WELLS FARGO

Weekly — October 23, 2026

Economics Week Ahead

Next week, we expect the FOMC to hold rates steady. A pause runs counter to Chair Warsh's inflation fighting bravado, but we remain of the view that hiking rates can do little to slow today's supply-side inflation problem. There will be no updated SEP or dot plot, and we suspect the Chair will be reluctant to offer much forward guidance, though a December hike is still the base case. Consumer spending should remain resilient and support Q3 GDP growth, with firmer income fundamentals likely sustaining household demand. Housing remains a weak spot, however.

In Canada, we expect the BoC to hold rates steady, though risks are tilted toward a hike. Like the Fed, we expect the ECB and BoJ to remain on hold next week before hiking in December. Stronger-than-expected momentum in Mexico points to firmer Q3 GDP growth, reinforcing our base case for Banxico to remain on hold through 2027.

United States:

- New Home Sales (Tue.), FOMC Meeting (Wed.), Personal Income & Spending (Thu.)

Advanced Economies:

- Bank of Canada (Wed.), European Central Bank (Thu.), Bank of Japan (Fri.)

Emerging Markets:

- Mexico GDP (Fri.)

Economist(s)

Tom Porcelli
Chief Economist | Wells Fargo Economics
Tom.Porcelli@wellsfargo.com | 212-214-6422

Tim Quinlan
Senior Economist | Wells Fargo Economics
Tim.Quinlan@wellsfargo.com | 704-410-3283

Charlie Dougherty
Senior Economist | Wells Fargo Economics
Charles.Dougherty@wellsfargo.com | 212-214-8984

Michael Pugliese
Senior Economist | Wells Fargo Economics
Michael.D.Pugliese@wellsfargo.com | 212-214-5058

Jackie Benson
Economist | Wells Fargo Economics
Jackie.Benson@wellsfargo.com | 704-410-4468

Shannon Grein
Economist | Wells Fargo Economics
shannon.grein@wellsfargo.com | 704-410-0369

Nicole Cervi
Economist | Wells Fargo Economics
Nicole.Cervi@wellsfargo.com | 704-410-3059

Azhin Abdulkarim
Economic Analyst | Wells Fargo Economics
Azhin.Abdulkarim@wellsfargo.com | 212-214-5154

Related Information:

- U.S. Economic Forecast
- FOMC 101
- U.S. Tariff Tracker
- U.S. Tariff Policy 101
- 2026 Economic Calendar

Wells Fargo Economics Week Ahead

United States

	Indicator Releases	Period	Consensus	Wells Fargo	Prior
27-Oct	Durable Goods (MoM)	Sep	1.7%	2.5%	-0.1%
27-Oct	Durables Ex. Transportation (MoM)	Sep	0.5%	0.6%	0.2%
27-Oct	New Home Sales (SAAR)	Sep	650K	635K	684K
27-Oct	Consumer Confidence	Oct	80.5	84.5	81.9
28-Oct	FOMC Rate Decision (Upper Bound)	28-Oct	4.00%	4.00%	4.00%
29-Oct	Personal Income (MoM)	Sep	0.3%	0.4%	0.2%
29-Oct	Personal Spending (MoM)	Sep	0.6%	0.6%	0.9%
29-Oct	GDP Annualized (QoQ)	Q3	3.2%	3.2%	2.2%
29-Oct	PCE (MoM)	Sep	0.5%	0.5%	0.3%
29-Oct	PCE (YoY)	Sep	3.6%	3.7%	3.4%
29-Oct	Core PCE (MoM)	Sep	0.3%	0.4%	0.2%
29-Oct	Core PCE (YoY)	Sep	3.1%	3.1%	3.0%
30-Oct	ECI (QoQ)	Q3	0.8%	0.8%	0.9%

Fed Speakers *(*Designating 2026 Voting Member)*

	Fed's External Communications Blackout, 17-Oct through 29-Oct
28-Oct	*FOMC Rate Decision (2:00p ET)*
28-Oct	*FOMC Rate Decision (Lower Bound) (2:00p ET)*
28-Oct	*Fed Interest on Reserve Balances Rate (2:00p ET)*
28-Oct	*Fed Reverse Repo Rate (2:00p ET)*
30-Oct	*Fed's Daly Gives Introductory Remarks (12:00p ET)*
30-Oct	*Fed's Musalem Delivers Keynote Address (12:30p ET)*

