October 02, 2015

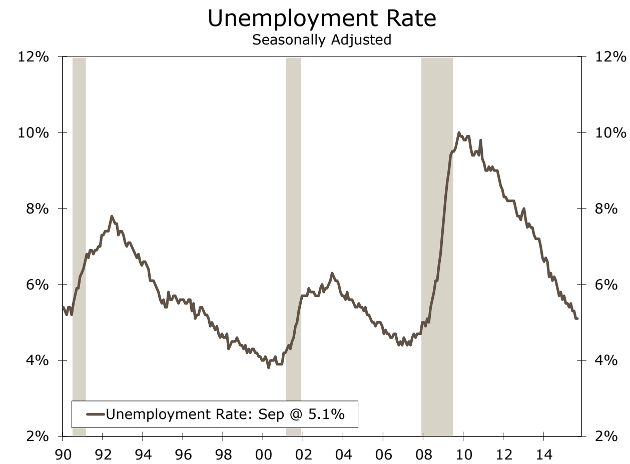
# *Economics Group*

## Weekly Economic & Financial Commentary

## U.S. Review

### Consumer Sector Still a Bright Spot in Q3

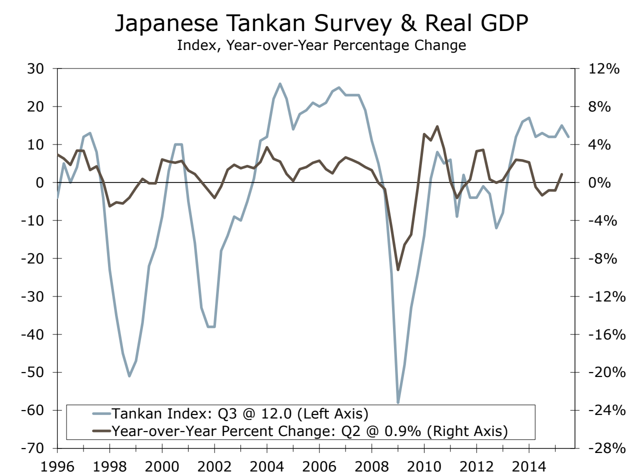
- Nonfarm payrolls disappointed with 142,000 jobs added in September, while the unemployment rate remained stable at 5.1 percent.
- Personal income rose 0.3 percent in August, while personal spending edged higher 0.4 percent, signaling solid growth in the consumer sector in Q3.
- Construction spending continued to pick up momentum in August, rising 0.7 percent for the month after posting a 0.4 percent rise in July.
- The ISM manufacturing index slid again in September to 50.2.




## Global Review

### Global Growth Remains Constrained

- This week, the Japanese economy had an opportunity to show that it can start to contribute to global economic growth with the release of industrial production, retail sales, vehicle production and housing starts for August and the important third quarter Tankan manufacturing index.
- As we said last week, European data have come out stronger than what markets were expecting so for now the European economies are going to start contributing more to global economic activity and will continue to complement the U.S. economy in adding to economic growth.




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

| | Actual | | | | Forecast | | | | Actual | | Forecast | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | 2016 | | | | 2013 | 2014 | 2015 | 2016 | 2017 |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | | |
| Real Gross Domestic Product [1] | 0.6 | 3.9 | 1.9 | 2.7 | 2.6 | 2.8 | 2.8 | 2.6 | 1.5 | 2.4 | 2.5 | 2.7 | 2.4 |
| Personal Consumption | 1.8 | 3.6 | 2.9 | 3.0 | 2.5 | 2.6 | 2.5 | 2.3 | 1.7 | 2.7 | 3.1 | 2.7 | 2.2 |
| Inflation Indicators [2] | | | | | | | | | | | | | |
| PCE Deflator | 0.2 | 0.3 | 0.4 | 0.9 | 1.8 | 1.7 | 1.9 | 1.9 | 1.4 | 1.4 | 0.4 | 1.8 | 2.0 |
| Consumer Price Index | -0.1 | 0.0 | 0.2 | 0.8 | 2.1 | 1.9 | 2.0 | 2.2 | 1.5 | 1.6 | 0.3 | 2.0 | 2.2 |
| Industrial Production [1] | -0.3 | -2.6 | 2.2 | 2.2 | 3.5 | 3.7 | 3.5 | 3.5 | 1.9 | 3.7 | 1.5 | 2.7 | 3.4 |
| Corporate Profits Before Taxes [2] | 4.6 | 0.6 | 5.8 | 6.8 | 6.5 | 7.2 | 5.0 | 5.8 | 2.0 | 1.7 | 4.5 | 6.1 | 5.5 |
| Trade Weighted Dollar Index [3] | 92.1 | 89.9 | 92.1 | 93.0 | 94.0 | 95.3 | 96.5 | 97.8 | 75.9 | 78.5 | 91.8 | 95.9 | 99.1 |
| Unemployment Rate | 5.6 | 5.4 | 5.2 | 5.0 | 4.9 | 4.8 | 4.7 | 4.6 | 7.4 | 6.2 | 5.3 | 4.8 | 4.5 |
| Housing Starts [4] | 0.98 | 1.16 | 1.17 | 1.22 | 1.24 | 1.24 | 1.25 | 1.26 | 0.92 | 1.00 | 1.14 | 1.25 | 1.35 |
| Quarter-End Interest Rates [5] | | | | | | | | | | | | | |
| Federal Funds Target Rate | 0.25 | 0.25 | 0.25 | 0.50 | 0.75 | 1.00 | 1.25 | 1.50 | 0.25 | 0.25 | 0.31 | 1.13 | 2.13 |
| Conventional Mortgage Rate | 3.77 | 3.98 | 3.91 | 4.15 | 4.23 | 4.28 | 4.37 | 4.63 | 3.98 | 4.17 | 3.95 | 4.38 | 4.82 |
| 10 Year Note | 1.94 | 2.35 | 2.06 | 2.40 | 2.49 | 2.53 | 2.63 | 2.77 | 2.35 | 2.54 | 2.19 | 2.61 | 2.92 |

