July 5, 2013

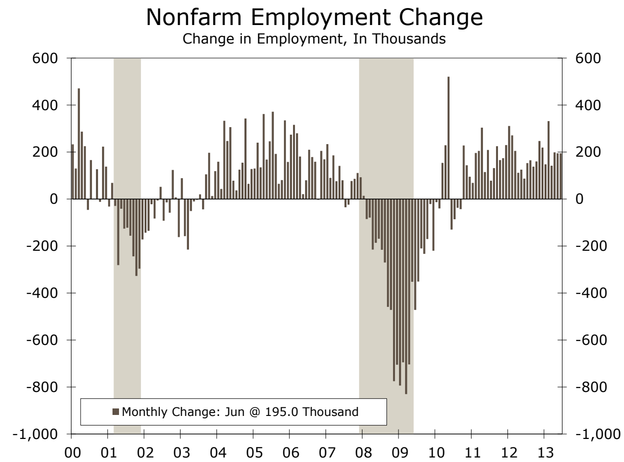
# Economics Group

## Weekly Economic & Financial Commentary

## U.S. Review

**Continued Growth at Subpar Pace.**

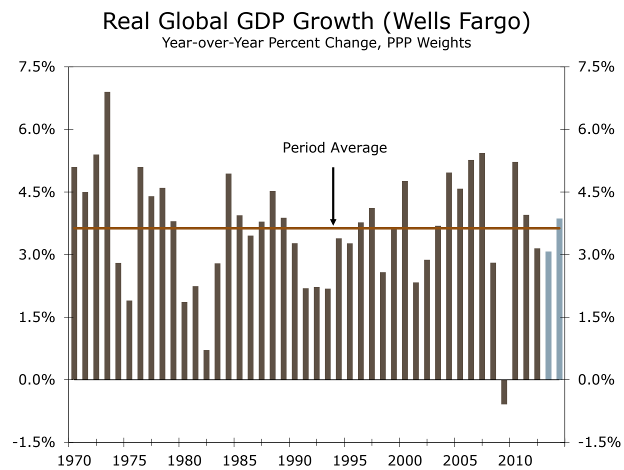
- Modest domestic U.S. growth remains the outlook as both the ISM manufacturing and non-manufacturing surveys signaled continued growth but not an acceleration. Another decline in jobless claims reinforced that message.
- Meanwhile, the weakness in exports, due to soft global demand, reflected in a wider trade deficit, which will subtract from second quarter GDP growth.
- June job gains reinforce the message of continued moderate economic growth.




## Global Review

**Global Weakness Persists, With Few Exceptions.**

- The story for the global economy continues to be that of weakness with few notable exceptions. In Asia, the Chinese economy continues to give no signs of improvement with the non-manufacturing PMI weakening slightly to 53.9 in June from a 54.3 reading in May. The manufacturing PMI was a bit better in May but still on the weak side.
- The U.K.'s manufacturing PMI showed an improving domestic economy as well as external demand, which tends to indicate that there are some rays of hope that economic activity may start to recover across the world.




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

| | Actual 2012 | | | | Forecast 2013 | | | | Actual | | | Forecast | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 2010 | 2011 | 2012 | 2013 | 2014 |
| Real Gross Domestic Product [1] | 2.0 | 1.3 | 3.1 | 0.4 | 1.8 | 1.4 | 1.4 | 2.0 | 2.4 | 1.8 | 2.2 | 1.5 | 2.0 |
| Personal Consumption | 2.4 | 1.5 | 1.6 | 1.8 | 2.6 | 1.7 | 1.9 | 2.1 | 1.8 | 2.5 | 1.9 | 2.0 | 2.1 |
| Inflation Indicators [2] | | | | | | | | | | | | | |
| PCE Deflator | 2.4 | 1.6 | 1.5 | 1.6 | 1.2 | 0.9 | 1.0 | 1.2 | 1.9 | 2.4 | 1.8 | 1.1 | 1.9 |
| Consumer Price Index | 2.8 | 1.9 | 1.7 | 1.9 | 1.7 | 1.3 | 1.3 | 1.4 | 1.6 | 3.1 | 2.1 | 1.4 | 2.3 |
| Industrial Production [1] | 5.4 | 2.9 | 0.3 | 2.5 | 4.1 | 0.2 | 2.9 | 4.5 | 5.7 | 3.4 | 3.6 | 2.4 | 3.9 |
| Corporate Profits Before Taxes [2] | 10.3 | 6.7 | 7.5 | 3.1 | 4.5 | 5.2 | 5.3 | 5.7 | 26.8 | 7.3 | 6.8 | 5.2 | 6.4 |
| Trade Weighted Dollar Index [3] | 72.7 | 74.5 | 72.7 | 73.4 | 76.2 | 76.5 | 77.0 | 77.3 | 75.4 | 70.9 | 73.5 | 76.7 | 77.8 |
| Unemployment Rate | 8.3 | 8.2 | 8.0 | 7.8 | 7.7 | 7.6 | 7.5 | 7.4 | 9.6 | 8.9 | 8.1 | 7.6 | 7.3 |
| Housing Starts [4] | 0.71 | 0.74 | 0.78 | 0.90 | 0.96 | 0.92 | 1.02 | 1.04 | 0.59 | 0.61 | 0.78 | 0.99 | 1.18 |
| 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 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Conventional Mortgage Rate | 3.95 | 3.68 | 3.50 | 3.35 | 3.57 | 4.00 | 4.05 | 4.10 | 4.69 | 4.46 | 3.66 | 3.93 | 4.30 |
| 10 Year Note | 2.23 | 1.67 | 1.65 | 1.78 | 1.87 | 2.50 | 2.50 | 2.60 | 3.22 | 2.78 | 1.80 | 2.37 | 2.85 |

