Economic Outlook

Presented by:
Vipul Patel
EVP & Chief Investment Officer

Steady Jobs growth (except for pandemic time)

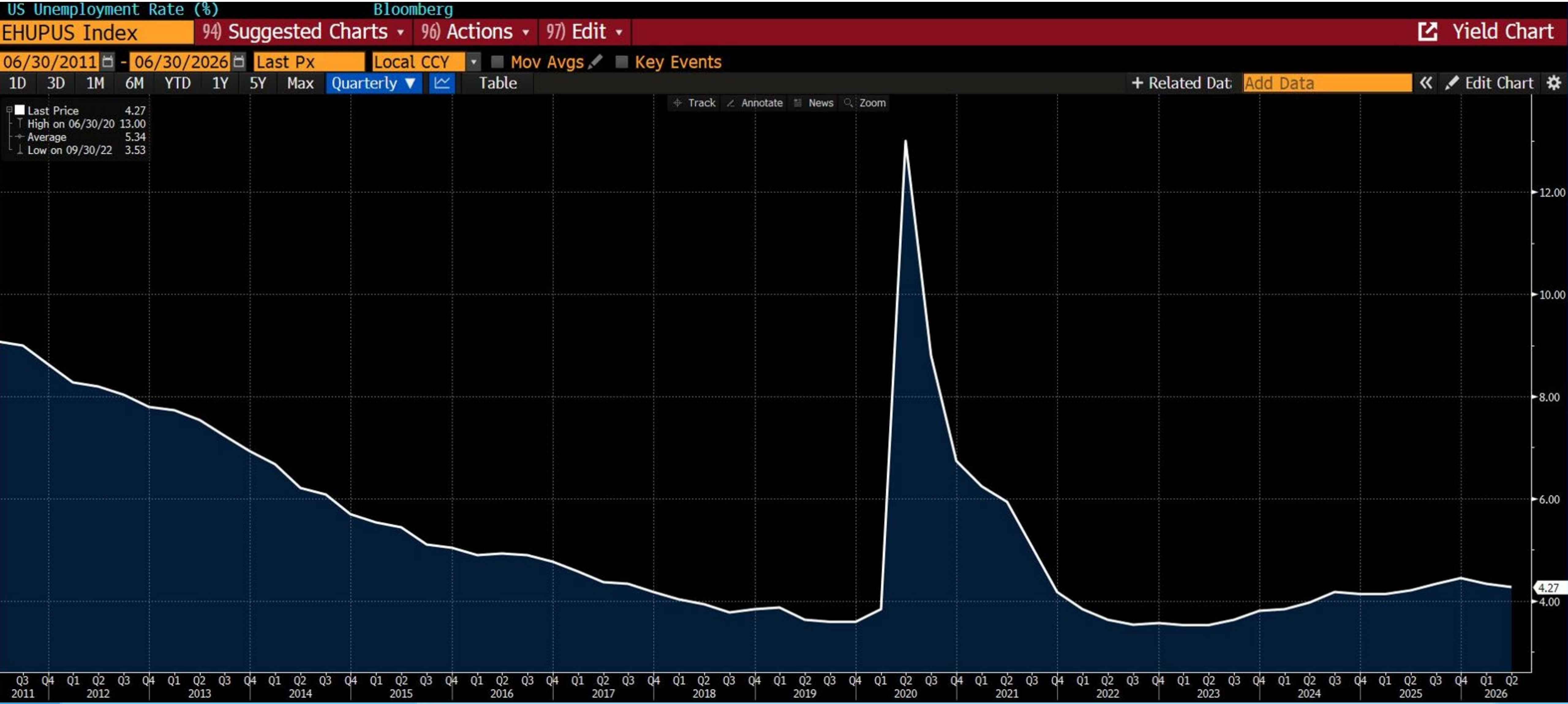
Big layoffs after pandemic hit the US

US Employees on Nonfarm Payrolls Total MoM Net Change SA

Range	07/31/2019	-	06/30/2022	Period	Monthly	
Fields	Last Price		Bid Price	Currency	USD	
View	Price Table					
High	4,631 on	06/30/20				
Low	-20,469 on	04/30/20				
Average	42					
Net Chg	335	338.38%				

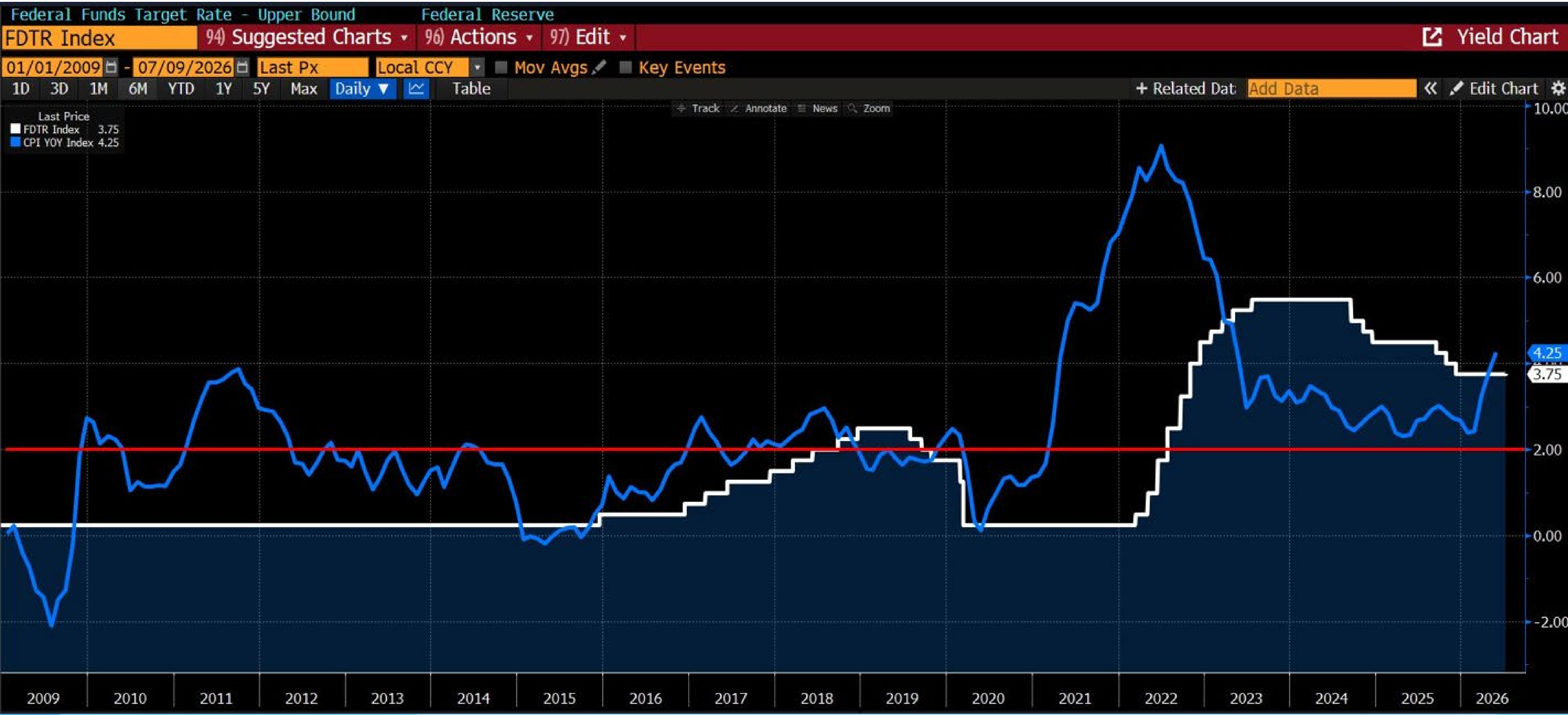
Date	Last Price	Bid Price	Date	Last Price	Bid Price	Date		Last Price	Bid Price
12/31/22			12/31/21	586		12/31/20		-185	
11/30/22			11/30/21	658		11/30/20		273	
10/31/22			10/31/21	801		10/31/20		690	
09/30/22			09/30/21	457		09/30/20		949	
08/31/22			08/31/21	552		08/31/20		1,566	
07/31/22			07/31/21	942		07/31/20		1,584	
06/30/22	434		06/30/21	755		06/30/20	H	4,631	
05/31/22	301		05/31/21	478		05/31/20		2,614	
04/30/22	308		04/30/21	355		04/30/20	L	-20,469	
03/31/22	490		03/31/21	852		03/31/20		-1,398	
02/28/22	819		02/28/21	517		02/29/20		262	
01/31/22	190		01/31/21	315		01/31/20		237	

