



MARKET UPDATE

Quarterly Conversations

June 20, 2024



MODERATOR

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First Horizon Bank



PRESENTER



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Chief Investment Officer
First Horizon Advisors, Inc.



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Indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts. You cannot invest directly in an index. S&P 500 Index is regarded as a gauge of large cap U.S. equities. The index includes 500 leading companies and captures approximately 80% of the available market capitalization.

S&P 500 Index is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

S&P 400 Index provides investors with a benchmark for mid-sized U.S. companies. The index, which is distinct from the large-cap S&P 500, is designed to measure the performance of 400 mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment.

S&P 600 seeks to measure the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financial stable.

Presentation prepared by First Horizon Advisors





Balancing Act



Inflation, Employment, Interest Rates

Balancing Inflation, Employment, & Economic Growth

INFLATION

- Headline Cooling
- Core Cooling
- How Sustained?

EMPLOYMENT

- Labor Market Cooling
- Wage Growth Slowing
- Speed of Trend?

INTEREST RATES

- Inflation, Growth, Employment
- Market Expectations
- Fed Communication



Fed Speak

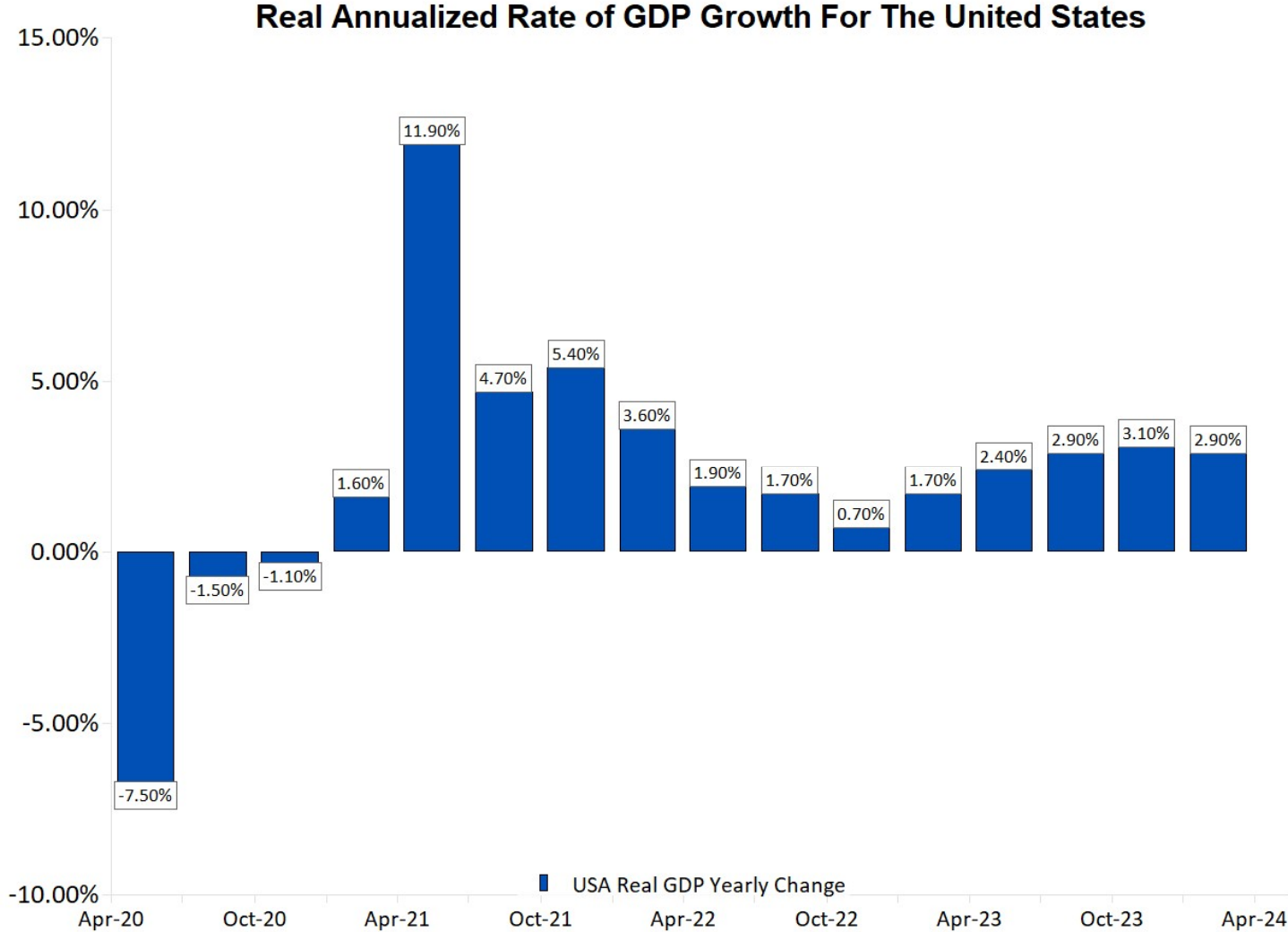
“In recent months, there has been modest further progress towards the Committee’s 2 percent inflation objective.”

“The Committee does not expect to it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainable toward 2 percent. In addition, the Committee will continue to reduce its holding of Treasury securities and agency debt and agency mortgage-backed securities.”

