September 27, 2013

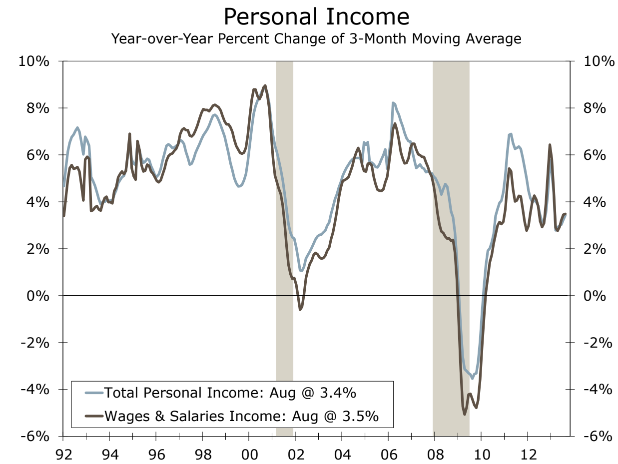
# *Economics Group*

## Weekly Economic & Financial Commentary

### U.S. Review

**Data Continues to Support Modest Growth in Q3**

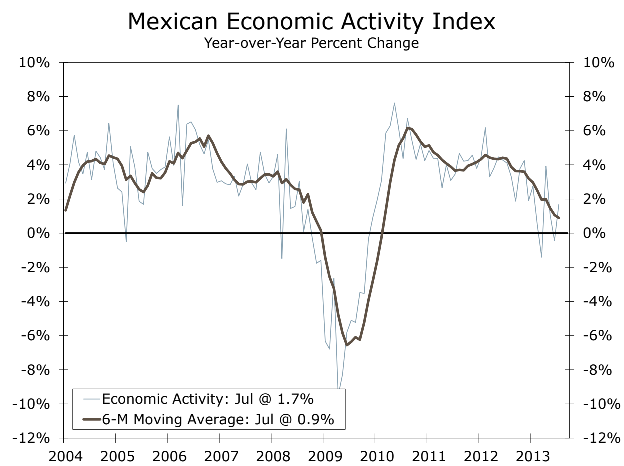
- Personal income rose 0.4 percent in August after increasing 0.2 percent in July. Personal spending activity remained modest, rising 0.3 percent. The saving rate edged higher to 4.6 percent, the first increase since May.
- Durable goods orders rose a slight 0.1 percent in August after a larger-than-expected drop in July. Core capital goods orders were also weaker than expected for the month.
- New home sales rebounded in August, rising 7.9 percent to a 421,000-unit pace. Although inventories remain tight, overall levels rose 3.6 percent.




### Global Review

**Mexico: Tidbits of Better Times Ahead?**

- The Mexican economy bounced back a bit in July, according to the monthly indicator of global economic activity released this week. According to the index, the economy grew 1.7 percent on a year-over-year basis and 0.5 percent compared to June, seasonally adjusted.
- Delving further into the economic activity index, however, still shows a weak economy as it turned the corner of the first half of the year. Although the service sector grew 3.0 percent, compared to July 2012, the all-important industrial sector, which includes manufacturing, mining, construction and utilities shrank 0.5 percent during the period.




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

| | Actual | | Forecast | | Forecast | | | | Actual | | Forecast | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | | | 2014 | | | | | | | | |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 2011 | 2012 | 2013 | 2014 | 2015 |
| Real Gross Domestic Product [1] | 1.1 | 2.5 | 1.8 | 2.6 | 2.1 | 2.3 | 2.5 | 2.5 | 1.8 | 2.8 | 1.6 | 2.3 | 2.7 |
| Personal Consumption | 2.3 | 1.8 | 1.8 | 2.3 | 2.3 | 2.4 | 2.5 | 2.5 | 2.5 | 2.2 | 1.9 | 2.3 | 2.6 |
| Inflation Indicators [2] | | | | | | | | | | | | | |
| PCE Deflator | 1.4 | 1.1 | 1.2 | 1.3 | 1.5 | 2.0 | 1.9 | 2.1 | 2.4 | 1.8 | 1.2 | 1.9 | 2.2 |
| Consumer Price Index | 1.7 | 1.4 | 1.5 | 1.5 | 1.6 | 2.2 | 2.1 | 2.2 | 3.1 | 2.1 | 1.5 | 2.0 | 2.4 |
| Industrial Production [1] | 4.1 | 0.7 | 2.0 | 4.6 | 4.2 | 4.3 | 4.4 | 4.5 | 3.4 | 3.6 | 2.4 | 3.8 | 4.8 |
| Corporate Profits Before Taxes [2] | 2.1 | 5.0 | 6.3 | 5.0 | 4.1 | 5.4 | 6.2 | 5.3 | 7.9 | 7.0 | 4.6 | 5.3 | 5.9 |
| Trade Weighted Dollar Index [3] | 76.2 | 77.5 | 78.3 | 79.0 | 79.5 | 80.0 | 80.5 | 81.0 | 70.9 | 73.5 | 77.8 | 80.3 | 81.6 |
| Unemployment Rate | 7.7 | 7.6 | 7.4 | 7.3 | 7.3 | 7.2 | 7.1 | 7.0 | 8.9 | 8.1 | 7.5 | 7.2 | 6.7 |
| Housing Starts [4] | 0.96 | 0.87 | 0.94 | 1.04 | 1.08 | 1.14 | 1.20 | 1.23 | 0.61 | 0.78 | 0.95 | 1.14 | 1.30 |
| 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 | 0.44 |
| Conventional Mortgage Rate | 3.57 | 4.07 | 4.50 | 4.60 | 4.70 | 4.80 | 4.90 | 5.00 | 4.46 | 3.66 | 4.19 | 4.85 | 5.35 |
| 10 Year Note | 1.87 | 2.52 | 2.80 | 2.90 | 3.00 | 3.10 | 3.20 | 3.30 | 2.78 | 1.80 | 2.52 | 3.15 | 3.65 |