Forecast as of: September 25, 2015
[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 and Wells Fargo Securities, LLC**

## Inside

## U.S. Review

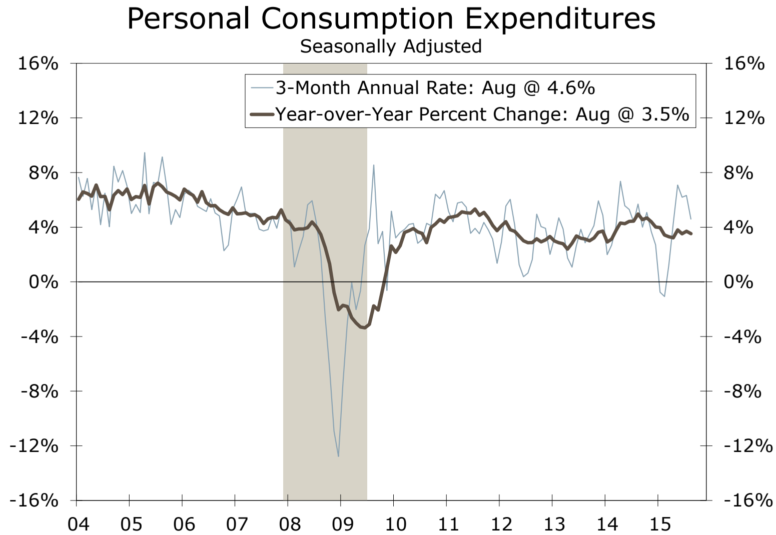
### Consumer Sector Still a Bright Spot in Q3

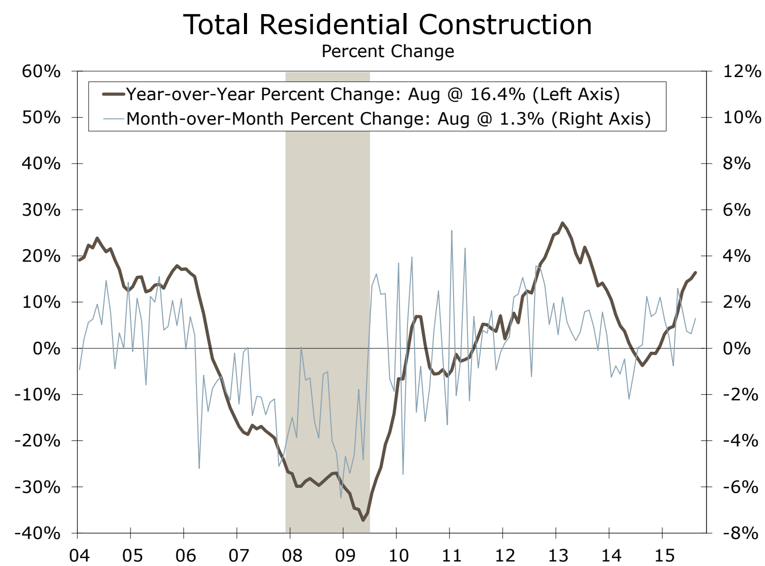
Third quarter GDP growth looks like it is shaping up to be a bit of a disappointment in light of rather stiff headwinds from inventories and international trade. However, economic data this week indicated that once again the consumer sector is poised to support greater consumer spending in Q3. Real consumer spending in August rose to 3.5 percent on a three-month annualized basis, while personal income growth remains solid. September's nonfarm payroll numbers and the sharp downward revision to August's job growth suggest that the momentum behind the recent trend in consumer spending may downshift in the coming months. Construction spending continued to improve in August; however, there are still signs that manufacturers are struggling.

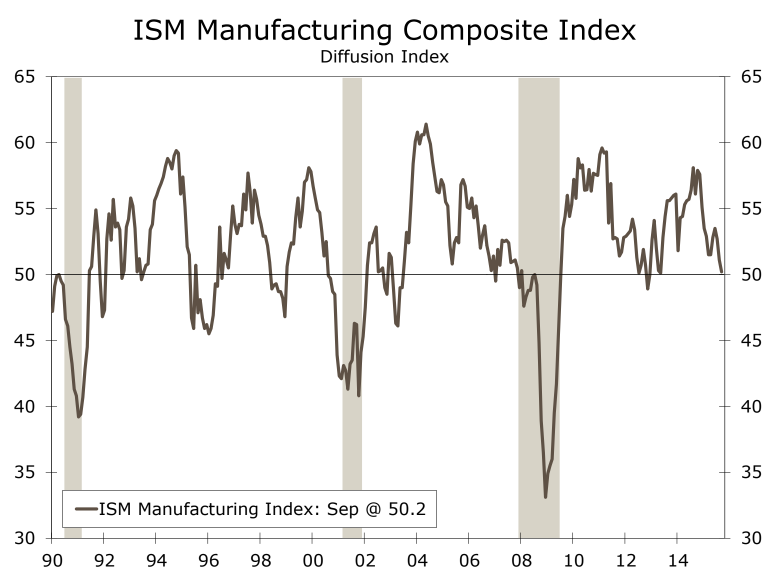
Nonfarm payrolls rose at a disappointing pace in September and job gains for August were revised lower. The unemployment rate held steady at 5.1 percent. Average hourly earnings were flat for the month, while average weekly hours also fell to 34.5 from August's 34.6 hours. The continued pace of job growth over the past several months has contributed to much stronger growth in consumer spending as reflected by August's 0.4 percent rise in personal spending. August's reading of personal income showed that income growth continued to accelerate. Combined with the low inflation environment, real disposable income rose 0.3 percent for the month. Consumers continue to benefit from lower overall prices. The personal consumption expenditure (PCE) deflator posted a flat reading in August with core prices rising just 0.1 percent. Core inflation now stands at just 1.3 percent on a year over year basis. With lower prices, stronger income growth and better job growth, it is not surprising that consumer confidence posted a sizable jump in September to 103.0 from August's 101.5 reading.