-FOMC Statement, June 12, 2024
Source: Federal Reserve



GDP Growth Still Solid

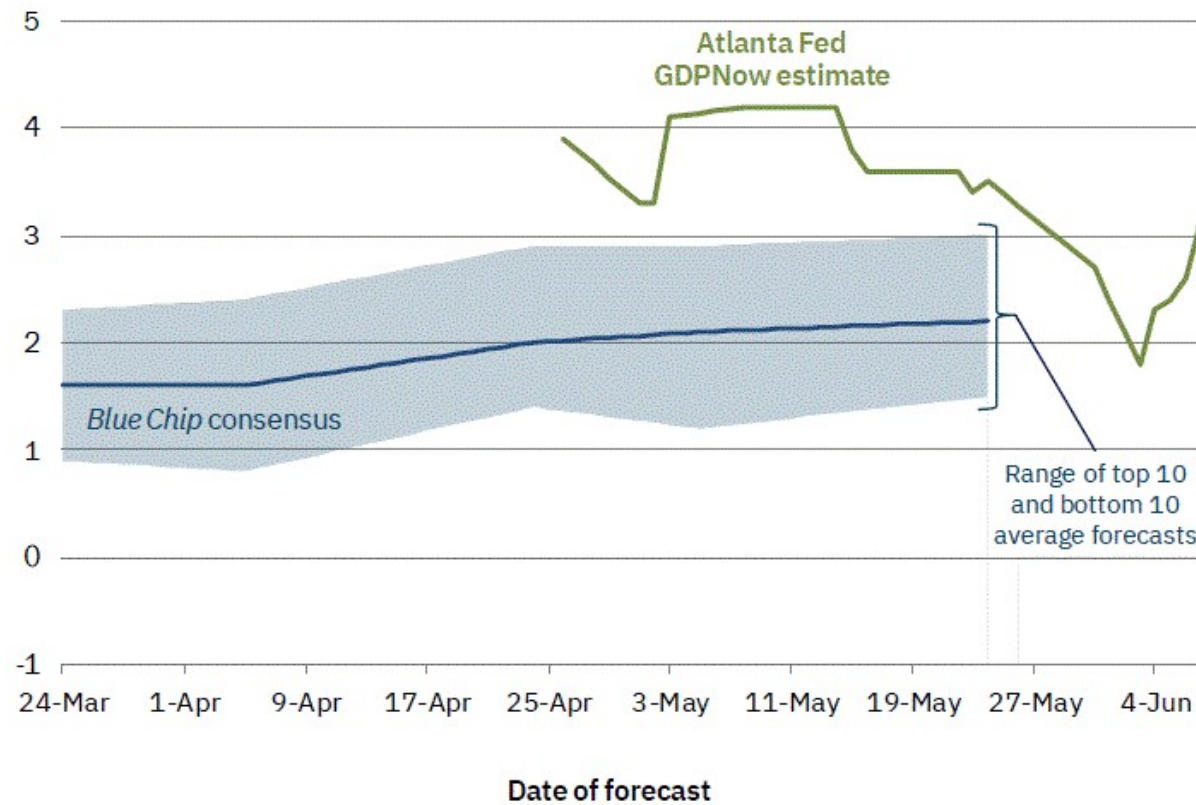


Source: FactSet, Bureau of Economic Analysis



GDP Growth Still Solid

Evolution of Atlanta Fed GDPNow real GDP estimate for 2024: Q2
Quarterly percent change (SAAR)



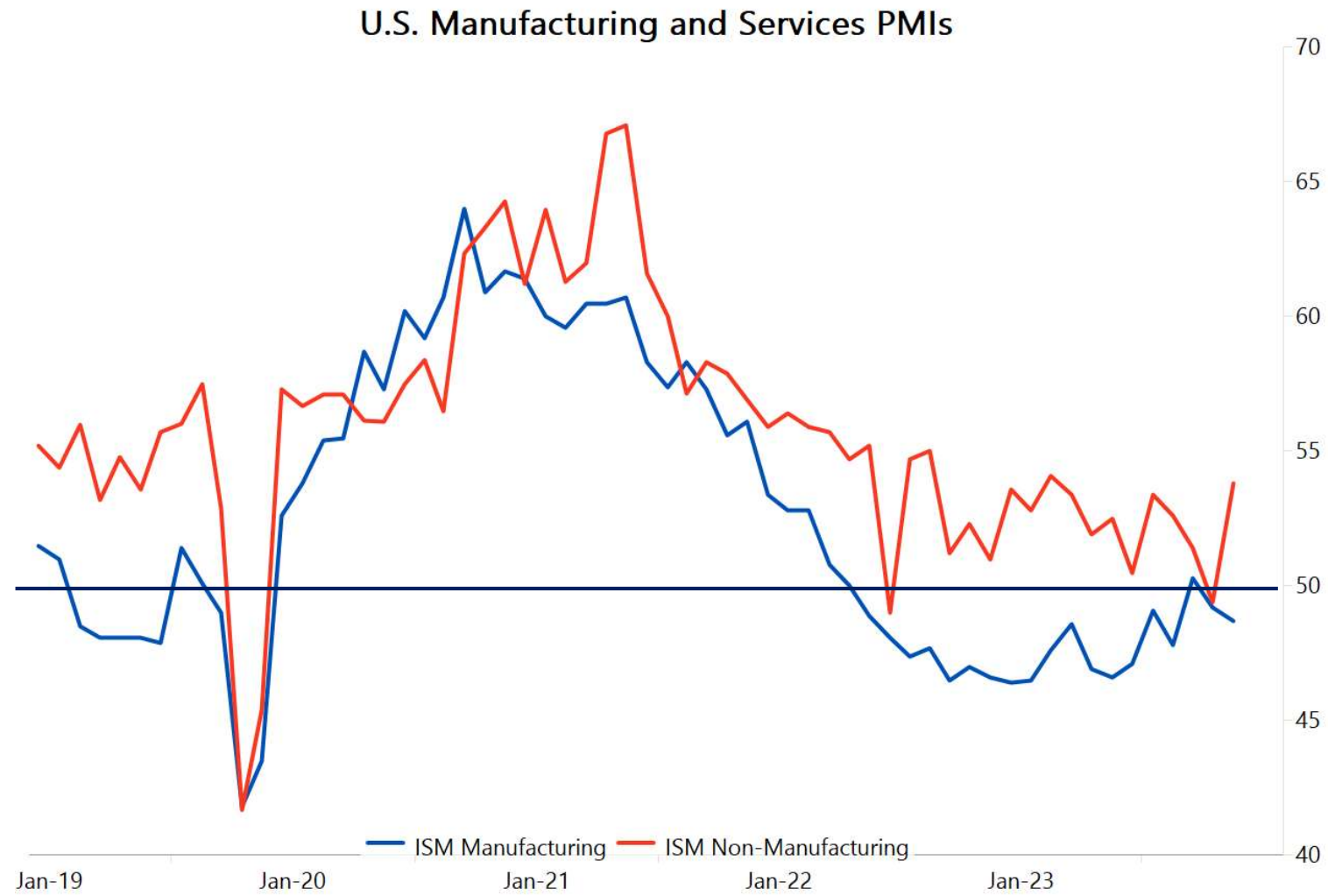
Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

Source: Atlanta Federal Reserve at <https://www.atlantafed.org/cqer/research/gdpnow>



