2.9 | 2.3 |
| Personal Consumption | 0.6 | -0.9 | 2.8 | 1.6 | 3.0 | 3.0 | 1.5 | 2.2 | 2.9 | 2.7 | -0.2 | -0.6 | 2.2 | 2.1 |
| Inflation Indicators [2] | | | | | | | | | | | | | | |
| "Core" PCE Deflator | 1.7 | 1.6 | 1.3 | 1.5 | 1.4 | 1.2 | 1.2 | 1.2 | 2.3 | 2.4 | 2.4 | 1.5 | 1.2 | 1.6 |
| Consumer Price Index | -0.2 | -1.0 | -1.6 | 1.5 | 2.4 | 1.8 | 0.9 | 0.6 | 3.2 | 2.9 | 3.8 | -0.3 | 1.4 | 1.2 |
| Industrial Production [1] | -17.6 | -10.3 | 8.3 | 7.0 | 6.9 | 7.5 | 3.9 | 2.2 | 2.2 | 2.7 | -3.3 | -9.3 | 5.3 | 3.4 |
| Corporate Profits Before Taxes[2] | -19.0 | -12.6 | -6.6 | 30.6 | 34.0 | 25.0 | 20.0 | 14.0 | 10.5 | -4.1 | -11.8 | -3.8 | 22.6 | 7.1 |
| Trade Weighted Dollar Index[3] | 83.2 | 77.7 | 74.3 | 74.8 | 76.1 | 77.3 | 80.0 | 81.5 | 81.5 | 73.3 | 79.4 | 74.8 | 81.5 | 88.0 |
| Unemployment Rate | 8.2 | 9.3 | 9.6 | 10.0 | 9.7 | 9.7 | 9.8 | 9.8 | 4.6 | 4.6 | 5.8 | 9.3 | 9.7 | 9.6 |
| Housing Starts[4] | 0.53 | 0.54 | 0.59 | 0.56 | 0.62 | 0.60 | 0.52 | 0.60 | 1.81 | 1.34 | 0.90 | 0.55 | 0.58 | 0.85 |
| Quarter-End Interest Rates | | | | | | | | | | | | | | |
| Federal Funds Target Rate | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 5.25 | 4.25 | 0.25 | 0.25 | 0.25 | 1.00 |
| Conventional Mortgage Rate | 5.00 | 5.42 | 5.06 | 4.93 | 4.97 | 4.58 | 4.50 | 4.70 | 6.14 | 6.10 | 5.33 | 4.93 | 4.70 | 5.60 |
| 10 Year Note | 2.71 | 3.53 | 3.31 | 3.85 | 3.84 | 2.97 | 3.00 | 3.20 | 4.71 | 4.04 | 2.25 | 3.85 | 3.20 | 4.00 |

Forecast as of: July 7, 2010
[1] Compound Annual Growth Rate Quarter-over-Quarter
[2] Year-over-Year Percentage Change

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## U.S. Review

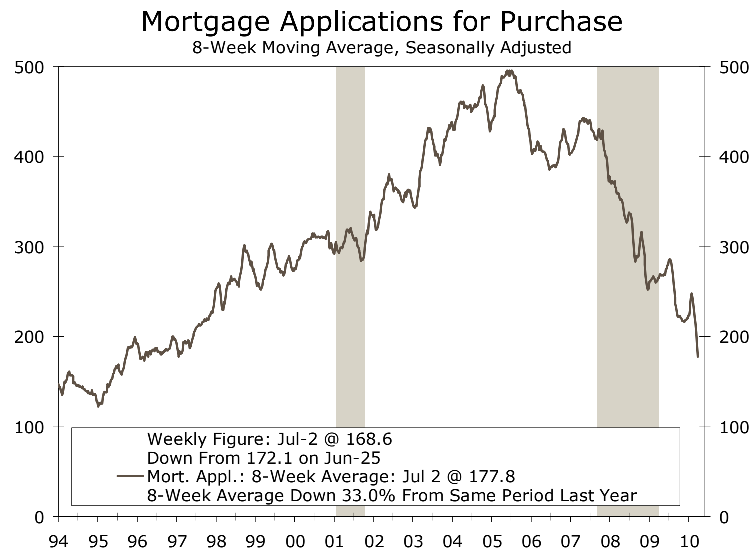
### Fears About a Double Dip Are Fading a Bit

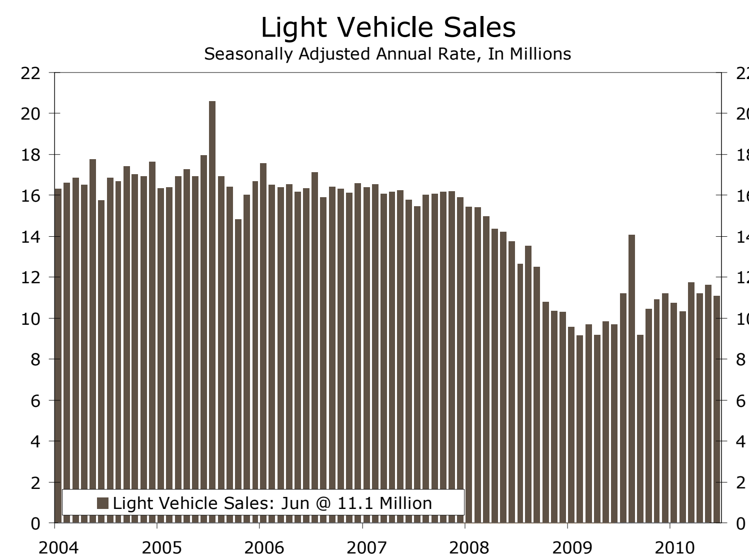
While there is still plenty of talk about a double dip recession, this week's economic reports generally downplayed that risk. Much of the talk about a double dip is tied to concerns about so much economic stimulus winding down in a relatively short period of time. The ending of tax incentives for first-time homebuyers and some trade-up purchasers really began to focus attention on this issue when new home sales plummeted 32.7 percent in May. Retail sales also slowed, as incentives encouraging purchases of energy-efficient appliances wound down. The pullback in the stock market, which gained momentum following the Gulf oil spill and intensification of sovereign debt concerns in Europe, added to these worries. Attitudes improved slightly this week, as the slide in weekly chain store sales apparently came to an end amid rampant discounting in late June. Growth will clearly slow over the summer, but the economy should still expand. We expect real GDP to rise at a 1.6 percent pace during the third quarter.