Forecast as of: September 20, 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. Dept. of Commerce, IHS Global Insight, Federal Reserve Board, U.S. Dept. of Labor and Wells Fargo Securities, LLC**

### Inside

## U.S. Review

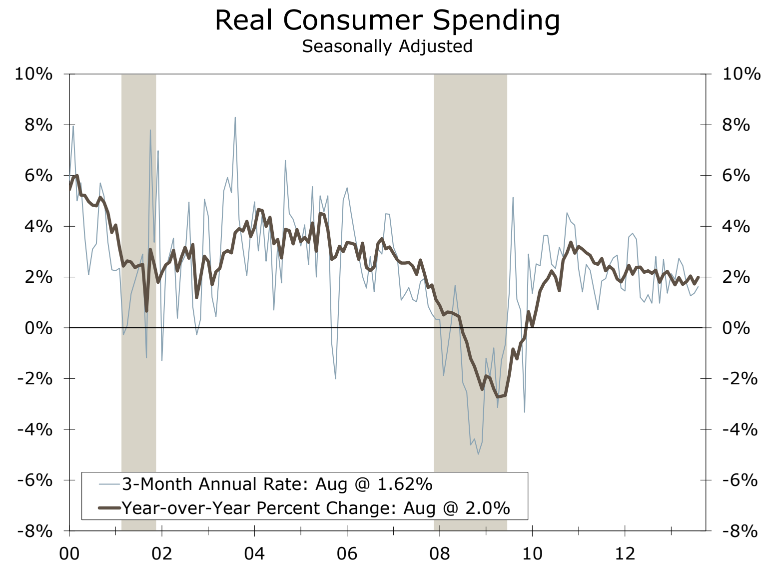
**Data Continue to Support Modest Growth In Q3**

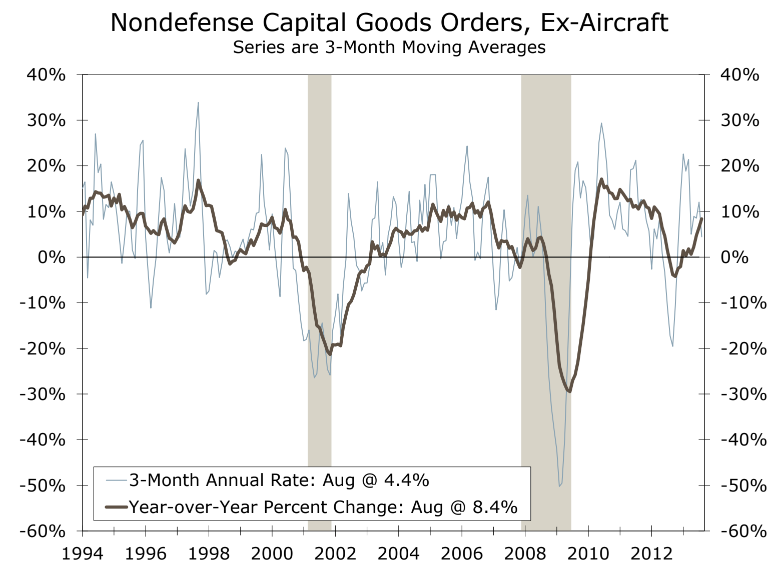
Economic data this week continued to support the case for modest economic growth in the third quarter. The third look at second quarter GDP was unchanged from the second release. On the consumer front, personal income and consumption activity rose in August, suggesting further modest growth in consumer spending for the third quarter. Manufacturing sector indicators pointed toward slightly stronger industrial sector activity while housing market data continued to show signs of recovery, but at a somewhat slower pace than previously.

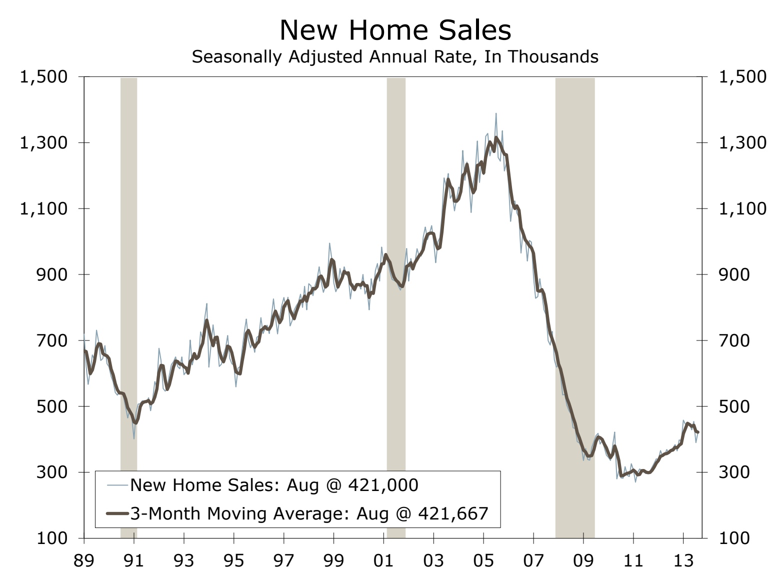
Personal income rose 0.4 percent in August supported by further growth in wages in salaries. The rise in personal income was the largest monthly gain since February. Disposable income rose 0.5 percent for the month. Personal spending activity continued to remain modest, rising 0.3 percent for the month. After accounting for inflation, the three-month moving average for real spending is now up 1.4 percent, suggesting that consumers will again play a role in supporting stronger GDP growth for the quarter. The saving rate edged higher to 4.6 percent after declining over the previous two months. Inflation remains in check as the Fed's preferred measure of inflation, the PCE deflator, is up just 1.2 percent on a year-over-year basis. Once food and energy prices are stripped out, the core deflator is also below the Fed's 2 percent target range at 1.2 percent.