PMIs Are Steady

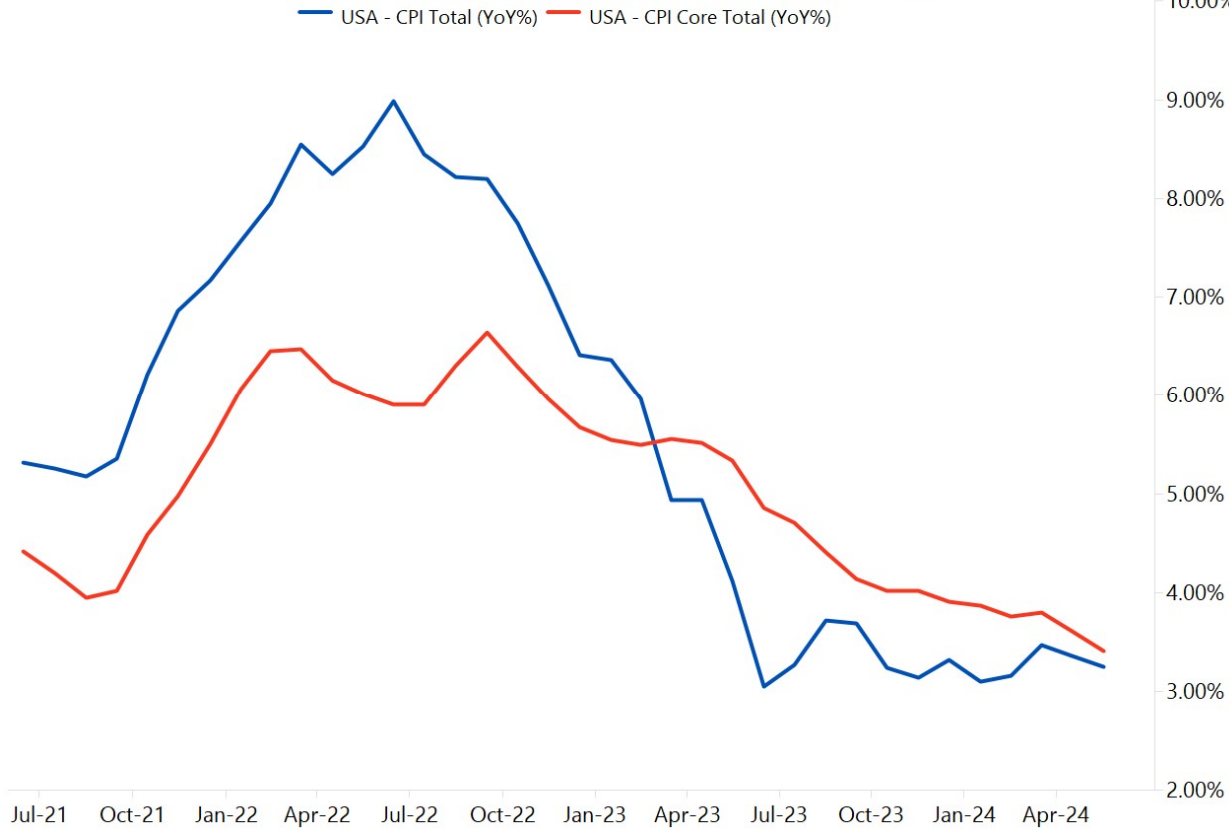


Source: FactSet, Institute of Supply Management

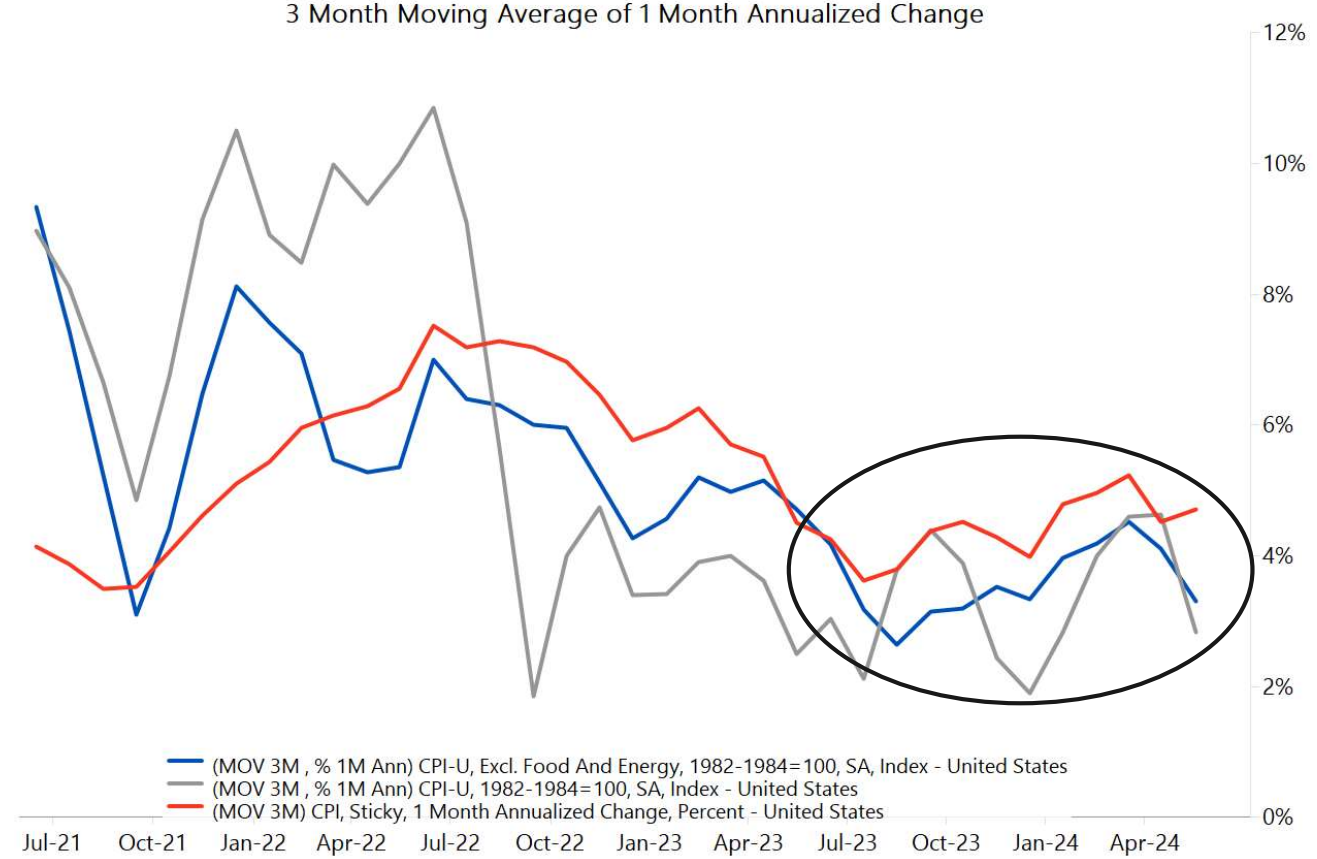


CPI Inflation

Consumer Price Index Total and Core Yearly Change



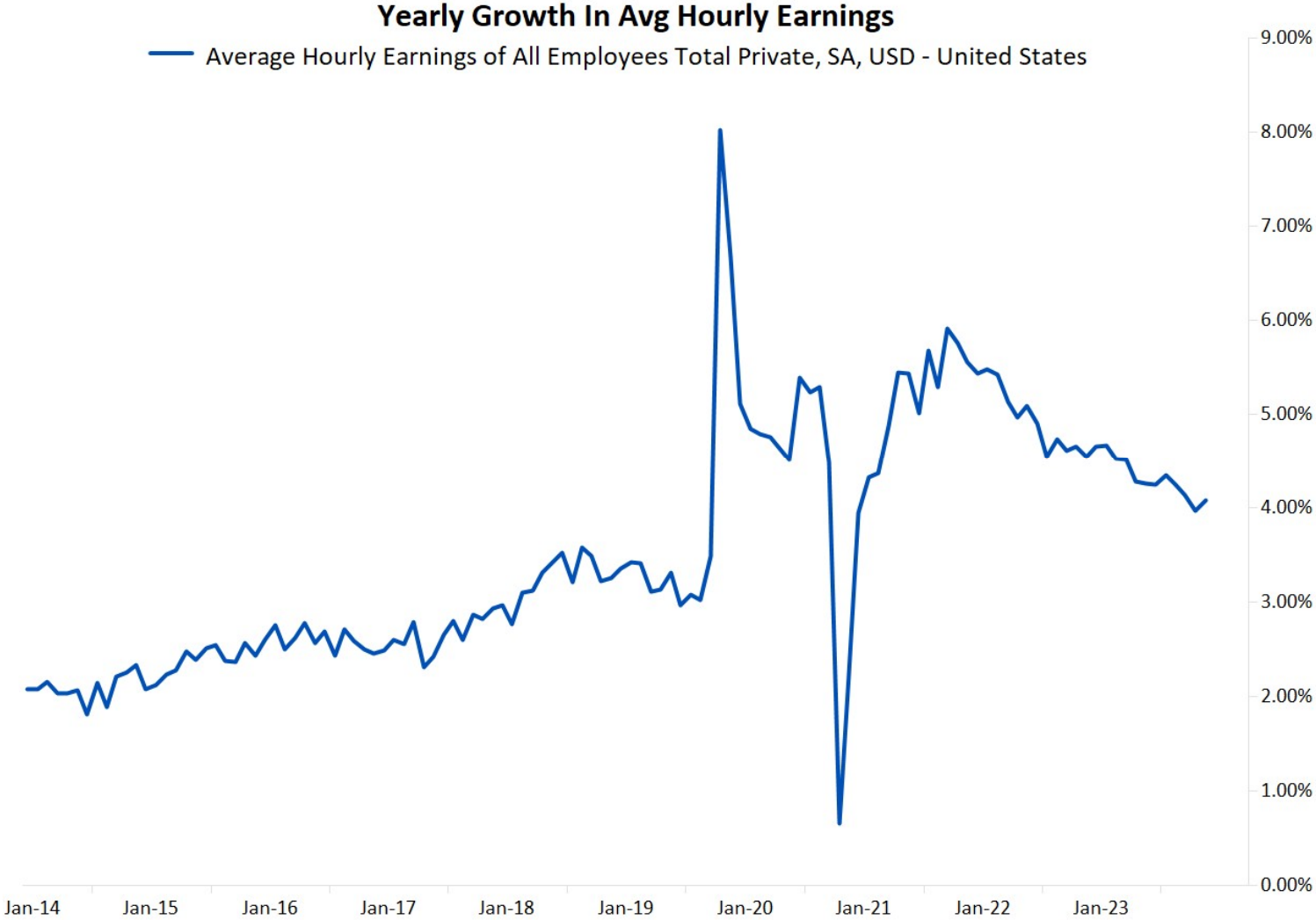
CPI Headline, Core, and "Sticky"
3 Month Moving Average of 1 Month Annualized Change



