Quarterly Economic and Market Update

March 2020
## Economic and Market Update

**3/31/20**

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

**Sources:** FHN Main Street and Bloomberg

<table>
<thead>
<tr>
<th>Item</th>
<th>3/31/20</th>
<th>12/31/19</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Payrolls Monthly Change</td>
<td>184,000</td>
<td>(701,000)</td>
<td>(885,000)</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>4.4%</td>
<td>3.5%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Labor Force Participation</td>
<td>62.7%</td>
<td>63.2%</td>
<td>(0.5%)</td>
</tr>
<tr>
<td>Effective Fed Funds Rate</td>
<td>0.08%</td>
<td>1.55%</td>
<td>(1.47%)</td>
</tr>
<tr>
<td>3 Month T-Bill</td>
<td>0.09%</td>
<td>1.55%</td>
<td>(1.46%)</td>
</tr>
<tr>
<td>2 Year T-Note</td>
<td>0.25%</td>
<td>1.57%</td>
<td>(1.32%)</td>
</tr>
<tr>
<td>3 Year T-Note</td>
<td>0.30%</td>
<td>1.61%</td>
<td>(1.32%)</td>
</tr>
<tr>
<td>5 Year T-Note</td>
<td>0.38%</td>
<td>1.69%</td>
<td>(1.31%)</td>
</tr>
<tr>
<td>10 Year T-Note</td>
<td>0.67%</td>
<td>1.92%</td>
<td>(1.25%)</td>
</tr>
<tr>
<td>U.S. Fed Debt Avg Yield*</td>
<td>2.39%</td>
<td>2.36%</td>
<td>0.03%</td>
</tr>
<tr>
<td>30 Year Mortgage Rate</td>
<td>3.86%</td>
<td>3.86%</td>
<td>0.00%</td>
</tr>
<tr>
<td>1-5 Yr Agency Spread</td>
<td>0.26%</td>
<td>0.04%</td>
<td>0.22%</td>
</tr>
<tr>
<td>1-5 Yr A-AAA Corporate Spread</td>
<td>1.88%</td>
<td>0.36%</td>
<td>1.52%</td>
</tr>
<tr>
<td>Dow Jones</td>
<td>21,917</td>
<td>28,538</td>
<td>(23.2%)</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>2,585</td>
<td>3,231</td>
<td>(20.0%)</td>
</tr>
<tr>
<td>Consumer Price Index YOY*</td>
<td>2.4%</td>
<td>2.3%</td>
<td>0.1%</td>
</tr>
<tr>
<td>U.S. Avg Regular Unleaded</td>
<td>$1.98</td>
<td>$2.59</td>
<td>($0.60)</td>
</tr>
<tr>
<td>Retail Sales YOY*</td>
<td>2.8%</td>
<td>5.4%</td>
<td>(2.6%)</td>
</tr>
<tr>
<td>Case-Shiller Home Prices YOY*</td>
<td>3.1%</td>
<td>2.6%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Gold (per ounce)</td>
<td>$1,577.18</td>
<td>$1,517.27</td>
<td>$59.91</td>
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<tr>
<td>Dollar Index</td>
<td>99.05</td>
<td>96.39</td>
<td>2.66</td>
</tr>
<tr>
<td>Consumer Confidence</td>
<td>120.0</td>
<td>128.2</td>
<td>(8.2)</td>
</tr>
</tbody>
</table>

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

**Sources:** FHN Main Street and Bloomberg
Economic and Market Update
3/31/20

U.S. GDP (Quarter over Quarter Annualized)*

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<tr>
<td>2.9</td>
<td>4.7</td>
<td>3.2</td>
<td>3.6</td>
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<td>-0.1</td>
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</tbody>
</table>

* Real Rate (Inflation Adjusted)

Source: Bureau of Economic Analysis

Estimate: Bloomberg's Survey of Economists
As of: 3/31/20
**Economic and Market Update**

**3/31/20**

**U.S. Annual GDP** *

* Real Rate (Inflation Adjusted)

Source: Bureau of Economic Analysis

Estimate: Bloomberg's Survey of Economists

As of: 3/31/20
Economic and Market Update
3/31/20

12 Month Average Job Change 125,333

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

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
Economic and Market Update
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U.S. Federal Debt Outstanding

U.S. Treasury Interest Bearing Debt Avg Rate

Source: U.S. Treasury
Economic and Market Update
3/31/20

Source: Bloomberg
Figures may not total due to rounding

<table>
<thead>
<tr>
<th>Maturity</th>
<th>12/31/19</th>
<th>3/31/20</th>
<th>Change</th>
</tr>
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<tbody>
<tr>
<td>3M</td>
<td>1.55</td>
<td>0.09</td>
<td>-1.46</td>
</tr>
<tr>
<td>6M</td>
<td>1.59</td>
<td>0.15</td>
<td>-1.44</td>
</tr>
<tr>
<td>1Y</td>
<td>1.58</td>
<td>0.16</td>
<td>-1.42</td>
</tr>
<tr>
<td>2Y</td>
<td>1.57</td>
<td>0.25</td>
<td>-1.32</td>
</tr>
<tr>
<td>3Y</td>
<td>1.61</td>
<td>0.30</td>
<td>-1.32</td>
</tr>
<tr>
<td>5Y</td>
<td>1.69</td>
<td>0.38</td>
<td>-1.31</td>
</tr>
<tr>
<td>10Y</td>
<td>1.92</td>
<td>0.67</td>
<td>-1.25</td>
</tr>
<tr>
<td>30Y</td>
<td>2.39</td>
<td>1.32</td>
<td>-1.07</td>
</tr>
</tbody>
</table>