International

	Advanced Economies	Period	Consensus	Wells Fargo	Prior
28-Oct	Bank of Canada Policy Rate	28-Oct	2.25%	2.25%	2.25%
28-Oct	Australia CPI (QoQ)	Q3	1.2%	1.3%	0.6%
28-Oct	Australia Core CPI - Trimmed Mean (QoQ)	Q3	1.0%	1.1%	0.8%
29-Oct	European Central Bank Deposit Rate	29-Oct	2.50%	2.50%	2.50%
30-Oct	Eurozone GDP (QoQ)	Q3	0.2%	0.4%	0.6%
30-Oct	Eurozone GDP (YoY)	Q3	1.0%	1.3%	1.2%
30-Oct	Canada GDP (MoM)	Aug	0.2%	—	0.0%
30-Oct	Canada GDP (YoY)	Aug	—	—	1.4%
30-Oct	Bank of Japan Policy Rate	30-Oct	1.25%	1.25%	1.25%

	Emerging Markets	Period	Consensus	Wells Fargo	Prior
30-Oct	Mexico GDP (QoQ, SA)	Q3	0.4%	1.1%	1.4%
30-Oct	Mexico GDP (YoY)	Q3	2.3%	3.2%	2.1%

Forecast as of October 23, 2026

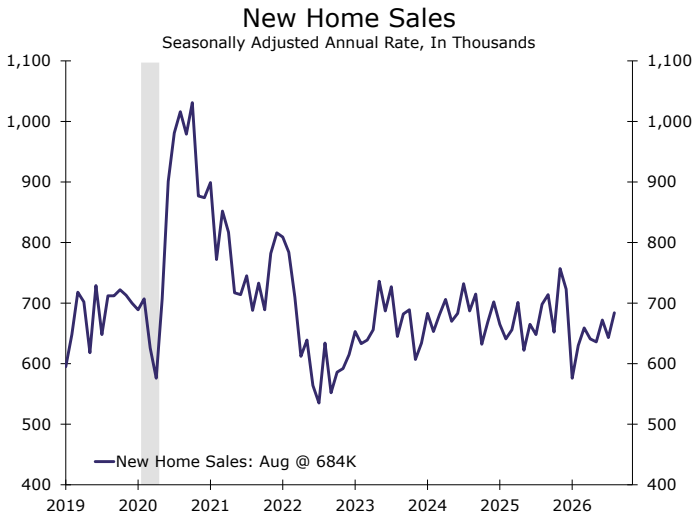
Source: Bloomberg Finance L.P. and Wells Fargo Economics

U.S. Week Ahead

New Home Sales • Tuesday

We would be surprised if new home sales rose in September. The average 30-year fixed mortgage rate broke 6.7% at the start of the month and surpassed 7.0% by month-end, reflecting a lift from longer-term treasury yields. This has intensified the housing affordability issue for buyers who already feel crunched by rising fuel and food prices. Although builders have found success in the past using price cuts and rate buy-downs to improve affordability, those incentives no longer appear to be moving the needle. Builder sentiment sank three points in September and another three points in October, dipping to its lowest level since June 2012. We estimate that new home sales fell 7.2% in September to a 635K annual rate.

(Return)



Source: U.S. Department of Commerce and Wells Fargo Economics

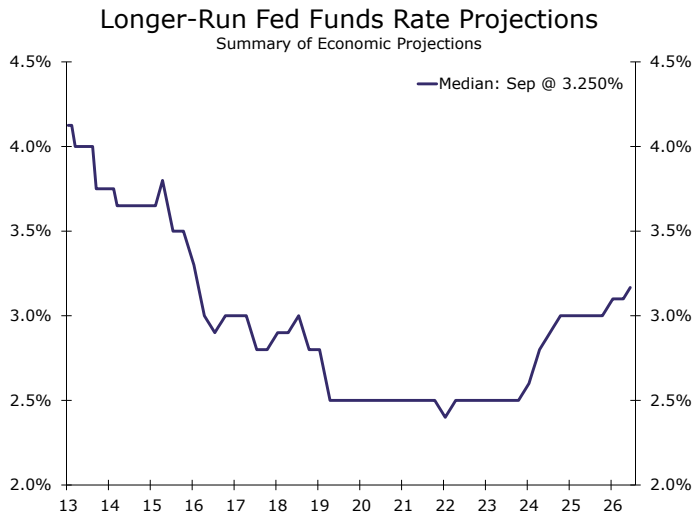
FOMC Meeting • Wednesday

The FOMC looks poised to leave the fed funds rate unchanged next week, although the decision feels inconsistent with Chair Warsh's inflation fighting rhetoric. At Jackson Hole, Chair Warsh laid out a hawkish message, and the FOMC delivered on that bravado with a 25 bps rate hike a few weeks later. Since then, we got a hotter-than-expected inflation reading paired with a run of Fed speak that signaled the October meeting likely would be a hold. If the Fed hiked in September and inflation has picked up since then, why not hike this time? Our own view is that gradual rate hikes make more sense when done as a catch-up to a higher neutral rate rather than as a tool to combat today's supply-side inflation.