Source: FactSet, Federal Reserve Bank of Atlanta, Bureau of Labor Statistics



Wage Growth Has Slowed But Remains Elevated

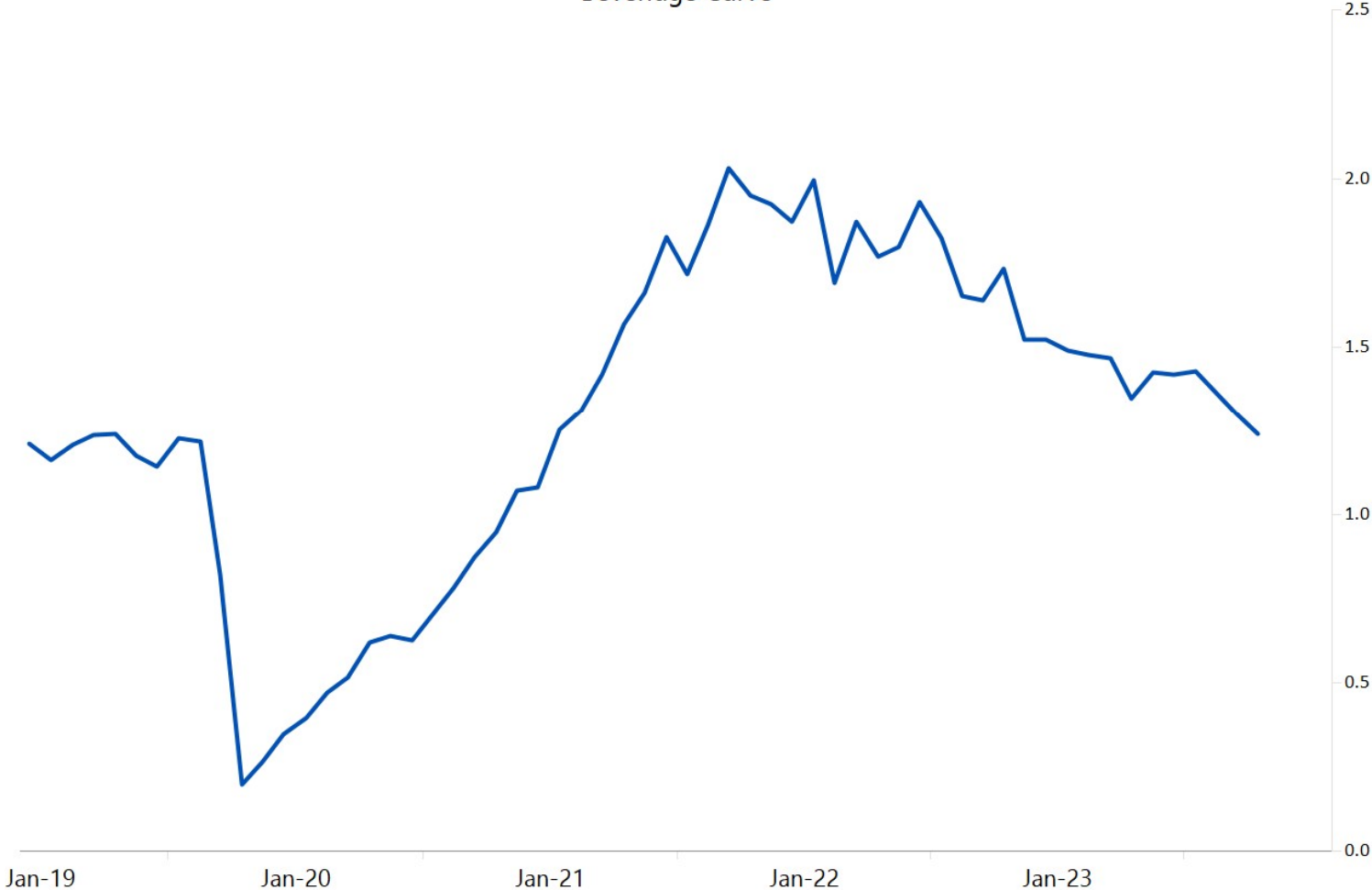


Source: FactSet, Bureau of Labor Statistics



The Labor Market is Closer to Balanced Overall

Job Openings Per Job Seeker
Beveridge Curve

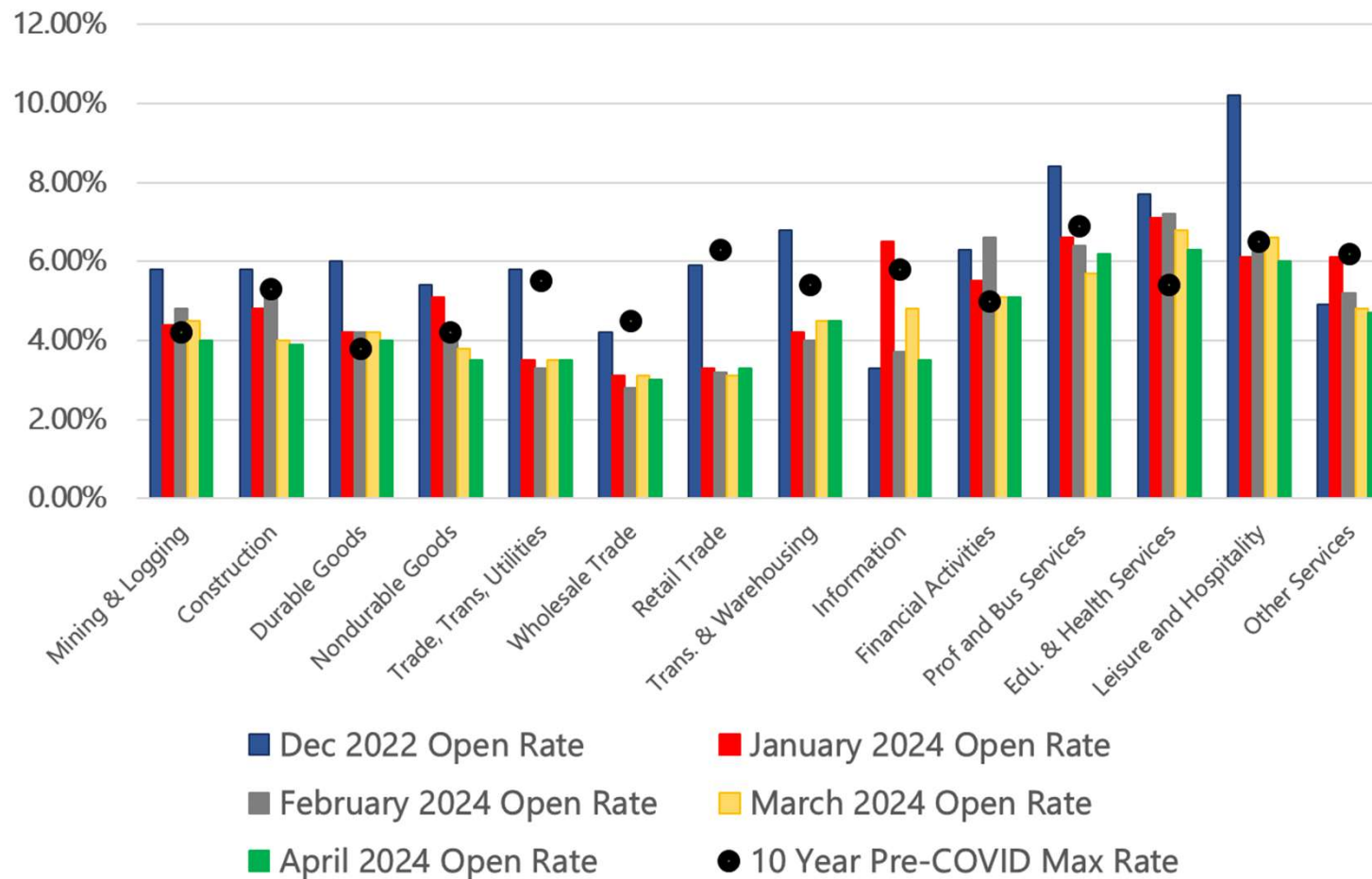


