Quarterly Economic and Market Update

March 2021
<table>
<thead>
<tr>
<th>Item</th>
<th>3/31/2021</th>
<th>12/31/2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Payrolls Monthly Change</td>
<td>916,000</td>
<td>(306,000)</td>
<td>1,222,000</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>6.0%</td>
<td>6.7%</td>
<td>(0.7%)</td>
</tr>
<tr>
<td>Labor Force Participation</td>
<td>61.5%</td>
<td>61.5%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Effective Fed Funds Rate</td>
<td>0.06%</td>
<td>0.09%</td>
<td>(0.03%)</td>
</tr>
<tr>
<td>3 Month T-Bill</td>
<td>0.02%</td>
<td>0.07%</td>
<td>(0.05%)</td>
</tr>
<tr>
<td>2 Year T-Note</td>
<td>0.16%</td>
<td>0.12%</td>
<td>0.04%</td>
</tr>
<tr>
<td>3 Year T-Note</td>
<td>0.35%</td>
<td>0.17%</td>
<td>0.18%</td>
</tr>
<tr>
<td>5 Year T-Note</td>
<td>0.94%</td>
<td>0.36%</td>
<td>0.58%</td>
</tr>
<tr>
<td>10 Year T-Note</td>
<td>1.74%</td>
<td>0.92%</td>
<td>0.83%</td>
</tr>
<tr>
<td>U.S. Fed Debt Avg Yield*</td>
<td>1.52%</td>
<td>1.55%</td>
<td>(0.03%)</td>
</tr>
<tr>
<td>30 Year Mortgage Rate</td>
<td>3.27%</td>
<td>2.87%</td>
<td>0.40%</td>
</tr>
<tr>
<td>1-5 Yr Agency Spread</td>
<td>0.02%</td>
<td>0.05%</td>
<td>(0.03%)</td>
</tr>
<tr>
<td>1-5 Yr A-AAA Corporate Spread</td>
<td>0.38%</td>
<td>0.31%</td>
<td>0.07%</td>
</tr>
<tr>
<td>Dow Jones</td>
<td>32,982</td>
<td>30,606</td>
<td>7.8%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>3,973</td>
<td>3,756</td>
<td>5.8%</td>
</tr>
<tr>
<td>Consumer Price Index YOY*</td>
<td>2.5%</td>
<td>1.4%</td>
<td>1.1%</td>
</tr>
<tr>
<td>U.S. Avg Regular Unleaded</td>
<td>$2.88</td>
<td>$2.25</td>
<td>$0.62</td>
</tr>
<tr>
<td>Retail Sales YOY*</td>
<td>16.1%</td>
<td>2.3%</td>
<td>13.8%</td>
</tr>
<tr>
<td>Case-Shiller Home Prices YOY*</td>
<td>11.1%</td>
<td>9.2%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Gold (per ounce)</td>
<td>$1,707.71</td>
<td>$1,898.36</td>
<td>($190.65)</td>
</tr>
<tr>
<td>Dollar Index</td>
<td>93.23</td>
<td>89.94</td>
<td>3.30</td>
</tr>
<tr>
<td>Consumer Confidence</td>
<td>109.7</td>
<td>87.1</td>
<td>22.6</td>
</tr>
</tbody>
</table>

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

Sources: FHN Main Street and Bloomberg
Economic and Market Update
3/31/2021

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

* Real Rate (Inflation Adjusted)

Source: Bureau of Economic Analysis

Estimate: Bloomberg's Survey of Economists
As of: 3/31/2021
Economic and Market Update
3/31/2021

* Real Rate (Inflation Adjusted)

Source: Bureau of Economic Analysis

Percent

1950s 4.2% 1960s 4.5% 1970s 3.3% 1980s 3.2% 1990s 3.2% 2000s 1.9% 2010s 2.3%


-10 -9 -8 -7 -6 -5 -4 -3 -2 -1 0 1 2 3 4 5 6 7 8 9 10

* Real Rate (Inflation Adjusted)