Construction spending edged higher by 0.7 percent in August following a 0.4 percent rise in July. The construction spending report suggests that building activity should again be a support to third quarter GDP growth. Private residential construction activity climbed 1.3 percent, as multifamily activity jumped 4.8 percent. Pending home sales data for August showed that the pace of home sales may face some slight downside risks in the near-term; however, sales are still up 6.7 percent from last year.

ISM's manufacturing index for September showed that the sector continued to decelerate. The measure fell to 50.2 from August's 51.1 reading. Order backlogs, inventories and new export orders within the survey all remained in contraction territory reflecting the ongoing challenges of a stronger U.S. dollar, modest domestic business spending and slow global growth. Given that many of the headwinds facing manufacturers are not likely to subside in the coming months, we would not be surprised if the manufacturing sector continues to downshift over the coming quarters.



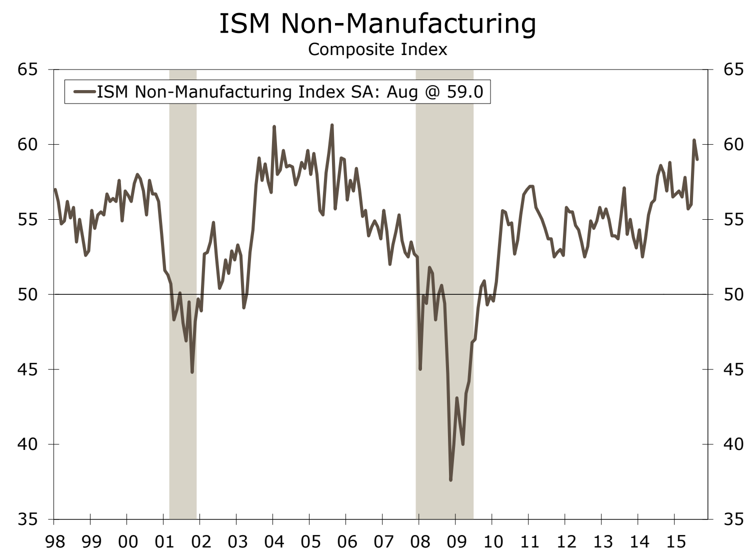

**Source: Institute for Supply Management, U.S. Dept. of Commerce and Wells Fargo Securities, LLC**

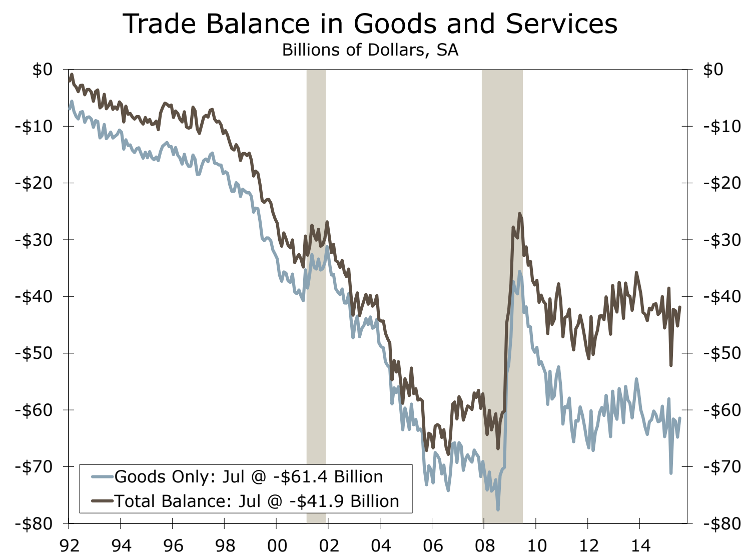
## ISM Non-Manufacturing • Monday

Following a decade-high reading in the July ISM non-manufacturing index, the headline relaxed a tad in August, falling to a reading of 59. The level is still elevated and speaks to the strength in the service sector, while the manufacturing sector continues to struggle. With the service sector less affected by marked declines in commodity prices and dollar price appreciation, the gap between the ISM manufacturing and non-manufacturing indices is the widest in more than six years. New orders and business activity continue to post strong readings with the score above the six-month average in August. With the exception of mining, all industries reported growth during the month with transportation, warehousing, real estate, rentals and construction showing the strongest gains. The pulse on inflation in the report is consistent with the low inflation rate. We expect the reading to remain elevated in September, but will likely ease another notch.

**Previous: 59.0** **Wells Fargo: 58.1**

**Consensus: 57.5**




## Trade Balance • Tuesday

The nominal U.S. trade deficit narrowed more than expected in July from an upwardly revised $45.2 billion in June to $41.9 billion. Although export growth has been weak over the past year, industrial supplies and materials, capital goods and motor vehicle exports all increased during the month. The slower pace of import growth was concentrated in consumer goods. The real trade gap also narrowed, as real exports outpaced real imports.

The advance look at the August international trade goods deficit widened by a massive $8 billion to $67.2 billion as exports of industrial supplies fell sharply and the imports of consumer goods surged. On balance, the August trade data are consistent, as continued solid domestic consumption is more than likely to overwhelm export growth. As such, it appears trade will weigh substantially on Q3 GDP growth.