Source: FactSet, Bureau of Labor Statistics



Certain Areas of Labor Market Still Very Tight

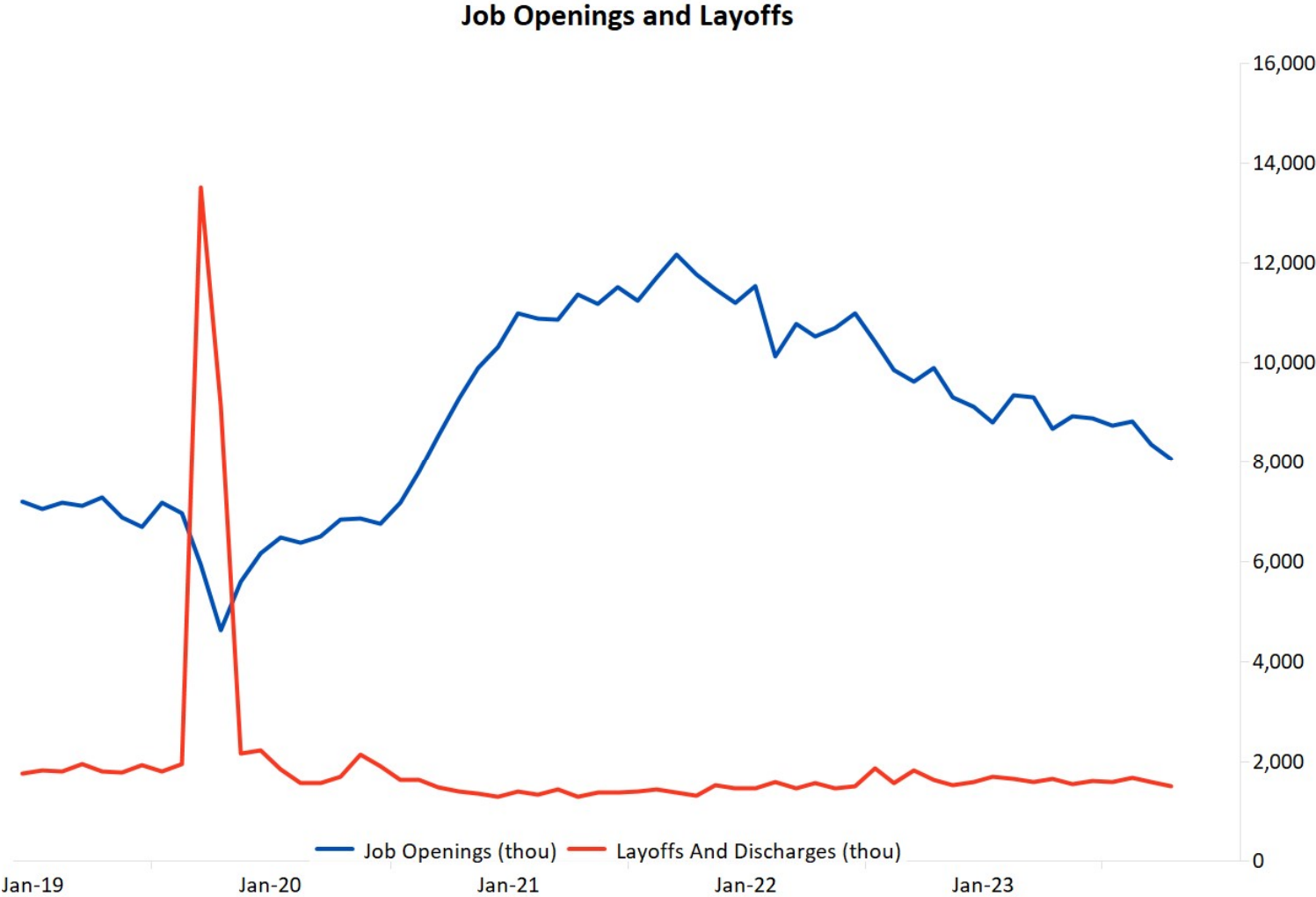
Job Open Rates By Industry Category
As of April 2024 JOLTS Data Release on June 4, 2024



Source: Bureau of Labor Statistics
<https://www.bls.gov/news.release/jolts.nr0.htm>