Forecast as of: June 28, 2013
[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

**Source: U.S. Department of Commerce, U.S. Department of Labor, Federal Reserve Board, IHS Global Insight, IMF and Wells Fargo Securities, LLC**

## Inside



Together we'll go far

## U.S. Review

### Continued, Modest, Growth Remains the Theme

Both the ISM manufacturing and non-manufacturing survey results indicated continued improvement in both sectors but no sign of acceleration of growth back to trend. The ISM manufacturing survey came in at 50.9, with improvements in new orders and export orders. Production improved, but employment weakened. This pattern suggests that manufacturers are still able to hit their output goals without adding workers. Finally, inflation remains under wraps as the prices paid continue to show a modest gain but below the average over the past 12 months.

In contrast, the ISM non-manufacturing survey showed a solid gain in the employment component. An improving labor market was also signaled by the drop in the four-week moving average of initial jobless claims. Continuing claims also declined thereby reinforcing the message of an improving labor market.

### Trade as a Mid-Year Drag on Growth

A widening in the trade deficit for May lowers the consensus estimate for second quarter GDP growth as export growth of goods has slowed to just one percent over a year ago, with declines in food and beverage exports, industrial supply exports and consumer goods. Exports of capital goods and autos improved. Meanwhile, imports improved across many sectors suggesting relatively strong domestic demand compared to foreign demand.

A rise in the trade deficit will subtract from real GDP in the second quarter. Our expectation is that trade will subtract from economic growth in both the second and third quarters of this year.

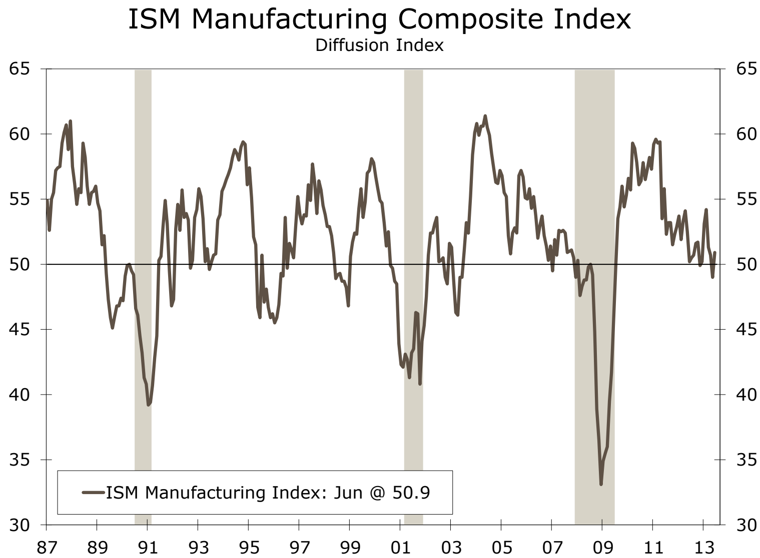
### Job Growth: Signals Continued Growth

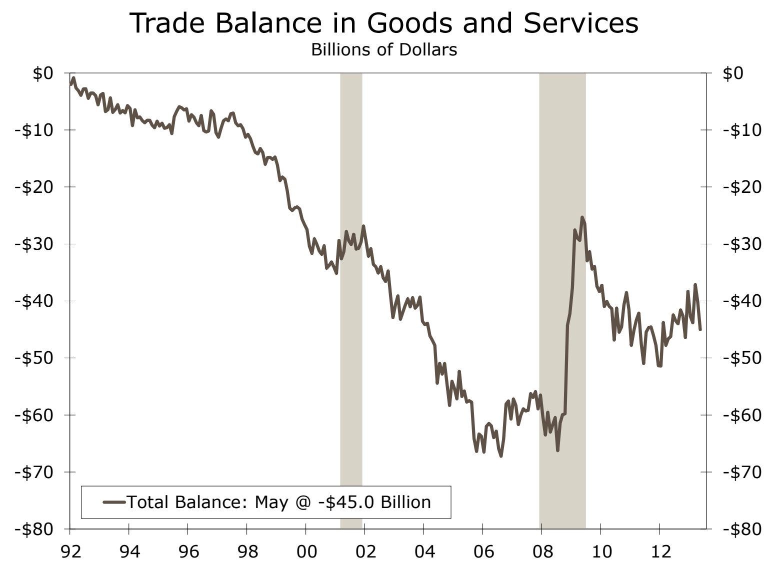
Over the past three months, nonfarm employment has averaged 196,000 jobs with the private sector contributing an average of 199,000 jobs. Weakness was evident in manufacturing and the federal government sectors. Gains around 190,000 are consistent with 1.5-2.0 percent growth in the economy.

In contrast, the unemployment rate remained at 7.6 percent, suggesting that recent economic gains are accompanied by limited improvement in the labor market. Labor force participation remains near historically low levels, and the number of job seekers working part-time for economic reasons is actually above the level of June 2012. Moreover, many of the job gains in June were in sectors such as leisure & hospitality and retail trade that tend to encompass a higher percentage of part-time workers.

Wage growth has improved 2.2 percent over the past year, and with inflation, measured by the CPI, having slowed to below 1.5 percent, there has been a rise in real income growth for many workers. This should support continued consumer spending and thereby economic growth going forward.

Finally, the tone of this week's data suggest continued economic growth at a modest pace and low inflation, which reinforces the Fed's path to tapering QE3 beginning in September.