Durable goods orders posted a disappointing 0.1 percent rise in August after dropping 8.1 percent in July. Volatile spending on defense items was the main factor keeping a lid on the overall pace of orders. Motor vehicle and parts order continue to support durable order activity, rising 2.4 percent on the month. Core capital goods orders were up 1.5 percent suggesting somewhat stronger equipment spending in the months ahead. Shipments of core capital goods, which provide a good read on equipment spending for the quarter, posted a modest rise of 1.3 percent, not enough to offset the 1.4 percent decline observed in July. Other indicators of the manufacturing sector were mixed with the Chicago Fed's national activity index climbing back into positive territory in August for the first time since February. September readings from the Richmond and Kansas City Federal Reserve Banks showed softening regional manufacturing activity in both regions suggesting that there could be some downside risks to industrial activity in the final month of the quarter.

Housing market data this week continued to reinforce our view for a continued housing market recovery but at a slower pace. New home sales rebounded in August, rising a sharp 7.9 percent to 421,000-unit pace. On a regional basis, sales rose the Northeast, Midwest and the South, while sales fell in the West. Pending home sales fell for the third straight month in August, partially reflecting the slower rate of investor purchase activity. The S&P/Case-Shiller Home Price Index 20-city average continued to edge higher in July, posting another impressive 12.4 percent year-over-year increase suggesting that home price appreciation continues to maintain some momentum.




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

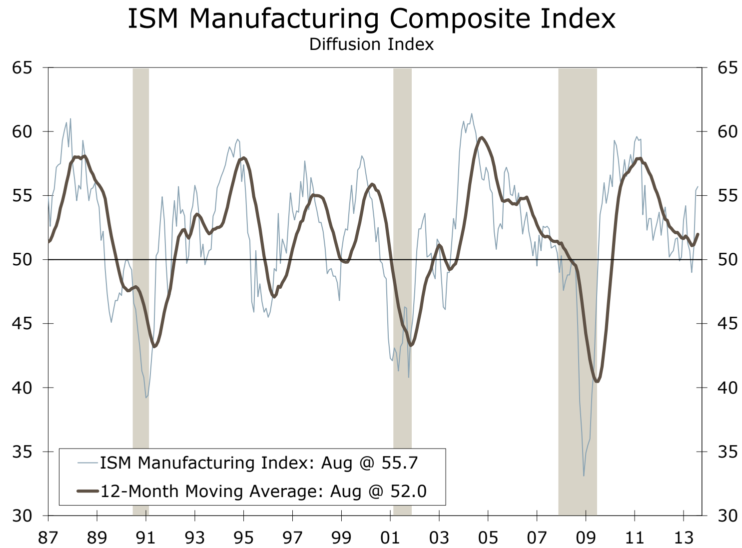
## ISM Manufacturing • Tuesday

After wavering in the spring, activity in the manufacturing sector has recovered in recent months. The ISM manufacturing index ticked up to 55.7 in August from a reading of 55.4 in July and from an average reading of 50.2 the three prior months. The surge in the ISM index since June was driven by a substantial increase in production and new orders. Employment, export orders and imports have also firmed, but to a lesser extent.

Some moderation in the ISM manufacturing index looks to be in store in September. "Hard data" on the manufacturing sector indicate production continues to expand, but at a pace more moderate than recent readings of the ISM index. PMIs already released for September are somewhat mixed, with the New York and Philadelphia Fed indexes indicating stronger activity, but the Richmond Fed and Markit PMI pulling back.

**Previous: 55.7** **Wells Fargo: 55.2**

**Consensus: 55.1**



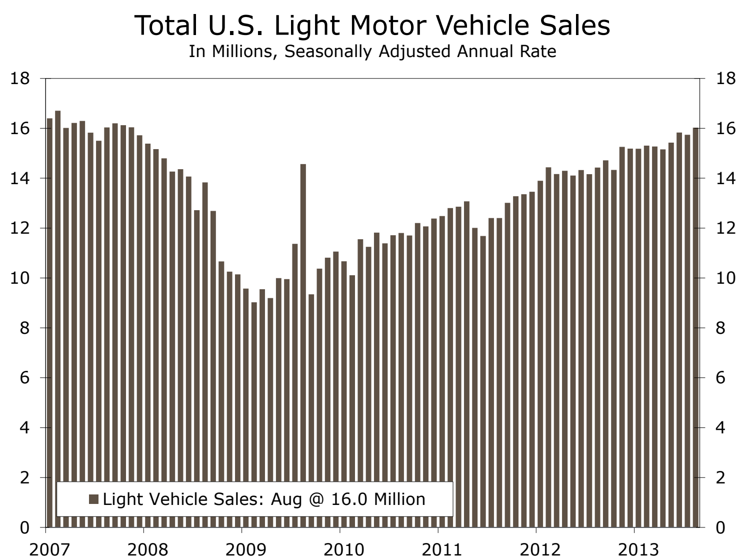

## Auto Sales • Tuesday

Auto sales to dealers rose to a 16.0-million unit annual pace in August, the strongest outturn since before the past recession. Compared to a year earlier, sales are up 11 percent.

We look for auto sales in September to have slipped a bit in September. The 1.8 percent jump in sales in August was likely helped by an early Labor Day weekend pulling some sales forward. Even with a drop in September, auto sales should continue to trend higher throughout the remainder of the year. Data from the Senior Loan Officer Opinion Survey show that demand for auto loans is growing while banks are easing standards. Moreover, historically low interest rates on loans will continue to help affordability. The share of consumers planning to purchase an automobile over the next six months has been trending up, while dealer inventories remain well-managed relative to sales.