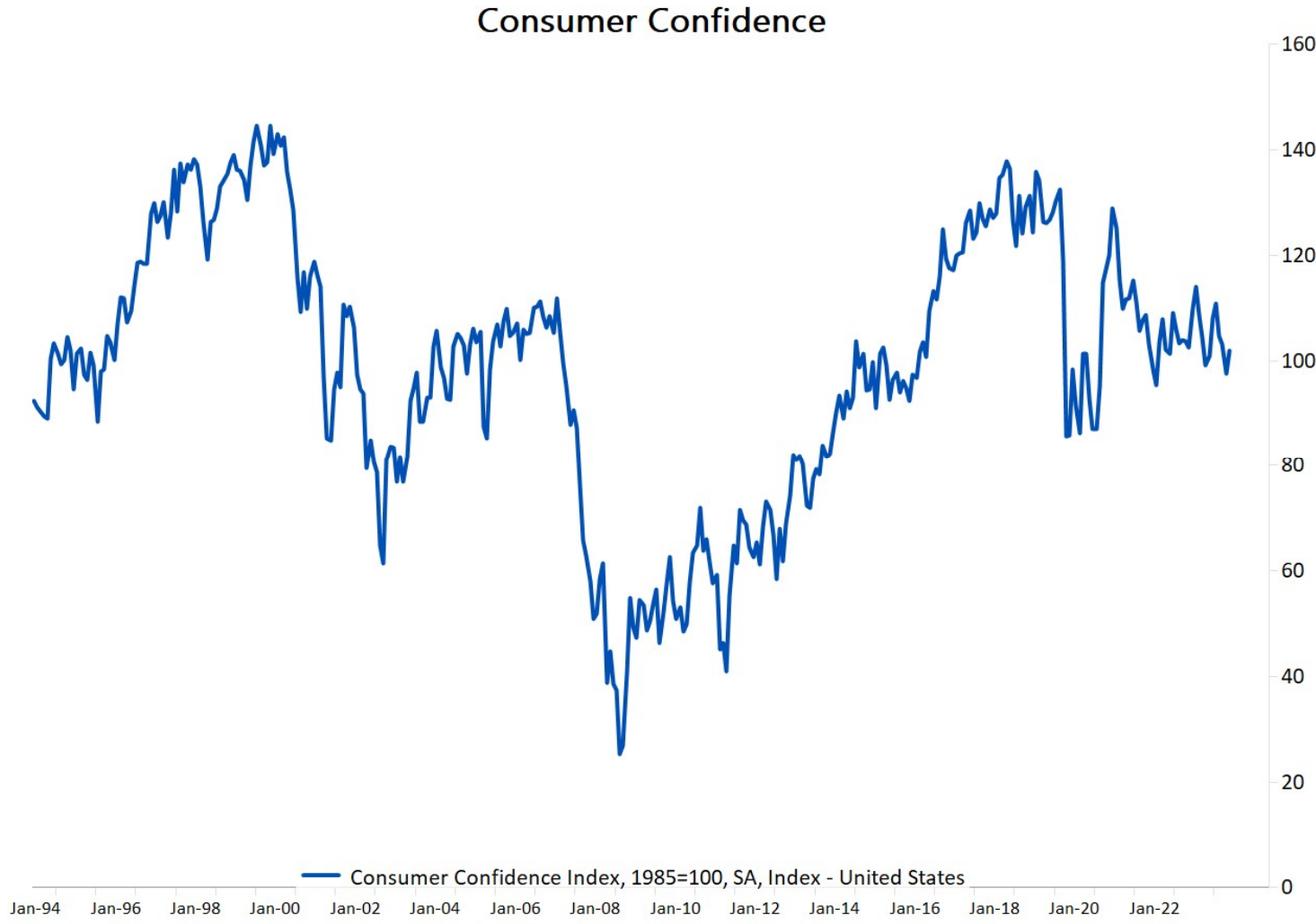
Labor Market: Lower Job Openings



Source: Factset



Consumers Feel Just Okay



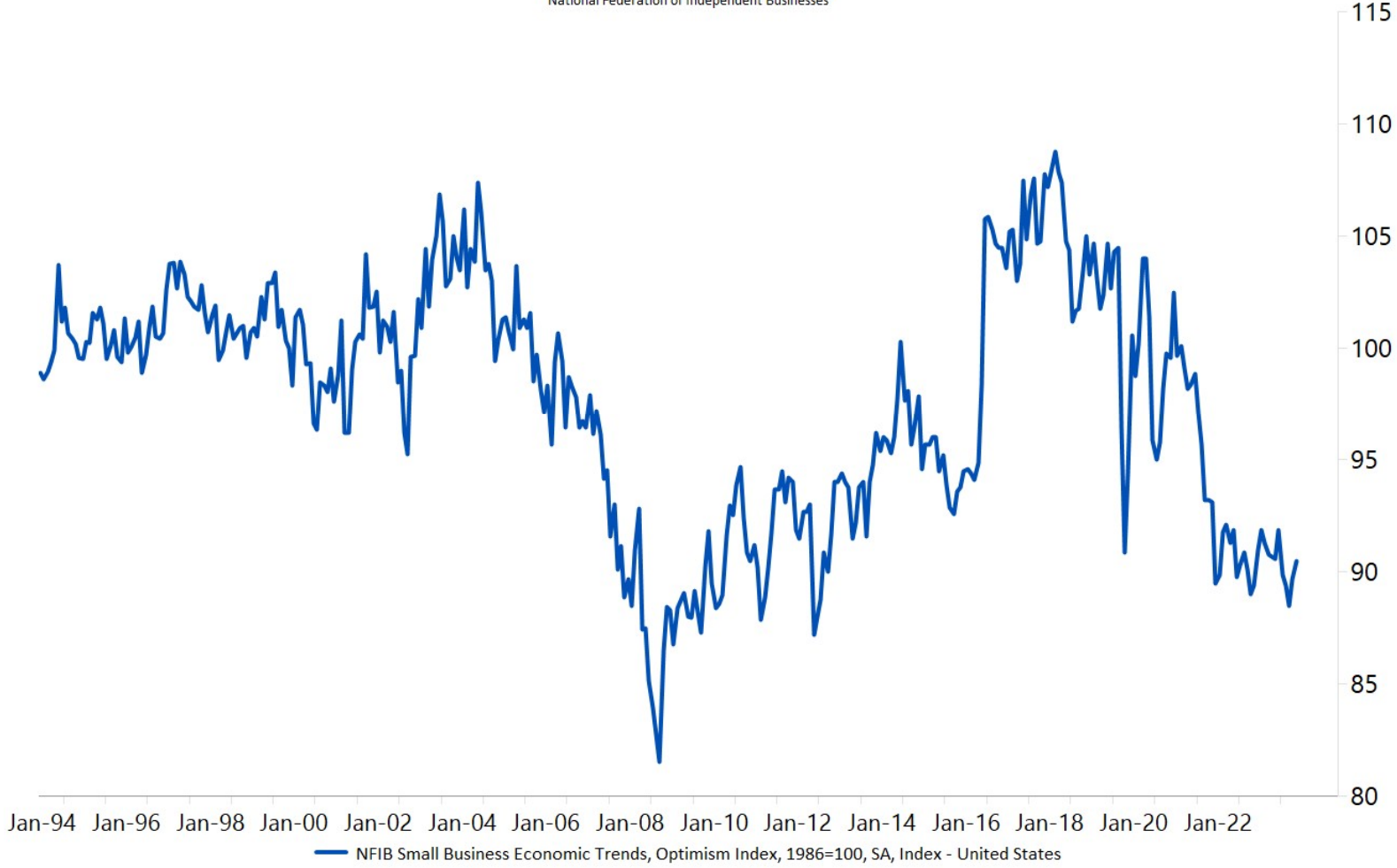
Source: FactSet, Federal Reserve



Small Business Optimism Low

NFIB Optimism Index

National Federation of Independent Businesses

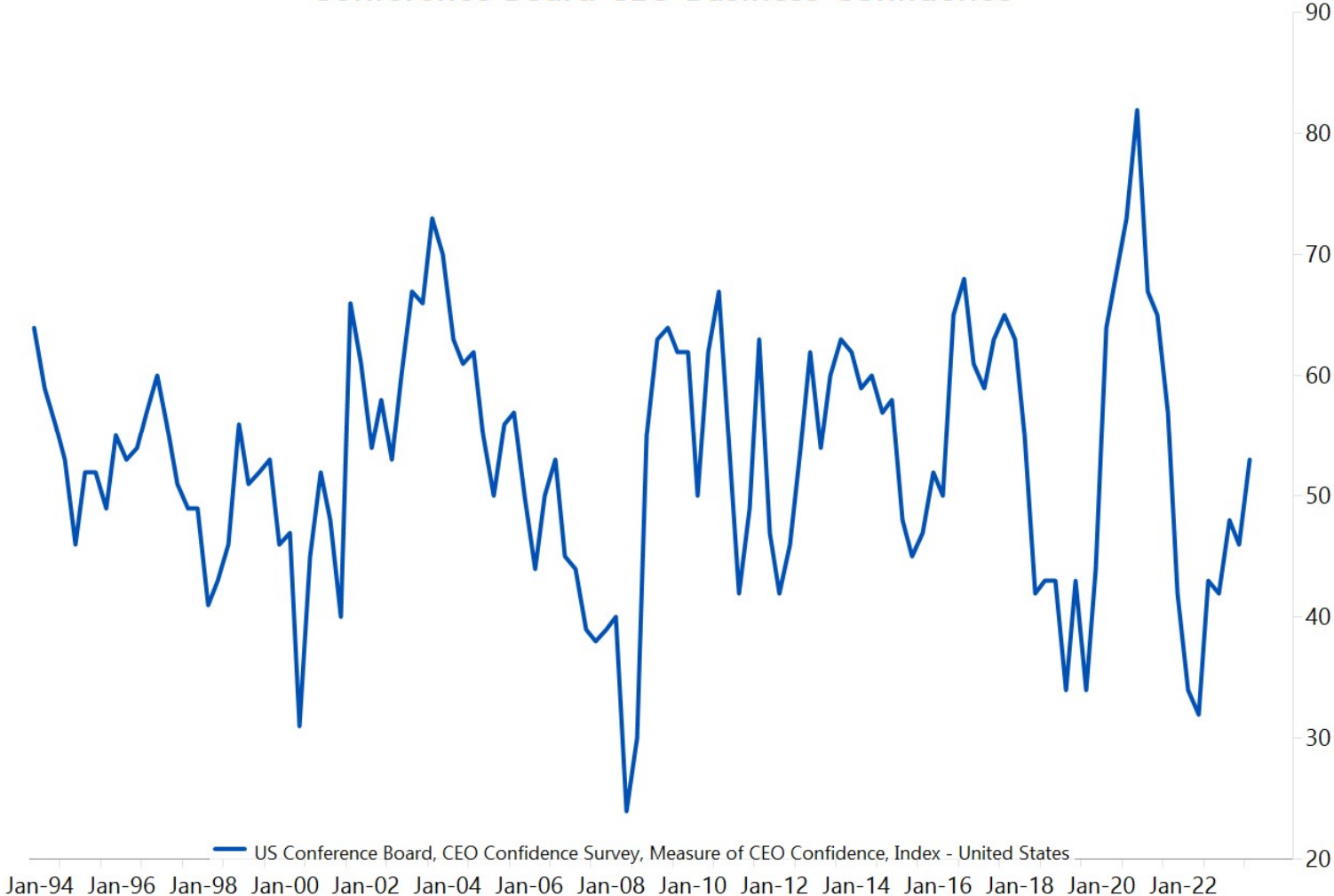