We think the meeting itself probably will be on the quieter side, assuming the FOMC does in fact keep rates unchanged. There will be no updated SEP or dot plot, and the short post-meeting statement doesn't seem likely to change much. We suspect the Chair will channel his inner Greenspan and strive to mumble with great incoherence in the press conference. We see no reason to think Warsh will offer much in the way of forward guidance about what is coming next. If he has a lean, we suspect it will be hawkish given the aforementioned hot inflation data and the high likelihood that the Fed hikes rates in December.

One agenda item we will be listening closely for in the press conference is an update on the task forces. Our sense is there are no imminent changes coming on this front, but Chair Warsh originally laid out a timeline for the task forces to start reporting their findings around the turn of the year, so we won't be surprised if attention starts turning to them in the coming months.

(Return)



Source: Federal Reserve Board and Wells Fargo Economics

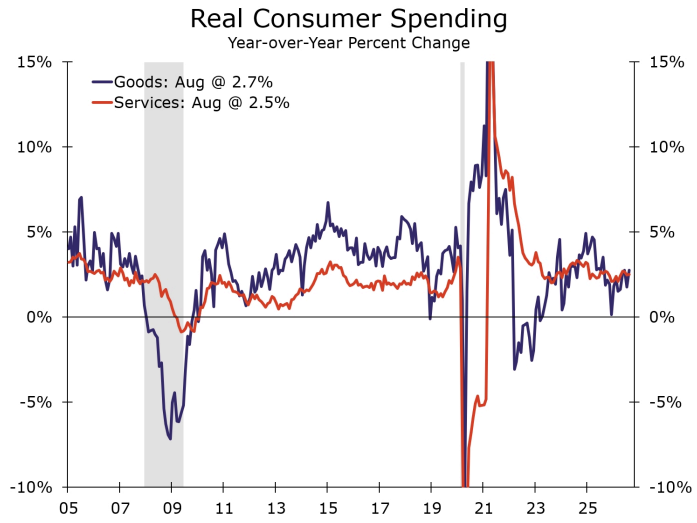
Personal Income & Spending • Thursday

Next week's personal income & spending report should show a consumer that remains willing and able to spend. We forecast personal spending rose 0.6% in September, or about 0.1% after accounting for higher prices. Spending was likely relatively broad-based during the month, with some weakness concentrated in auto sales. Control-group retail sales point to continued growth in goods consumption, while restaurant sales suggest services spending remained on solid footing.

More broadly, the report comes on the heels of annual revisions that showed household incomes grew faster than previously believed. Along with continued support from rising household wealth, the revised income backdrop helps explain why consumer spending has remained resilient despite elevated borrowing costs and persistent inflation pressures. We look for personal income to rise 0.4% during the month, though firmer inflation likely weighted on real purchasing power.

Even as this data follows the Fed's policy decision the day prior, the market will remain focused on the inflation data. We forecast the headline PCE deflator increased 0.5% in September, with the core measure up 0.4%, lifting the annual rates to 3.7% and 3.1% respectively. This report will also arrive alongside the first estimate of third-quarter GDP on Thursday morning. We expect real GDP expanded at a 3.2% annualized clip, driven primarily by consumer spending and a continued expansion in business investment, namely high-tech related capex. Indeed, we estimate real consumer spending increased at a 3.4% annualized pace in Q3, reinforcing the view that households remain a key source of support for economic growth. While spending should moderate from the robust pace seen in the third quarter, firmer income fundamentals suggest the consumer should remain a source of economic support through year-end.