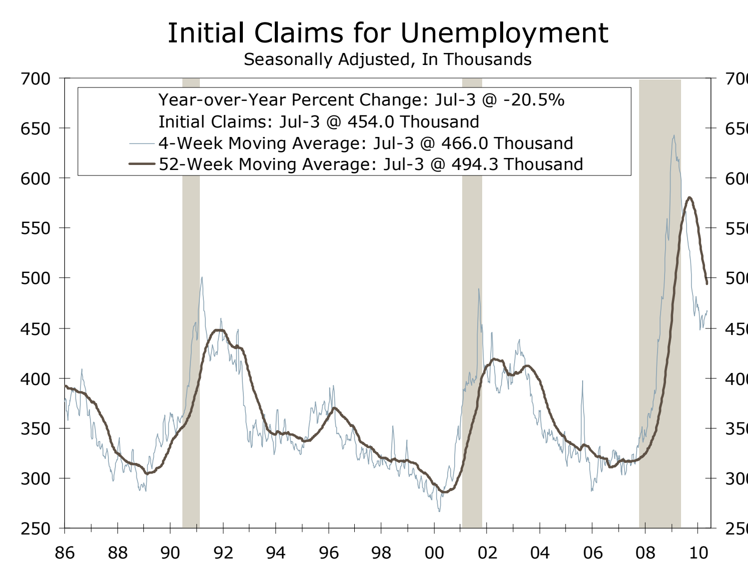
One clear sign that the economy continues to grow is the continued resiliency in the ISM surveys. Last week, the manufacturing survey weakened a bit, sliding 3.5 points to 56.2. This week, the ISM nonmanufacturing survey slipped 1.6 points in June to 53.8. Both series are diffusion indices, which tell us more about the breadth of strength in the economy than they do about the magnitude of that strength. The latest numbers are consistent with solid economic growth, but the leading components of both surveys, including the key new orders components, show the recovery losing momentum.

One of this week's biggest positive surprises was the news that retail sales picked up in late June, as retailers increased promotions to move summer merchandise. The ICSC Chain Store Sales index rose 3.0 percent year to year in June. The increase was slightly larger than expected, because the weekly numbers had reported declines for the first part of the month and sales have generally been weak since April. Spending apparently got a boost from extensive discounts, and the successful rollout of Apple's newest iPhone, as well other smart phones from several competitors. Several chains also warned that sales would likely grow more slowly during the second half of the year.

Weekly unemployment claims fell by 21,000 in early July to 454,000. There was also another huge drop in continuing claims, as more job seekers saw their benefits end. In normal times, the seasonal adjustment process anticipates a rise in claims during the summer, as motor vehicle assembly plants shut down for annual model year changeovers. This year, however, major manufacturers said plants would continue to operate through the summer since sales were strong and inventories were relatively low. The latest sales figures cast some doubt on this but July production looks solid. The net result should be lower weekly unemployment claims in coming weeks and a slight boost to July motor vehicle employment. Those gains, however, will be reversed later this summer. July will also see another drop in Census jobs. The weekly figures show a 177,000-job drop over the past two weeks, and we should lose at least 75,000 more jobs before the survey period ends.



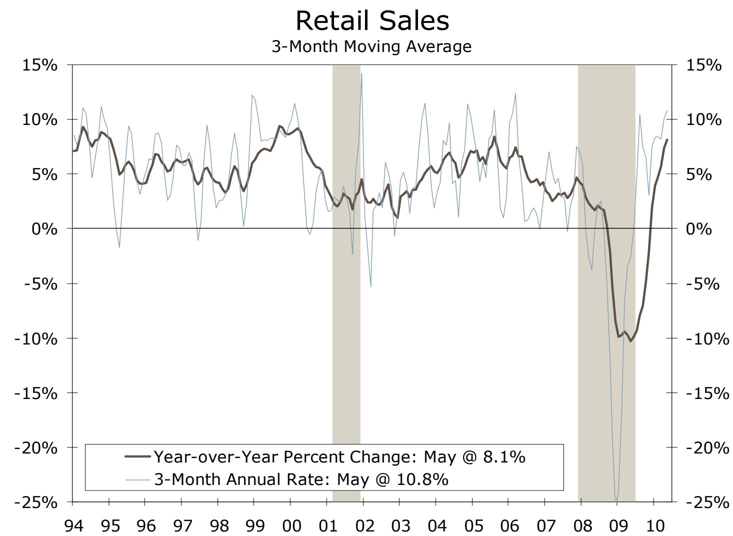



## Retail Sales • Wednesday

While retail sales fell a disappointing 1.2 percent in May, the decline was concentrated in the more volatile components of the report. Building materials fell 9.3 percent on the month, but the drop largely reflected payback from stimulus-induced appliance spending and from lower winter storm-related spending. Core retail sales, which exclude autos, gasoline and building materials, rose 0.1 percent on the month and are up 3.5 percent from a year ago, but the pace is slowing. With the pace in core sales moderating, consumer spending is expected to lose some momentum in coming quarters. Tax refunds helped bolster spending earlier this year and are unlikely to provide as much lift as we head into the summer. Moreover, the increase in spending during the first quarter outpaced disposable income, which is unsustainable.