**Previous: 16.0M** **Wells Fargo: 16.0M**

**Consensus: 15.8M**



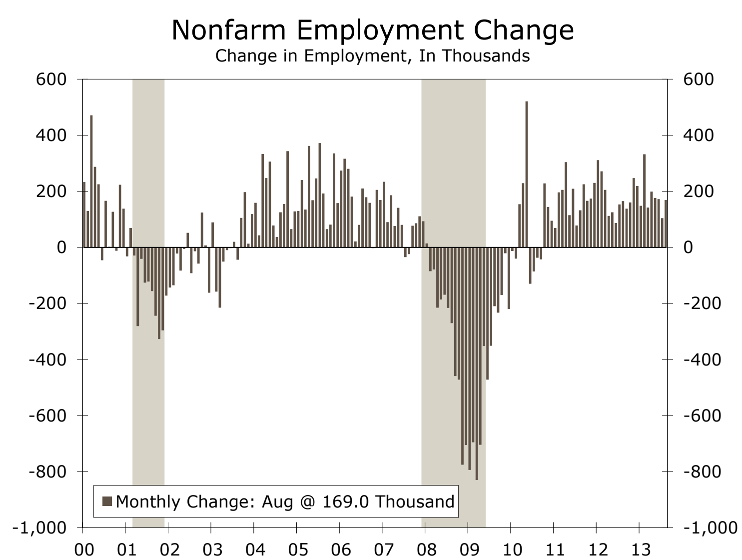

## Employment • Friday

Businesses added 169,000 new jobs in August with the largest gains in leisure and hospitality and education and healthcare. Despite the lower-than-expected headline reading, there were some positive details in the report. Following five straight months of declines, manufacturing jobs rebounded in August and government payrolls also posted a gain. Average hourly earnings and hours worked picked up on the month, but wage growth has generally been tepid.

Payroll gains in September look set to continue their recent monthly trend, rising 195,000. Jobless claims have fallen sharply in recent weeks, and while some of the decline is likely due to reporting issues, the trend remains solidly downward. Meanwhile, consumers' assessment of the labor market continues to improve, with the share of respondents reporting jobs plentiful minus jobs hard to get improving for the fifth straight month. We expect the unemployment rate to hold at 7.3 percent.

**Previous: 169,000** **Wells Fargo: 195,000**

**Consensus: 180,000**




**Source: Institute for Supply Management, IHS Global Insight, U.S. Department of Labor and Wells Fargo Securities, LLC**

# Global Review

## Mexico: Tidbits of Better Times Ahead?

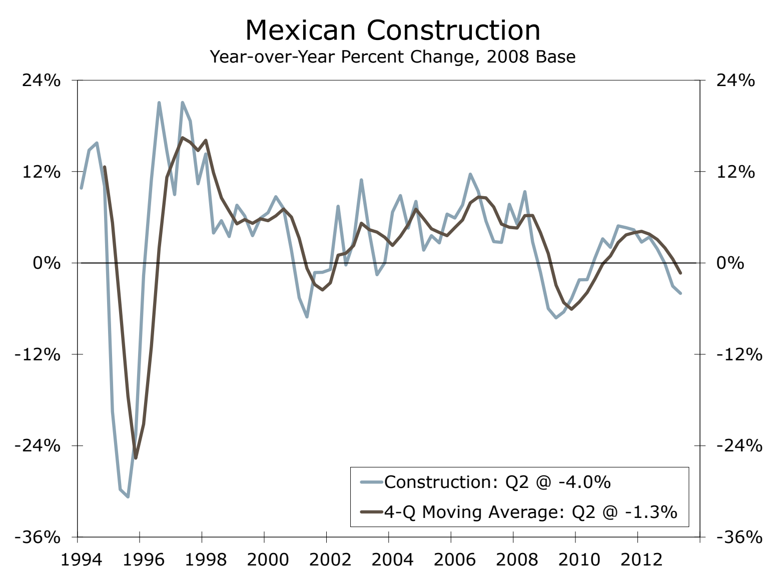
The Mexican economy bounced back a bit in July according to the monthly indicator of global economic activity released this week. According to the index the economy grew 1.7 percent on a year-over-year basis and 0.5 percent compared to June, seasonally adjusted. The improvement has to serve as a breath of fresh air for an economy, and a recently installed government, that has been battered by a confluence of factors, some self-inflicted, some others not so much so, but whose combination has translated in an economy that has lost its footing since the start of the year. Most of the problems have been domestic in nature and not easily solved, at least not in the short run.

We believe one of the worst problems for the Mexican economy has been the hype regarding the reform process started early in the tenure of President Peña Nieto. Although the reforms are important and will definitely have an effect on long-term economic growth, the real short-term and even medium-term effect are probably not as beneficial. In some sense, analysts' expectations on the short- to medium-term effect of recently proposed reforms far outstripped the real effect and this seems to have prevented a correct reading into the real issues within the Mexican economy today.

A closer inspection of the economic activity index, however, shows a still weak economy as it turned the corner of the first half. Although the service sector grew 3.0 percent compared to July 2012 the all-important industrial sector, which includes manufacturing, mining, construction and utilities shrank 0.5 percent during the period. The most discouraging news regarding this sector was that it posted another negative reading, -0.1 percent, in July after posting two small but positive readings, 0.3 percent and 0.2 percent, in May and June, respectively. We cannot tell if it is the construction sector continuing to lead the weakness but believe this is the case even though the release does not segment the weakness by industrial sector. However, we know that many road infrastructure projects, especially in Mexico City, were finished in the last year or so and at the same time the government has proposed to apply the value added tax (VAT) to the purchase of homes, to rental payments as well as to interest payments on mortgage loans, which is probably already having an important negative effect on home building as well as on the price of homes and home affordability.

Thus, while the improvement in the service sector is good news for the Mexican economy this year the economy is not yet out of the woods. It was nice to get a positive reading for the first month of the third quarter but we will remain vigilant to the potential negative effects of the proposed fiscal reform, which has not gotten off to a good start. It seems that the reform is not broad enough and seems to collect taxes from those already paying into the system rather than using the opportunity to broaden the tax base. Only one thing seem to be clear from the proposed fiscal reform: almost everyone is opposed to it. And while this is not uncommon for a fiscal reform in which individuals are asked to pay more into the system the general opinion is that the proposal is, overall, detrimental for economic growth.






