Economic and Market Update
12/31/19

<table>
<thead>
<tr>
<th>Item</th>
<th>12/31/19</th>
<th>9/30/19</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Payrolls Monthly Change</td>
<td>145,000</td>
<td>193,000</td>
<td>(48,000)</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>3.5%</td>
<td>3.5%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Labor Force Participation</td>
<td>63.2%</td>
<td>63.2%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Effective Fed Funds Rate</td>
<td>1.55%</td>
<td>1.90%</td>
<td>(0.35%)</td>
</tr>
<tr>
<td>3 Month T-Bill</td>
<td>1.55%</td>
<td>1.82%</td>
<td>(0.27%)</td>
</tr>
<tr>
<td>2 Year T-Note</td>
<td>1.57%</td>
<td>1.62%</td>
<td>(0.05%)</td>
</tr>
<tr>
<td>3 Year T-Note</td>
<td>1.61%</td>
<td>1.56%</td>
<td>0.05%</td>
</tr>
<tr>
<td>5 Year T-Note</td>
<td>1.69%</td>
<td>1.55%</td>
<td>0.15%</td>
</tr>
<tr>
<td>10 Year T-Note</td>
<td>1.92%</td>
<td>1.67%</td>
<td>0.25%</td>
</tr>
<tr>
<td>U.S. Fed Debt Avg Yield*</td>
<td>2.39%</td>
<td>2.44%</td>
<td>(0.05%)</td>
</tr>
<tr>
<td>30 Year Mortgage Rate</td>
<td>3.86%</td>
<td>3.72%</td>
<td>0.14%</td>
</tr>
<tr>
<td>1-5 Yr Agency Spread</td>
<td>0.04%</td>
<td>0.05%</td>
<td>(0.01%)</td>
</tr>
<tr>
<td>1-5 Yr A-AAA Corporate Spread</td>
<td>0.36%</td>
<td>0.44%</td>
<td>(0.08%)</td>
</tr>
<tr>
<td>Dow Jones</td>
<td>28,538</td>
<td>26,917</td>
<td>6.0%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>3,231</td>
<td>2,977</td>
<td>8.5%</td>
</tr>
<tr>
<td>Consumer Price Index YOY*</td>
<td>1.8%</td>
<td>1.7%</td>
<td>0.1%</td>
</tr>
<tr>
<td>U.S. Avg Regular Unleaded</td>
<td>$2.59</td>
<td>$2.66</td>
<td>($0.07)</td>
</tr>
<tr>
<td>Retail Sales YOY*</td>
<td>5.6%</td>
<td>4.0%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Case-Shiller Home Prices YOY*</td>
<td>2.2%</td>
<td>2.0%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Gold (per ounce)</td>
<td>$1,517.27</td>
<td>$1,472.49</td>
<td>$44.78</td>
</tr>
<tr>
<td>Dollar Index</td>
<td>96.39</td>
<td>99.38</td>
<td>(2.99)</td>
</tr>
<tr>
<td>Consumer Confidence</td>
<td>126.5</td>
<td>126.3</td>
<td>0.2</td>
</tr>
</tbody>
</table>

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

Sources: FHN 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: 12/31/19
Real Rate (Inflation Adjusted)

Source: Bureau of Economic Analysis

As of: 12/31/19

* Real Rate (Inflation Adjusted)
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12 Month Average Job Change 175,667

Source: Bureau of Labor Statistics
U.S. Number of Employed Full-Time and Part-Time

U.S. Labor Force Participation Rate

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
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CPI and CPIX YOY % Change

CPI: Consumer Price Index
CPIX: Consumer Price Index, excluding food and energy

PCE and PCEC YOY % Change

PCE: Personal Consumption Expenditure
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

Source: Case-Shiller

U.S. New and Existing Home Sales

Source: New (U.S. Census Bureau), Existing (National Assoc. of Realtors)
Seasonally Adjusted Annual Rate
Source: U.S. Treasury
Fed Funds Anticipated Rate from the December 11, 2019 FOMC Meeting

Source: Bloomberg
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U.S. Treasury Yield Curve Change

Maturity | 9/30/19 | 12/31/19 | Change
---------|---------|-----------|------
3M       | 1.82    | 1.55      | -0.27
6M       | 1.82    | 1.59      | -0.23
1Y       | 1.76    | 1.58      | -0.18
2Y       | 1.62    | 1.57      | -0.05
3Y       | 1.56    | 1.61      | 0.05
5Y       | 1.55    | 1.69      | 0.15
10Y      | 1.67    | 1.92      | 0.25
30Y      | 2.11    | 2.39      | 0.28

Source: Bloomberg
Figures may not total due to rounding
Global Treasury Rates

**2 Year Yields**
- Canada: 1.68%
- USA: 1.57%
- Australia: 0.90%
- England: 0.58%
- Italy: -0.06%
- Japan: -0.13%
- Spain: -0.40%
- Portugal: -0.57%
- France: -0.60%
- Germany: -0.61%
- Switzlnd: -0.78%

**5 Year Yields**
- USA: 1.67%
- Canada: 1.65%
- Australia: 0.95%
- Italy: 0.68%
- England: 0.64%
- Spain: -0.08%
- Portugal: -0.12%
- France: -0.31%
- Germany: -0.48%
- Switzlnd: -0.66%

**10 Year Yields**
- USA: 1.88%
- Canada: 1.64%
- Italy: 1.41%
- Australia: 1.31%
- England: 0.86%
- Spain: 0.46%
- Portugal: 0.43%
- France: 0.12%
- Germany: -0.02%
- Switzlnd: -0.50%

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

Current Spread is 4

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

Current Spread is 36

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
Spread: AAA Asset Backed vs Treasury

Current Spread is 48

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
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Selected Sector Quarterly Total Returns

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

Source: Bloomberg
Reports Emerge that US-China Moved Closer to Trade Deal
US-China Agree to Roll Back Tariffs
Congress Irks China With Passing of Hong Kong Bill
Fed Chairman Powell's Testimony Before Senate Confirms Fed on Hold
US-China Agree to Phase 1 of Trade Deal
Yield Curve Steepens the Most Since 2018
Brexit Tension Dissipates and Trump Announces Phase 1 Trade Deal
Partial US-China Trade Deal Announced
ISM Non-Mfg Misses the Mark
ISM Mfg PMI Hits 2009 Lows
FOMC Cuts Fed Funds Rate

Sources: Bloomberg, FHN Main Street
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- President Trump suggests waiting until after election for trade deal
- Growth worries abound on poor manufacturing data
- China GDP shows signs of weakness
- Strong jobs report abates slowdown concerns
- Retail data point to consumer spending slump
- Agreement reached on terms of Phase 1 trade deal
- President Trump suggests waiting until after election for trade deal
- Preliminary trade deal boosts confidence
- Jay Powell indicates policy on hold after rate cut
- Geopolitical concerns dissipate
- House impeaches Trump
- Tariff rollback talk

Sources: Bloomberg, FHN Main Street
Disclosure

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