**Previous: -0.2%** **Wells Fargo: -0.1%**

**Consensus: -1.2%**

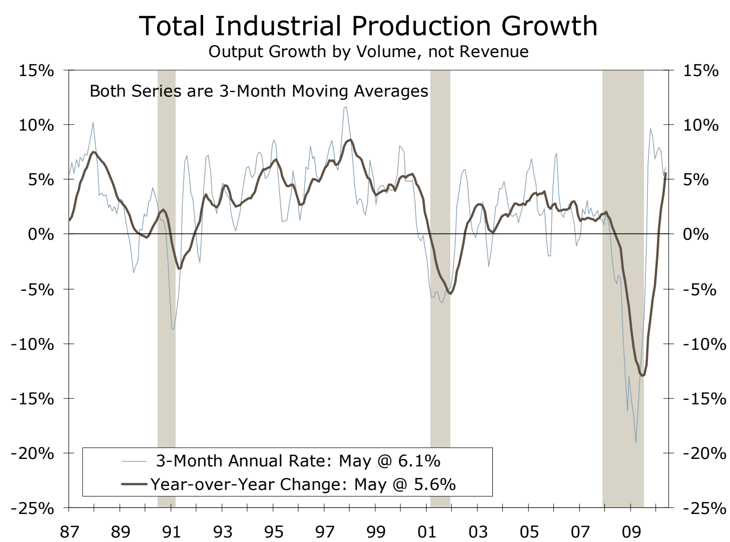



## Industrial Production • Thursday

Industrial production continued to expand at a vigorous pace in May. Unusually warm temperatures across much of the country during May helped pull utility use up 4.8 percent, which led to an outsized 1.2 percent jump in industrial production. Output in the factory sector rose only slightly less, climbing 0.9 percent in May. Recent production gains can be attributed to increased foreign demand and mild inventory restocking. Production also appears to be getting a lift from stronger sales of household appliances, due to the tax incentives. The increase in home construction led to a pick up in the production of building supplies. Due to the temporary nature of recent gains, we expect industrial production to be flat in June and capacity utilization to rise to 73.9 percent. While capacity utilization is much higher than recent lows, it remains well below its long-run average.

**Previous: 1.2%** **Wells Fargo: 0.0%**

**Consensus: 0.0%**



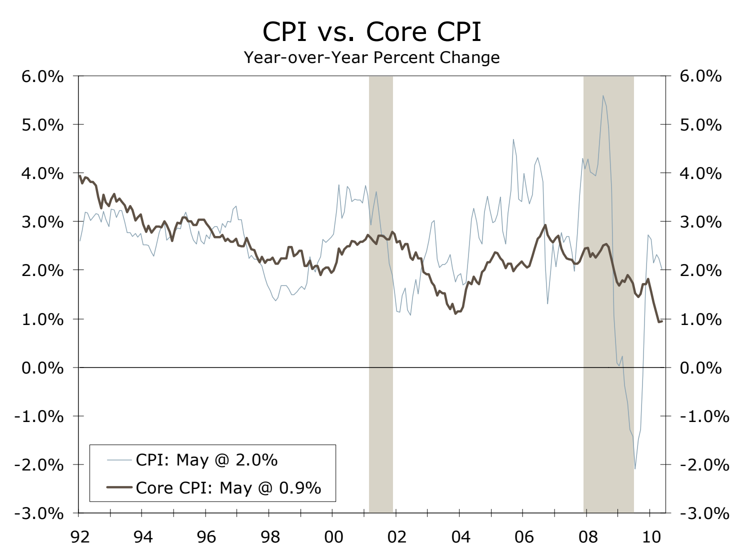

## Consumer Price Index • Friday

The overall consumer price index has fallen in each of the past two months and is now up just 2.0 percent over the past year. With housing in obvious oversupply, rent and owners' equivalent rent should continue to moderate in coming months, keeping core consumer prices relatively tame. Slower global economic growth has also helped to pull down gasoline prices. Substantial slack in the economy will likely continue to put downward pressure on core consumer prices.

Wholesale prices for finished goods also fell two consecutive months but have moderated less than expected and remain up 5.3 percent over the past year. In previous months, core raw materials were increasing at a consistent clip, but fell 1.6 percent in May. If the trend continues, this will be a welcomed reprieve for businesses hit with higher commodity prices.