Source: Bureau of Economic Analysis

Estimate: Bloomberg's Survey of Economists

As of: 3/31/2021
**Economic and Market Update**

**3/31/2021**

**12 Month Average Job Change**

-560,000

Source: Bureau of Labor Statistics
Economic and Market Update
3/31/2021

U.S. Number of Employed
Full-Time and Part-Time

U.S. Labor Force Participation Rate

Source: Bureau of Labor Statistics


128
130
132
134
136
138
140
142
144
146
148
150
152
154

60.0
60.5
61.0
61.5
62.0
62.5
63.0
63.5
64.0
64.5


Millions
Percent
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
Economic and Market Update
3/31/2021

U.S. Real* Retail Sales YOY % Change

*Real: Inflation Adjusted

Source: U.S. Census Bureau

U.S. Consumer Confidence

Source: Conference Board
Economic and Market Update
3/31/2021

CPI and CPIX YOY % Change

CPI
CPIX

CPI: Consumer Price Index, excluding food and energy

PCE and PCEC YOY % Change

PCE
PCEC

PCE: Personal Consumption Expenditure Core

Source: Bureau of Labor Statistics and Bureau of Economic Analysis
**Economic and Market Update**

**3/31/2021**

**Case-Shiller 20 City U.S. Home Price Index**

YOY % Increase

![Graph showing Case-Shiller 20 City U.S. Home Price Index YOY % Increase from Oct-12 to Sep-20.](image)

Source: Case-Shiller

**U.S. New and Existing Home Sales**

![Graph showing U.S. New and Existing Home Sales from Sep-12 to Sep-20.](image)

Sources: New (U.S. Census Bureau), Existing (National Assoc. of Realtors)
Seasonally Adjusted Annual Rate
Economic and Market Update
3/31/2021

U.S. Federal Debt Outstanding

U.S. Treasury Interest Bearing Debt Avg Rate

Source: U.S. Treasury
Fed Funds Anticipated Rate from the March 17, 2020 FOMC Meeting

Source: Bloomberg
Source: Bloomberg
Figures may not total due to rounding
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>Canada</td>
<td>0.22%</td>
<td>0.99%</td>
<td>1.79%</td>
</tr>
<tr>
<td>USA</td>
<td>0.16%</td>
<td>0.94%</td>
<td>1.74%</td>
</tr>
<tr>
<td>England</td>
<td>0.10%</td>
<td>0.88%</td>
<td>1.56%</td>
</tr>
<tr>
<td>Australia</td>
<td>0.08%</td>
<td>0.39%</td>
<td>0.84%</td>
</tr>
<tr>
<td>Japan</td>
<td>-0.13%</td>
<td>-0.10%</td>
<td>-0.30%</td>
</tr>
<tr>
<td>Italy</td>
<td>-0.39%</td>
<td>0.01%</td>
<td>0.67%</td>
</tr>
<tr>
<td>Spain</td>
<td>-0.49%</td>
<td>-0.28%</td>
<td>0.34%</td>
</tr>
<tr>
<td>Portugal</td>
<td>-0.57%</td>
<td>-0.29%</td>
<td>0.22%</td>
</tr>
<tr>
<td>France</td>
<td>-0.67%</td>
<td>-0.57%</td>
<td>0.09%</td>
</tr>
<tr>
<td>Germany</td>
<td>-0.70%</td>
<td>-0.59%</td>
<td>-0.29%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>-0.81%</td>
<td>-0.63%</td>
<td>-0.30%</td>
</tr>
</tbody>
</table>

Source: Bloomberg
Economic and Market Update
3/31/2021

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
Economic and Market Update
3/31/2021

Spread: AAA Asset Backed vs Treasury

Current Spread is 38

Spread: 0-3Yr Agency CMO vs Treasury

Current Spread is 3

*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
## Economic and Market Update

