

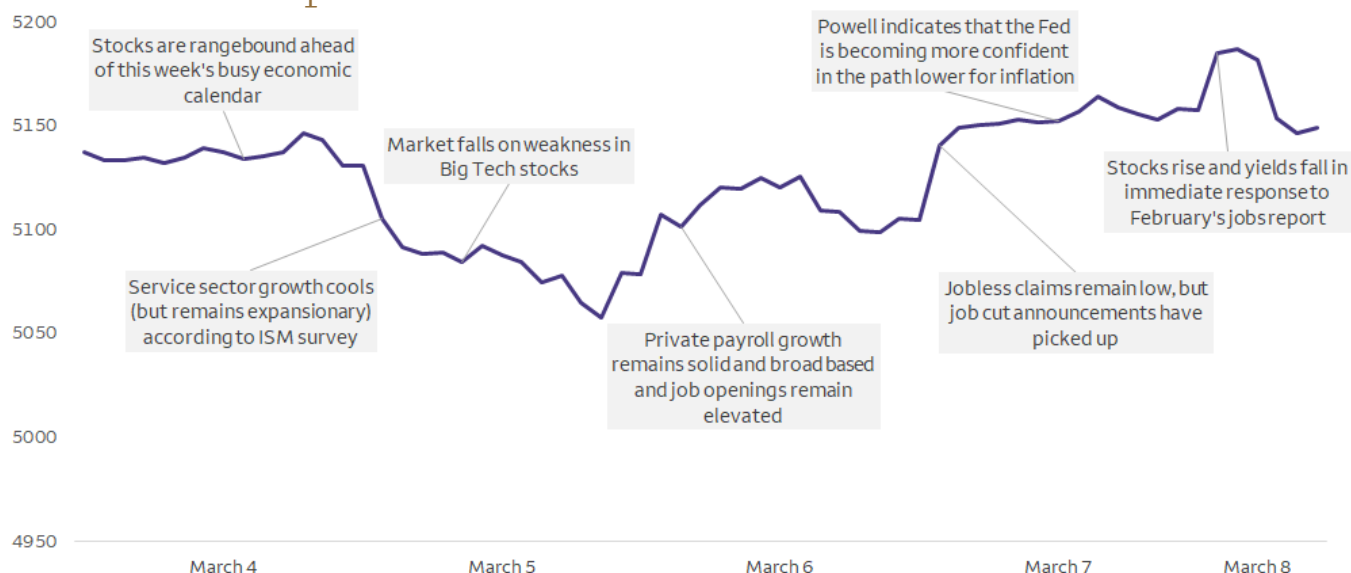
Looking Ahead

March 8, 2024

Stocks mixed on labor market data

Stocks were mixed this week as markets continued calibrating expectations for future Federal Reserve (Fed) policy amid incoming labor market data, Fedspeak, and business-related updates. Friday's mixed jobs report and notable downward revisions to prior months' nonfarm payrolls data were initially perceived in a positive light, seen as an indication of resilient growth coupled with labor market normalization. Also in focus was the Institute for Supply Management (ISM) purchasing managers' index (PMI) for services, which declined but remained in expansionary territory. Finally, markets reacted positively to commentary from Fed Chair Jerome Powell. Looking ahead to next week, markets will be watching February's Consumer Price Index (CPI) and Producer Price Index (PPI) inflation along with consumer sentiment, retail sales, and industrial production.

S&P 500 Index performance week of March 4 – 8



Sources: Bloomberg, Wells Fargo Investment Institute. Data from March 4, 2024 through March 8, 2024 at 12:00 p.m. ET. Past performance is no guarantee of future results. An index is unmanaged and not available for direct investment.