**Previous: -0.2%** **Wells Fargo: -0.1%**

**Consensus: 0.0%**



## Global Review

### Indian Economy Red Hot Right Now

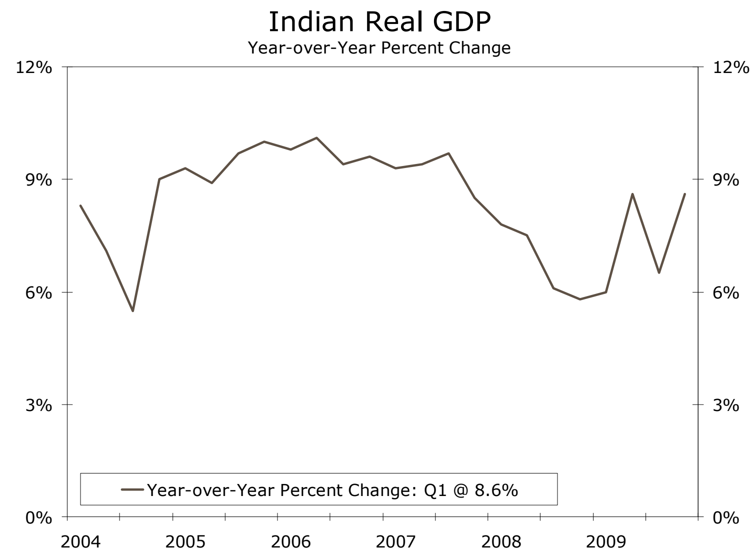
Last week, the Reserve Bank of India (RBI) raised its policy rates for the third time this year (graph on front page). The RBI's repo rate, which was 4.75 percent at the beginning of the year, is now 5.50 percent. Although the timing of the RBI's decision was surprising—it did not occur at a regularly scheduled policy meeting—the rationale for the rate hike is well known. Namely, growth in India is very strong at present and inflationary pressures are building.

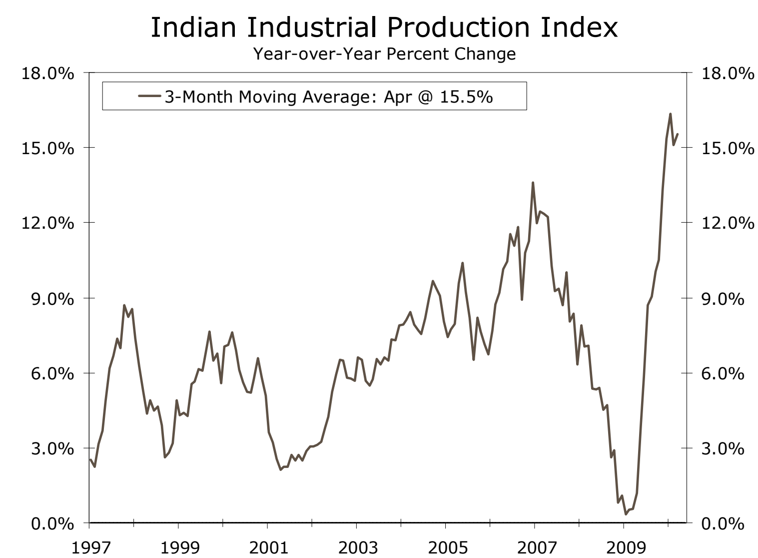
The year-over-year rate of real GDP growth rebounded to 8.6 percent in the first quarter of 2010 from the 6.5 percent rate registered in the previous quarter (top chart). Indian GDP has bounced around over the past few quarters due to the dryer-than-normal monsoon last year. (The agricultural sector accounts for nearly 15 percent of the Indian economy, and monsoon activity can have a noticeable effect on the overall rate of GDP growth.)

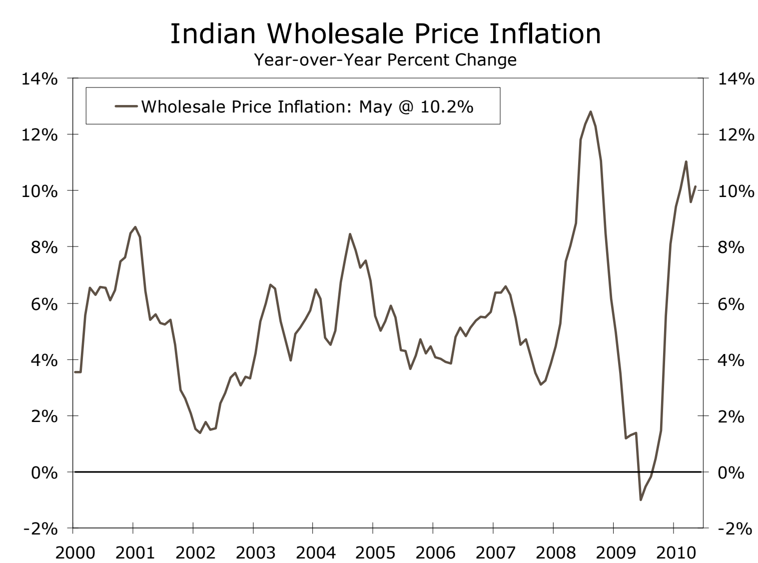
Monsoons aside, recent data show that the underlying pace of Indian economic activity has strengthened. For example, industrial production entered the second quarter with very strong momentum (middle chart), and the manufacturing PMI remained well in expansion territory through June. Not only has robust growth in exports, which were up more than 35 percent on a year-ago basis in the first two months of the second quarter, contributed to strong growth in industrial production, but consumers appear to have done their part as well. Although there is not much hard data from the consumer sector of the economy, the 29 percent rise in domestic auto sales in the second quarter of 2010 relative to the same period last year suggests that the Indian consumer is alive and well. Thus, it is apparent that the Indian economy no longer needs the stimulation of very low interest rates, hence the RBI's decision to tighten policy this year.