Source: FactSet, National Federation of Independent Businesses



Larger Company Confidence Just Okay

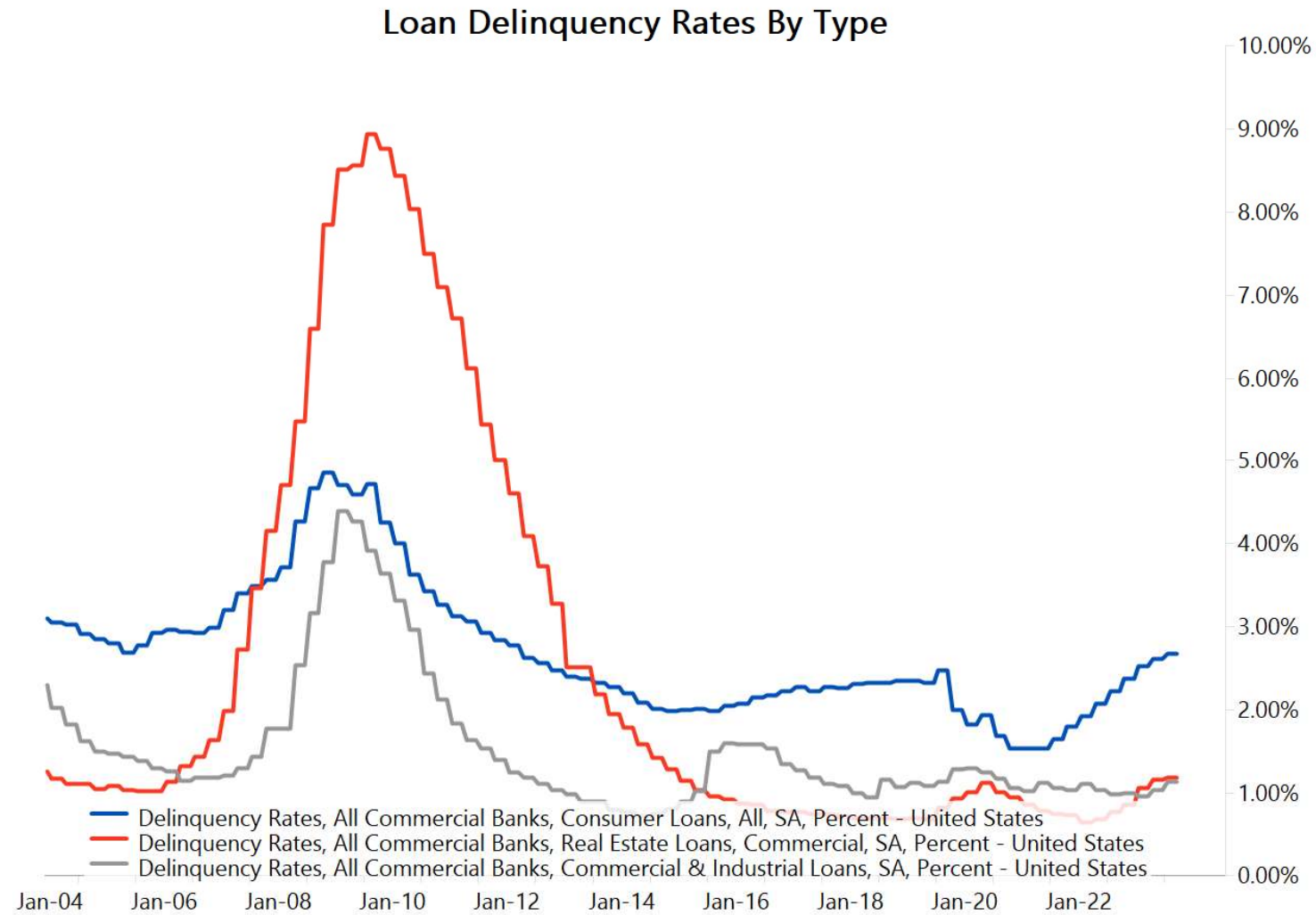
Conference Board CEO Business Confidence



Source: FactSet, Conference Board



Loan Delinquencies



Source: FactSet, Federal Reserve



2024 Economic Outlook

What Is Expected for 2024?