Investment and Insurance Products: ➤ NOT FDIC Insured ➤ NO Bank Guarantee ➤ MAY Lose Value

Week in review: March 4 – 8

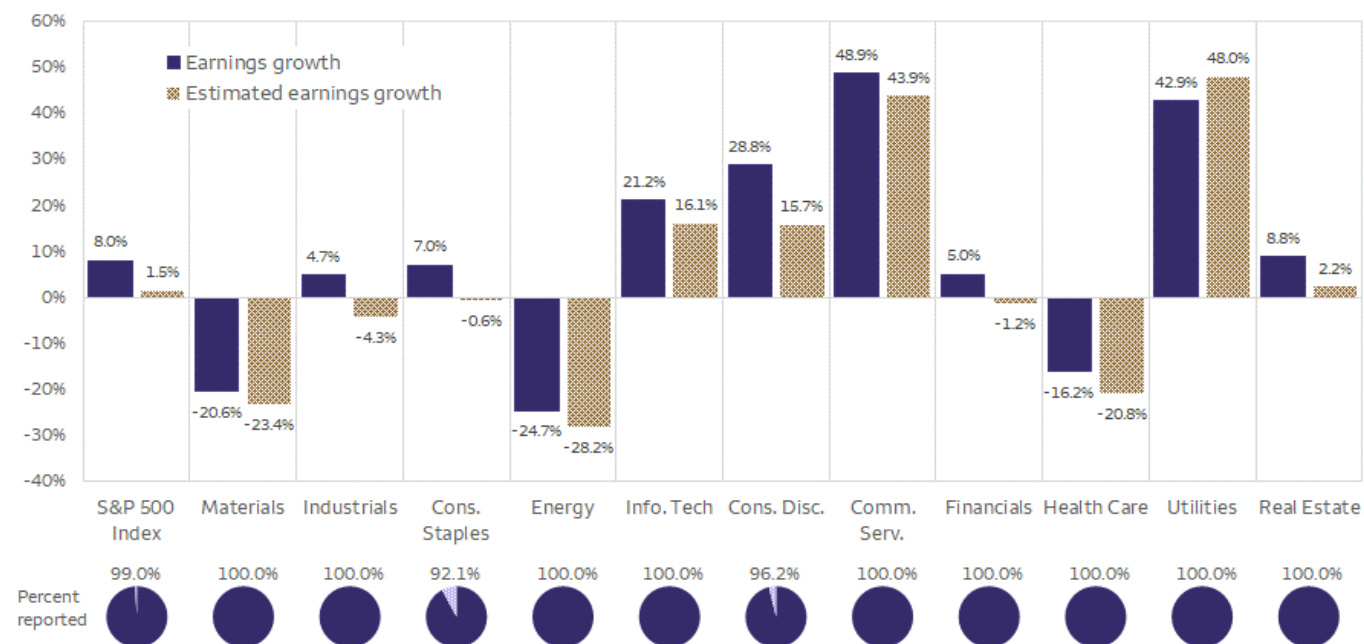
Markets were focused on labor market data this week. Mixed data from the February jobs report indicated ongoing balancing in a still-resilient labor market. Nonfarm payrolls pointed to still-strong labor demand, coming in at 275K — this read was up from the prior month and above consensus expectations. However, January's read saw a significant downward revision (from the initial 353K to 229K), as did December's print. The unemployment rate also indicated some softening in the labor market with its month-over-month (MOM) increase to a higher-than-expected 3.9%. Meanwhile, average hourly earnings came in below consensus expectations with a 0.1% MOM decline, and the average workweek's nearly flat print of 34.3 aligned with expectations. On a more granular level, some details from the report indicated softening, to include: weaker demand for temporary help services for the 23rd consecutive month; average weekly hours still below the 2019 average; a decline in full-time employment; and an increase in permanent job losers. Earlier in the week, key data releases included the ADP Employment Survey (which surprised to the downside) and Job Opening and Labor Turnover Survey, or JOLTS job openings (which surprised to the upside). Ultimately, the data was perceived as supportive of rate cuts later in the year.