The recent behavior of inflation also argues for higher interest rates. The rate of wholesale price inflation (WPI), which is seen as the benchmark inflation rate in India, exceeds 10 percent at present (bottom chart). The slight decline in WPI that had appeared in April raised hopes that the peak in the inflation rate had been reached. However, the rise in the WPI in May not only caught investors off guard, but it appears to have contributed to the RBI's decision to hike rates last week.

Unfortunately, the outlook for inflation, at least at the consumer level, is not very promising. CPI inflation has been pushed into double digits this year due, at least in part, to the bad monsoon that caused food prices to skyrocket. Food prices are now coming back to earth, but the government's recent decision to phase out fuel subsidies, although welcome from a long-term budgetary perspective, will help to raise prices at the pump and, hence, overall CPI inflation. Therefore, most analysts, us included, look for more RBI rate hikes in coming months. Although further tightening is likely to slow the underlying pace of economic growth in India, the RBI probably won't hike rates so much as to push the economy into recession, at least not anytime soon.



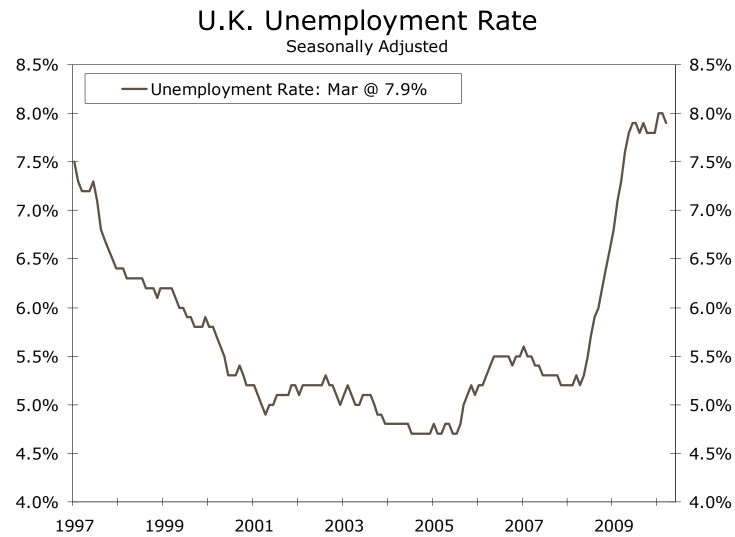
## U.K. Unemployment • Wednesday

The deep recession in the U.K. economy caused the unemployment rate to jump to a 13-year high earlier this year. However, the number of people claiming unemployment compensation insurance has declined for four consecutive months, which has caused the unemployment rate to edge lower, and most analysts look for the number of claimants to fall further. Although re-entrants into the labor market could cause the unemployment rate to increase a bit, it should trend lower over time as long as the recovery remains intact. Data on average weekly earnings will provide further insights into the state of the labor market at present.

Data on consumer prices in June will print on Tuesday. CPI inflation has been a full percentage point or more above the Bank of England's 2 percent target for five consecutive months, and it likely remained well above target in June.

**Previous: 7.9%**

**Consensus: 8.0%**



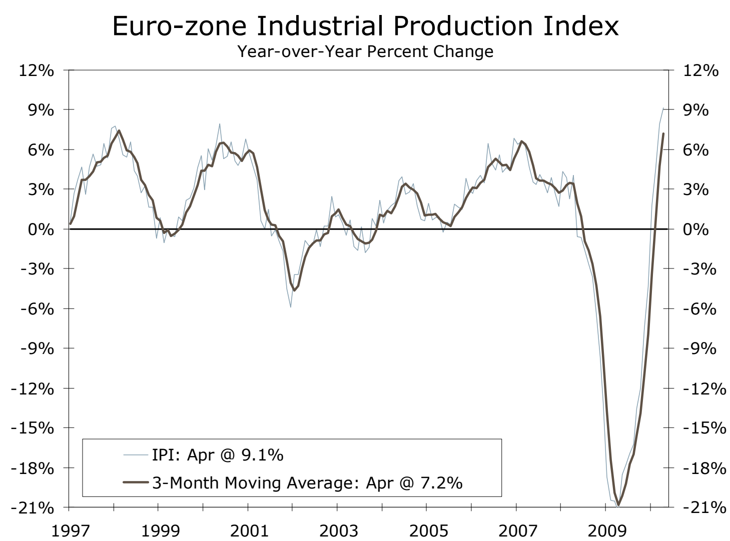

## Euro-zone Industrial Production • Wed.

After plunging in late 2008/early 2009 industrial production in the Euro-zone has increased on a sequential basis for 11 consecutive months, and the manufacturing PMI points in the direction of another increase in May. If realized, another increase in industrial production would confirm that Euro-zone economic activity expanded at a solid pace in the first half. However, we expect the recovery in the euro area to remain halting as fiscal retrenchment in many economies kicks in.

CPI inflation data for June also print on Wednesday. The "flash" estimate of the overall CPI inflation rate, which was released two weeks ago, printed at a year-over-year rate of 1.4 percent. The core rate of CPI inflation was only 0.8 percent in May, and weak economic growth likely will cause the core rate to trend lower in the months ahead.