**Source: ISM, U.S. Department of Commerce, U.S. Department of Labor and Wells Fargo Securities, LLC**

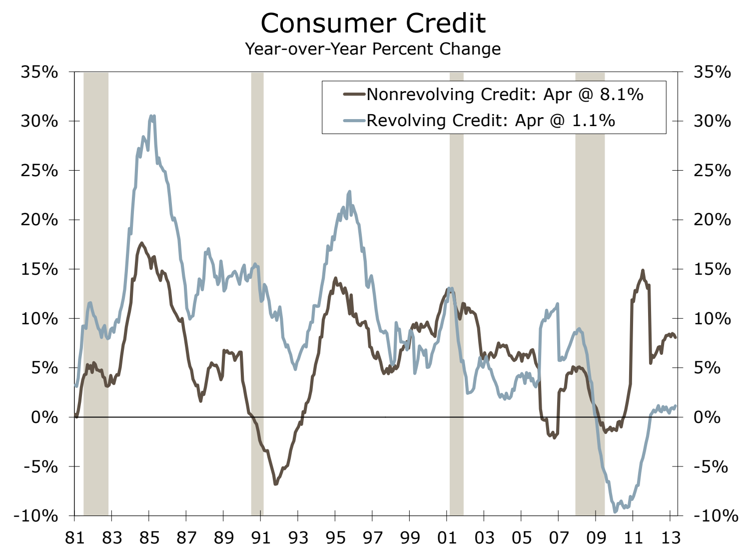
## Consumer Credit • Monday

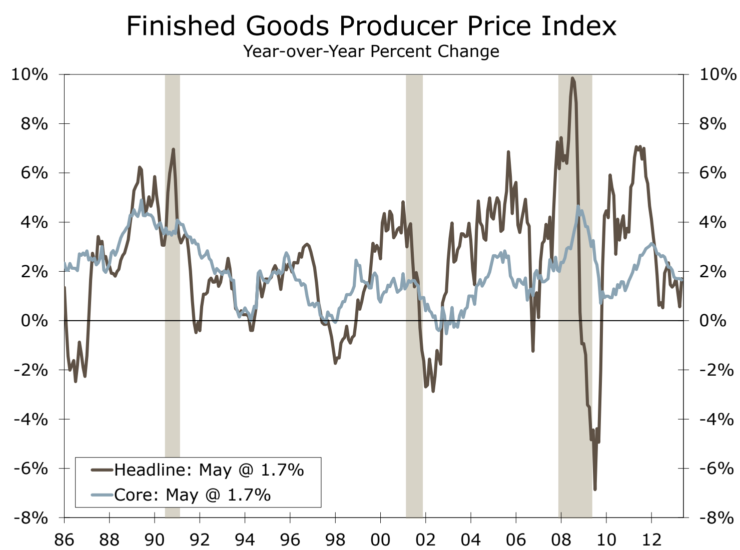
As households have made significant progress in repairing their balance sheets, consumers have been more willing and able to take on additional credit. Consumer credit, which excludes mortgages, is up 5.9 percent on a year-ago basis. The increase has been primarily driven by nonrevolving credit, particularly educational and auto loans, while revolving credit is up only 1.1 percent from April 2012.

Consumer credit likely rose again in May. The Federal Reserve's Senior Loan Officer Opinion Survey indicates that banks on net have been increasingly willing to make loans to consumers in the second quarter and are loosening standards. In addition, consumers are reportedly more willing to take on loans, particularly for autos. As the economy continues to improve and households and banks feel more secure in consumers' income prospects, we expect consumer credit to grow steadily throughout the year.

**Previous: $11.1 Billion**

**Consensus: $12.5 Billion**




## Producer Price Index • Friday

Like other measures of inflation, price growth at the producer level has been relatively tame in recent months. The finished goods index is up only 1.7 percent on a year-ago-basis. Prices rose 0.5 percent in May, the first gain in three months. The increase was largely driven by a 1.3 percent rebound in the price for energy goods, but also a 0.6 percent increase in finished foods. Core price growth remained muted with the PPI for finished goods excluding food and energy rising 0.1 in both April and May.

We expect the PPI to have risen again in June, with energy prices up over the month. That said, pipeline pressures have remained fairly weak, which should keep price growth at the finished stage of goods temperate over the next few months. In May, intermediate prices fell for the third straight month and are down 0.2 percent from a year earlier. Crude goods prices rose 2.2 percent in May as oil prices rebounded, but are nearly flat since the start of the year.