**3/31/2021**

### Selected Sector Quarterly Total Returns

<table>
<thead>
<tr>
<th>Sector</th>
<th>Return (Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Long Term Tsy Bond (20+)</td>
<td>-13.9</td>
</tr>
<tr>
<td>US Intermediate Tsy Bond (7-10y)</td>
<td>-10.3</td>
</tr>
<tr>
<td>US Aggregate Bond</td>
<td>-5.7</td>
</tr>
<tr>
<td>US TIPS Tsy Inflation Bond</td>
<td>-3.4</td>
</tr>
<tr>
<td>US Short Term Corp Bond (1-3y)</td>
<td>-1.7</td>
</tr>
<tr>
<td>US Short Term Tsy Bond (0-1y)</td>
<td>-0.6</td>
</tr>
<tr>
<td>High Yield Bonds</td>
<td>-0.1</td>
</tr>
<tr>
<td>NASDAQ 100</td>
<td>0.0</td>
</tr>
<tr>
<td>U.S. Dollar</td>
<td>0.6</td>
</tr>
<tr>
<td>International Large Cap</td>
<td>1.8</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>3.6</td>
</tr>
<tr>
<td>International Small Cap</td>
<td>4.0</td>
</tr>
<tr>
<td>DJ Commodity Index</td>
<td>4.0</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>5.1</td>
</tr>
<tr>
<td>Dow Jones</td>
<td>6.4</td>
</tr>
<tr>
<td>US Real Estate (REITs)</td>
<td>8.0</td>
</tr>
<tr>
<td>US Mid Cap</td>
<td>8.4</td>
</tr>
<tr>
<td>US Small Cap</td>
<td>8.8</td>
</tr>
<tr>
<td>Oil</td>
<td>13.5</td>
</tr>
<tr>
<td>US Micro Cap</td>
<td>18.4</td>
</tr>
<tr>
<td>Oil</td>
<td>22.8</td>
</tr>
<tr>
<td>Oil</td>
<td>24.0</td>
</tr>
</tbody>
</table>

Source: Bloomberg
Economic and Market Update
3/31/2021

Selected Sector Year-Over-Year Total Returns

Source: Bloomberg
Economic and Market Update
3/31/2021

Sources: Bloomberg, FHN Main Street

- Trump Rally in DC, US Capitol Stormed
- Biden Proposes $1.9 Trillion Stimulus
- ISM Service Shows Economic Strength
- Low CPI Print
- Fed Paints Darker Outlook on Economy
- Solid Retail Sales Show Consumers Spending
- Fed Gov. Brainard Expresses Concern Over Higher Rates
- Senates Passes $1.9 Trillion Stimulus
- Poor 7-Year Treasury Auction Results Push Rates Dramatically Higher
- COVID-19 Makes a Global Resurgence
- Georgia Election Results Point to Democrat Controlled Senate

Sources: Bloomberg, FHN Main Street
**Economic and Market Update**

3/31/2021

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**Dow Jones Industrial Average**

**Fed Says It Will Hold-Off on Rate Hikes Through 2023**

**Biden Unveils More Stimulus and Tax Hikes**

**Fed Chairman Powell Signals Fed’s Continued Accommodative Stance**

**Biden Signs COVID-19 Relief Bill**

**Spike in Bond Yields Frighten Equity Investors**

**Weak Data Point to Higher Likelihood of Stimulus**

**Nasdaq Turns Negative For the Year, as Rates Continue to Push Higher**

**Stocks Fall on Jay Powell and Janet Yellen’s Economic Outlook**

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**Joe Biden Sworn in as 46th President**

**ADP Private Payrolls Beat Expectations**

**Democrats Take Control of Senate**

**Stimulus Hopes Fade**

**News of Holiday COVID-19 Spike**

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**Sources:** Bloomberg, FHN Financial, FHN Main Street
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