Quarterly Economic and Market Update

June 2021
<table>
<thead>
<tr>
<th>Item</th>
<th>6/30/2021</th>
<th>3/31/2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Payrolls Monthly Change</td>
<td>850,000</td>
<td>785,000</td>
<td>65,000</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>5.9%</td>
<td>6.0%</td>
<td>(0.1%)</td>
</tr>
<tr>
<td>Labor Force Participation</td>
<td>61.6%</td>
<td>61.5%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Effective Fed Funds Rate</td>
<td>0.08%</td>
<td>0.06%</td>
<td>0.02%</td>
</tr>
<tr>
<td>3 Month T-Bill</td>
<td>0.04%</td>
<td>0.02%</td>
<td>0.03%</td>
</tr>
<tr>
<td>2 Year T-Note</td>
<td>0.25%</td>
<td>0.16%</td>
<td>0.09%</td>
</tr>
<tr>
<td>3 Year T-Note</td>
<td>0.46%</td>
<td>0.35%</td>
<td>0.11%</td>
</tr>
<tr>
<td>5 Year T-Note</td>
<td>0.89%</td>
<td>0.94%</td>
<td>(0.05%)</td>
</tr>
<tr>
<td>10 Year T-Note</td>
<td>1.47%</td>
<td>1.74%</td>
<td>(0.27%)</td>
</tr>
<tr>
<td>U.S. Fed Debt Avg Yield*</td>
<td>1.51%</td>
<td>1.50%</td>
<td>0.01%</td>
</tr>
<tr>
<td>30 Year Mortgage Rate</td>
<td>3.13%</td>
<td>3.27%</td>
<td>(0.14%)</td>
</tr>
<tr>
<td>1-5 Yr Agency Spread</td>
<td>0.01%</td>
<td>0.02%</td>
<td>(0.01%)</td>
</tr>
<tr>
<td>1-5 Yr A-AAA Corporate Spread</td>
<td>0.28%</td>
<td>0.38%</td>
<td>(0.10%)</td>
</tr>
<tr>
<td>Dow Jones</td>
<td>34,503</td>
<td>32,982</td>
<td>4.6%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>4,298</td>
<td>3,973</td>
<td>8.2%</td>
</tr>
<tr>
<td>Consumer Price Index YOY*</td>
<td>3.5%</td>
<td>2.6%</td>
<td>0.9%</td>
</tr>
<tr>
<td>U.S. Avg Regular Unleaded</td>
<td>$3.12</td>
<td>$2.88</td>
<td>$0.25</td>
</tr>
<tr>
<td>Retail Sales YOY*</td>
<td>17.7%</td>
<td>29.7%</td>
<td>(12.0%)</td>
</tr>
<tr>
<td>Case-Shiller Home Prices YOY*</td>
<td>14.9%</td>
<td>12.0%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Gold (per ounce)</td>
<td>$1,770.11</td>
<td>$1,707.71</td>
<td>$62.40</td>
</tr>
<tr>
<td>Dollar Index</td>
<td>92.44</td>
<td>93.23</td>
<td>(0.80)</td>
</tr>
<tr>
<td>Consumer Confidence</td>
<td>127.3</td>
<td>114.9</td>
<td>12.4</td>
</tr>
</tbody>
</table>

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

Sources: FHN Main Street and Bloomberg
Real Rate (Inflation Adjusted)

Source: Bureau of Economic Analysis

Estimate: Bloomberg's Survey of Economists
As of: 6/30/2021
Economic and Market Update
6/30/2021

Source: Bureau of Economic Analysis

* Real Rate (Inflation Adjusted)

Estimate: Bloomberg's Survey of Economists
As of: 6/30/2021
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6/30/2021

12 Month Average Job Change 641,273

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

*Real: Inflation Adjusted

Source: U.S. Census Bureau

U.S. Consumer Confidence

Source: Conference Board
**Economic and Market Update**

*6/30/2021*

**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
**Economic and Market Update**

*6/30/2021*

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

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

Sources: New (U.S. Census Bureau), Existing (National Assoc. of Realtors)
Seasonally Adjusted Annual Rate