**Previous: 0.5%** **Wells Fargo: 0.3%**

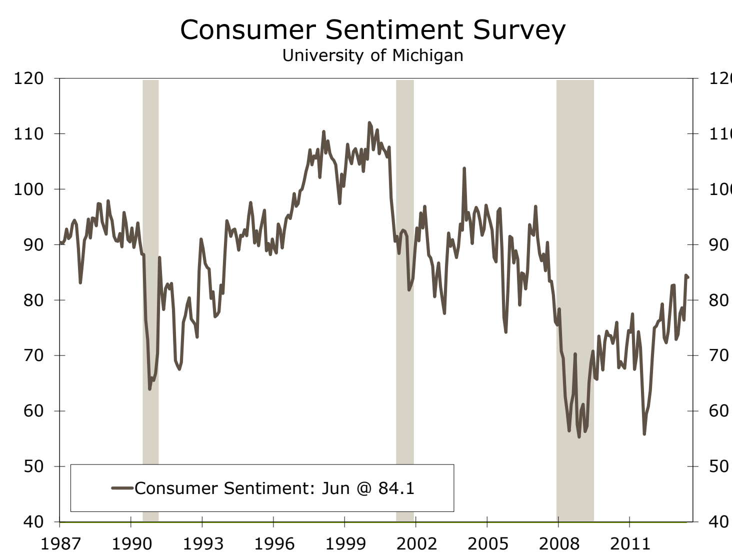
**Consensus: 0.5% (Month-over-Month)**

## Consumer Sentiment • Friday

Consumers' view of the economy has improved substantially since the start of the year as the labor market has continued to firm and household wealth has recovered. The University of Michigan's Consumer Sentiment Index gave back a bit of ground in June, but is up 11.2 points since December. We expect confidence to have ticked up in the survey's preliminary reading for July. Consumers are likely feeling a bit better about the labor market as indicators on employment, unemployment and layoffs have continued to improve. Gas prices have come down over the past few weeks, which should relieve some pressure on consumers' budgets due to weak real income growth. This effect may be short lived as oil prices have risen in recent days, but with household wealth continuing to rise with the recovery in home prices and financial markets, we expect sentiment to weather these near term headwinds and rise further throughout the year.

**Previous: 84.1**

**Consensus: 85.0**




**Source: Federal Reserve Board, U.S. Department of Labor, University of Michigan and Wells Fargo Securities, LLC**

## Global Review

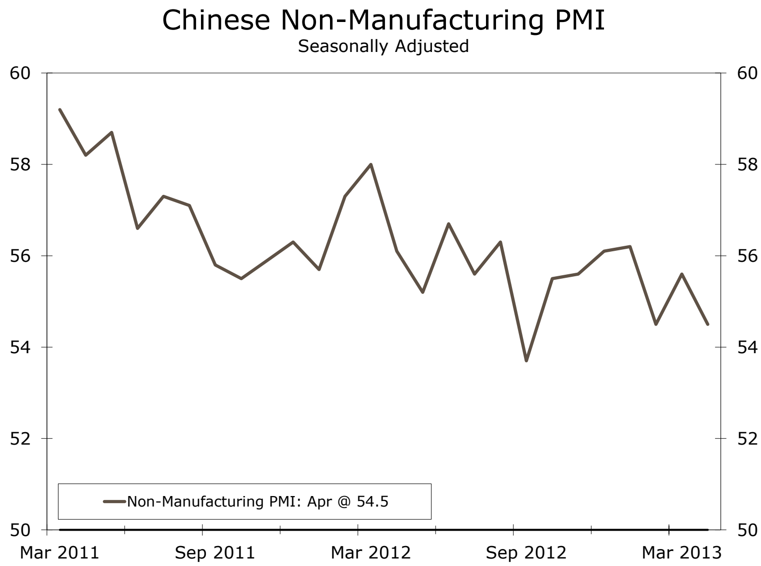
**Global Weakness Persists, With Few Exceptions.**

The story for the global economy continues to be that of weakness with few notable exceptions. In Asia, the Chinese economy continues to show signs that it is losing momentum, with the non-manufacturing PMI weakening slightly to 53.9 in June from a 54.3 reading in May. Meanwhile, the Japanese economy, which showed some encouraging numbers last week when the Tankan numbers were released, showed a disappointing performance for vehicle sales, dropping 15.8 percent from a year ago.

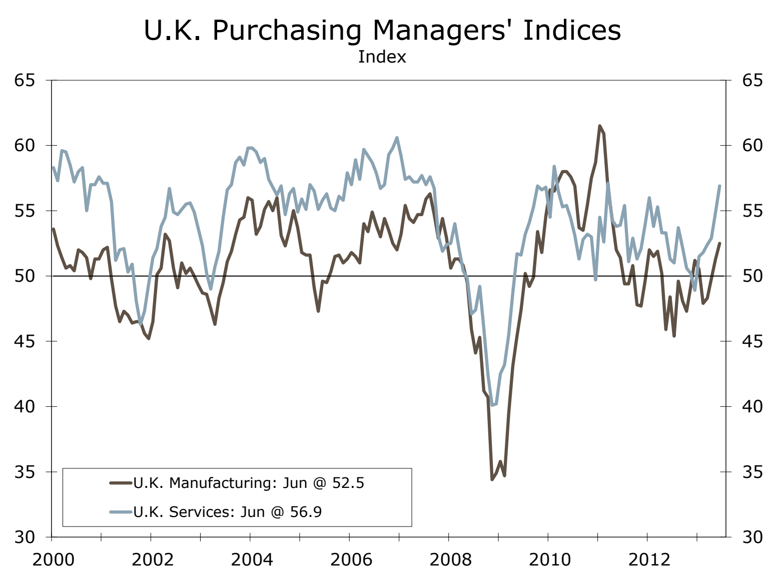
The Eurozone is not doing much better with the manufacturing PMI remaining almost flat and below the all-important demarcation line between expansion and contraction while the services PMI declined marginally and also remained below the 50 demarcation line. The good news coming from the Eurozone is that the economy does not seem to be deteriorating further, which is a big plus. The United Kingdom seems to be the only bright spot in Europe with, the manufacturing PMI as well as the services PMI improving in June compared to the May reading. The U.K.'s manufacturing PMI showed an improving domestic economy as well as external demand which tends to indicate that there are some rays of hope that economic activity may start to recover across the world.