(Return)



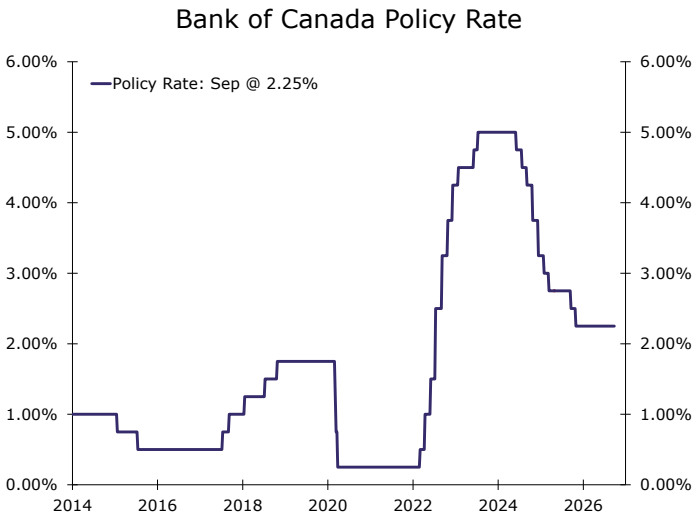
Source: U.S. Department of Commerce and Wells Fargo Economics

Advanced Economies Week Ahead

Bank of Canada Monetary Policy Meeting • Wednesday

The odds of a Bank of Canada (BoC) hike next week have increased sharply, but we continue to think the risk of a hold may be underappreciated. Market pricing has moved from ~30% a week ago to more than 80% following Governor Tiff Macklem's comments last weekend, which highlighted higher oil prices could boost domestic growth but also potentially increase the need for the bank to hike if higher costs spread beyond energy.

Markets took those comments as distinctly hawkish, but Monday's September CPI report did little to reinforce a sense of urgency. Headline inflation rose less than expected to 3.1% amid higher gasoline prices, while the BoC's preferred core measures were little changed and, in some cases, eased further toward target. Meanwhile, labor market conditions have softened since the BoC's last meeting, and there remains downside-risk to growth heading into year-end from the recent escalation in tariffs. **Our base case has been that policymakers leave rates unchanged next week, though the risks have shifted toward a hike with the BoC somewhat boxing itself into that outcome**.



Source: Bloomberg Finance L.P. and Wells Fargo Economics

Beyond next week, market pricing looks even harder to justify. Investors currently expect roughly 100 bps of cumulative tightening by year-end 2027, placing the BoC among the most hawkish major central banks. While that outcome cannot be ruled out entirely given there is little sign of an end to the Iran-conflict in sight, the current data simply do not point to an inflation problem requiring that degree of restraint. In discussions with our FX strategists, that leaves the CAD vulnerable to near-term disappointment if either the data or the Bank fails to validate those expectations.

(Return)

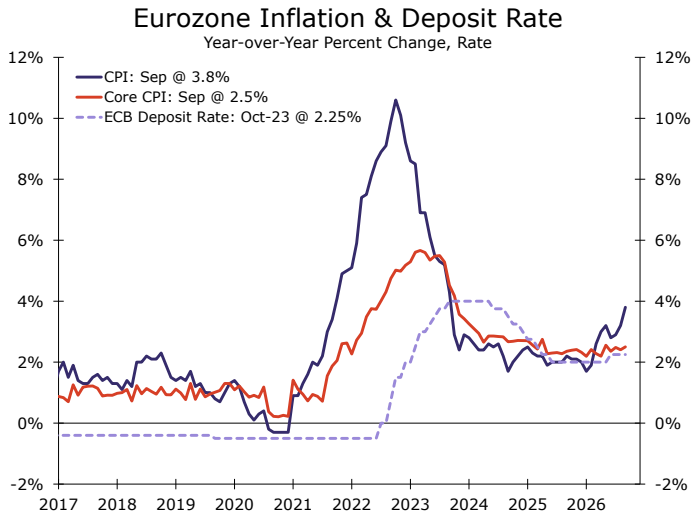
European Central Bank Monetary Policy Meeting • Thursday

Bond markets are complicating the European Central Bank's (ECB) next move. **We expect the Deposit Rate to remain unchanged at 2.50% next week as France's fiscal and political turmoil pushes borrowing costs higher.** Communication will matter most: tighter financing conditions could temper the need for further hikes, even as energy prices keep inflation risks elevated.

In our view, the economic backdrop still supports further tightening. September headline inflation rose to 3.8% year-over-year and core inflation to 2.5%. We expect next week's Q3 GDP release to show growth of 0.4% quarter-over-quarter, with the drag from France likely limited by its late-quarter onset. Slightly softer October PMIs still point to expansion (outside France).

For now, December remains our base case for the next hike. A resolution to France's fiscal troubles could bring relief to bond markets, while a disorderly sell-off that spreads to other highly indebted Eurozone sovereigns could derail that call. The key will be whether the ECB signals that tighter financing conditions warrant more patience without closing the door on further hikes.