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

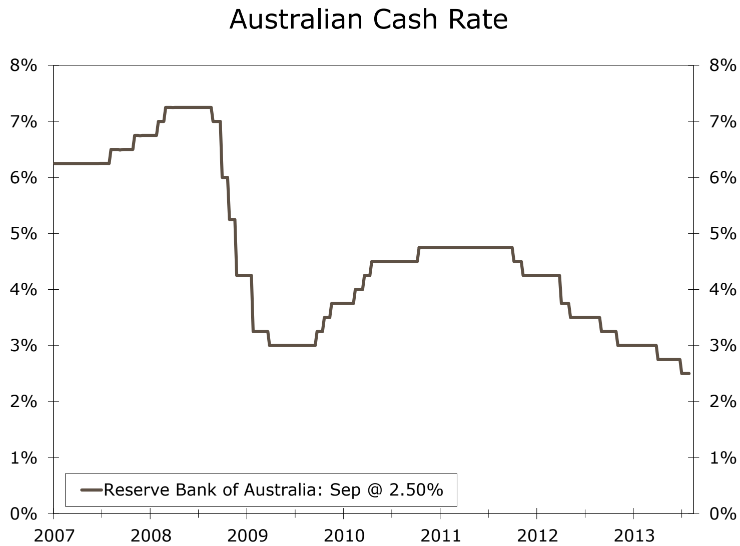
## RBA Meeting • Tuesday

Following a 25 basis point cut in its cash rate, the Reserve Bank of Australia opted to leave rates unchanged at its September meeting. The official statement observed that "some further decline in the exchange rate would be favorable," while also noting that it still has the option to cut rates further if it sees fit to do so. The Aussie dollar has actually strengthened more than 5 percent in September, which may push policymakers at the RBA closer to another rate cut.

Signals have been mixed in terms of the domestic Australian economy. While second quarter growth figures were a shade stronger, recently released retail sales figures for July were disappointing, and August employment figures showed another decline in payrolls as the unemployment rate inched higher. An immediate rate cut might be too reactionary, but without improvement in the economy or a weakening in the Aussie dollar, a November rate cut cannot be ruled out.

**Previous: 2.50%** **Wells Fargo: 2.50%**

**Consensus: 2.50%**




## ECB Meeting • Wednesday

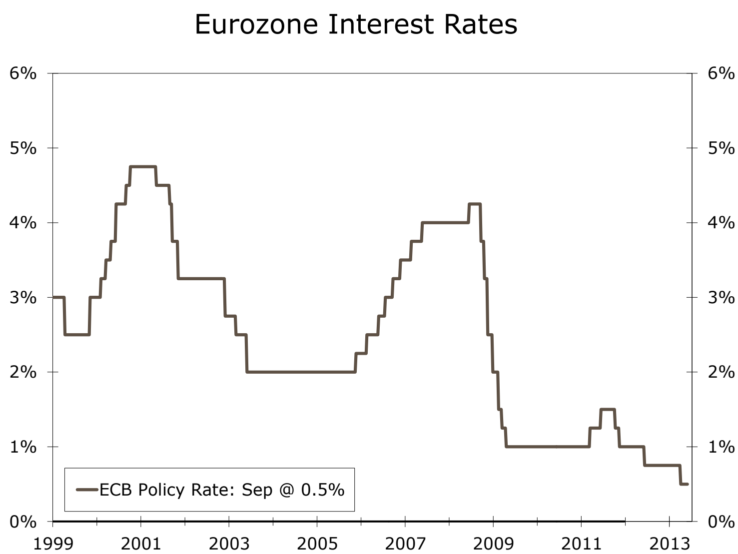
The Eurozone economy finally emerged from double-dip recession in the second quarter when GDP growth was positive for the first time in a year and a half.

While we do expect the Eurozone economy to continue to expand for the next few years, Europe's problems are far from fixed. Restrictive fiscal policy and constrained credit growth will likely hold back the pace of GDP growth.

Next week CPI inflation for the Eurozone is due out on Monday and the ECB meets on Wednesday. We expect CPI will show a year-over-year inflation rate of 0.9 percent. In terms of the ECB, a lower lending rate will not encourage banks to lend more to businesses, and that is the Eurozone's greater challenge. For that reason we expect the ECB to remain on hold as well.

**Previous: 0.50%** **Wells Fargo: 0.50%**

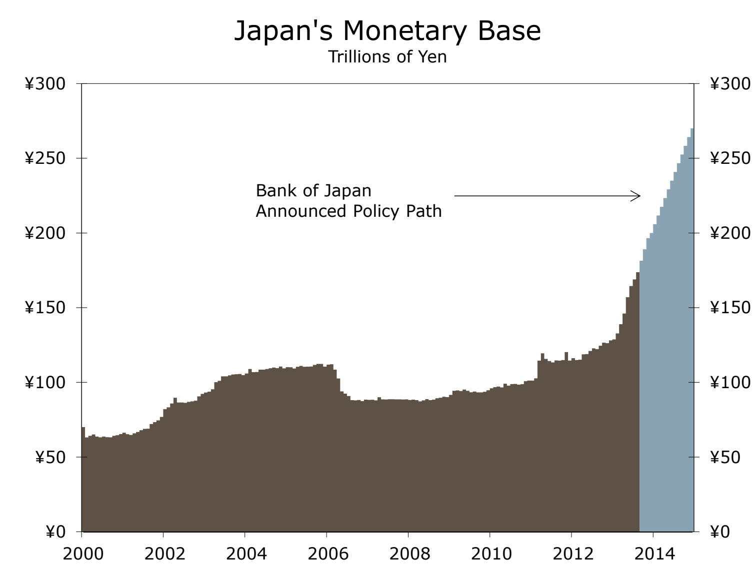
**Consensus: 0.50%**




## BOJ Meeting • Thursday

The Japanese CPI report released this week showed that the year-over-year rate of CPI inflation increased to 0.9 percent in August. The ultra-accommodative monetary policy being pursued by the Bank of Japan (BoJ) is having the intended effect of stoking inflation. It bears noting that the major driver of price increases over the past several months has been higher energy and electricity prices. Still, it is remarkable that just a few months since the April meeting when the new policy initiatives were rolled out, the BoJ is already nearly halfway to its 2.0 percent CPI inflation target.