But not all is well across the world. In Latin America, we have seen a continuous deterioration of economic activity across the region, with the Brazilian economy taking the lead. Brazilian industrial production disappointed in May with a month-over-month drop of 2.0 percent, more than erasing the 1.9 percent advance in April. On a year-earlier basis, Brazilian industrial production increased only 1.4 percent, down from an increase of 8.4 percent for the 12 months ending in April. Meanwhile, Mexico posted a better than expected result for its April monthly economic activity index, up 4.6 percent, year over year, from a drop of 1.7 percent in March. Brazilian and Mexican results were affected by calendar effects due to the fact that Easter week was in March in 2013 while it was in April a year ago. In the case of Mexico, the seasonally adjusted economic activity index was down 0.77 percent from March, which tends to indicate that the economy is still weak. Since the world economy is highly interconnected the first signs of a meaningful recovery will have to start to appear in the international trade numbers. So far, there is little happening at this end even though, as we have said many times before, economic activity across the world is not getting worse.

Not all is negative in the Eurozone, as the region has posted better than expected consecutive industrial production numbers. The region is still mired in one of its worst crises in its history and the news coming from the region is not worsening. This week saw several resignations at the top government levels in Portugal and is another reminder that the road ahead for the Eurozone is still arduous. Better global economic growth, especially from the United States and China, will help ease the pain in this region.








**Source: IHS Global Insight, Bloomberg LP and Wells Fargo Securities, LLC**

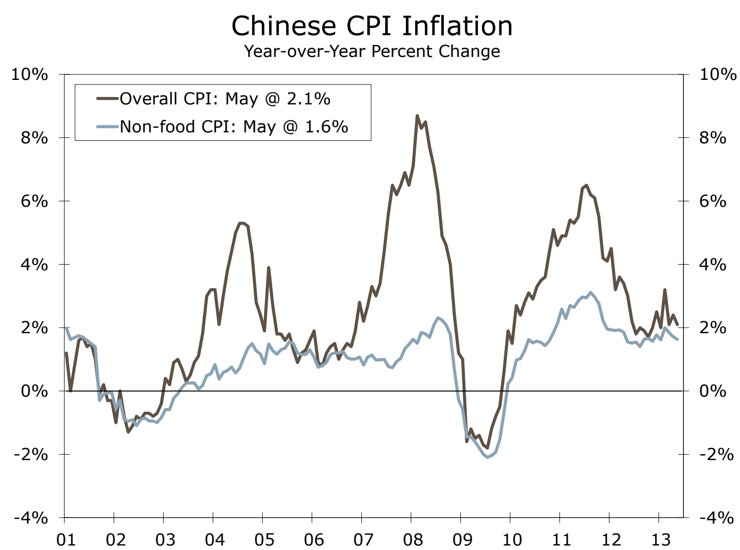
## German Industrial Production • Monday

Industrial production (IP) in Germany rose sharply—1.2 percent March and 1.8 percent in April—on a sequential basis for two consecutive months. However, the decline in factory orders in April and May means that IP likely declined in May, and the severe flooding in some parts of the country in June may have weakened production last month as well.

IP in the overall Eurozone has risen modestly for three consecutive months, and data for May are on the docket on Friday. Another increase in IP would raise hopes that perhaps the recession in the Eurozone is ending. Not only does France release IP data for May on Wednesday, but revised labor market data for the first quarter are slated for release next week. At more than 10 percent, unemployment has risen to its highest rate in about 15 years, which has caused political headaches for President Hollande.

**Previous: 1.8% (Month-over-Month)**

**Consensus: -0.5%**


## Chinese CPI • Tuesday

The slowdown that has occurred in the Chinese economy recently—real GDP grew "only 7.7 percent on a year-ago basis in the first quarter"—has helped to dampen inflationary pressures in China. In May, the year-on-year CPI inflation rate was only 2.1 percent. We look for a higher inflation rate in June than in May, although we do not believe that prices accelerated as much as the consensus forecast projects. In any case, a significant rebound in inflation does not seem likely as long as economic growth remains slow, at least by Chinese standards.

Given the recent liquidity crisis in China and policymakers' evident desire to keep a lid on credit growth, market participants will be paying close attention to money supply and lending data in June that are on the docket next week. Data on international trade in June will give analysts more insights into overall GDP growth in the second quarter.

**Previous: 2.1 (Year-over-Year) Wells Fargo: 2.3%**

**Consensus: 2.5%**

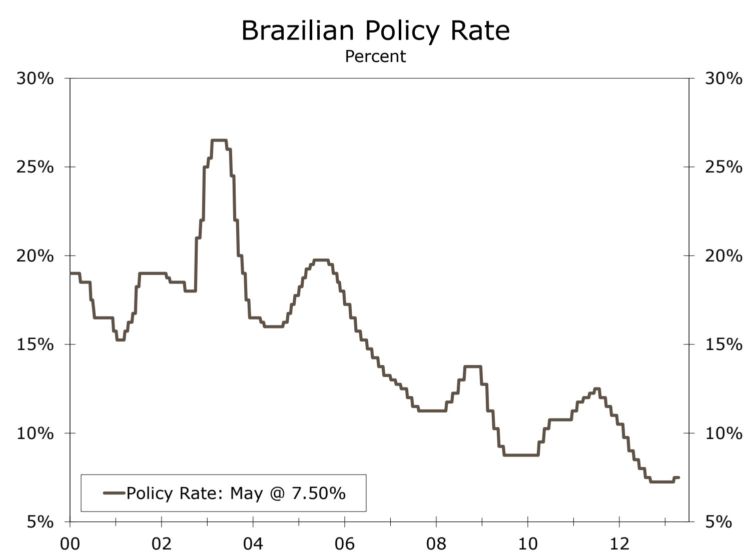
## Central Bank of Brazil • Wednesday

Most central banks continue to maintain a very accommodative policy stance or they have eased further in recent months. However, the Central Bank of Brazil has hiked its main policy rate by 75 bps since mid-April as inflation has risen. Indeed, CPI inflation in Brazil currently exceeds 6 percent, which is at the top end of the Bank's target range of 4.5 percent +/- 2 percent. We are in line with the consensus forecast in anticipating another 50 bps hike in the Bank's main policy rate next week.