Unemployment Rate

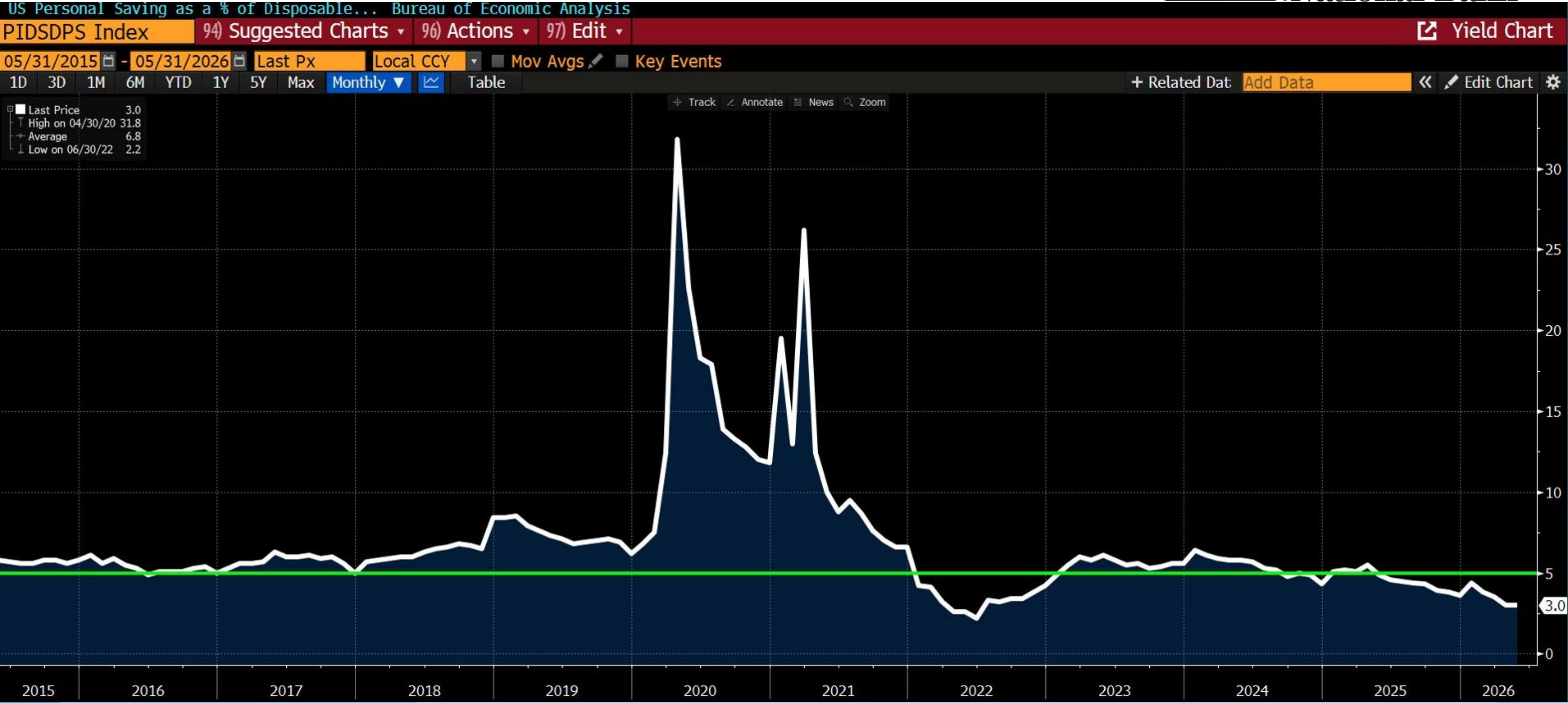


FED cuts rates and inflation rises

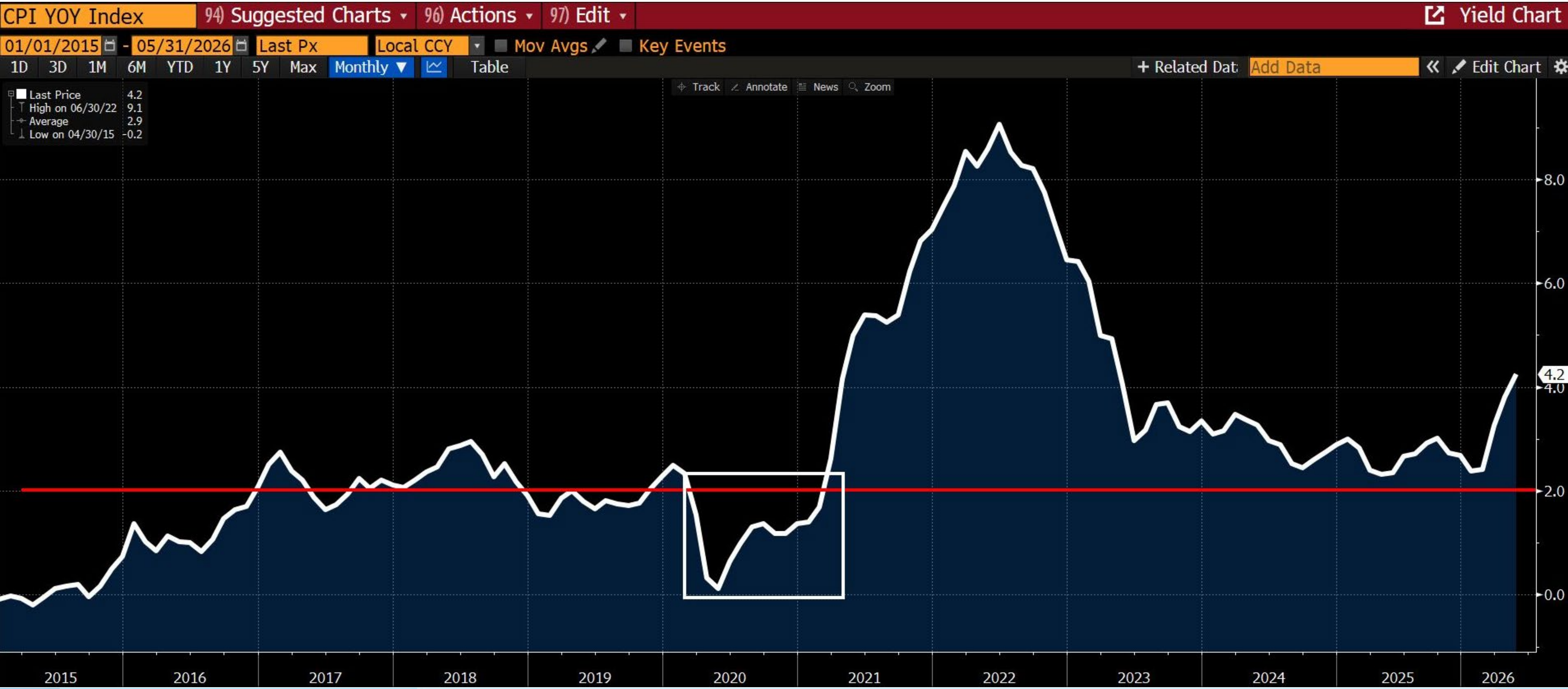
Lone Star National Bank



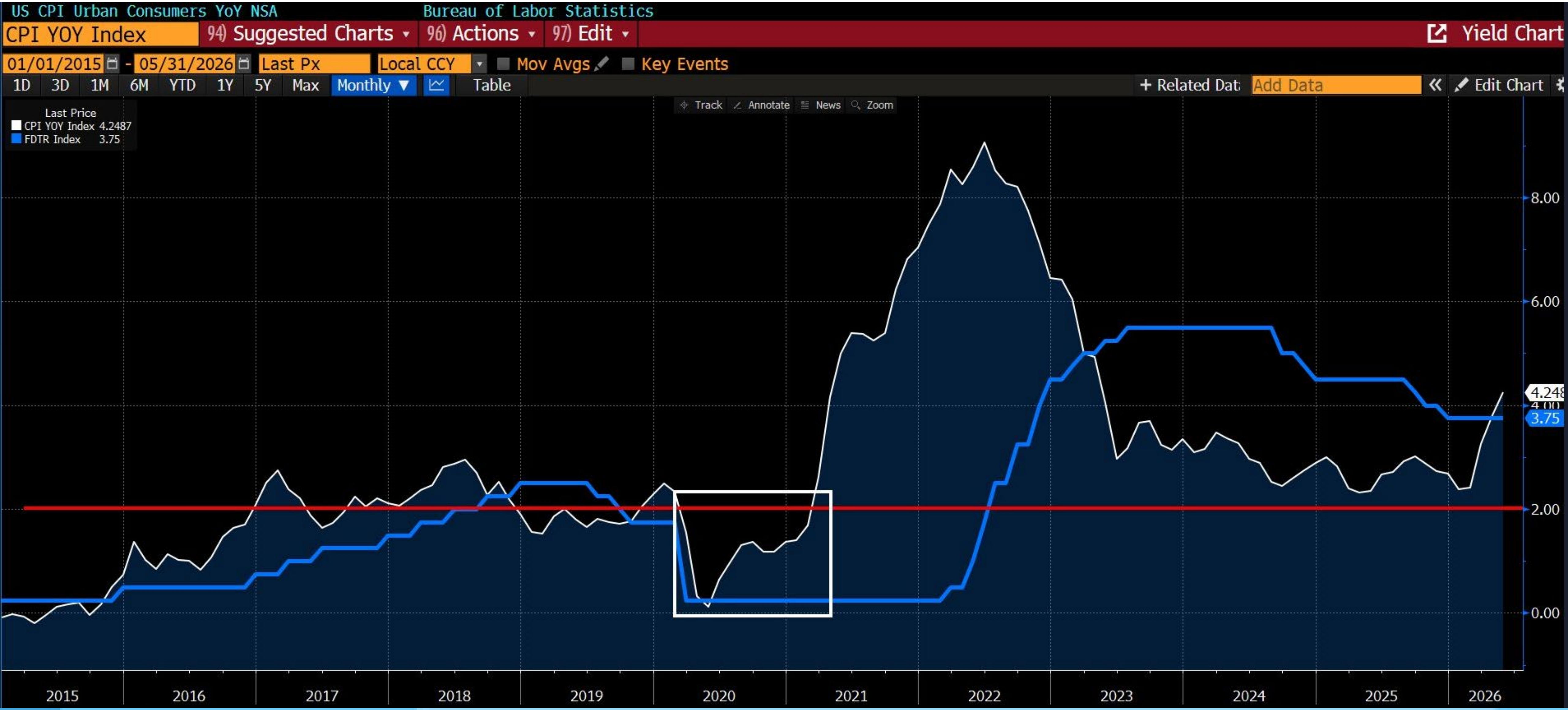
Savings Rate as a % of Disposable Income