(Return)



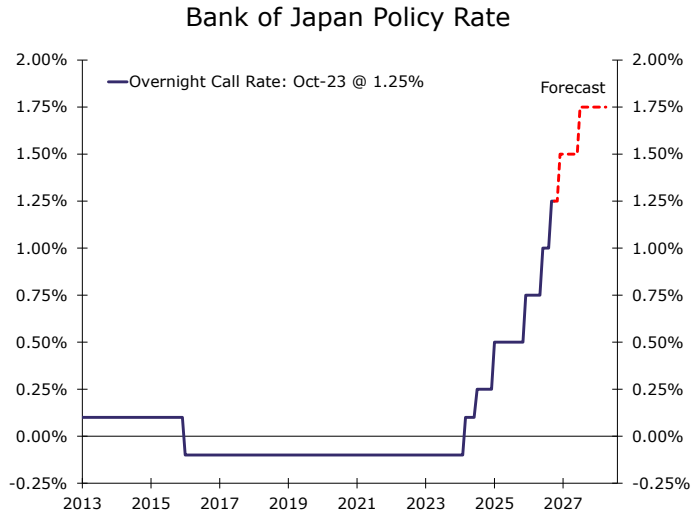
Source: Bloomberg Finance L.P. and Wells Fargo Economics

Bank of Japan Monetary Policy Meeting • Friday

We expect the Bank of Japan (BoJ) to hold its policy rate at 1.25% next week after hiking at its last meeting. The focus will be on updated forecasts and whether policymakers signal greater confidence in the durability of domestic inflation pressures. September headline inflation rose to 2.1% year-over-year, above the BoJ's 2% target, while its preferred "core-core" measure, which excludes fresh food and energy, rose to 2.4%. In our view, the backdrop continues to support further normalization. Policymakers describe financial conditions as accommodative despite the latest hike, with low real borrowing costs and strong bank lending growth. Meanwhile, geopolitical uncertainty has supported safe-haven demand for Japanese government bonds, with rising bond prices pushing yields lower.

We continue to expect another hike in December and a further increase in 2027 to bring the policy rate to 1.75%. Risks remain tilted toward more tightening as financial conditions remain supportive and domestic inflation pressures persist.

(Return)



Source: Bloomberg Finance L.P. and Wells Fargo Economics

EM Week Ahead

Mexico GDP • Friday

Mexico's economy looks set for another solid quarter, with stronger year-over-year growth despite a modest slowdown from Q2's quarterly pace. We expect next week's GDP release to show growth of 1.1% quarter-over-quarter on a seasonally adjusted basis and 3.2% year-over-year on a non-seasonally adjusted basis. Mexico's August Economic Activity Index rose 0.56% month-over-month and 3.33% year-over-year, supported by industry and services. The solid print points to continued strength in Q3 and should support full-year 2026 growth.

Stronger activity also gives Banxico less reason to ease, even as policymakers sound dovish. Headline inflation accelerated to 3.62% year-over-year in the first half of October, with upward pressure from both core and non-core components. El Niño adds to upside inflation risks and reinforces the case for patience.

We continue to expect Banxico to remain on hold at 6.50% through 2026 and 2027. A firmer growth backdrop and persistent inflation risks should keep policymakers cautious despite their dovish tone.

(Return)



Source: Bloomberg Finance L.P. and Wells Fargo Economics

Economics Group

Tom Porcelli	Chief Economist	212-214-6422	Tom.Porcelli@wellsfargo.com
Tim Quinlan	Senior Economist	704-410-3283	Tim.Quinlan@wellsfargo.com
Charlie Dougherty	Senior Economist	212-214-8984	Charles.Dougherty@wellsfargo.com
Michael Pugliese	Senior Economist	212-214-5058	Michael.D.Pugliese@wellsfargo.com
Jackie Benson	Economist	704-410-4468	Jackie.Benson@wellsfargo.com
Shannon Grein	Economist	704-410-0369	Shannon.Grein@wellsfargo.com
Nicole Cervi	Economist	704-410-3059	Nicole.Cervi@wellsfargo.com
Azhin Abdulkarim	Economic Analyst	212-214-5154	Azhin.Abdulkarim@wellsfargo.com
Anagha Sridharan	Economic Analyst	704-410-6212	Anagha.Sridharan@wellsfargo.com
Andrew Thompson	Economic Analyst	704-410-2911	Andrew.L.Thompson@wellsfargo.com