The BoJ meets next week and will consider the recent inflation figures in the context of an economic rebound that has been inconsistent recently. Consumer confidence slipped in August and machine orders in July were flat. No major change in policy is expected, but the statement will be carefully reviewed to determine if the BoJ is considering expanding its policy easing program.




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

## Interest Rate Watch

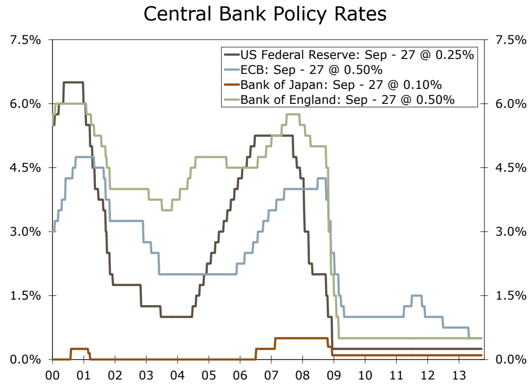
### Rethinking The Fed's No Decision

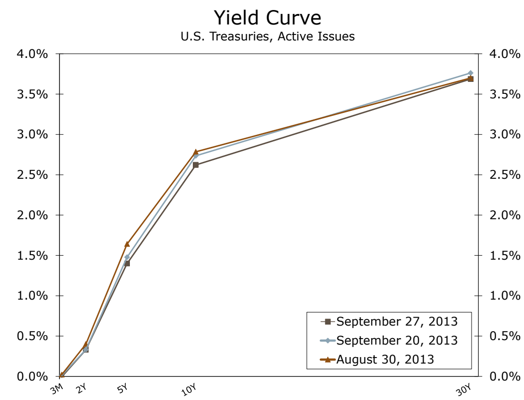
Opinions remain divided over whether the Federal Open Market Committee merely delayed scaling back its asset purchases until negotiations on the federal budget and debt ceiling are resolved or whether it backed away due to faltering economic data. The plot thickens when you incorporate the Fed's lower forecasts for economic growth and inflation. Given that the tapering decision involves the input of all the Federal Reserve bank presidents and governors, there is a good chance that both factors played a role in the decision.

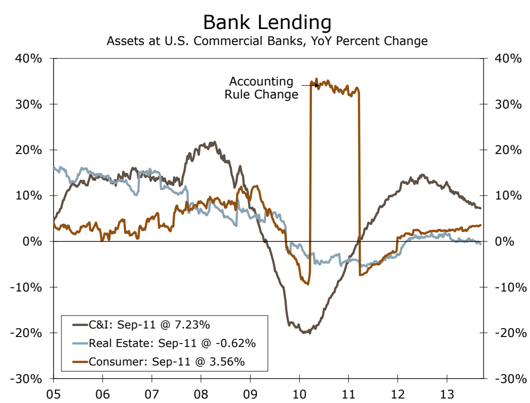
We believe the most likely time for the Fed to begin to reduce, or taper, its monthly securities purchases is early next year but a decision at the October or December FOMC meeting remains possible. A decision at the October 29-30 meeting has been largely discounted because it is so near, and economic conditions are unlikely to change much before then. There is a good chance, however, that the battle over the federal budget and debt ceiling will be resolved by then and if that resolution is reached without much disruption, the Fed should have a relatively free hand to move.

Third quarter real GDP will be reported on October 30, just hours before any tapering announcement would be made. We currently project real GDP to grow at just a 1.8 percent pace in the third quarter, which is largely in line with consensus forecasts. That is hardly the type of number the Fed would like to see the day it begins to wind down its extraordinary monetary stimulus.

Forward guidance is another key element of Fed policy and the reduction in growth and inflation expectations at the September FOMC meeting is simply another way of providing that guidance. Some sort of change was needed, as the unemployment rate appears to be coming down more quickly that the Fed or financial markets have been expecting, even though output and employment are growing more slowly. Layoffs have slowed, but hiring has not picked up. The Fed's new lower forecast for economic growth and inflation should help bend the long end of the yield curve a little lower, even if the Fed winds up tapering earlier than the markets currently expect.




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

## Credit Market Insights

### Housing and Balance Sheet Recovery

Household net worth increased by \$1.3 trillion in Q2 2013 to \$74.8 trillion, an increase of 11.5 percent year over year. Household liabilities were flat year-over-year as the deleveraging process following the recession is beginning to slow. Although we've seen a strong rise in home prices recently, the recovery in real estate assets as a percent of total assets has been rather slow, as they reach a mere 23.9 percent in Q2 compared to pre-recession levels near 32 percent. That being said, household equity in real estate has posted year-over-year growth rates of more than 25 percent in each of the past three quarters. This comes back to the story that much of the recovery in the housing market has been seen through price gains. One of the recent concerns threatening the housing market has been the rise in interest rates. This concern has been mitigated recently, following the Fed's decision to not taper its asset purchases in September. Once this decision was released we have seen the yield on the 10-year Treasury security fall nearly 40 basis points back down to around 2.6 percent. This should at least slow the rise in mortgage rates, as the Fed's monetary policy is set to remain extremely accommodative for at least the near future. So, as households continue to find themselves in better financial shape and the Fed monetary policy stays easy, we should expect to see the consumer as well as the housing market to contribute to U.S economic growth.