Source: Bloomberg
Figures may not total due to rounding
U.S. Treasury Yields: 3M and 1Y

U.S. Treasury Yields: 2Y and 5Y

Source: Bloomberg
U.S. Treasury Yields 2Yr and 5Yr - Fed Funds Target Rate

Source: Bloomberg
Global Treasury Rates

2 Year Yields
- Canada: 0.42%
- Italy: 0.33%
- Australia: 0.25%
- USA: 0.25%
- England: 0.12%
- Portugal: -0.08%
- Japan: -0.15%
- Spain: -0.20%
- France: -0.60%
- Switzerland: -0.68%
- Germany: -0.70%

5 Year Yields
- Italy: 0.91%
- Canada: 0.58%
- Portugal: 0.39%
- USA: 0.38%
- Australia: 0.34%
- England: 0.20%
- Spain: 0.15%
- Japan: -0.12%
- France: -0.35%
- Switzerland: -0.60%
- Germany: -0.66%

10 Year Yields
- Italy: 1.52%
- Portugal: 0.86%
- Australia: 0.76%
- Canada: 0.69%
- Spain: 0.67%
- USA: 0.67%
- England: 0.35%
- Japan: 0.01%
- France: -0.02%
- Switzerland: -0.38%
- Germany: -0.47%

Source: Bloomberg
Economic and Market Update
3/31/20

**ICE BofAML Index (option adjusted spread vs. Treasury)**

**1-5Yr Non-Callable Agency (GVPB)**

Source: ICE BofAML Indices

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

Current Spread is 26

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

Current Spread is 188

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)
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3/31/20

Spread: AAA Asset Backed vs Treasury

Current Spread is 259

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

- Oil: -67.1%
- US Small Cap: -32.8%
- US Mid Cap: -32.3%
- International Small Cap: -29.7%
- DJ Commodity Index: -28.0%
- Emerging Markets: -27.6%
- US Real Estate (REITs): -24.4%
- International Large Cap: -24.2%
- Dow Jones: -23.0%
- S&P 500: -22.6%
- High Yield Bonds: -19.4%
- NASDAQ 100: -12.7%
- US Short Term Corp Bond (1-3y): -10.3%
- US Short Term Tsy Bond (0-1y): -1.9%
- US TIPS (Tsy Inflation Bond): 0.8%
- US Short Term Tsy Bond (1-3y): 2.7%
- US Aggregate Bond: 3.1%
- U.S. Dollar: 3.3%
- Gold: 3.9%
- US Intermediate Tsy Bond (7-10y): 10.5%
- US Long Term Tsy Bond (20+): 22.2%

Source: Bloomberg
Economic and Market Update
3/31/20

Selected Sector Year-Over-Year Total Returns

Source: Bloomberg
Economic and Market Update
3/31/20

Sources: Bloomberg, FHN Main Street

5 Year Treasury Note Yield

- US Drone Strikes Kill Iranian General
- IMF Cuts Global Growth Forecast
- US Declares Covid-19 a Public Emergency
- Whispers of Covid-19 Containment
- Fed Chair Powell Issues Statement Signaling Rate Cuts Forthcoming
- Oil Prices Plunge, as OPEC Fails to Reach Deal
- Fed Cuts Rates by 50 Basis Points
- Fed Cuts Rates by Another 100 Basis Points
- Fed Reintroduces Money Market Fund Liquidity Facility
- Covid-19 Cases Outside China Dramatically Spike
- 3.3 Million File For Initial Jobless Claims

Sources: Bloomberg, FHN Main Street
Economic and Market Update
3/31/20

Sources: Bloomberg, FHN Main Street

China GDP Rises More Than Forecasted
US-Iran Tension Deescalates, as Trump States "Iran is Standing Down"
Covid-19 Cases Rise in China
ISM Manufacturing Data Enters Expansionary Territory
Fed Chair Powell Says Fed Willing to Step In to Help Markets
WHO Declares Covid-19 a Global Pandemic
Dow Closes Month with Worst First Quarter Ever

Covid-19 Deaths Rise Outside of China; Italy Begins Quarantine Measures
Stocks Halt Trading for 15 Minutes at Opening as S&P Falls Below 7% Threshold
Congress Fails to Pass Rescue Package; Dow Loses all Gains Since Trump's Election

Sources: Bloomberg, FHN Main Street
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