## Economic and Market Update

**12/31/2021**

<table>
<thead>
<tr>
<th>Item</th>
<th>12/31/2021</th>
<th>9/30/2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Payrolls Monthly Change</td>
<td>199,000</td>
<td>379,000</td>
<td>(180,000)</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>3.9%</td>
<td>4.7%</td>
<td>(0.8%)</td>
</tr>
<tr>
<td>Labor Force Participation</td>
<td>61.9%</td>
<td>61.7%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Effective Fed Funds Rate</td>
<td>0.07%</td>
<td>0.06%</td>
<td>0.01%</td>
</tr>
<tr>
<td>3 Month T-Bill</td>
<td>0.04%</td>
<td>0.04%</td>
<td>0.01%</td>
</tr>
<tr>
<td>2 Year T-Note</td>
<td>0.73%</td>
<td>0.28%</td>
<td>0.46%</td>
</tr>
<tr>
<td>3 Year T-Note</td>
<td>0.96%</td>
<td>0.51%</td>
<td>0.45%</td>
</tr>
<tr>
<td>5 Year T-Note</td>
<td>1.26%</td>
<td>0.97%</td>
<td>0.30%</td>
</tr>
<tr>
<td>10 Year T-Note</td>
<td>1.51%</td>
<td>1.49%</td>
<td>0.02%</td>
</tr>
<tr>
<td>U.S. Fed Debt Avg Yield*</td>
<td>1.45%</td>
<td>1.47%</td>
<td>(0.02%)</td>
</tr>
<tr>
<td>30 Year Mortgage Rate</td>
<td>3.27%</td>
<td>3.18%</td>
<td>0.09%</td>
</tr>
<tr>
<td>1-5 Yr Agency Spread</td>
<td>-0.01%</td>
<td>0.00%</td>
<td>(0.01%)</td>
</tr>
<tr>
<td>1-5 Yr A-AAA Corporate Spread</td>
<td>0.34%</td>
<td>0.30%</td>
<td>0.04%</td>
</tr>
<tr>
<td>Dow Jones</td>
<td>36,338</td>
<td>33,844</td>
<td>7.4%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>4,766</td>
<td>4,308</td>
<td>10.6%</td>
</tr>
<tr>
<td>Consumer Price Index YOY*</td>
<td>6.8%</td>
<td>5.4%</td>
<td>1.4%</td>
</tr>
<tr>
<td>U.S. Avg Regular Unleaded</td>
<td>$3.29</td>
<td>$3.19</td>
<td>$0.09</td>
</tr>
<tr>
<td>Retail Sales YOY*</td>
<td>19.4%</td>
<td>14.2%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Case-Shiller Home Prices YOY*</td>
<td>18.4%</td>
<td>19.7%</td>
<td>(1.3%)</td>
</tr>
<tr>
<td>Gold (per ounce)</td>
<td>$1,829.20</td>
<td>$1,756.95</td>
<td>$72.25</td>
</tr>
<tr>
<td>Dollar Index</td>
<td>95.67</td>
<td>94.23</td>
<td>1.44</td>
</tr>
<tr>
<td>Consumer Confidence</td>
<td>115.8</td>
<td>109.8</td>
<td>6.0</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: 12/31/2021
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U.S. Annual GDP *

* Real Rate (Inflation Adjusted)

Source: Bureau of Economic Analysis

Estimate: Bloomberg's Survey of Economists
As of: 12/31/2021
12 Month Average Job Change  537,333

Source: Bureau of Labor Statistics
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Unemployment Rates

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

Millions

U.S. Labor Force Participation Rate

Percent

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
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CPI and CPIX YOY % Change

CPIX: Consumer Price Index, excluding food and energy

PCE and PCEC YOY % Change

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

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

U.S. New and Existing Home Sales

Sources: New (U.S. Census Bureau), Existing (National Assoc. of Realtors)
Fed Funds Anticipated Rate from the December 15, 2021 FOMC Meeting

Source: Bloomberg
U.S. Treasury Yield Curve Change

<table>
<thead>
<tr>
<th>Maturity</th>
<th>12/31/21</th>
<th>9/30/21</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>3M</td>
<td>0.04</td>
<td>0.04</td>
<td>0.01</td>
</tr>
<tr>
<td>6M</td>
<td>0.19</td>
<td>0.05</td>
<td>0.14</td>
</tr>
<tr>
<td>1Y</td>
<td>0.38</td>
<td>0.07</td>
<td>0.31</td>
</tr>
<tr>
<td>2Y</td>
<td>0.73</td>
<td>0.28</td>
<td>0.46</td>
</tr>
<tr>
<td>3Y</td>
<td>0.96</td>
<td>0.51</td>
<td>0.45</td>
</tr>
<tr>
<td>5Y</td>
<td>1.26</td>
<td>0.97</td>
<td>0.30</td>
</tr>
<tr>
<td>10Y</td>
<td>1.51</td>
<td>1.49</td>
<td>0.02</td>
</tr>
<tr>
<td>30Y</td>
<td>1.90</td>
<td>2.05</td>
<td>-0.14</td>
</tr>
</tbody>
</table>

Source: Bloomberg
Figures may not total due to rounding
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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

<table>
<thead>
<tr>
<th>2 Year Yields</th>
<th>5 Year Yields</th>
<th>10 Year Yields</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>Australia</td>
<td>Australia</td>
</tr>
<tr>
<td>USA</td>
<td>USA</td>
<td>USA</td>
</tr>
<tr>
<td>England</td>
<td>Canada</td>
<td>Canada</td>
</tr>
<tr>
<td>Australia</td>
<td>England</td>
<td>Italy</td>
</tr>
<tr>
<td>Italy</td>
<td>Italy</td>
<td>Spain</td>
</tr>
<tr>
<td>Japan</td>
<td>Japan</td>
<td>Spain</td>
</tr>
<tr>
<td>Spain</td>
<td>Spain</td>
<td>Portugal</td>
</tr>
<tr>
<td>Germany</td>
<td>Portugal</td>
<td>France</td>
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<tr>
<td>Portugal</td>
<td>France</td>
<td>Japan</td>
</tr>
<tr>
<td>France</td>
<td>Switzlnd</td>
<td>Switzlnd</td>
</tr>
<tr>
<td>Switzlnd</td>
<td>Germany</td>
<td>Germany</td>
</tr>
</tbody>
</table>

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

Current Spread is -1

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

Current Spread is 34

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

- Current Spread is 39

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

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

- Current Spread is 40

- *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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Fed Chair Powell Warns of Elevated Inflation
Rising Inflation Signals Overshadow Weak Payrolls
Retail Sales Beat Estimates
Growth Slows, Q3 GDP Slips to 2%
CPI Rises to Highest Level Since 1990
Omicron Cases Surge, Re-igniting COVID Concerns
Powell Re-Nominated For Fed Chair
CPI Hits Highest Level Since 1982
Initial Jobless Claims Hit the Lowest Level in 52 Years
Reports Emerge Omicron Effects Less Severe
Manchin Says "No" to Build Back Better

Sources: Bloomberg, FHN Main Street
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