**Credit Market Data**

| Mortgage Rates | Current | Week Ago | 4 Weeks Ago | Year Ago |
|---|---|---|---|---|
| 30-Yr Fixed | 4.32% | 4.50% | 4.51% | 3.40% |
| 15-Yr Fixed | 3.37% | 3.54% | 3.54% | 2.73% |
| 5/1 ARM | 3.07% | 3.11% | 3.24% | 2.71% |
| 1-Yr ARM | 2.63% | 2.65% | 2.64% | 2.60% |
| **Bank Lending** | **Current Assets (Billions)** | **1-Week Change (SAAR)** | **4-Week Change (SAAR)** | **Year-Ago Change** |
| Commercial & Industrial | \$1,569.0 | -7.65% | -3.04% | 7.23% |
| Revolving Home Equity | \$482.9 | -8.85% | -6.54% | -8.32% |
| Residential Mortgages | \$1,575.3 | -0.26% | 4.16% | -1.22% |
| Commerical Real Estate | \$1,459.5 | 3.20% | 6.11% | 2.92% |
| Consumer | \$1,147.9 | -1.55% | 3.79% | 3.56% |

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

## Topic of the Week

**Does China Have a Debt Problem?**

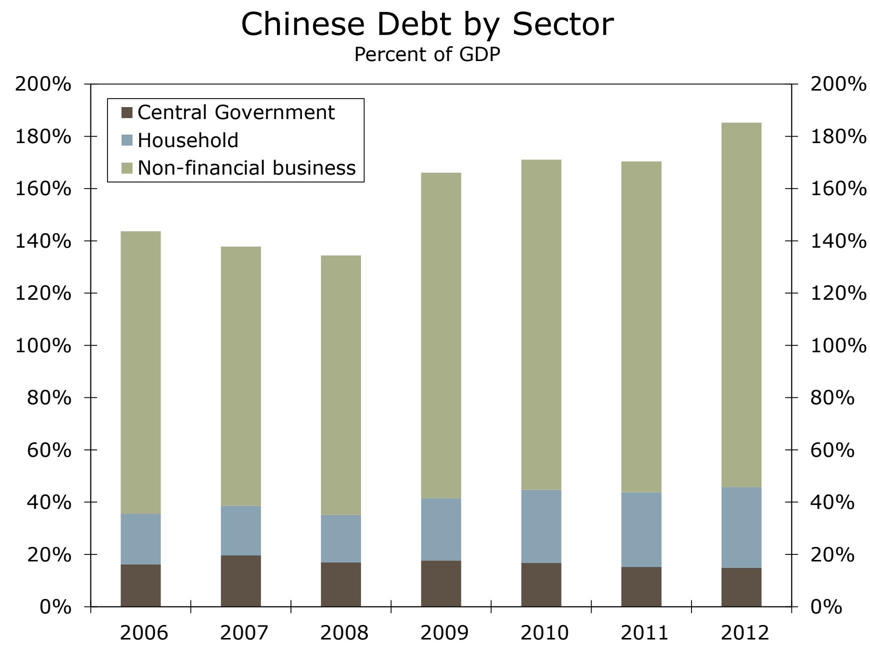
Some analysts fret that China will experience a "hard landing" in the not-too-distant future due to excessive debt in the Chinese economy. Leverage in the past decade has increased as debt in the household, nonfinancial business and central government sectors ramped up from 140 percent of GDP in 2006 to more than 180 percent last year (top chart). If China has a debt problem at present, it would be concentrated in the nonfinancial business sector where the debt-to-GDP ratio rose from 110 percent in 2006 to 140 percent last year. In contrast, debt in the household and central government sectors is low, at least when measured against their counterparts in the American economy.

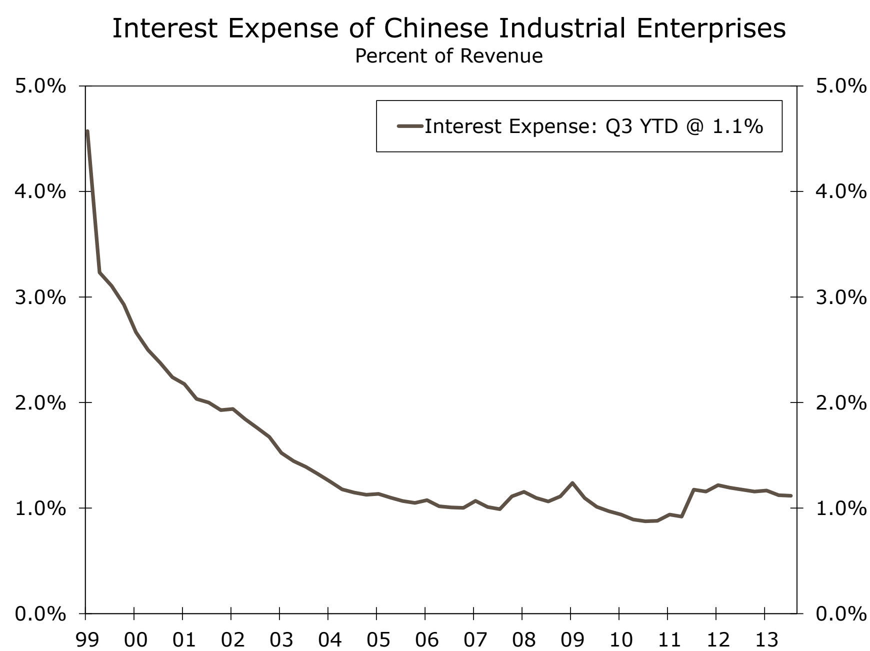
Despite the increase in nonfinancial business debt over the past few years, there does not appear to be an extraordinary amount of financial strain within this sector at this time. In the industrial sector, interest rate expenses are very much under control and profitability does not appear to be eroding (bottom chart). The liabilities-to-asset ratio among real estate firms has edged up in recent years, so this sector may bear closer watching due to the deterioration in its capital buffer.