**Previous: 0.8% (month-on-month increase)**

**Consensus: 1.2%**




## China GDP • Thursday

Real GDP in China expanded at a year-over-year rate of 11.9 percent in the first quarter of 2010. Part of the strong gain in the first quarter reflects base effects. That is, economic activity in early 2009 was weak, making a strong year-on-year rise not difficult to achieve in the first quarter of 2010. That said, monetary and fiscal stimulus helped to boost economic growth subsequent to the nadir in GDP growth that occurred in the first quarter of 2009.

Most analysts look for slower growth in China starting with the second quarter's release that will print on Thursday. Chinese authorities have tightened policy over the past few months. Most notably, the government has instructed banks to slow growth in lending. The GDP data will help investor gauge the extent of the slowdown that is under way in China. CPI data for June will also be closely watched on Thursday.

**Previous: 11.9% (year-over-year) Wells Fargo: 11.1%**

**Consensus: 10.5%**

## Interest Rate Watch

### Slower Growth Is Priced In

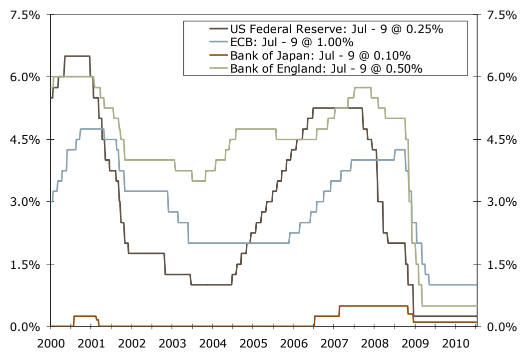
The bond market has priced in slower growth and lower inflation over the next year to 18 months. As a result, expectations for the Fed's first rate hike have been pushed out to the second half of 2011 and the extent of any future Fed moves have been scaled back. We now see the federal funds rate rising to 0.5 percent by the end of the third quarter of 2011 and end the year at 1 percent. Our interest rate forecast is based on our expectations for slower economic growth over the next year and lower headline and core inflation.

The bond market has also priced in slower growth and lower inflation. The yield on the 10-year Treasury note briefly dipped below 3 percent, and we expect it to remain close to that level through the summer. A 3 percent 10-year Treasury yield incorporates a fairly pessimistic long-term view, implying that nominal GDP growth will average 3 percent or less for the next decade. That seems a little too pessimistic.

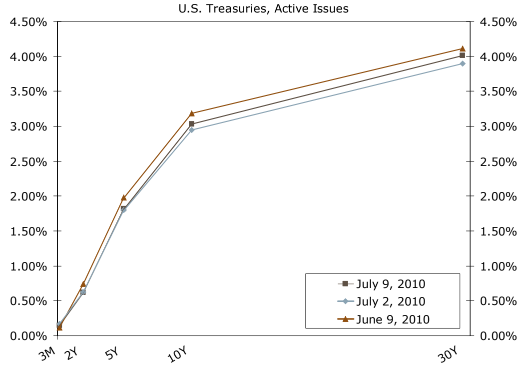
Our July forecast has real GDP growing at slightly more than a 2 percent pace over the next year, but has a steady rise in real final sales. Final sales are actually expected to rise more rapidly over the coming year than they did over the prior year, which means the economy will likely feel somewhat stronger than the numbers say it is. As a result, we expect the yield on the Treasury's 10-year note to gradually inch back toward 4 percent over the next 18 months, as final demand gradually improves and fears of a double dip subside.

The inflation data continues to surprise folks on the downside, with both headline and core inflation coming in below expectations. A big part of the recent deceleration in the core CPI has been due to the moderation in shelter costs, which are being held down by the oversupply of housing. The latest apartment vacancy rate and rent information show the market for rental apartments tightening recently and rents increasing modestly. These data typically do not show up in the reported inflation figures, however, until about a year later. This is one of the reasons we have a modest acceleration in inflation over the forecast period.

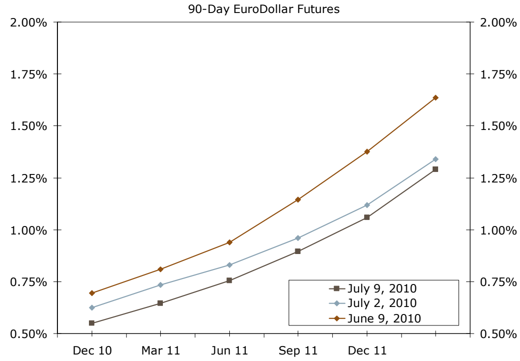
Central Bank Policy Rates




Yield Curve
U.S. Treasuries, Active Issues




Forward Rates
90-Day EuroDollar Futures




## Consumer Credit Insights

### Credit Constrained, Savings Rising

Consumer loans outstanding at commercial banks remain far below year-ago levels. Total consumer loans are down 5.7 percent, with credit card loans down 13.1 percent and non-credit card loans down 0.3 percent. Home equity loans, a major driver of consumer spending during the boom, are down 3.1 percent. Moreover, there has not been any significant upward movement in any of these categories over the past few months. We have shown in past issues that charge-offs are playing a very significant role in the reduction in credit. We have also shown that net lending activity, while positive, remains very weak. This, along with the lack of support from government programs, means the economy will need to rely on job growth, rising wages and the use of savings to spur growth.

Since October 2009, the economy has added 837,000 net jobs. This has fueled a $133 billion increase in wages and salaries. But before job growth resumed, consumers were digging into savings, which soared eight-fold from April 2008 to May 2009, to finance their spending. Unfortunately, much of the job growth over the past few months has been Census hiring, which is starting to fade. The saving rate has risen over the past couple months, but at the expense of slower consumer spending. With private job growth tepid, savings needing to be replenished and with jobless benefits expiring, we expect slower growth in the second half.