CPI Inflation

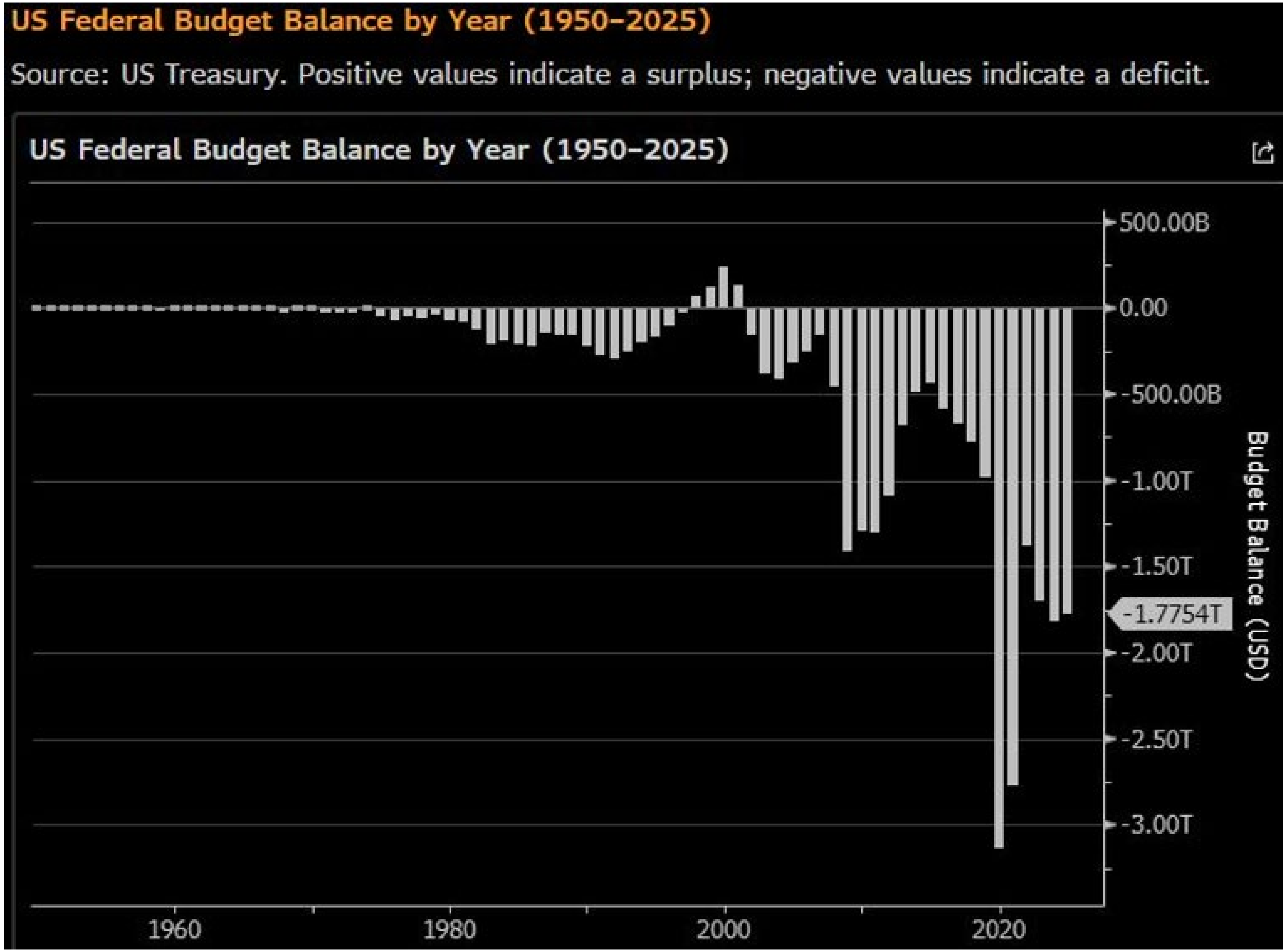


FED late to raise rates

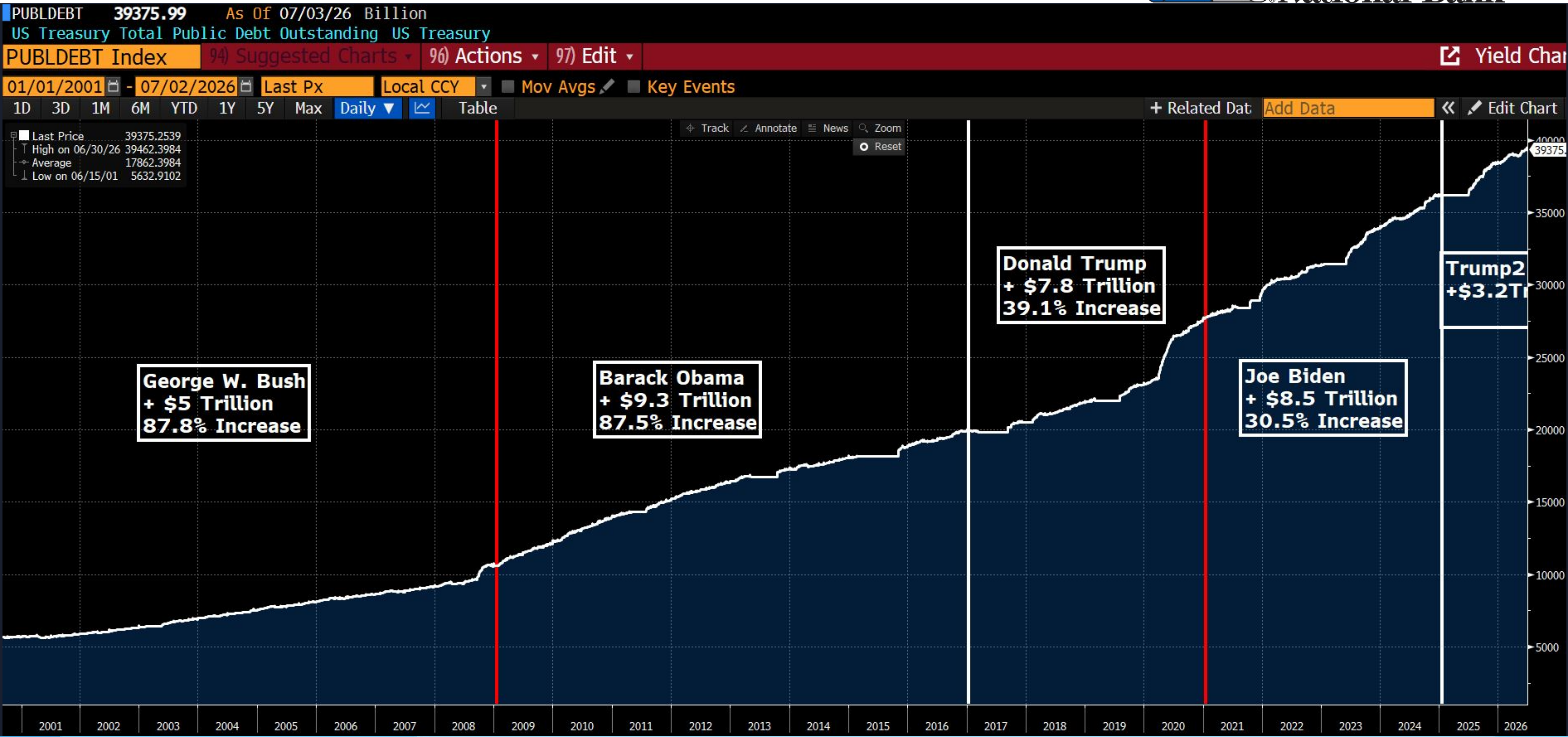


Average Hourly Earnings (pay raises) YOY