**Previous: -$41.86B** **Wells Fargo: -$49.0B**

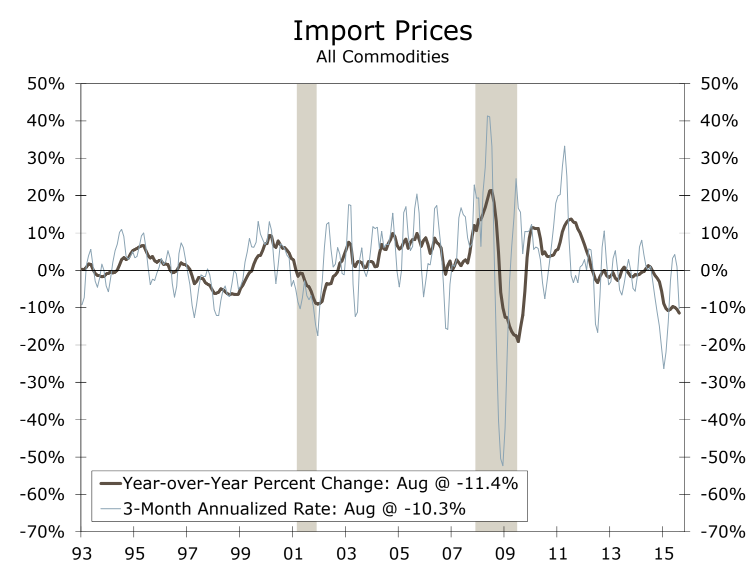
**Consensus: -$44.3B**

## Import Prices • Friday

For the second straight month, overall import prices fell on the back of lower petroleum prices. However, downward price pressures were evident throughout the report. Import prices are now down more than 11 percent on a year-ago basis. As expected, import prices excluding petroleum fell during the month, but have been weak for some time due to dollar strength. With the U.S. broad trade-weighted dollar index continuing to firm, we do not expect prices to rebound in the foreseeable future. The index is up more than 8 percent since the beginning of the year. By country, import prices were also weak from the EU, China, Mexico and Canada. In fact, import prices from Canada were down a sharp 4.1 percent during the month. Weakness in import prices and overall inflation will continue to be a critical factor in the decision for the Fed to begin hiking its short-term target rate.

**Previous: -1.8%** **Wells Fargo: -0.6%**

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




**Source: Institute for Supply Management, U.S. Dept. of Commerce, and Wells Fargo Securities, LLC**

## Global Review

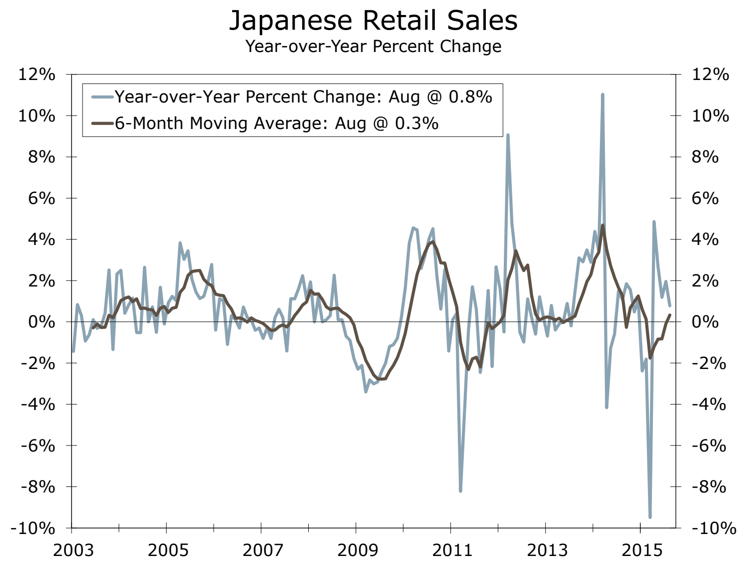
### Global Growth Remains Constrained

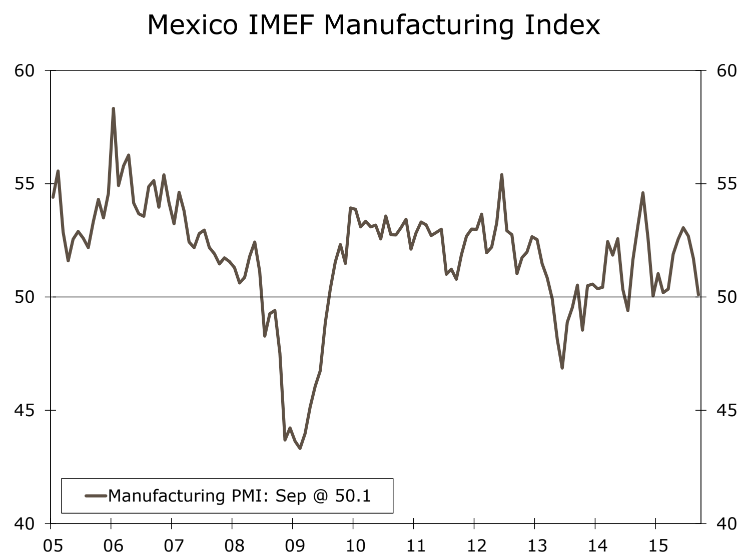
This week, the Japanese economy had an opportunity to show that it can start to contribute to global economic growth with the release of industrial production, retail sales, vehicle production and housing starts data for August, as well as the important third quarter Tankan manufacturing index. With the exception of housing starts, which increased 8.8 percent on a year-ago basis to an annualized rate of 0.931 million from 0.914 million in July, the rest of the data for the Japanese economy disappointed. Industrial production dropped for a second consecutive month, by 0.5 percent following a decline of 0.8 percent in July. Retail sales were flat in August after growing at an upwardly revised rate of 1.4 percent in July. Meanwhile, the Tankan third quarter index for large manufacturing firms weakened further, to a less-than-expected print of 12 from a reading of 15 during the second quarter. However, the number has remained positive, albeit not very high, since the second quarter of 2013.