## Mortgage Data

| | Current | Week Ago | 4 Weeks Ago | Year Ago |
|---|---|---|---|---|
| Mortgage Rates | | | | |
| 30-Yr Fixed | 4.57% | 4.58% | 4.72% | 5.20% |
| 15-Yr Fixed | 4.07% | 4.04% | 4.17% | 4.69% |
| 5/1 ARM | 3.75% | 3.79% | 3.92% | 4.82% |
| 1-Yr ARM | 3.75% | 3.80% | 3.91% | 4.82% |
| MBA Applications | | | | |
| Composite | 721.5 | 675.9 | 560.9 | 493.1 |
| Purchase | 168.6 | 172.1 | 167.8 | 285.6 |
| Refinance | 3,944.6 | 3,613.1 | 2,859.5 | 1,707.7 |

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

## Topic of the Week

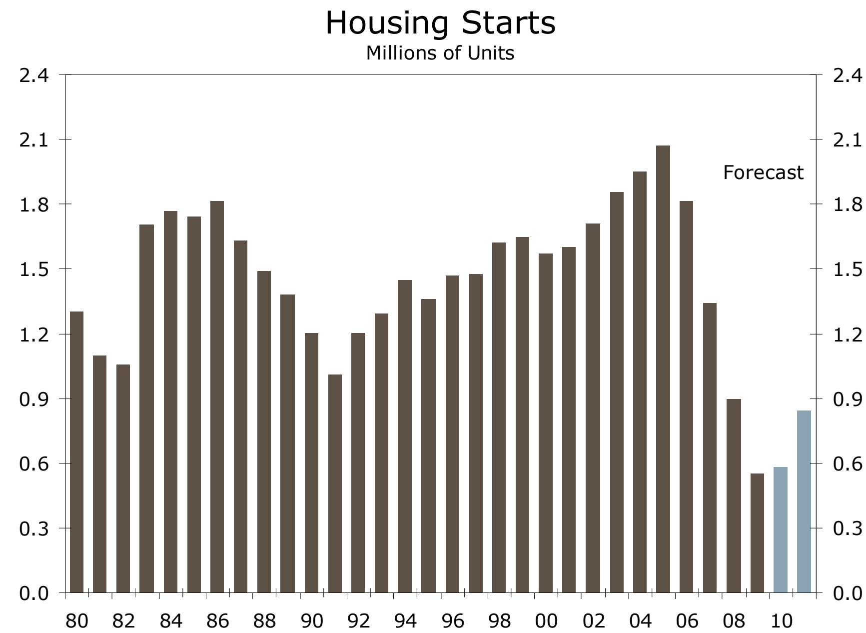
### Housing Falters after Tax Credit Expires

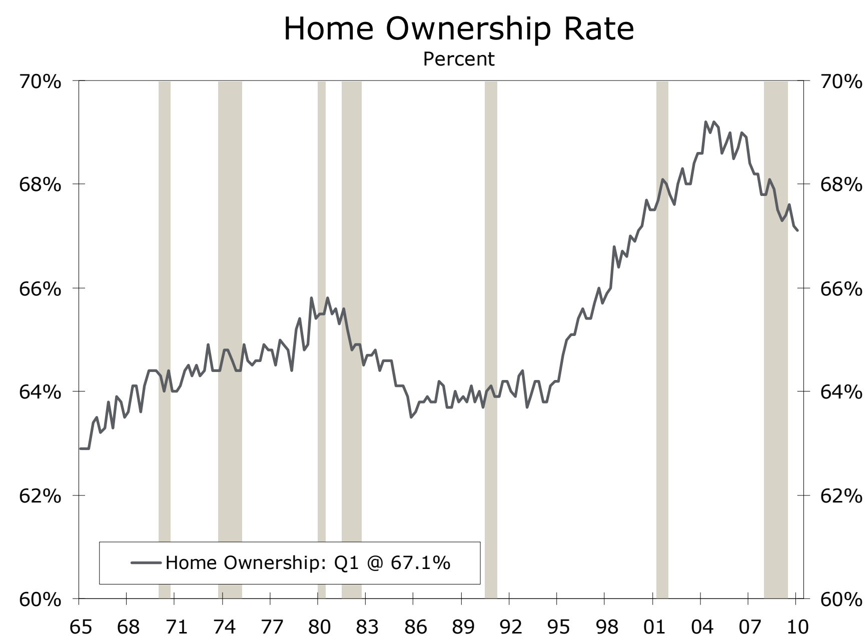
The response to the ending of tax credits for first-time homebuyers and some trade-up purchases was fast and furious. New home sales plunged immediately following the April 30 deadline to put home purchases under contract. Furthermore, existing home sales posted a surprising 2.3 percent drop in May, as a large number of pending purchases had trouble clearing newly implemented credit and appraisal guidelines. As a result, Congress has extended the deadline to close on purchases put under contract from April 30 to Sept. 30. The delay should prove fortuitous to homebuyers, as mortgage rates have fallen sharply in recent weeks.

The supply side of the housing market has clearly improved as the inventory of completed homes for sale has fallen to its lowest level in six years. The reduced supply of new homes for sale is one of the steps necessary to bring the market into balance. Nevertheless, there is still a tremendous supply of existing homes on the market and a more-difficult-to-quantify shadow inventory of homes.