Given the focus on inflation in Brazil at present, the inflation data that are slated for release next week will surely garner plenty of interest. In addition, data on retail spending and overall economic activity will give analysts some insights into the state of the Brazilian economy at present. We project that real GDP in Brazil rose at a year-over-year rate of roughly 2 percent in Q2-2013, little changed from the 1.9 percent rate it eked out in Q1.

**Previous: 8.00% Wells Fargo: 8.50%**

**Consensus: 8.50%**




**Source: IHS Global Insight, Bloomberg LP and Wells Fargo Securities, LLC**

## Interest Rate Watch

Over the past month the rise in interest rates has reflected a discounting of future increases in short-term interest rates as seen by the rise in yields for the 3, 5, 7 and 10-year notes has not been accompanied by similar increases in the three and six month Treasury bill.

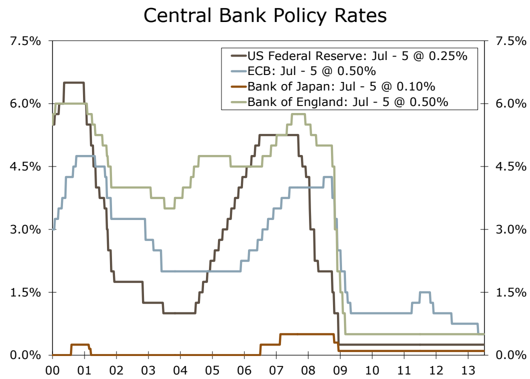
This suggests to us that the markets are not pricing in an earlier increase in the funds rates contrary to many comments. Instead, the market is being very rational in pricing in higher short-term rate at the two-year-plus time horizon. Therefore unlike 1994, the rise in rates is not being led by increases in the funds rate at the short end of the curve. We expect that while the Fed may reduce its asset purchases, they remain some time away from any increase in the fed funds rate.

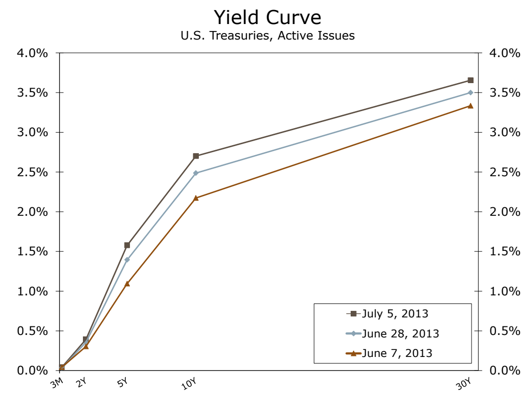
### Putting the Right Context on the Market's Reaction

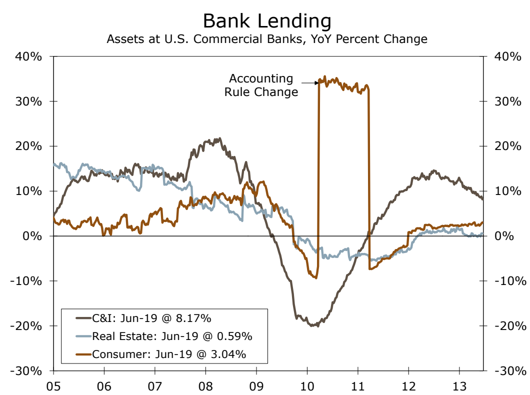
As we have argued before, markets are pricing in a less-than-expected Fed easing policy. The issue is not that the Fed is continuing to ease, which some commentators have put forward as a reason why the Treasury market should not have sold off. Yet, the reality is that the credit market has sold off because the market is getting less easing than what was already discounted. The issue remains that the Fed has gone from QE infinity to QE six months and thereby is providing less easing than was discounted by the market.

What matters in economics is what you get relative to what you expected. The difference between what was expected and what you get is the driving force in economics. One can simply look at the monthly employment release to realize it is the difference between actual and expectations that generates movement in the financial markets.

Our outlook for interest rates is not for a repeat of 1994, since the rise in rates during that period was driven by the Fed raising rates in response to what they perceived as a rise in commodity prices that presaged higher inflation. That condition does not appear relevant today and so our outlook is for a more limited rise in rates.




**Source: IHS Global Insight, Bloomberg LP and Wells Fargo Securities, LLC**

## Credit Market Insights

### Auto Sales Gaining Momentum, but What About Sales Demographics?

Light vehicle sales surged in June, coming in at a 15.9 million-unit seasonally adjusted annualized rate. Although sales have gained momentum over the past couple of years, light vehicle sales have not returned to their pre-recession peak. Auto sales should continue to rise as the economy and, more specifically, the labor market improves. Total auto loan debt outstanding rose 7.8 percent over the past year. There is likely some degree of pent up demand, as many would-be buyers delayed major purchases during the recession. In addition, the rate on an auto loan remains historically low. The average interest rate on a 48-month auto loan owned by commercial banks was 4.7 percent in the first quarter.

There is no question that auto sales are recovering, but who is driving sales? In a report earlier this year, Pew Research Center called to attention the fact that young adults are taking on less debt, with the exception of student loans, than they have in the past. Vehicle ownership of those under the age of 25 fell from 73 percent in 2007 to 66 percent in 2011. The number and size of loans outstanding also fell for this age cohort over the time period. Although this data has a significant lag, the general trend garners consideration. If younger adults are moving away from traditional vehicle ownership, who will pick up the slack in auto sales once baby boomers pass their "drivable" years?

**Credit Market Data**

| Mortgage Rates | Current | Week Ago | 4 Weeks Ago | Year Ago |
|---|---|---|---|---|
| 30-Yr Fixed | 4.29% | 4.46% | 3.91% | 3.62% |
| 15-Yr Fixed | 3.39% | 3.50% | 3.03% | 2.89% |
| 5/1 ARM | 3.10% | 3.08% | 2.74% | 2.79% |
| 1-Yr ARM | 2.66% | 2.66% | 2.58% | 2.68% |
| **Bank Lending** | **Current Assets (Billions)** | **1-Week Change (SAAR)** | **4-Week Change (SAAR)** | **Year-Ago Change** |
| Commercial & Industrial | $1,553.2 | -7.08% | 9.99% | 8.17% |
| Revolving Home Equity | $489.7 | -9.19% | -8.78% | -9.00% |
| Residential Mortgages | $1,621.7 | 5.20% | 9.53% | 3.08% |
| Commerical Real Estate | $1,435.1 | 0.28% | 1.46% | 1.47% |
| Consumer | $1,138.1 | 3.29% | 6.31% | 3.04% |

Source: Freddie Mac, Federal Reserve Board and Wells Fargo Securities, LLC

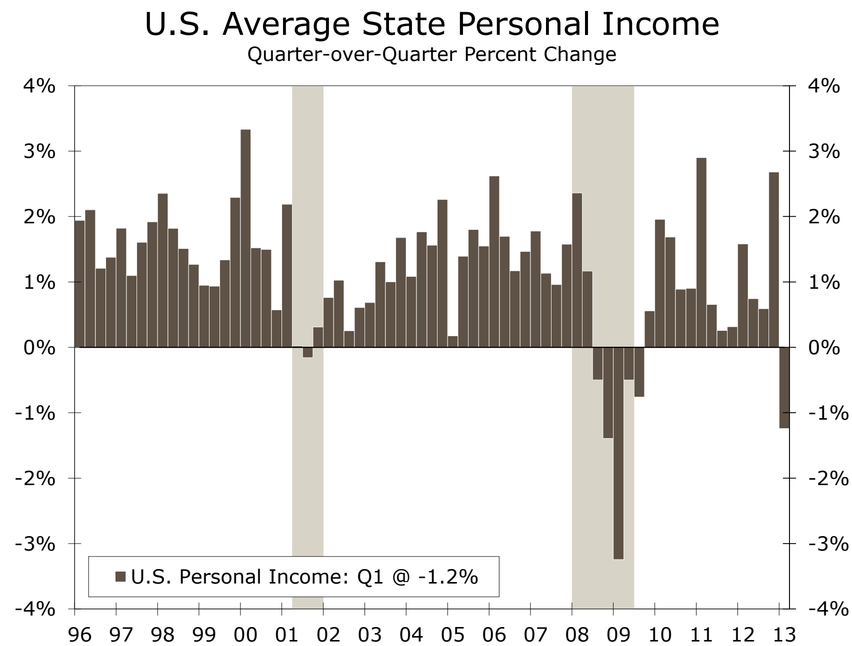
## Topic of the Week

### State Personal Income Falls in Q1

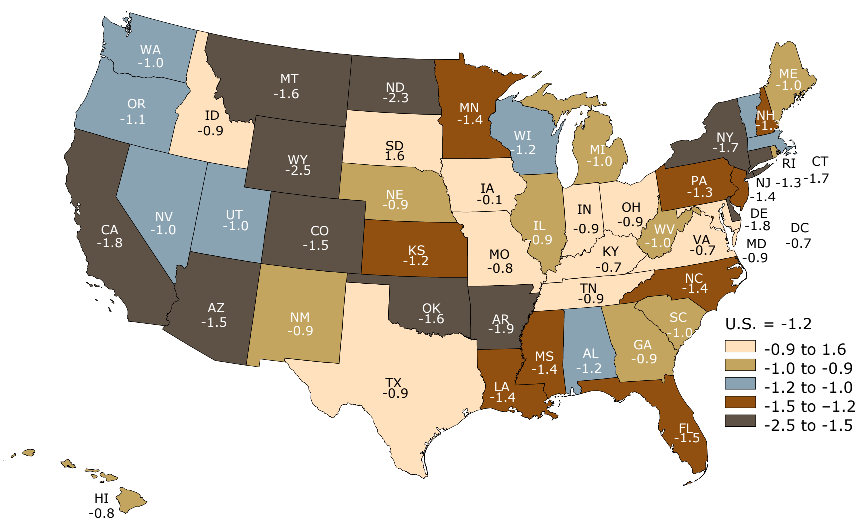
Average state level personal income fell 1.2 percent in the first quarter of 2013 after growing an average of 12.7 percent in the fourth quarter of 2012. The negative average personal income reading is the first decline in average state personal income since the third quarter of 2009. On a year-over-year basis, state average personal income is up only 2.8 percent over last year's levels. The primary reason for the pullback in the first quarter is related to taxpayers recognizing capital gains and pulling dividend payments forward into 2012 to avoid paying higher taxes in 2013. In addition, the 2 percent payroll tax cut expired beginning this year, which adversely affected consumer's personal income across several income groups and in every region of the country. Personal income declined the most in the Far West with California facing the steepest decline in income due in part to higher taxes that went into effect in the first quarter. The Rocky Mountain and Mideast regions also faced sharp declines in income as dividend, interest and rental income swung back from their fourth quarter 2012 levels. The Great Lakes and Plains experienced the smallest declines.