Two factors have helped China to cope with its rising level of debt: low interest rates, which have helped to keep debt servicing costs manageable, and rapid rates of nominal GDP growth, which have constrained the rise in debt-to-GDP ratios for various sectors.

It does not appear that the Chinese economy is on verge of the collapse due to excessive debt, but we believe that the debt situation in China, especially in the nonfinancial business sector, deserves close scrutiny. Our caution regarding the Chinese debt situation would become more elevated in the future if we see rapid credit growth in conjunction with slow economic growth. If there is a silver lining in the Chinese debt cloud, it is that the debt of the central government is low at present.

For further details see our special report entitled *Does China Have a Debt Problem?* available on our website.




Source: CEIC and Wells Fargo Securities, LLC

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## Market Data ♦ Mid-Day Friday

| U.S. Interest Rates | Friday 9/27/2013 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| 3-Month T-Bill | -0.01 | 0.01 | 0.09 |
| 3-Month LIBOR | 0.25 | 0.25 | 0.36 |
| 1-Year Treasury | 0.11 | 0.11 | 0.16 |
| 2-Year Treasury | 0.33 | 0.33 | 0.25 |
| 5-Year Treasury | 1.40 | 1.48 | 0.64 |
| 10-Year Treasury | 2.62 | 2.73 | 1.65 |
| 30-Year Treasury | 3.69 | 3.76 | 2.84 |
| Bond Buyer Index | 4.53 | 4.66 | 3.67 |

| Foreign Exchange Rates | Friday 9/27/2013 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| Euro ($/€) | 1.355 | 1.352 | 1.291 |
| British Pound ($/£) | 1.612 | 1.601 | 1.624 |
| British Pound (£/€) | 0.841 | 0.845 | 0.795 |
| Japanese Yen (¥/$) | 98.290 | 99.360 | 77.610 |
| Canadian Dollar (C$/$) | 1.032 | 1.030 | 0.981 |
| Swiss Franc (CHF/$) | 0.903 | 0.910 | 0.937 |
| Australian Dollar (US$/A$) | 0.932 | 0.939 | 1.044 |
| Mexican Peso (MXN/$) | 13.131 | 12.858 | 12.827 |
| Chinese Yuan (CNY/$) | 6.119 | 6.121 | 6.302 |
| Indian Rupee (INR/$) | 62.498 | 62.278 | 53.026 |
| Brazilian Real (BRL/$) | 2.253 | 2.211 | 2.030 |
| U.S. Dollar Index | 80.168 | 80.431 | 79.548 |

| Foreign Interest Rates | Friday 9/27/2013 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| 3-Month Euro LIBOR | 0.16 | 0.15 | 0.15 |
| 3-Month Sterling LIBOR | 0.52 | 0.52 | 0.60 |
| 3-Month Canadian LIBOR | 1.17 | 1.17 | 1.31 |
| 3-Month Yen LIBOR | 0.15 | 0.15 | 0.19 |
| 2-Year German | 0.17 | 0.21 | 0.04 |
| 2-Year U.K. | 0.42 | 0.50 | 0.20 |
| 2-Year Canadian | 1.21 | 1.23 | 1.10 |
| 2-Year Japanese | 0.10 | 0.10 | 0.10 |
| 10-Year German | 1.78 | 1.94 | 1.46 |
| 10-Year U.K. | 2.71 | 2.92 | 1.73 |
| 10-Year Canadian | 2.55 | 2.69 | 1.76 |
| 10-Year Japanese | 0.68 | 0.70 | 0.78 |

| Commodity Prices | Friday 9/27/2013 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| WTI Crude ($/Barrel) | 102.95 | 104.67 | 91.85 |
| Gold ($/Ounce) | 1338.36 | 1326.05 | 1777.25 |
| Hot-Rolled Steel ($/S.Ton) | 630.00 | 643.00 | 598.00 |
| Copper (¢/Pound) | 332.60 | 332.75 | 374.40 |
| Soybeans ($/Bushel) | 13.12 | 13.35 | 15.78 |
| Natural Gas ($/MMBTU) | 3.54 | 3.69 | 3.30 |
| Nickel ($/Metric Ton) | 13,755 | 14,333 | 18,004 |
| CRB Spot Inds. | 519.63 | 521.55 | 530.32 |

Source: Bloomberg LP and Wells Fargo Securities, LLC

## Next Week's Economic Calendar

| | Monday | Tuesday | Wednesday | Thursday | Friday |
|---|---|---|---|---|---|
| | 30 | 1 | 2 | 3 | 4 |
| U.S. Data | | **Construction Spending (MoM)**<br>July 0.6%<br>August 0.2% (W)<br>**ISM Manufacturing**<br>August 55.7<br>September 55.2 (W) | | **Factory Orders**<br>July -2.4%<br>August 0.2% (W)<br>**ISM Non-Manufacturing**<br>August 58.6<br>September 56.9 (W) | **Unemployment Rate**<br>August 7.3%<br>September 7.3% (W)<br>**Nonfarm Payrolls**<br>August 169K<br>September 195K (W) |
| Global Data | **Canada**<br>**GDP (MoM)**<br>Previous (Jun) -0.5%<br>**Japan**<br>**Jobless Rate**<br>Previous (Jul) 3.8% | **Eurozone**<br>**Unemployment Rate**<br>Previous (Jul) 12.1%<br>**United Kingdom**<br>**PMI Manufacturing**<br>Previous (Aug) 57.2 | **Brazil**<br>**Industrial Production (YoY)**<br>Previous (Jul) 2.0% | **Eurozone**<br>**Retail Sales (MoM)**<br>Previous (Jul) 0.1%<br>**Germany**<br>**PMI Services**<br>Previous (Aug) 52.8 | **Russia**<br>**CPI (YoY)**<br>Previous (Aug) 6.5% |

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

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

# Wells Fargo Securities, LLC Economics Group


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