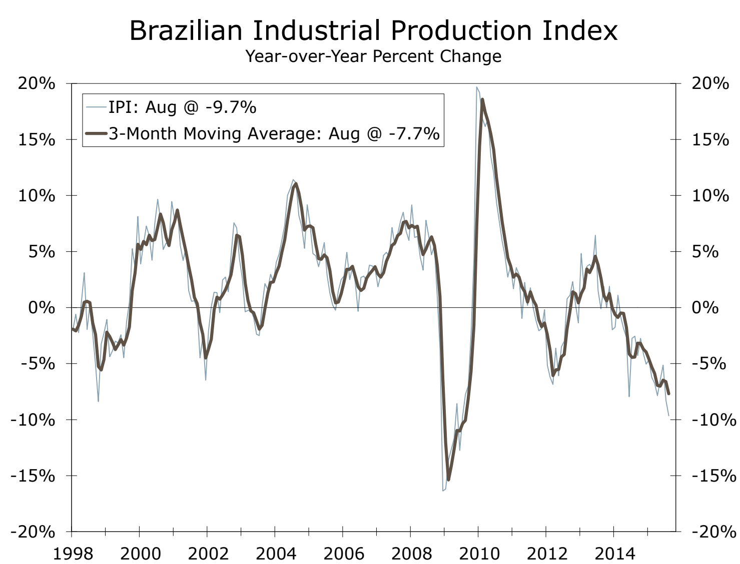
In Mexico, the official IMEF manufacturing index and the privately produced Markit PMI manufacturing index were lower in September than in August. The Mexican manufacturing PMIs closely follow the developments of the U.S. manufacturing PMI index. The biggest difference between the Mexican economy and the U.S. economy is that the U.S. service sector is booming while the non-manufacturing IMEF has been below the 50 demarcation point since August, which underscores the still weak performance of the Mexican economy.

Meanwhile, the Brazilian economy continued to struggle in August. Industrial production dropped 9.0 percent on a year-ago basis and fell 1.2 percent over the month in August. However, both rates came in better than expected and it seems that the rate of decline is slowing. Thus, August may have been the trough for industrial production as well as for the overall economy. However, this does not mean that we are expecting a fast and rapid recovery. We still have the Brazilian economy posting a negative rate of growth in 2015 and 2016, but it seems that the worst is over for this emerging economy. The Brazil economy would welcome any help from the rest of the global economy.

As we noted last week, European data have come out stronger than market expectations, which suggests the European economies are starting to contribute more to global economic activity and are likely to continue to complement the U.S. economy in adding to economic growth. It is true that emerging markets will remain constrained due to the continuous slowdown in Chinese economic activity and the weakness in commodity prices, but it is important to remember that China's two largest export markets are the Eurozone and the U.S. economy. Thus, at some time in the next several quarters we will have to see some improvement or at least some stabilization in the Chinese economy that will help current expectations regarding the global economy. The uncertainty regarding interest rates coming from the Federal Reserve is not helping, however, we believe that a move in December will help calm the markets and will give some more certainty to the global economy.




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

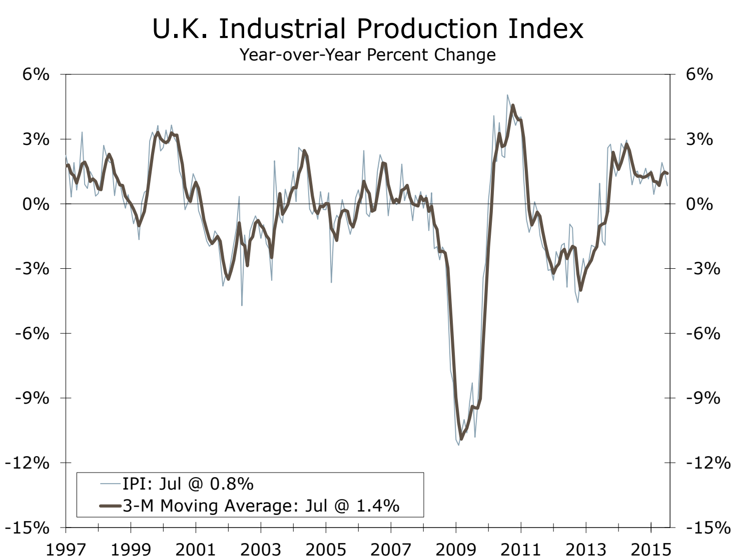
## German Industrial Production • Wed

Growth in factory orders and industrial production (IP) in Germany have both trended a bit higher in recent months. Data on factory orders in August will print on Tuesday and the IP data are slated for release on Wednesday. August IP data for France, Italy and Spain are also on the docket on Wednesday. Together, the IP data should give analysts a fairly good read on the state of the Eurozone economy at the end of the summer. IP in the overall euro area rose 0.6 percent in July relative to the previous month. Another solid increase would bode well for Eurozone GDP growth in Q3.

The service sector will also be in the spotlight next week as revised data for the Eurozone service sector PMI in September print on Monday. Preliminary data showed that the PMI stood at 54.0 in September, which is consistent with a modest pace of expansion in the Eurozone service sector.

**Previous: 0.7%**

**Consensus: 0.2% (Month-over-Month)**


## U.K. Industrial Production • Wednesday

IP in the United Kingdom was up 1.4 percent in the May-July period relative to the same three months in 2014, a positive, if unspectacular, rate of growth. Data on IP in August are slated for release on Wednesday. More broadly, an estimate of GDP growth during the July-September period that is produced by a well-respected research institute will print on Wednesday as well.

The Bank of England will conclude its monthly policy meeting on Thursday. There is universal agreement among analysts that the Monetary Policy Committee (MPC) will keep its main policy rate unchanged at 0.50 percent and maintain the size of its asset purchase program unchanged at £375 billion. However, one MPC member has voted for a rate increase at the past two policy meetings, so it will be interesting to see whether another member joins the dissent at this meeting.