Required Disclosures

This report is produced by the Economics Group of Wells Fargo Securities, LLC (“Wells Fargo Securities”). This report is not a product of Wells Fargo Global Research and the information contained in this report is not financial research. Wells Fargo Securities distributes this report directly and through affiliates including, but not limited to, Wells Fargo & Company, Wells Fargo Bank, N.A., Wells Fargo Clearing Services, LLC, Wells Fargo Securities International Limited, Wells Fargo Securities Europe S.A., and Wells Fargo Securities Canada, Ltd. Wells Fargo Securities, LLC is registered with the Commodity Futures Trading Commission as a futures commission merchant and is a member in good standing of the National Futures Association. WFBNA is registered with the Commodity Futures Trading Commission as a swap dealer and is a member in good standing of the National Futures Association. Wells Fargo Securities, LLC and WFBNA are generally engaged in the trading of futures and derivative products, any of which may be discussed within this report. All reports published by the Economics Group are disseminated and available to all clients simultaneously through electronic publication to our internal client website. Clients may also receive our reports via third party vendors. We are not responsible for the redistribution of our reports by third-party aggregators. Any external website links included in this report are not maintained, controlled or operated by Wells Fargo Securities. Wells Fargo Securities does not provide the products and services on these websites and the views expressed on these websites do not necessarily represent those of Wells Fargo Securities.

This publication has been prepared for informational purposes only and is not intended as a recommendation, offer or solicitation with respect to the purchase or sale of any security or other financial product, nor does it constitute professional advice. The information in this report has been obtained or derived from sources believed by Wells Fargo Securities to be reliable, but has not been independently verified by Wells Fargo Securities, may not be current, and Wells Fargo Securities has no obligation to provide any updates or changes. All price references and market forecasts are as of the date of the report or such earlier date as may be indicated for a particular price or forecast. The views and opinions expressed in this report are those of its named author(s) or, where no author is indicated, the Economics Group; such views and opinions are not necessarily those of Wells Fargo Securities and may differ from the views and opinions of other departments or divisions of Wells Fargo Securities and its affiliates. Wells Fargo Securities is not providing any financial, economic, legal, accounting, or tax advice or recommendations in this report. Neither Wells Fargo Securities nor any of its affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the statements or any information contained in this report, and any liability therefore (including in respect of direct, indirect or consequential loss or damage) is expressly disclaimed. Wells Fargo Securities is a separate legal entity and distinct from affiliated banks, and is a wholly-owned subsidiary of Wells Fargo & Company.

You are permitted to store, display, analyze, modify, reformat, copy, duplicate and reproduce this report and the information contained within it for your own use and for no other purpose. Without the prior written consent of Wells Fargo Securities, no part of this report may be copied, duplicated or reproduced in any form by any other means. In addition, this report and its contents may not be redistributed or transmitted to any other party in whole or in part, directly or indirectly, including by means of any AI Technologies (defined below) through which this report or any portion thereof may be accessible by any third-party. “AI Technologies” means any deep learning, machine learning, and other artificial intelligence technologies, including without limitation any and all (a) proprietary algorithms, software, or systems that make use of or employ neural networks, statistical learning algorithms (such as linear and logistic regression, support vector machines, random forests or k-means clustering) or reinforcement learning, or curated data sets accessible by any of the foregoing or (b) proprietary embodied artificial intelligence and related hardware or equipment. In addition, certain text, images, graphics, screenshots and audio or video clips included in this report are protected by copyright law and owned by Wells Fargo Securities, its affiliates or one or more third parties (collectively, “Protected Content”). Protected Content is made available to clients by Wells Fargo under license or otherwise in accordance with applicable law. Any use or publication of Protected Content included in this report for purposes other than fair use requires permission from Wells Fargo Securities or, in the case of content attributed to any third party, the third-party copyright owner. You may not alter, obscure, or remove any copyright, trademark or any other notices attached to or contained within this report. All rights not expressly granted herein are reserved by Wells Fargo Securities or the third-party providers from whom Wells Fargo Securities has obtained the applicable information. © 2026 Wells Fargo Securities, LLC

Important Information for Non-U.S. Recipients
For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a U.K. incorporated investment firm authorized and regulated by the Financial Conduct Authority (“FCA”). For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the “Act”), the content of this report has been approved by WFSIL, an authorized person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU (“MiFID2”). The FCA rules made under the Act for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. For recipients in the EFTA, this report is distributed by WFSIL. For recipients in the EU, it is distributed by Wells Fargo Securities Europe S.A. (“WFSE”). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in MiFID2. This report is not intended for, and should not be relied upon by, retail clients.

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE