## Economic and Market Update

**6/30/19**

### Item | 6/30/19 | 3/31/19 | Change
--- | --- | --- | ---
U.S. Payrolls Monthly Change | 224,000 | 153,000 | 71,000
Unemployment Rate | 3.7% | 3.8% | (0.1%)
Labor Force Participation | 62.9% | 63.0% | (0.1%)
Effective Fed Funds Rate | 2.40% | 2.43% | (0.03%)
3 Month T-Bill | 2.09% | 2.39% | (0.30%)
2 Year T-Note | 1.76% | 2.26% | (0.51%)
3 Year T-Note | 1.71% | 2.21% | (0.50%)
5 Year T-Note | 1.77% | 2.23% | (0.47%)
10 Year T-Note | 2.01% | 2.41% | (0.40%)
U.S. Fed Debt Avg Yield* | 2.52% | 2.50% | 0.02%
30 Year Mortgage Rate | 3.80% | 4.08% | (0.28%)
1-5 Yr Agency Spread | 0.07% | 0.06% | 0.01%
1-5 Yr A-AAA Corporate Spread | 0.51% | 0.47% | 0.04%
Dow Jones | 26,600 | 25,929 | 2.6%
S&P 500 | 2,942 | 2,834 | 3.8%
Consumer Price Index YOY* | 1.8% | 1.9% | (0.1%)
U.S. Avg Regular Unleaded | $2.72 | $2.69 | $0.02
Retail Sales YOY* | 2.9% | 3.8% | (0.9%)
Case-Shiller Home Prices YOY* | 2.5% | 2.6% | (0.1%)
Gold (per ounce) | $1,409.55 | $1,292.38 | $117.17
Dollar Index | 96.13 | 97.28 | (1.15)
Consumer Confidence | 121.5 | 124.2 | (2.7)

*Estimates for the current quarter/month, some data are lagged

Sources: FTN Main Street and Bloomberg
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U.S. GDP (Quarter over Quarter Annualized)*

* Real Rate (Inflation Adjusted)

Source: Bureau of Economic Analysis

Estimate: Bloomberg's Survey of Economists
As of: 6/30/19
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**6/30/19**

**U.S. Annual GDP**

*Real Rate (Inflation Adjusted)*

**Source:** Bureau of Economic Analysis

**Estimate:** Bloomberg's Survey of Economists

As of: 6/30/19
12 Month Average Job Change: 191,750

Source: Bureau of Labor Statistics
Source: Bureau of Labor Statistics
Weekly Initial Jobless Claims is the actual number of people who have filed for Unemployment benefits for the first time. The following five eligibility criteria must be met in order to file for unemployment benefits: 1. Meet the requirements of time worked during a 1 year period (full time or not). 2. Become unemployed through no fault of your own (cannot be fired). 3. Must be able to work; no physical or mental holdbacks. 4. Must be available for work. 5. Must be actively seeking work.

Source: Department of Labor and Bloomberg
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U.S. Real* Retail Sales YOY % Change

U.S. Consumer Confidence

*Real: Inflation Adjusted

Source: U.S. Census Bureau

Source: Conference Board
CPIX: Consumer Price Index, excluding food and energy

PCEC: Personal Consumption Expenditure Core

Source: Bureau of Labor Statistics and Bureau of Economic Analysis
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Case-Shiller 20 City U.S. Home Price Index
YOY % Increase

U.S. New and Existing Home Sales

Source: Case-Shiller

Sources: New (U.S. Census Bureau), Existing (National Assoc. of Realtors)
Seasonally Adjusted Annual Rate
Source: U.S. Treasury
Fed Funds Anticipated Rate from the June 19, 2019 FOMC Meeting

Source: Bloomberg
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Source: Bloomberg
Figures may not total due to rounding

<table>
<thead>
<tr>
<th>Maturity</th>
<th>3/29/19</th>
<th>6/28/19</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>3M</td>
<td>2.39</td>
<td>2.09</td>
<td>-0.30</td>
</tr>
<tr>
<td>6M</td>
<td>2.43</td>
<td>2.10</td>
<td>-0.33</td>
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<tr>
<td>1Y</td>
<td>2.39</td>
<td>1.93</td>
<td>-0.46</td>
</tr>
<tr>
<td>2Y</td>
<td>2.26</td>
<td>1.76</td>
<td>-0.51</td>
</tr>
<tr>
<td>3Y</td>
<td>2.21</td>
<td>1.71</td>
<td>-0.50</td>
</tr>
<tr>
<td>5Y</td>
<td>2.23</td>
<td>1.77</td>
<td>-0.47</td>
</tr>
<tr>
<td>10Y</td>
<td>2.41</td>
<td>2.01</td>
<td>-0.40</td>
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<tr>
<td>30Y</td>
<td>2.82</td>
<td>2.53</td>
<td>-0.29</td>
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U.S. Treasury Yields 2Yr and 5Yr - Fed Funds Target Rate

Source: Bloomberg
Global Treasury Rates

<table>
<thead>
<tr>
<th>Country</th>
<th>2 Year Yields</th>
<th>5 Year Yields</th>
<th>10 Year Yields</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>1.75%</td>
<td>1.77%</td>
<td>2.10%</td>
</tr>
<tr>
<td>Canada</td>
<td>1.47%</td>
<td>1.39%</td>
<td>2.01%</td>
</tr>
<tr>
<td>Australia</td>
<td>0.98%</td>
<td>0.52%</td>
<td>1.46%</td>
</tr>
<tr>
<td>England</td>
<td>0.61%</td>
<td>0.63%</td>
<td>1.32%</td>
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<tr>
<td>Italy</td>
<td>0.22%</td>
<td>-0.17%</td>
<td>0.83%</td>
</tr>
<tr>
<td>Japan</td>
<td>-0.22%</td>
<td>-0.26%</td>
<td>-2.01%</td>
</tr>
<tr>
<td>Portugal</td>
<td>-0.43%</td>
<td>-0.17%</td>
<td>0.47%</td>
</tr>
<tr>
<td>Spain</td>
<td>-0.43%</td>
<td>-0.17%</td>
<td>0.39%</td>
</tr>
<tr>
<td>France</td>
<td>-0.69%</td>
<td>-0.52%</td>
<td>-0.01%</td>
</tr>
<tr>
<td>Germany</td>
<td>-0.76%</td>
<td>-0.67%</td>
<td>-0.16%</td>
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<tr>
<td>Switzlnd</td>
<td>-0.94%</td>
<td>-0.86%</td>
<td>-0.55%</td>
</tr>
</tbody>
</table>

Source: Bloomberg
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Spread: 1-5Yr Agency* vs Treasury

Current Spread is 7

Source: ICE BofAML Indices

Spread: 1-5Yr A-AAA Corporate vs Treasury

Current Spread is 51

*ICE BofAML Index (option adjusted spread vs. Treasury)
1-5Yr Non-Callable Agency (GVPB)

*ICE BofAML Index (option adjusted spread vs. Treasury)
Corporate A-AAA Excluding Yankee (CVAC)

Source: ICE BofAML Indices
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Spread: AAA Asset Backed vs Treasury

Current Spread is 41

Spread: 0-3Yr Agency CMO vs Treasury

Current Spread is 38

*ICE BofAML Index (option adjusted spread vs. Treasury)
AAA Rated ABS (R0A1)

*ICE BofAML Index (option adjusted spread vs. Treasury)
CMO Agency 0-3Yr PAC (CM1P)

Source: ICE BofAML Indices
Selected Sector Quarterly Total Returns

Source: Bloomberg
Selected Sector Year-Over-Year Total Returns

Source: Bloomberg
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Sources: Bloomberg, FTN Main Street

1.65 1.75 1.85 1.95 2.05 2.15 2.25 2.35 2.45 2.55


Percent

5 Year Treasury Note Yield

Strong Retail Sales
Lower Inflation Concerns Prevail Over Strong Q1 GDP Print
Global Weakness Concerns Alarm Investors
China Announces Retaliatory Tariffs
Trump Eases Huawei Restrictions
President Trump Imposes 5% Tariff on Mexico Over Immigration
US Composite PMI Falls to 10 Year Low
Trump Announces Delay in Tariffs on Mexico
Manufacturing Hits Lowest Level Since 2016
Consumer Confidence Drops
FOMC Dot Plot Prices in 2019 Rate Cut

Sources: Bloomberg, FTN Main Street
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Sources: Bloomberg, FTN Main Street

Dow Jones Industrial Index

Dow Tumbles as Lower Interest Rates Stoke Fears on the Economy

IMF Revises Global & US Growth Lower for 2019

China Raises Tariff Rates on US Imports

Trade War Intensifies

Retail Sales Beat Expectations

Market Rallies on Mexico Tariff Resolution

Stocks Move Higher on Hope of a "Fed Put"

ECB's Dragi States More Stimulus Possible if Inflation Doesn't Pick-Up

Trump Imposes 5% Tariff on Mexico

Jay Powell Hints He's Open to a Rate Cut

Sources: Bloomberg, FTN Main Street
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