**Previous: -0.4%**

**Consensus: 0.3% (Month-over-Month)**

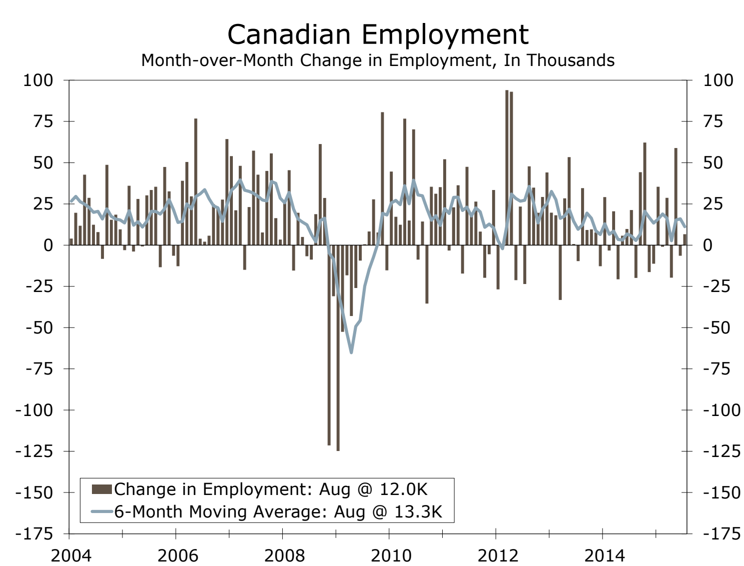
## Canada Employment • Friday

Changes in Canadian employment can be volatile on a monthly basis. Smoothing through the monthly volatility, however, shows that employment growth has downshifted a bit over the course of the year. "Technically," the Canadian economy was in recession at in the first half of 2015, as real GDP contracted for two consecutive quarters. Another positive print in employment growth, should it occur, would signal that the Canadian economy is not quite as weak as the GDP data imply. Indeed, data released this week showed that Canadian real GDP rose 0.3 percent in July.

Canada is a major producer of petroleum, and the sharp downturn in oil prices has caused the country's trade balance to swing into a small deficit. International trade data for August are on the docket on Tuesday. September data on housing starts, which have been more or less trendless over the past year, are slated for release on Thursday.

**Previous: 12.0K**

**Consensus: 10.0K**




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

## Interest Rate Watch

### Interest Rates Are Not Mean Reverting

Frequently, market commentary cites the belief that interest rates are mean-reverting and should return to normal. Unfortunately, normal is certainly not what interest rates are all about in the U.S. economy.

As illustrated in the top graph, the pattern in the two-year Treasury yield since 1980 presents several problems in estimation. First, when the series is subject to statistical testing, there are two structural breaks in the series—1984 and 2008. After 1984, the two-year yield never returns to the range of yields prior to that date. Second, post-2008, the two-year yield again never returns to the range of yields characterized by the prior period of 1986-2006.

Therefore, over the past three decades there has been no consistent pattern of normal for the two-year yield. Moreover, to reinforce this point, the two-year series is also non-stationary, meaning that the mean and variance of the series differs over economic cycles. Neither the average yield nor the average variability of the series can be called normal between economic cycles.

### Fed Funds as Benchmark

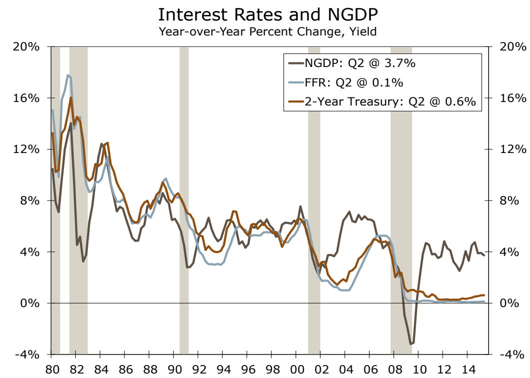
In part, this reflects a similar pattern for the funds rate. Over the period shown in the top graph, the funds rate also exhibits structural breaks in both 1984 and 2008. The funds rate is also non-stationary.

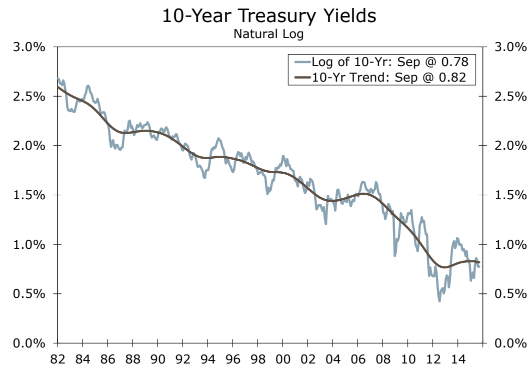
### Implications for Valuation

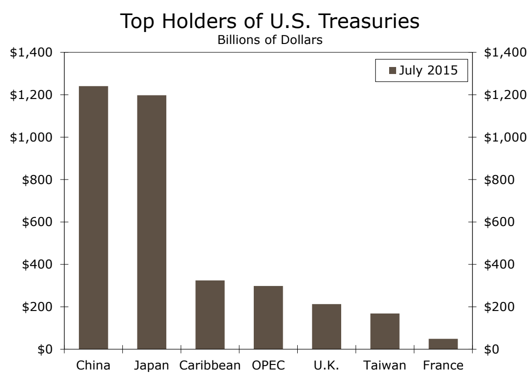
Our problem is that many valuation models, which are estimated over long-periods of time, utilize interest rates as a major input. Graphs of interest rates over time as often portrayed as giving us a sense of "normal" behavior. Yet, when we plot the benchmark 10-year Treasury rate, as in the middle graph, there is clearly no movement to an average value over time. Instead there is a sense of a long-drift downward in the 10-year rate interest rate.

### But Why?

In our view, the globalization of commodity and financial markets has altered the fundamental model on interest rates. For commodities, globalization is one of the factors leading to lower inflation rates. For financial markets, the ownership of U.S. Treasury debt (bottom graph) has indeed become global.




**Source: Federal Reserve Board, Bloomberg LP, U.S. Dept. of Commerce and Wells Fargo Securities, LLC**

## Credit Market Insights

### Consumer Expectations

In economics, expectations are critical for determining behavior. Unfortunately, determining expectations can be difficult in many cases. For consumers, often times we look to survey data to figure out what consumers are expecting to inform our outlook for the economy.