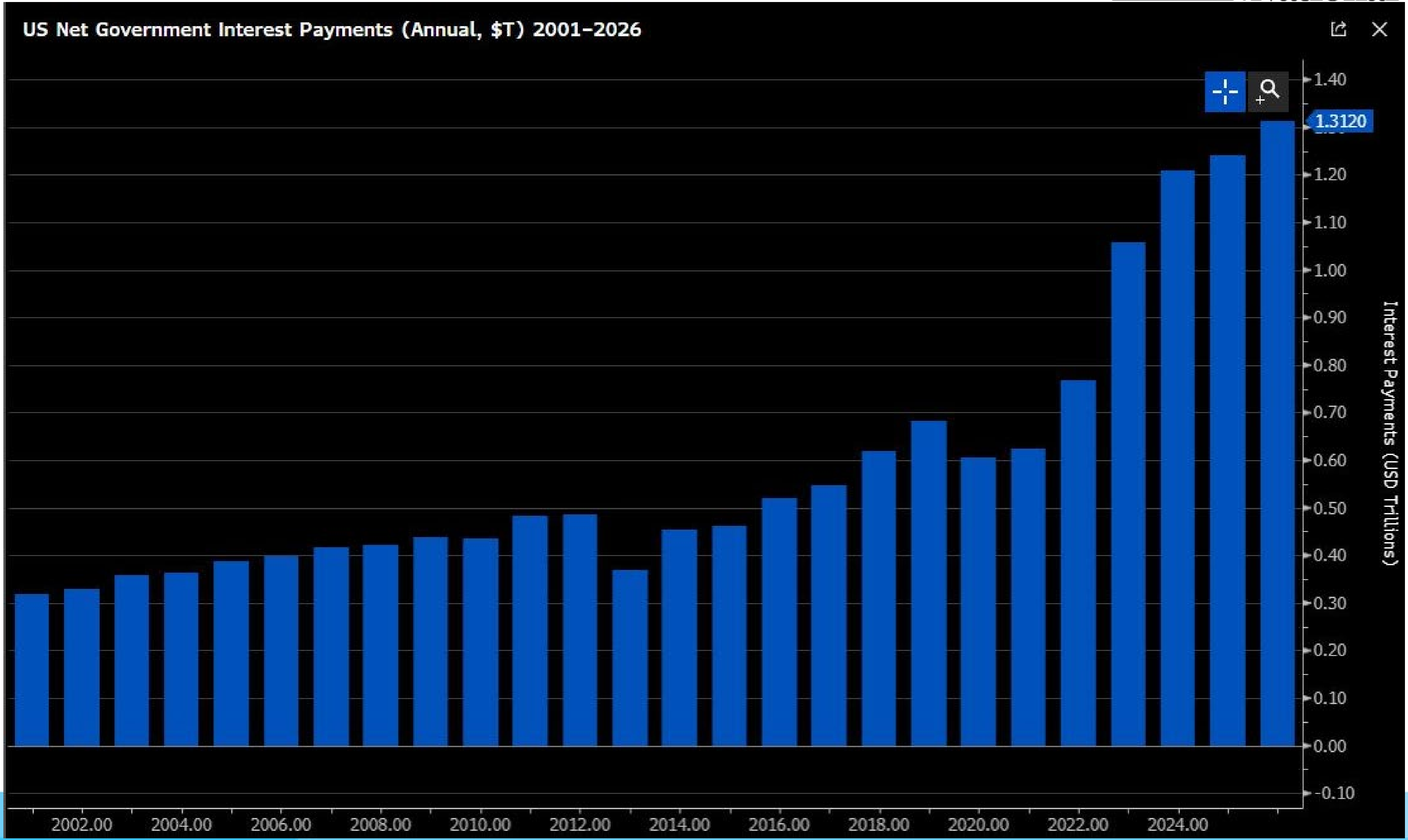
Government continues to run deficits



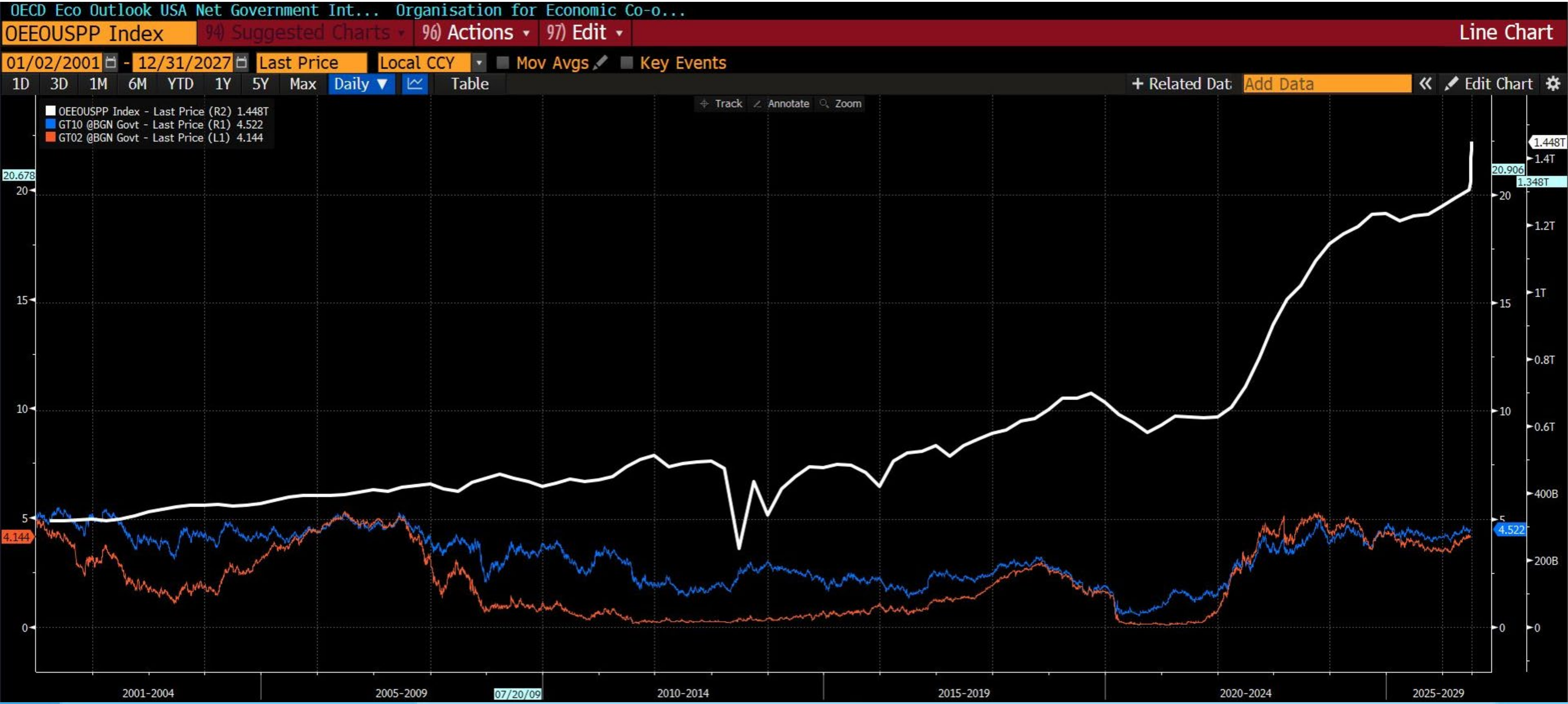
All presidents have added to public debt