Also in focus this week were a handful of business- and consumer-related updates. February's ISM services PMI declined MOM due to lower prices paid and a contractionary employment component, but it did remain in expansionary territory at 52.6. Meanwhile, the final print for S&P Global's services PMI saw an increase to 52.3. Another sign of softening came from factory orders, which saw a worse-than-expected MOM decline of 3.6% for January. Finally, consumer credit for January saw a notable, unexpected increase to \$19.5B for January with inclines in both revolving credit (such as credit cards) and non-revolving credit (such as auto and student loans).

Finally, markets were watching Fed speakers and the Beige Book for further insight into the path of rate cuts. Notably, Fed Chair Powell stated that "We're waiting to become more confident that inflation is moving sustainably at 2% ... When we do get that confidence — and we're not far from it — it'll be appropriate to begin to dial back the level of restriction." This remark was received positively by markets but contrasted with what was seen as more hawkish-leaning Fed speak from others. Commentary from the Beige Book highlighted continued expectations for economic growth, easing labor market tightness, and some moderation in inflation.

By Friday morning, the major averages were mixed for the week. As of 12:00 p.m. ET, the S&P 500 Index was on pace to climb 0.2%. While the Nasdaq Composite was set to fall 0.5%, and the Dow was on track to decline 0.6%.

Fourth-quarter earnings have exceeded expectations



Sources: Bloomberg, Wells Fargo Investment Institute. Chart shows actual versus projected S&P 500 Index earnings growth by sector. Actual earnings growth as of March 8, 2024 at 8:30 a.m. ET. Bloomberg consensus estimated earnings growth as of December 29, 2023 at 8:30 a.m. ET. **Past performance is no guarantee of future results.** An index is unmanaged and not available for direct investment.

Looking ahead to next week: March 11 – 15

The highlight of the week will be inflation data, with CPI inflation out Tuesday and PPI inflation along with import prices due later in the week. Other reports capturing attention include retail sales, industrial production, small business optimism, and a preliminary reading on March consumer sentiment and inflation expectations from the University of Michigan. Also on tap: the monthly budget statement, business inventories, and a regional business survey and measure of inflation expectations from the Fed Bank of New York. In the auction space, the U.S. Treasury department issues \$117 billion in 3-, 10-, and 30-year securities. Meanwhile, U.S. central bank officials enter their quiet period ahead of the March 20 policy decision.

In China, the focus will be on money supply growth, new loans, and the one-year medium-term lending facility rate and volume. From Japan, look for finalized fourth-quarter gross domestic product (GDP), PPI, money stock, Tertiary Industry Index, and machine tool orders. Elsewhere in the region, South Korea's unemployment rate hits the tape along with a measure of Australia's business confidence.

In Europe, the highlight will be on the eurozone's industrial production along with finalized February CPIs from Germany and France. From the U.K., watch for the monthly GDP, employment data, industrial production, visible trade balance, and house prices.

Scheduled economic releases for week of March 11, 2024

Date	Time	Country	Release	For	Consensus	Prior
Monday, 3/11	7:50 PM	Japan	PPI YoY	February	0.6%	0.2%
Monday, 3/11	8:30 PM	Australia	NAB Business Confidence	February		0.7
Tuesday, 3/12	3:00 AM	U.K.	Jobless Claims Change	February		14.1k
Tuesday, 3/12	3:00 AM	Germany	CPI YoY	February Final	2.5%	2.5%
Tuesday, 3/12	6:00 AM	U.S.	NFIB Small Business Optimism	February	90.6	89.9
Tuesday, 3/12	8:00 AM	Brazil	IBGE Inflation IPCA MoM	February	0.79%	0.42%
Tuesday, 3/12	8:00 AM	India	Industrial Production YoY	January	4.1%	3.8%
Tuesday, 3/12	8:00 AM	India	CPI YoY	February	5.1%	5.1%
Tuesday, 3/12	8:30 AM	U.S.	CPI YoY	February	3.1%	3.1%
Tuesday, 3/12	8:30 AM	U.S.	CPI Ex Food and Energy YoY	February	3.7%	3.9%
Tuesday, 3/12	7:00 PM	South Korea	Unemployment rate SA	February	2.9%	3.0%
Wednesday, 3/13	3:00 AM	U.K.	Industrial Production MoM	January	0.0%	0.6%
Wednesday, 3/13	3:00 AM	U.K.	Manufacturing Production MoM	January	0.0%	0.8%
Wednesday, 3/13	6:00 AM	Eurozone	Industrial Production SA MoM	January	-1.5%	2.6%
Wednesday, 3/13	7:00 AM	U.S.	MBA Mortgage Applications	March 8		9.7%
Thursday, 3/14	8:30 AM	Canada	Manufacturing Sales MoM	January	0.25%	-0.69%
Thursday, 3/14	8:30 AM	U.S.	Initial Jobless Claims	March 9	219k	217k
Thursday, 3/14	8:30 AM	U.S.	Retail Sales Advance MoM	February	0.8%	-0.8%
Thursday, 3/14	8:30 AM	U.S.	PPI Final Demand YoY	February	1.2%	0.9%
Thursday, 3/14	8:30 AM	U.S.	PPI Ex Food and Energy YoY	February	1.9%	2.0%
Thursday, 3/14	10:00 AM	U.S.	Business Inventories	January	0.2%	0.4%
Friday, 3/15	3:45 AM	France	CPI YoY	February Final	2.9%	2.9%
Friday, 3/15	8:15 AM	Canada	Housing Starts	February	215.000k	223.589k
Friday, 3/15	8:30 AM	U.S.	Empire Manufacturing	March	-8.0	-2.4
Friday, 3/15	9:15 AM	U.S.	Industrial Production MoM	February	0.0%	-0.1%
Friday, 3/15	9:15 AM	U.S.	Capacity Utilization	February	78.5000%	78.5281%
Friday, 3/15	10:00 AM	U.S.	U. of Mich. Sentiment	March Prelim	77.0	76.9

Source: Bloomberg. Data as of March 8, 2024 as of 12:00 P.M. ET. Times shown in table are in Eastern Time. YoY = year-over-year. SA = seasonally adjusted.

Scheduled earnings releases for week of March 11, 2024

Ticker	Company	Report date	Call time	Revenue est. (billions)	EPS est.	EPS year ago
ORCL	Oracle Corporation	Monday, 3/11	5:00 PM	\$13.29	\$1.38	\$1.22
MTN	Vail Resorts, Inc.	Monday, 3/11	5:00 PM	\$1.15	\$6.04	\$5.16
LEN	Lennar Corporation Class A	Wednesday, 3/13	11:00 AM	\$7.39	\$2.21	\$2.06
DLTR	Dollar Tree, Inc.	Wednesday, 3/13	8:00 AM	\$8.67	\$2.66	\$2.04
DG	Dollar General Corporation	Thursday, 3/14	10:00 AM	\$9.77	\$1.73	\$2.96
ULTA	Ulta Beauty Inc.	Thursday, 3/14	4:30 PM	\$3.53	\$7.52	\$6.68
ADBE	Adobe Inc.	Thursday, 3/14	5:00 PM	\$5.14	\$4.38	\$3.80
DKS	Dick's Sporting Goods, Inc.	Thursday, 3/14	8:00 AM	\$3.79	\$3.36	\$2.93
JBL	Jabil Inc.	Friday, 3/15	8:30 AM	\$6.89	\$1.66	\$1.88

Source: Factset. Data as of March 8, 2024 as of 8:30 A.M. ET. Times shown in table are in Eastern Time. EPS = earnings per share.

Risk Considerations

Different investments offer different levels of potential return and market risk. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. **Foreign investing** has additional risks including those associated with currency fluctuation, political and economic instability, and different accounting standards. These risks are heightened in emerging markets. **Bonds** are subject to market, interest rate, price, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates.

Sector investing can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector. This can result in greater price volatility.

Additional information available upon request. Past performance is not a guide to future performance. The material contained herein has been prepared from sources and data we believe to be reliable, but we make no guarantee as to its accuracy or completeness. This material is published solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or investment product. Opinions and estimates are as of a certain date and subject to change without notice.

Definitions

An index is unmanaged and not available for direct investment.

The S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.

The ADP employment change report measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

The budget balance (or budget statement) is the difference between government revenues and government expenditures.

Business confidence tracks the general state of the economy as it relates to businesses. It can include broad economy-wide conditions or specific economic conditions of a particular industry.

Business inventories track inventories (either goods ready for sale or shipment that are still being held by the producer, or goods acquired for the purpose of reselling them without further processing) in the manufacturing, as well as retail and wholesale trade industries.

Consumer or household credit tracks the outstanding amount of credit (or loans) used by consumers to finance purchases of goods or services. It can include everything from credit card lending, to auto loans, to lines of credit but it excludes mortgage loans.

The Consumer Price Index (CPI) is a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Factory orders track the value of new orders received during the reference period. Orders are typically based on a legal agreement between two parties in which the producer will deliver goods or services to the purchaser at a future date.

Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by industry approach (or output-based GDP) is the sum of the gross value added (output less intermediate consumption) of all industry and services sectors of the economy (at basic prices), plus all taxes less subsidies on products. This concept is adjusted for inflation.

Average hourly earnings tracks total hourly remuneration (in cash or in kind) paid to employees in return for work done (or paid leave).

House/home prices track changes in residential property prices.

Import price indexes track changes in the prices of goods produced abroad and sold domestically (imports).

Industrial production measures the output of industrial establishments in the following industries: mining and quarrying, manufacturing and public utilities (electricity, gas and water supply). Production is based on the volume of the output.

The international trade balance measures the difference between the movement of merchandise trade and/or services leaving a country (exports) and entering a country (imports). This measure tracks the value of the merchandise trade balance.

The Job Openings by Industry Total Survey (JOLTS) tracks the number of specific job openings in an economy.

Machine tool orders tracks trends in machine tool orders placed with major manufacturers.

The money supply (or money stock) measures the total amount of money in circulation in a country or group of countries in a monetary union.

The change in nonfarm payrolls measures the number of employees on business payrolls.

Purchasing Managers' Indexes (PMI) track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

The Producer Price Index (PPI) is a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

Small business optimism tracks the general state of the economy as it relates to businesses. It can include broad economy-wide conditions or specific economic conditions of a particular industry.

The Tertiary Industry Index measures the change in the total value of services purchased by businesses.

The unemployment (or jobless) rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

The University of Michigan Consumer Sentiment tracks sentiment among households or consumers.

Average weekly hours (or average workweek) is the average number of hours worked per week.

General Disclosures

Wells Fargo Investment Institute, Inc. (WFII) is a registered investment adviser and wholly owned subsidiary of Wells Fargo Bank, N.A., a bank affiliate of Wells Fargo & Company.

Opinions represent WFII's opinion as of the date of this report and are for general information purposes only and are not intended to predict or guarantee the future performance of any individual security, market sector or the markets generally. WFII does not undertake to advise you of any change in its opinions or the information contained in this report. Wells Fargo & Company affiliates may issue reports or have opinions that are inconsistent with, and reach different conclusions from, this report. The information contained herein constitutes general information and is not directed to, designed for, or individually tailored to, any particular investor or potential investor.

This report is not intended to be a client-specific suitability or best interest analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities. Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. The material contained herein has been prepared from sources and data we believe to be reliable but we make no guarantee to its accuracy or completeness.

Wells Fargo Advisors is registered with the U.S. Securities and Exchange Commission and the Financial Industry Regulatory Authority, but is not licensed or registered with any financial services regulatory authority outside of the U.S. Non-U.S. residents who maintain U.S.-based financial services account(s) with Wells Fargo Advisors may not be afforded certain protections conferred by legislation and regulations in their country of residence in respect of any investments, investment transactions or communications made with Wells Fargo Advisors.

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, Members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company.