The New York Fed's Survey of Consumer Expectations is one such survey. To begin with income and spending, expectations for household income growth have held relatively stable at just under 3 percent recently. Expectations for spending growth, on the other hand, have declined markedly over the past year. Some of this likely reflects declining gas prices and a soft inflation environment in general.

### Delinquency Expectations

Looking at expectations for delinquencies, however, we can see an interesting trend. Debt delinquency expectations for those with a high school education or less have declined below those with some college. This may be a result of the highly discussed student loan burden. Individuals with some college who have student debt do not have the asset from education—human capital. That said, these individuals still have the liability and it is likely difficult to service the debt without the additional income typically associated with a college degree. The time series on this data is brief, however, and we will continue to monitor these dynamics in the future.

**Credit Market Data**

| Mortgage Rates | Current | Week Ago | 4 Weeks Ago | Year Ago |
|---|---|---|---|---|
| 30-Yr Fixed | 3.85% | 3.86% | 3.90% | 4.19% |
| 15-Yr Fixed | 3.07% | 3.08% | 3.10% | 3.36% |
| 5/1 ARM | 2.91% | 2.91% | 2.91% | 3.06% |
| 1-Yr ARM | 2.53% | 2.53% | 2.63% | 2.42% |
| **Bank Lending** | **Current Assets (Billions)** | **1-Week Change (SAAR)** | **4-Week Change (SAAR)** | **Year-Ago Change** |
| Commercial & Industrial | $1,914.9 | 10.13% | 6.08% | 10.52% |
| Revolving Home Equity | $442.2 | -9.70% | -3.94% | -4.03% |
| Residential Mortgages | $1,612.6 | 22.18% | -5.89% | 2.11% |
| Commerical Real Estate | $1,722.6 | 2.95% | 9.46% | 9.15% |
| Consumer | $1,242.7 | 1.47% | 6.90% | 4.66% |

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

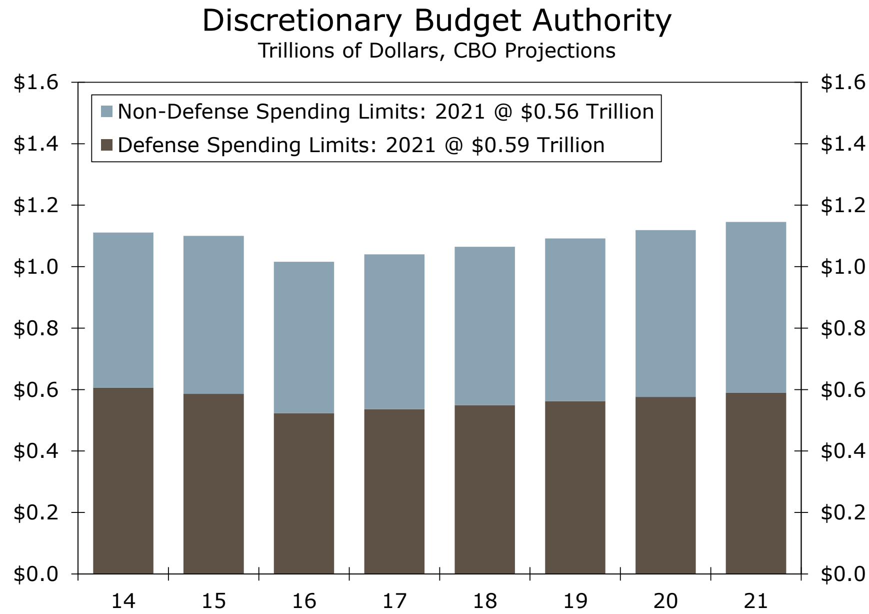
## Topic of the Week

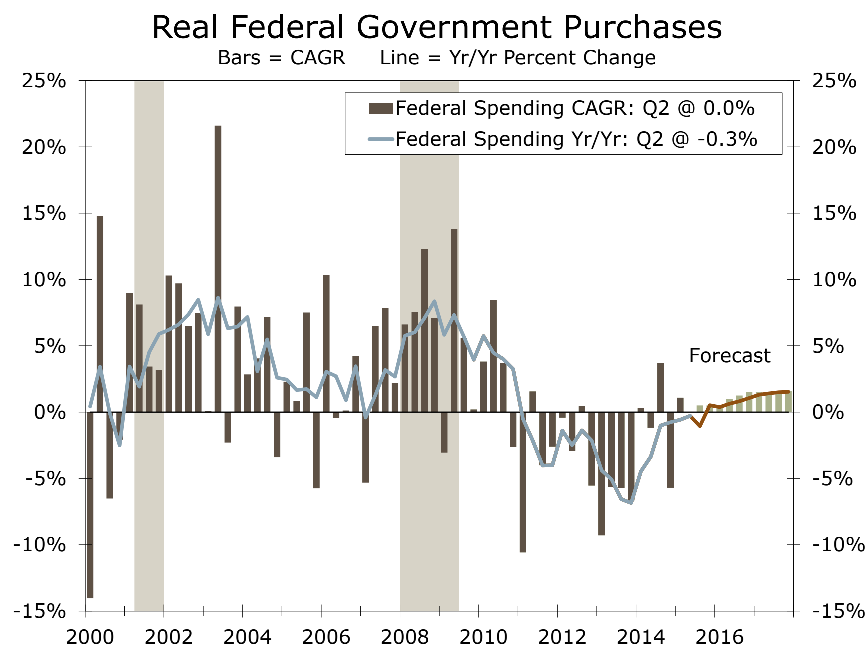
**Government Shutdown Avoided…For Now**

In the final hours of Wednesday night, the president signed into law yet another continuing resolution (CR) that will keep the federal government funded until December 11. The bill, which maintains the lower funding levels established by the Budget Control Act of 2011 cleared Congress after a down to the wire fight that could have resulted in another partial government shutdown. The CR sets the level of federal funding at $1.017 trillion on an annualized basis but for the most part prohibits new defense department procurement projects. In addition, the bill included additional funding for overseas military operations and emergency funds for wild fire suppression. In total, the Congressional Budget Office estimates that federal discretionary outlays for FY 2016 will total around $1.186 trillion. From the perspective of affecting GDP growth, the CR is not likely to materially affect the overall pace of government spending and thus GDP growth. The key to understanding the economic impact of federal spending on growth over the next several quarters, however, will depend on the funding levels that are established for the rest of the federal fiscal year, beyond December 11.