Personal income declined in every state with the exception of South Dakota where personal income growth was supported by farm income. Nonfarm personal income in South Dakota fell 1.78 percent from the fourth quarter of 2012 to the first quarter of 2013 while farm income surged 30.41 percent over the same period. Agriculture also helped to minimize the decline in income for Iowa and Kentucky. Among the states with the largest declines in personal income were Wyoming, North Dakota and Arkansas. Wyoming experienced a sharper decline in dividend income than in other states, when combined with falling coal prices, resulted in the largest state personal income decline in the first quarter.

For further information on first quarter state personal income see our special report *State Personal Income Declines in the First Quarter*, available on our website.




**State Personal Income: Percent Change from Q4 2012 to Q1 2013**




**Source: U.S. Department of Commerce and Wells Fargo Securities, LLC**

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## Market Data ♦ Mid-Day Friday

| U.S. Interest Rates | Friday 7/5/2013 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| 3-Month T-Bill | 0.05 | 0.03 | 0.07 |
| 3-Month LIBOR | 0.27 | 0.27 | 0.46 |
| 1-Year Treasury | 0.13 | 0.15 | 0.12 |
| 2-Year Treasury | 0.39 | 0.36 | 0.29 |
| 5-Year Treasury | 1.56 | 1.39 | 0.67 |
| 10-Year Treasury | 2.68 | 2.49 | 1.60 |
| 30-Year Treasury | 3.64 | 3.50 | 2.72 |
| Bond Buyer Index | 4.39 | 4.63 | 3.94 |

| Foreign Exchange Rates | Friday 7/5/2013 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| Euro ($/€) | 1.283 | 1.301 | 1.239 |
| British Pound ($/£) | 1.489 | 1.521 | 1.553 |
| British Pound (£/€) | 0.862 | 0.855 | 0.798 |
| Japanese Yen (¥/$) | 100.940 | 99.140 | 79.920 |
| Canadian Dollar (C$/$) | 1.058 | 1.052 | 1.014 |
| Swiss Franc (CHF/$) | 0.962 | 0.945 | 0.969 |
| Australian Dollar (US$/A$) | 0.907 | 0.914 | 1.029 |
| Mexican Peso (MXN/$) | 13.079 | 12.931 | 13.421 |
| Chinese Yuan (CNY/$) | 6.133 | 6.138 | 6.356 |
| Indian Rupee (INR/$) | 60.240 | 59.390 | 54.955 |
| Brazilian Real (BRL/$) | 2.265 | 2.232 | 2.019 |
| U.S. Dollar Index | 84.427 | 83.136 | 82.813 |

Source: Bloomberg LP and Wells Fargo Securities, LLC

| Foreign Interest Rates | Friday 7/5/2013 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| 3-Month Euro LIBOR | 0.14 | 0.15 | 0.55 |
| 3-Month Sterling LIBOR | 0.51 | 0.51 | 0.88 |
| 3-Month Canadian LIBOR | 1.17 | 1.17 | 1.31 |
| 3-Month Yen LIBOR | 0.16 | 0.16 | 0.20 |
| 2-Year German | 0.12 | 0.19 | 0.02 |
| 2-Year U.K. | 0.41 | 0.40 | 0.23 |
| 2-Year Canadian | 1.22 | 1.22 | 1.03 |
| 2-Year Japanese | 0.14 | 0.13 | 0.10 |
| 10-Year German | 1.72 | 1.73 | 1.38 |
| 10-Year U.K. | 2.49 | 2.44 | 1.66 |
| 10-Year Canadian | 2.53 | 2.44 | 1.72 |
| 10-Year Japanese | 0.86 | 0.85 | 0.81 |

| Commodity Prices | Friday 7/5/2013 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| WTI Crude ($/Barrel) | 101.94 | 97.05 | 87.22 |
| Gold ($/Ounce) | 1216.29 | 1234.57 | 1604.68 |
| Hot-Rolled Steel ($/S.Ton) | 635.00 | 632.00 | 605.00 |
| Copper (¢/Pound) | 307.15 | 305.25 | 348.80 |
| Soybeans ($/Bushel) | 15.81 | 15.29 | 15.56 |
| Natural Gas ($/MMBTU) | 3.61 | 3.58 | 2.95 |
| Nickel ($/Metric Ton) | 13,753 | 13,783 | 16,902 |
| CRB Spot Inds. | 522.42 | 517.87 | 505.31 |

## Next Week's Economic Calendar

| | Monday | Tuesday | Wednesday | Thursday | Friday |
|---|---|---|---|---|---|
| | 8 | 9 | 10 | 11 | 12 |
| U.S. Data | **Consumer Credit**<br>April $11.058B<br>May $13.000B (C) | | **Wholesale Inventories**<br>April 0.2%<br>May 0.3% (C) | **Import Price Index (MoM)**<br>May -0.6%<br>June 0.1% (W)<br>**Monthly Budget Stmnt**<br>May<br>June $40.0B (C) | **PPI (MoM)**<br>May 0.5%<br>June 0.3% (W) |
| Global Data | **Germany**<br>**Industrial Production**<br>Previous (Apr) 1.8% | **China**<br>**CPI (YoY)**<br>Previous (May) 2.1%<br>**UK**<br>**Industrial Production**<br>Previous (Apr) 0.1% | **Brazil**<br>**Central Bank Target Rate**<br>Previous (June) 8.0% | **Japan**<br>**BoJ Policy Meeting** | **Eurozone**<br>**Industrial Production**<br>Previous (April) 0.4% |

**Source: Bloomberg LP and Wells Fargo Securities, LLC**

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