Government is paying Trillions in Interest

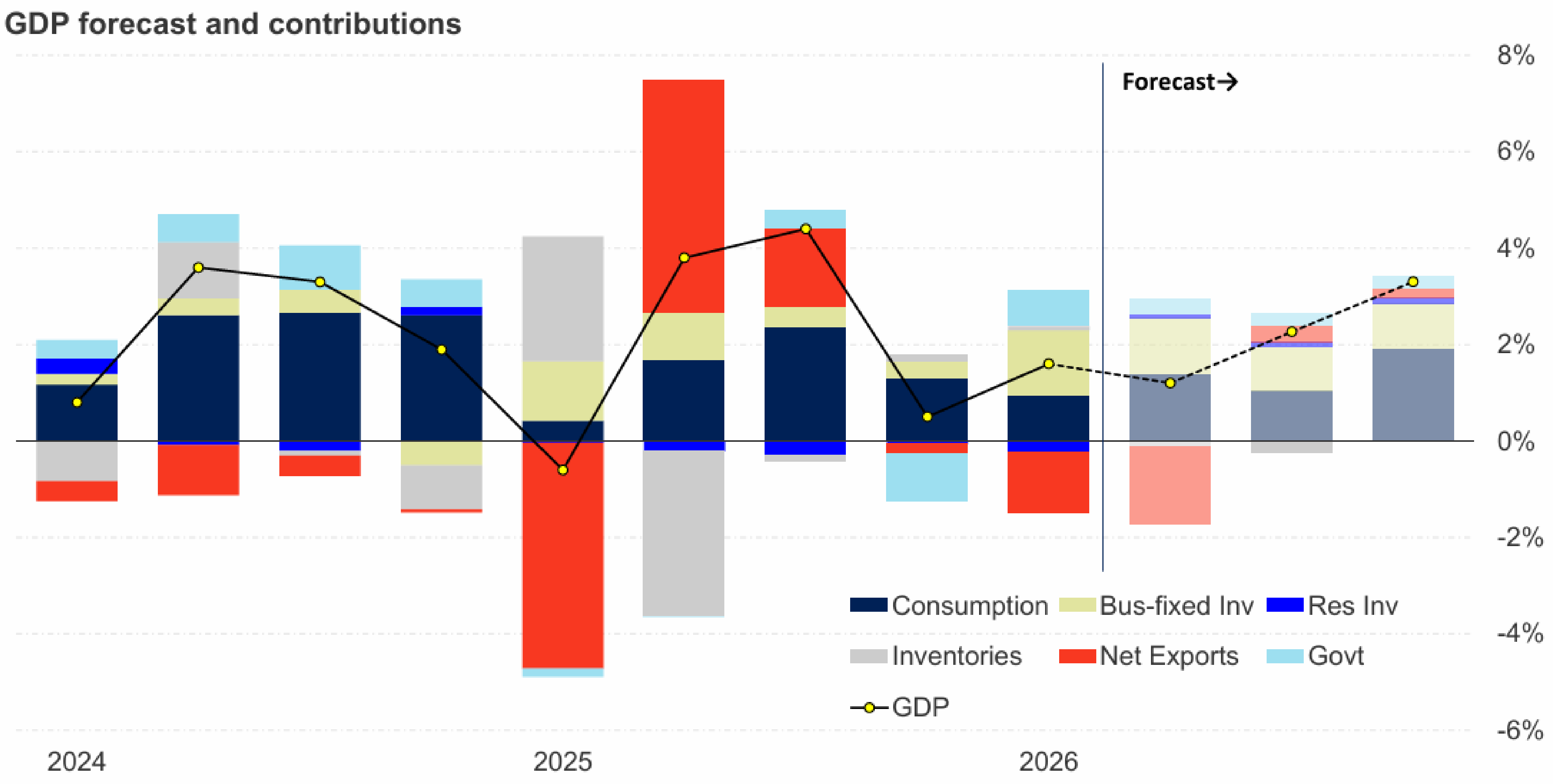


Higher balance and higher rates; a double whammy



GDP has been growing

Q1 GDP 1.5%, Q2 shaping up stronger

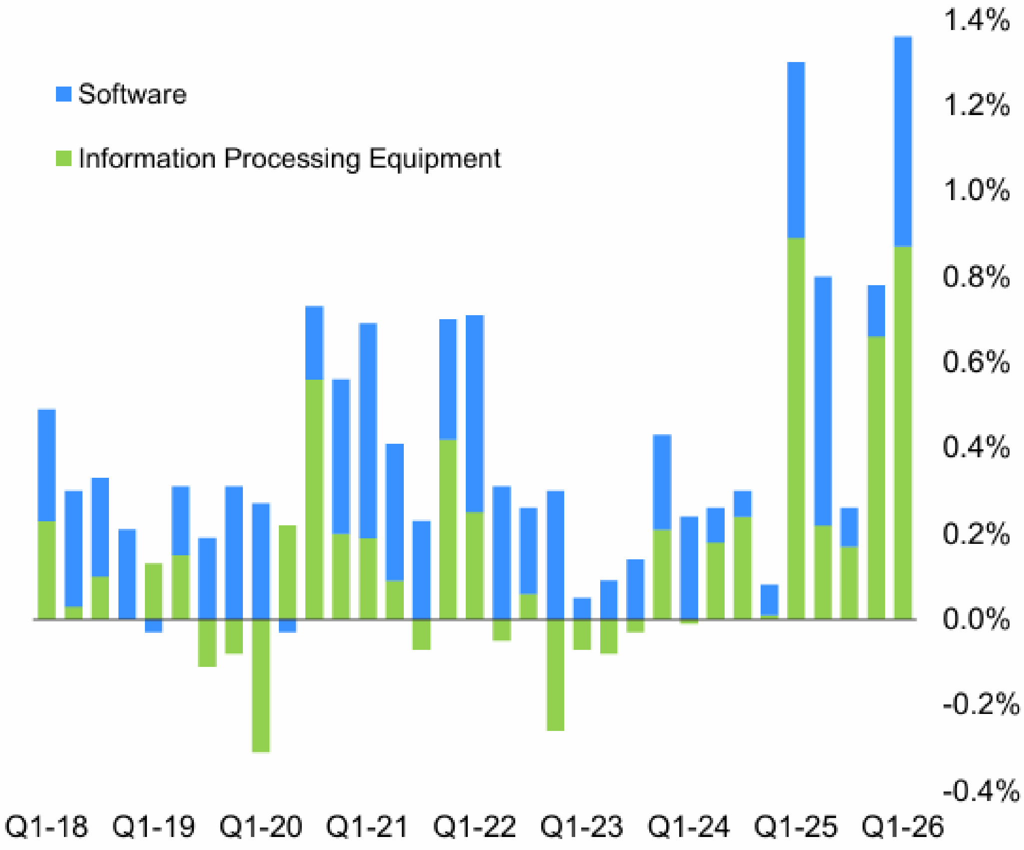


Source: Bureau of Economic Analysis, Federal Reserve Bank of Atlanta, FHN Financial