Congress now has to find a way forward in the wake of the resignation of the Speaker of the House, John Boehner, to pass a funding bill for the rest of the 2016 federal fiscal year, re-authorize transportation programs and lift the nation's debt ceiling. While it is too early to tell how much progress will be made on these issues, the initial signs are looking promising. Republican leaders have requested formal budget talks with the White House in an effort to establish federal funding levels for the next two federal fiscal years. If successful, these talks would go a long way toward averting the threat of a partial government shutdown until after the 2016 presidential elections.

Our view is that progress on the above policy issues will need to be made before the next Speaker is installed or the probability of another partial government shutdown or even a potential partial default is much greater.




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

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## Market Data ♦ Mid-Day Friday

**U.S. Interest Rates**

| | Friday 10/2/2015 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| 3-Month T-Bill | -0.02 | -0.02 | 0.01 |
| 3-Month LIBOR | 0.33 | 0.33 | 0.23 |
| 1-Year Treasury | 0.29 | 0.37 | 0.07 |
| 2-Year Treasury | 0.57 | 0.69 | 0.52 |
| 5-Year Treasury | 1.26 | 1.47 | 1.68 |
| 10-Year Treasury | 1.94 | 2.16 | 2.43 |
| 30-Year Treasury | 2.78 | 2.96 | 3.14 |
| Bond Buyer Index | 3.67 | 3.71 | 4.11 |

**Foreign Exchange Rates**

| | Friday 10/2/2015 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| Euro ($/€) | 1.127 | 1.120 | 1.267 |
| British Pound ($/₤) | 1.520 | 1.518 | 1.615 |
| British Pound (₤/€) | 0.742 | 0.738 | 0.785 |
| Japanese Yen (¥/$) | 119.220 | 120.590 | 108.420 |
| Canadian Dollar (C$/$) | 1.321 | 1.334 | 1.116 |
| Swiss Franc (CHF/$) | 0.970 | 0.980 | 0.954 |
| Australian Dollar (US$/A$) | 0.703 | 0.702 | 0.880 |
| Mexican Peso (MXN/$) | 16.819 | 16.972 | 13.382 |
| Chinese Yuan (CNY/$) | 6.357 | 6.382 | 6.140 |
| Indian Rupee (INR/$) | 65.513 | 66.156 | 61.610 |
| Brazilian Real (BRL/$) | 3.977 | 3.976 | 2.495 |
| U.S. Dollar Index | 95.464 | 96.269 | 85.601 |

Source: Bloomberg LP and Wells Fargo Securities, LLC

**Foreign Interest Rates**

| | Friday 10/2/2015 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| 3-Month Euro LIBOR | -0.04 | -0.04 | 0.05 |
| 3-Month Sterling LIBOR | 0.58 | 0.58 | 0.56 |
| 3-Month Canada Banker's Acceptance | 0.80 | 0.78 | 1.27 |
| 3-Month Yen LIBOR | 0.08 | 0.08 | 0.11 |
| 2-Year German | -0.27 | -0.24 | -0.07 |
| 2-Year U.K. | 0.53 | 0.61 | 0.76 |
| 2-Year Canadian | 0.48 | 0.54 | 1.12 |
| 2-Year Japanese | 0.00 | 0.01 | 0.07 |
| 10-Year German | 0.50 | 0.65 | 0.90 |
| 10-Year U.K. | 1.69 | 1.84 | 2.33 |
| 10-Year Canadian | 1.36 | 1.53 | 2.09 |
| 10-Year Japanese | 0.32 | 0.32 | 0.53 |

**Commodity Prices**

| | Friday 10/2/2015 | 1 Week Ago | 1 Year Ago |
|---|---|---|---|
| WTI Crude ($/Barrel) | 44.19 | 45.70 | 91.01 |
| Gold ($/Ounce) | 1136.18 | 1146.40 | 1214.52 |
| Hot-Rolled Steel ($/S.Ton) | 419.00 | 443.00 | 639.00 |
| Copper (¢/Pound) | 228.20 | 229.15 | 299.85 |
| Soybeans ($/Bushel) | 8.72 | 8.61 | 9.02 |
| Natural Gas ($/MMBTU) | 2.44 | 2.56 | 3.93 |
| Nickel ($/Metric Ton) | 10,015 | 9,875 | 16,020 |
| CRB Spot Inds. | 434.49 | 435.40 | 511.08 |

## Next Week's Economic Calendar

| | Monday 5 | Tuesday 6 | Wednesday 7 | Thursday 8 | Friday 9 |
|---|---|---|---|---|---|
| U.S. Data | **ISM Non-Manufacturing**<br>August 59.0<br>September 58.1 (W) | **Trade Balance**<br>July -$41.86B<br>August -$49.0B (W) | **Consumer Credit**<br>July $19.097B<br>August $19.0B (C) | | **Import Price Index (MoM)**<br>August -1.8%<br>September -0.6% (W) |
| Global Data | | | **Germany**<br>**Industrial Production (MoM)**<br>Previous (July) 0.7%<br>**U.K**<br>**Industrial Production (MoM)**<br>Previous (July) -0.4% | **Mexico**<br>**CPI (MoM)**<br>Previous (August) 0.21% | **Canada**<br>**Employment**<br>Previous (August) 12.0K |

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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