Demand for both new and existing homes was likely pulled forward with the tax credits. As a result, sales and new home construction will likely slip a bit further in coming months. With the declines in home sales, we doubt building activity will pick up ahead of demand, especially as many builders are having trouble securing proper financing. We do expect activity to pick up this fall and are reasonably optimistic about a slow recovery in 2011. We predict the overall homeownership rate, currently at 67.1 percent, to slide to around 66 percent over the next few years, as tighter underwriting standards prevent more households from purchasing a home.

Our July Housing Chartbook provides further analysis on the subject.

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## Market Data ♦ Mid-Day Friday

### U.S. Interest Rates

| | Friday 7/9/2010 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| 3-Month T-Bill | 0.15 | 0.16 | 0.18 |
| 3-Month LIBOR | 0.53 | 0.53 | 0.51 |
| 1-Year Treasury | 0.03 | 0.03 | 0.12 |
| 2-Year Treasury | 0.63 | 0.63 | 0.92 |
| 5-Year Treasury | 1.83 | 1.82 | 2.32 |
| 10-Year Treasury | 3.04 | 2.98 | 3.40 |
| 30-Year Treasury | 4.02 | 3.94 | 4.30 |
| Bond Buyer Index | 4.36 | 4.38 | 4.71 |

### Foreign Exchange Rates

| | Friday 7/9/2010 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| Euro ($/€) | 1.263 | 1.257 | 1.402 |
| British Pound ($/£) | 1.512 | 1.520 | 1.634 |
| British Pound (£/€) | 0.836 | 0.827 | 0.858 |
| Japanese Yen (¥/$) | 88.530 | 87.750 | 92.990 |
| Canadian Dollar (C$/$) | 1.031 | 1.062 | 1.162 |
| Swiss Franc (CHF/$) | 1.057 | 1.063 | 1.079 |
| Australian Dollar (US$/A$) | 0.876 | 0.842 | 0.783 |
| Mexican Peso (MXN/$) | 12.778 | 13.083 | 13.553 |
| Chinese Yuan (CNY/$) | 6.773 | 6.772 | 6.832 |
| Indian Rupee (INR/$) | 46.664 | 46.786 | 48.715 |
| Brazilian Real (BRL/$) | 1.759 | 1.772 | 2.009 |
| U.S. Dollar Index | 83.994 | 84.716 | 79.864 |

### Foreign Interest Rates

| | Friday 7/9/2010 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| 3-Month Euro LIBOR | 0.76 | 0.73 | 0.99 |
| 3-Month Sterling LIBOR | 0.73 | 0.73 | 1.06 |
| 3-Month Canadian LIBOR | 0.85 | 0.84 | 0.60 |
| 3-Month Yen LIBOR | 0.25 | 0.25 | 0.44 |
| 2-Year German | 0.76 | 0.67 | 1.23 |
| 2-Year U.K. | 0.74 | 0.78 | 1.19 |
| 2-Year Canadian | 1.76 | 1.44 | 1.18 |
| 2-Year Japanese | 0.15 | 0.15 | 0.25 |
| 10-Year German | 2.63 | 2.58 | 3.30 |
| 10-Year U.K. | 3.33 | 3.35 | 3.79 |
| 10-Year Canadian | 3.25 | 3.10 | 3.31 |
| 10-Year Japanese | 1.16 | 1.10 | 1.30 |

### Commodity Prices

| | Friday 7/9/2010 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| WTI Crude ($/Barrel) | 75.35 | 72.95 | 60.41 |
| Gold ($/Ounce) | 1208.50 | 1211.60 | 912.35 |
| Hot-Rolled Steel ($/S.Ton) | 625.00 | 625.00 | 335.00 |
| Copper (¢/Pound) | 302.60 | 286.50 | 222.65 |
| Soybeans ($/Bushel) | 10.01 | 9.44 | 10.82 |
| Natural Gas ($/MMBTU) | 4.40 | 4.85 | 3.41 |
| Nickel ($/Metric Ton) | 19,343 | 18,935 | 14,862 |
| CRB Spot Inds. | 471.83 | 475.45 | 400.22 |

## Next Week's Economic Calendar

| | Monday 12 | Tuesday 13 | Wednesday 14 | Thursday 15 | Friday 16 |
|---|---|---|---|---|---|
| U.S. Data | | **Trade Balance**<br>April -$40.3B<br>May -$40.6B (W) | **Retail Sales**<br>May -1.2%<br>June -0.1% (W)<br>**Import Price Index**<br>May -0.6%<br>June 0.0% (W)<br>**Business Inventories**<br>April 0.4%<br>May 0.3% (W) | **PPI**<br>May -0.3%<br>June -0.2% (W)<br>**Industrial Production**<br>May 1.2%<br>June 0.0% (W)<br>**Capacity Utilization**<br>May 74.1%<br>June 73.9% (W) | **CPI**<br>May -0.2%<br>June -0.1% (W)<br>**Core CPI**<br>May 0.1%<br>June 0.1% (W) |
| Global Data | | **U.K.**<br>**CPI (YoY)**<br>Previous (May) 3.4% | **U.K.**<br>**Unemployment Rate**<br>Previous (Apr) 7.9%<br>**Euro-zone**<br>**Core CPI (YoY)**<br>Previous (May) 0.8% | **China**<br>**Real GDP (YoY)**<br>Previous (1Q) 11.9%<br>**China**<br>**CPI (YoY)**<br>Previous (May) 3.1% | |

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

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