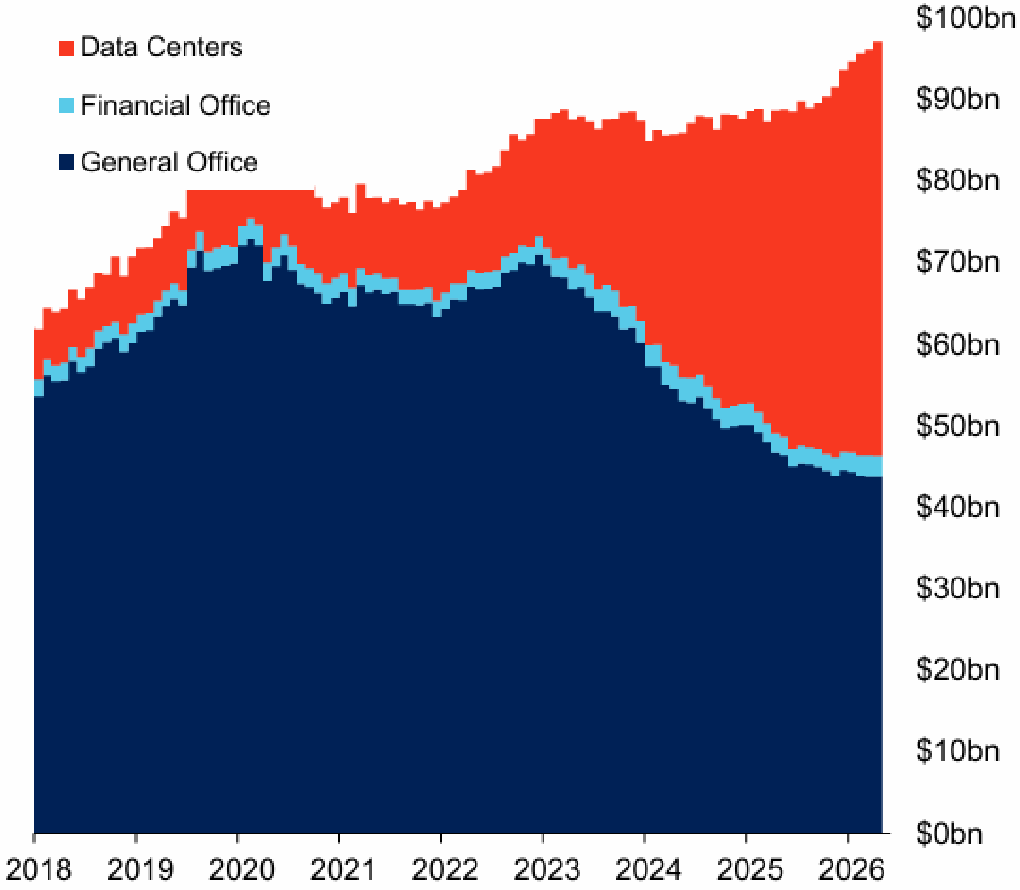
AI investment boom driving growth

Software and AI supporting growth

Pct point contribution to GDP growth



Value of Construction Put in Place - Office

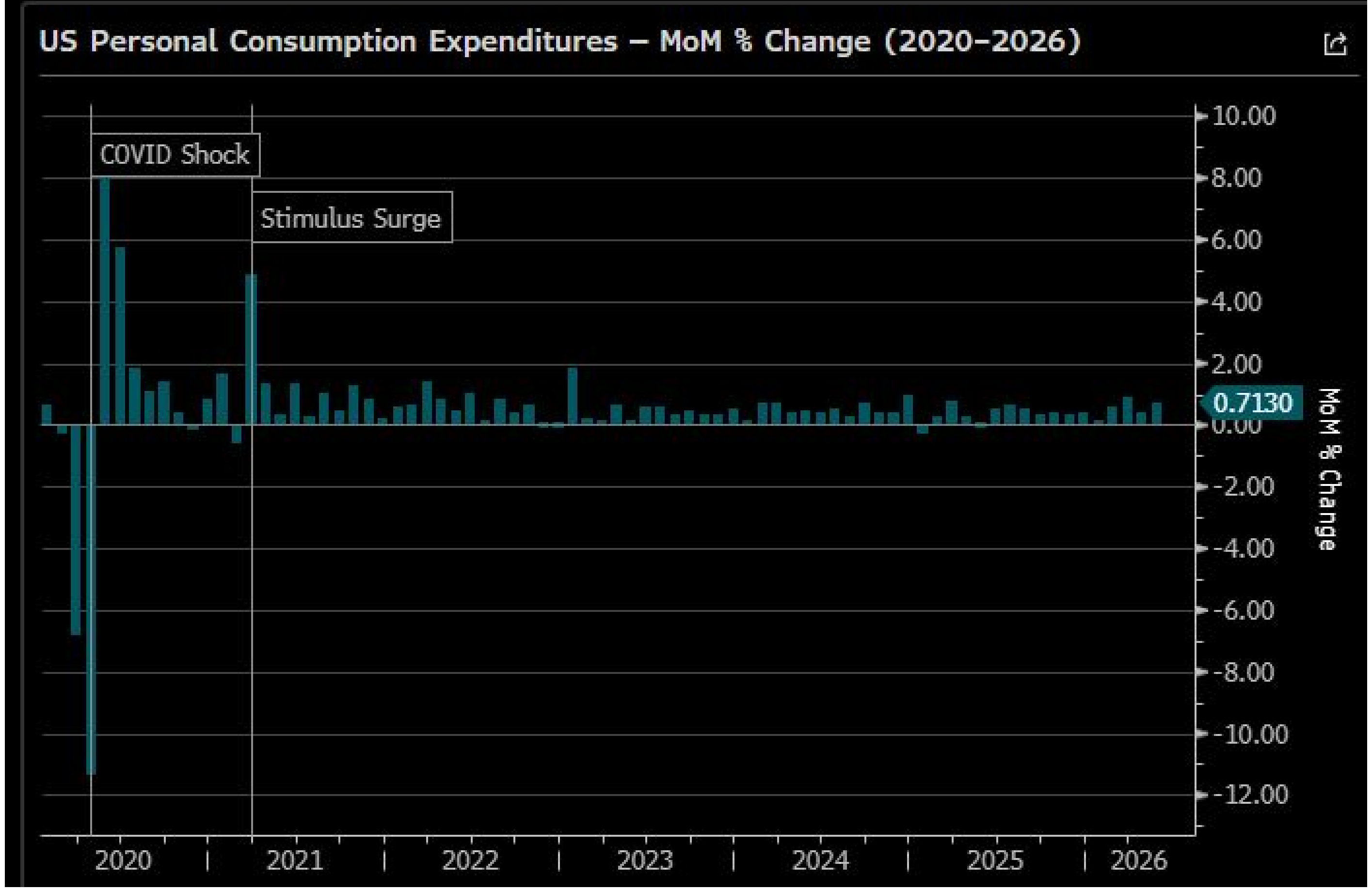


Source: BLS, BEA, Census Bureau, Bloomberg, Macrobond, FHN Financial

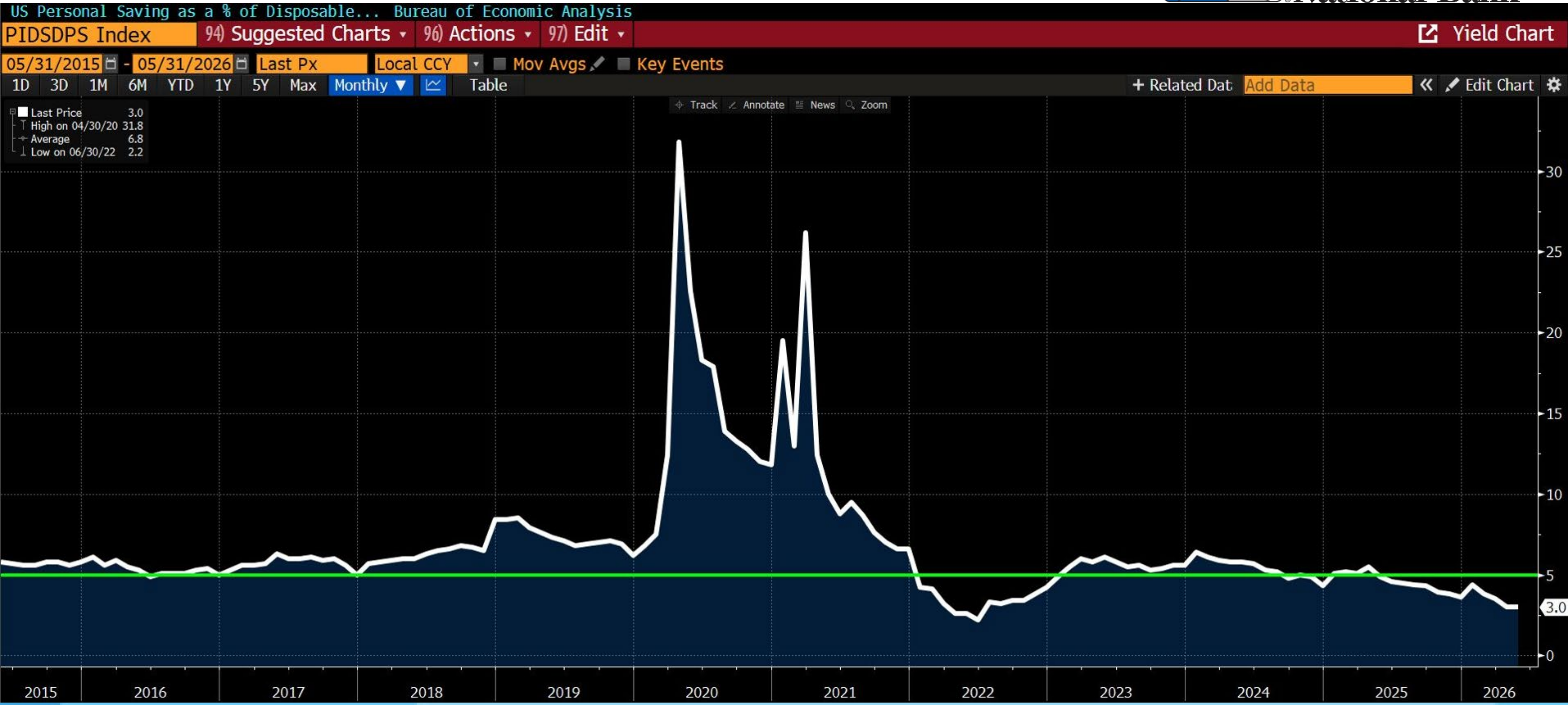
Consumers are still spending

3. Personal Consumption Expenditures (MoM % Change)

Aggregate PCE has remained broadly positive since the post-COVID recovery, masking the divergence beneath the surface. Headline spending has been sustained largely by high-income households benefiting from asset price appreciation – while the average consumer has increasingly relied on credit to maintain spending levels.