Source: Case-Shiller

Sources: New (U.S. Census Bureau), Existing (National Assoc. of Realtors)
Source: U.S. Treasury
Fed Funds Anticipated Rate from the June 16, 2021 FOMC Meeting

Source: Bloomberg
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U.S. Treasury Yield Curve Change

<table>
<thead>
<tr>
<th>Maturity</th>
<th>6/30/21</th>
<th>3/31/21</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>3M</td>
<td>0.04</td>
<td>0.02</td>
<td>0.03</td>
</tr>
<tr>
<td>6M</td>
<td>0.05</td>
<td>0.03</td>
<td>0.02</td>
</tr>
<tr>
<td>1Y</td>
<td>0.07</td>
<td>0.06</td>
<td>0.01</td>
</tr>
<tr>
<td>2Y</td>
<td>0.25</td>
<td>0.16</td>
<td>0.09</td>
</tr>
<tr>
<td>3Y</td>
<td>0.46</td>
<td>0.35</td>
<td>0.11</td>
</tr>
<tr>
<td>5Y</td>
<td>0.89</td>
<td>0.94</td>
<td>-0.05</td>
</tr>
<tr>
<td>10Y</td>
<td>1.47</td>
<td>1.74</td>
<td>-0.27</td>
</tr>
<tr>
<td>30Y</td>
<td>2.09</td>
<td>2.41</td>
<td>-0.33</td>
</tr>
</tbody>
</table>

Source: Bloomberg
Figures may not total due to rounding
Economic and Market Update
6/30/2021

U.S. Treasury Yields: 3M and 1Y

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

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>Canada</td>
<td>0.45%</td>
<td>0.98%</td>
<td>1.53%</td>
</tr>
<tr>
<td>USA</td>
<td>0.25%</td>
<td>0.89%</td>
<td>1.47%</td>
</tr>
<tr>
<td>Australia</td>
<td>0.06%</td>
<td>0.83%</td>
<td>1.39%</td>
</tr>
<tr>
<td>England</td>
<td>0.06%</td>
<td>0.33%</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>-0.12%</td>
<td>-0.10%</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>-0.37%</td>
<td>0.09%</td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>-0.51%</td>
<td>-0.25%</td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td>-0.60%</td>
<td>-0.32%</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>-0.64%</td>
<td>-0.53%</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>-0.67%</td>
<td>-0.58%</td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>-0.78%</td>
<td>-0.59%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Bloomberg
**Economic and Market Update**  
**6/30/2021**

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

Current Spread is 1

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

Current Spread is 28

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 28

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

**Spread: 0-3Yr Agency CMO vs Treasury**

Current Spread is 13

*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
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Selected Sector Year-Over-Year Total Returns

Source: Bloomberg
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6/30/2021

5 Year Treasury Note Yield

- YOY CPI Hits the 5% Mark For First Time Since August 2008
- ISM Services Index Hits Highest Mark Ever
- FOMC Dot Plot Forecasts Two Rate Hikes in 2023
- Payrolls Disappoint; +266K vs. 1Mil Expected
- Consumer Confidence Surges
- CPI Biggest Monthly Increase Since 1981
- Fed Minutes Show FOMC Members Suggest Tappering if Economic Strength Continues
- Fed Chairman Powell Says Inflation is Transitory
- Rises in Cases of COVID Variants Unnerve Markets
- President Biden Announces Deal for Infrastructure

Sources: Bloomberg, FHN Main Street
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6/30/2021

Sources: Bloomberg, FHN Financial, FHN Main Street

Dow Jones Industrial Average

- 9.8% YOY Retail Sales
- Big Miss in Employment Report Gives Investors Confidence of More Stimulus
- ISM Manufacturing Index Hits 38-Year High
- WHO Warns of New COVID Spike
- Strong Employment Gains
- CPI Jumps Most Since 2008
- FOMC Members Emphasize Patience Before Taper Discussion
- Stocks Fall on Powell's Taper Comments and Fed's More Hawkish Stance
- Inflation Jitters
- Consumer Confidence Soars Back to Pre-COVID Range
- Strong Durable Goods and Drop in Jobless Claims
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Sources: Bloomberg, FHN Financial, FHN Main Street
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