Consumers are saving less than pre-pandemic levels

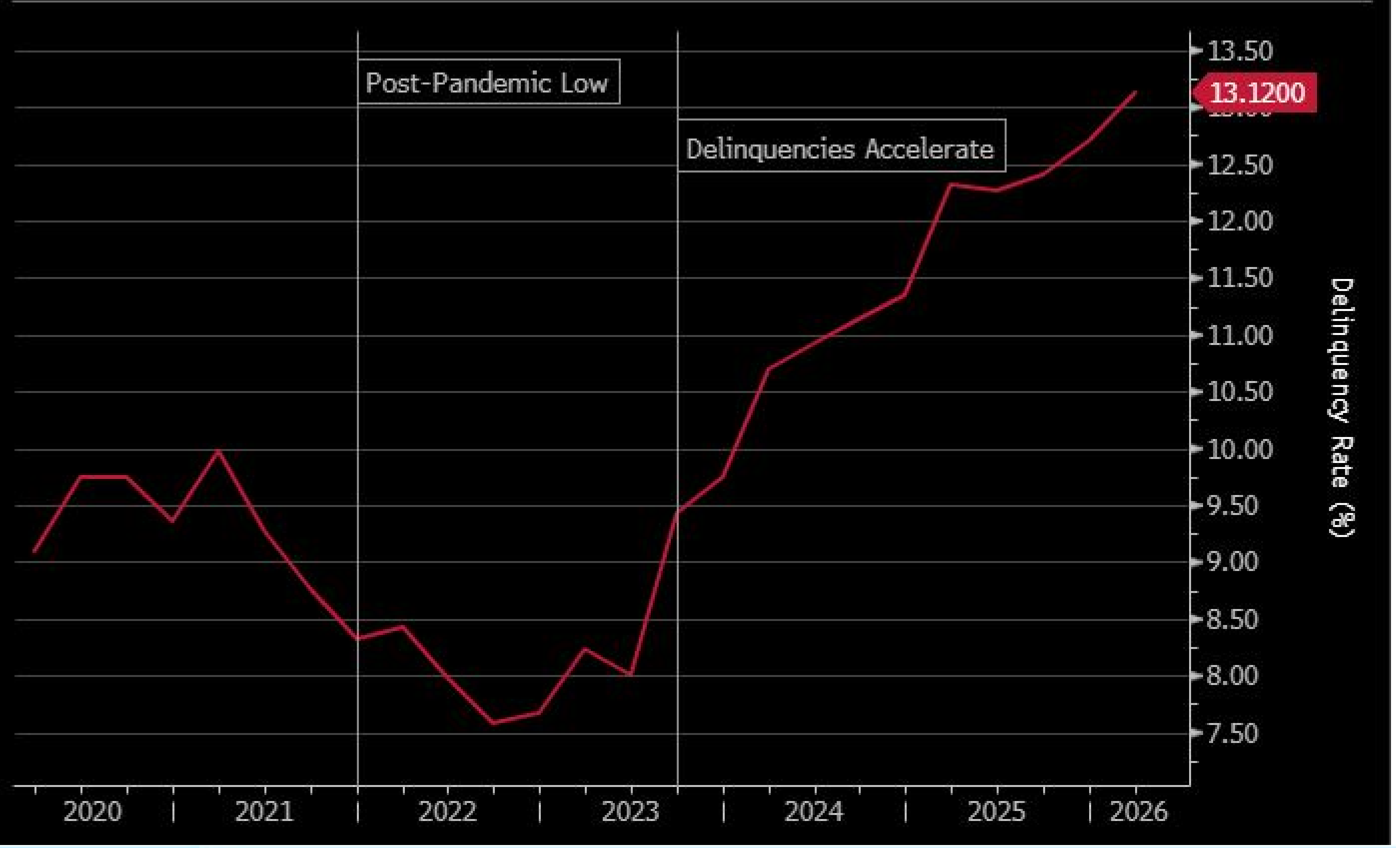


Consumers are visibly stretched

2. Credit Card Delinquency Rate (90+ Days)

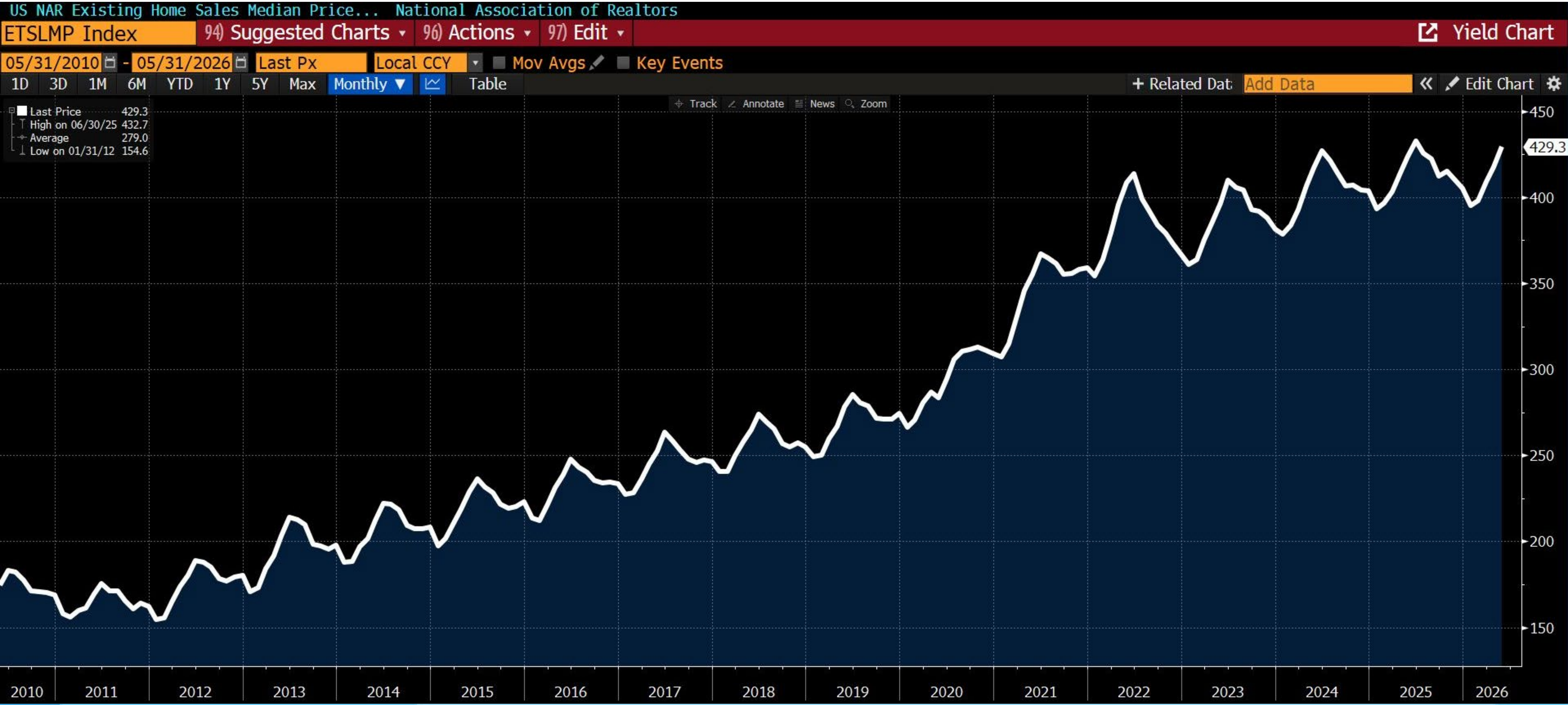
After hitting a post-pandemic low of **8.3%** in Q4 2021 – aided by stimulus and debt forbearance – the 90+ day credit card delinquency rate has risen sharply and continuously, reaching **13.1%** in Q1 2026. This trajectory is a direct indicator of financial distress concentrated among lower-income borrowers who exhausted their savings buffers.

US Credit Card Delinquency Rate (90+ Days) – 2020 to 2026

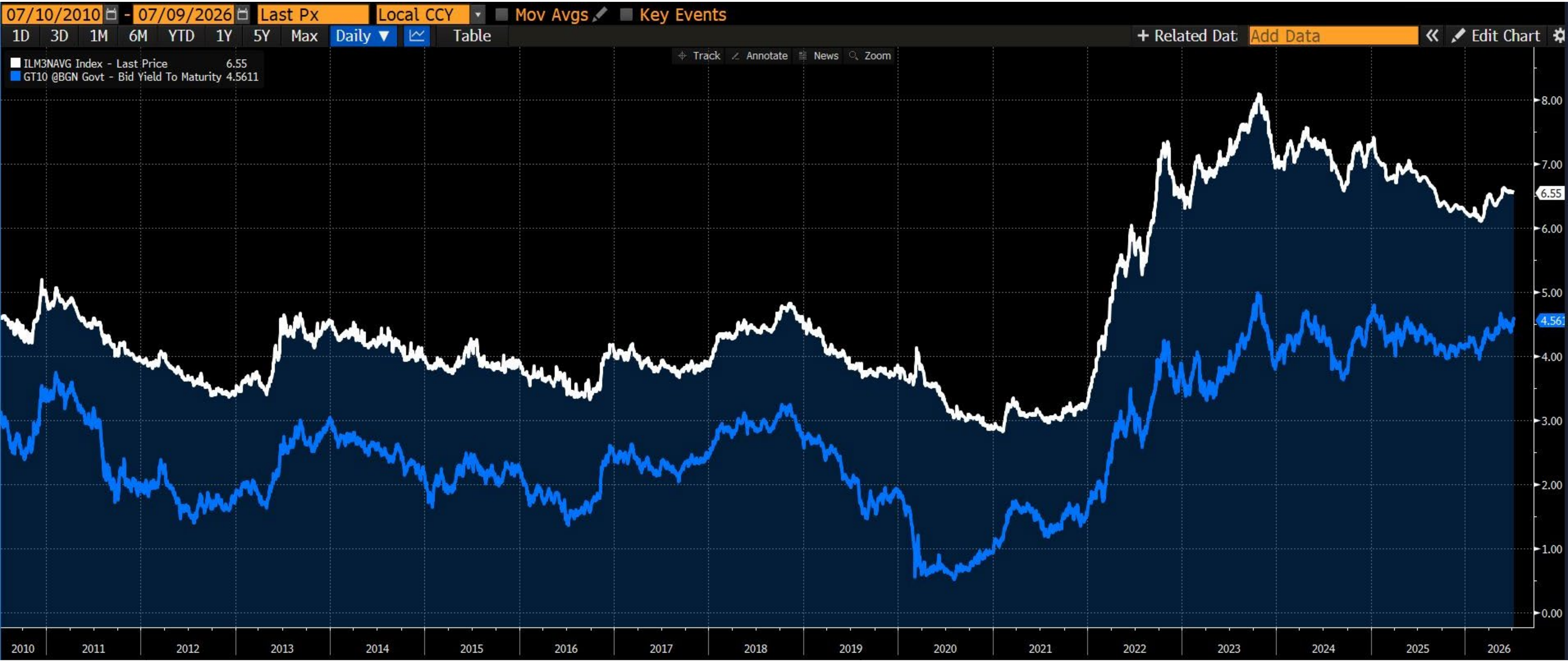


New Homes are more expensive to buy

Existing Homes are more expensive to buy



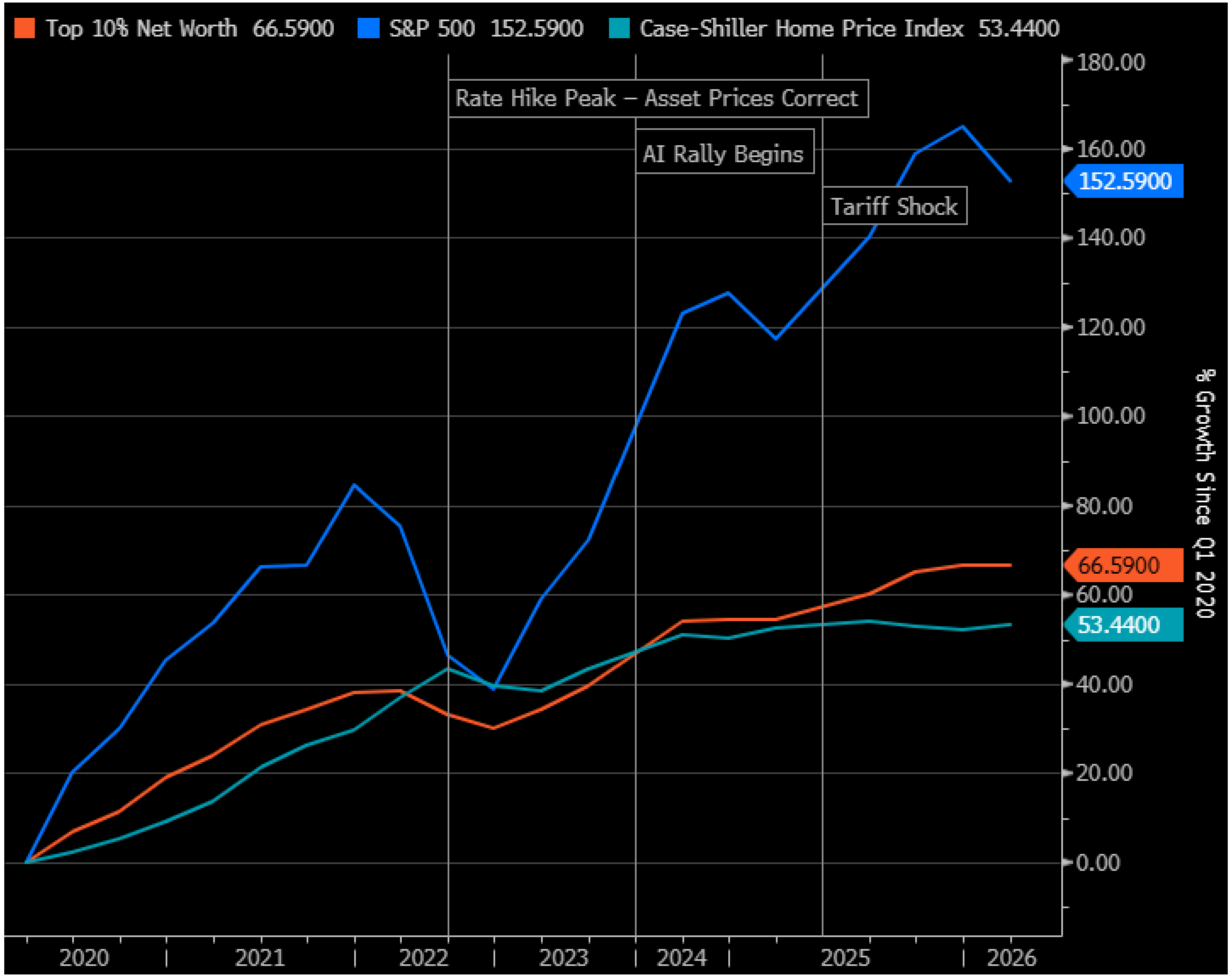
Mortgage rates are still high



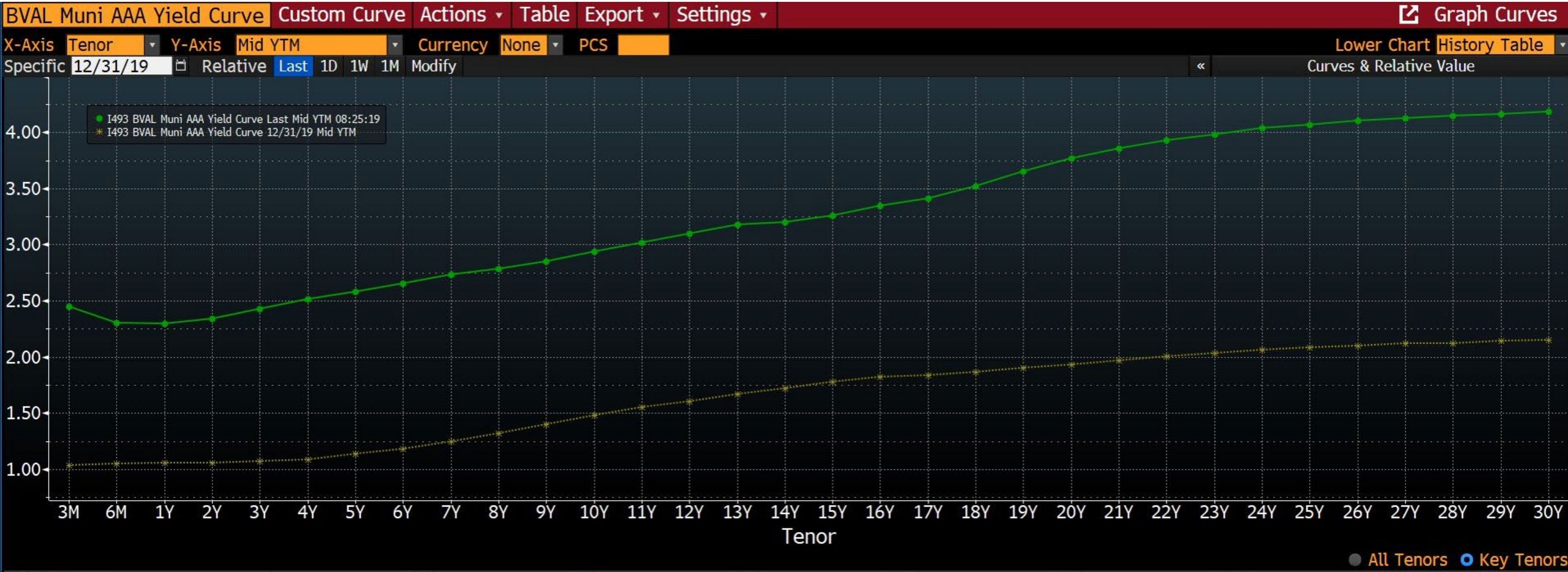
Higher income is needed to afford a home purchase

Wealthy (Top 10%) are richer than before

Lone Star National Bank



It is costing schools more to finance bonds



Curve Id	3M	1Y	2Y	3Y	5Y	10Y	15Y	30Y
11) I493 Last	2.448	2.299	2.338	2.429	2.581	2.937	3.255	4.184
12) I493 12/31/19	1.036	1.056	1.059	1.072	1.138	1.483	1.779	2.153
13) I493 (Last-12/31/19)	141.2	124.3	127.9	135.7	144.3	145.4	147.7	203.1