FactSet Consensus Expectations as of June 12, 2024

	Real GDP	Inflation CPI	Unemployment Rate	
Consensus Estimate	2.40%	3.10%	3.90%	
Source: FactSet Reporting of 73 Brokerage Estimates				

Federal Reserve Summary of Economic Projections - March 2024/June 2024

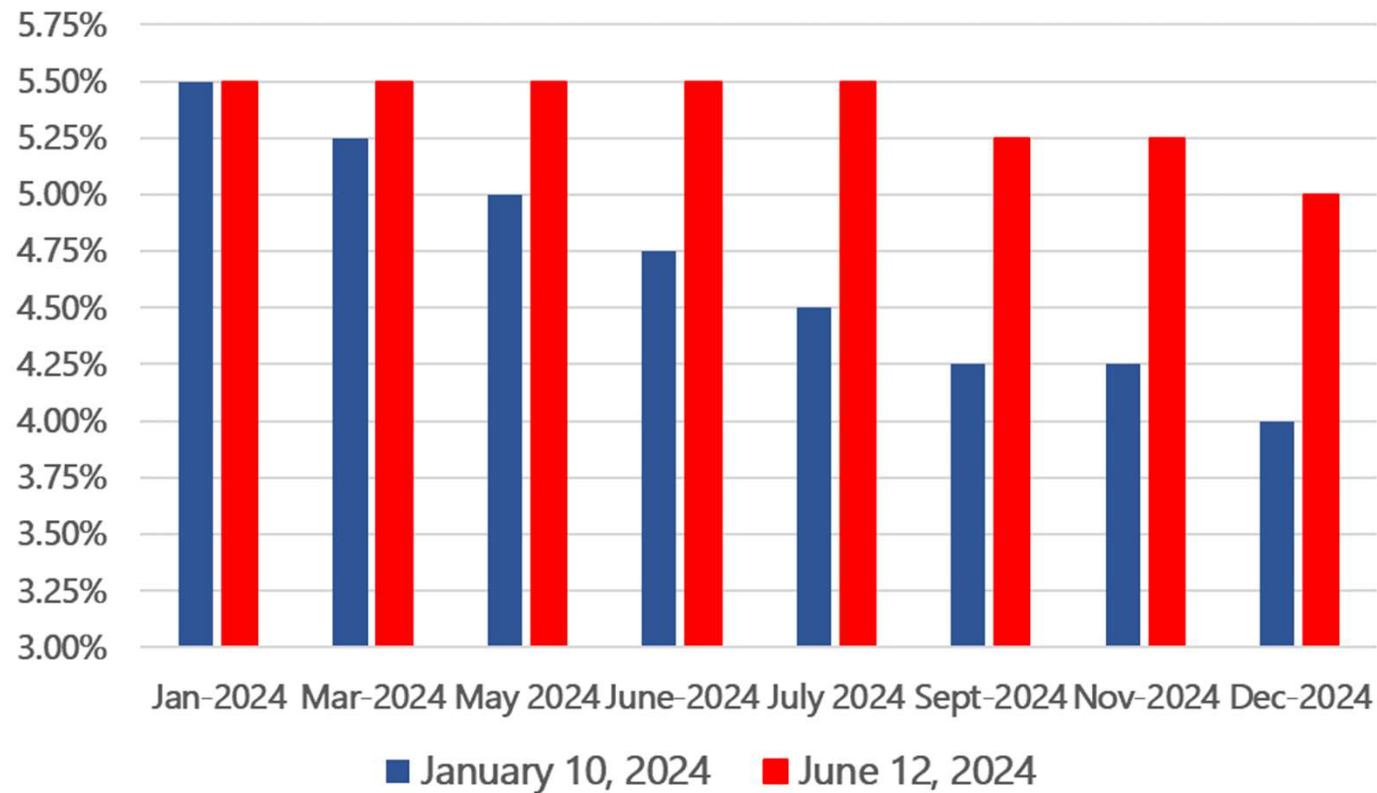
	Real GDP	Inflation PCE	Unemployment Rate	Federal Funds Rate
Median	2.1% / 2.1%	2.6% / 2.8%	4.0% / 4.0%	4.6% / 5.1%
Source: Federal Reserve				

Source: FactSet, Federal Reserve
Chart Source: First Horizon Advisors



Fed Funds Interest Rates

Market Expectations for Fed Funds Futures as of January 10, 2024 and June 12, 2024 Based Upon Highest Probability Rate Level at Each Meeting



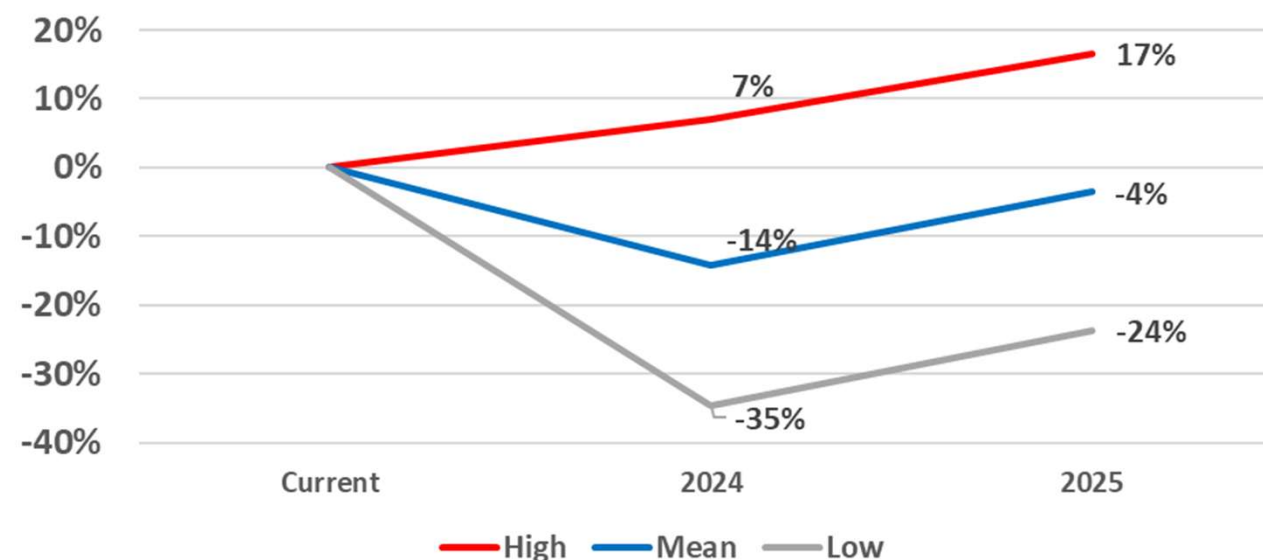
Data Source: CME FedWatch Tool at <https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html>
Chart Source: First Horizon Advisors



Earnings Estimates & Valuation Ranges

S&P 500 Earnings and Valuations			
S&P 500 Index Earnings per Share Consensus Estimates as of June 11, 2024			
	2023	2024	2025
High		\$ 248.00	\$ 270.00
Mean	\$ 226.30	\$ 240.33	\$ 270.00
Low		\$ 231.00	\$ 270.00
Source: FactSet			
Five Year Range of NTM PE Ratios Applied to EPS Estimates			
	5 Year Range	PE Ratio on 2024 Estimates	PE Ratio on 2025 Estimates
High	23.20	5,753.60	6,264.00
Median	19.20	4,614.34	5,184.00
Low	15.20	3,511.20	4,104.00
Source: FactSet			
EPS = Earnings Per Share, PE = Price to Earnings Ratio, NTM = Next Twelve Months			

S&P 500 Index Estimate and Valuation Ranges as of June 11, 2024

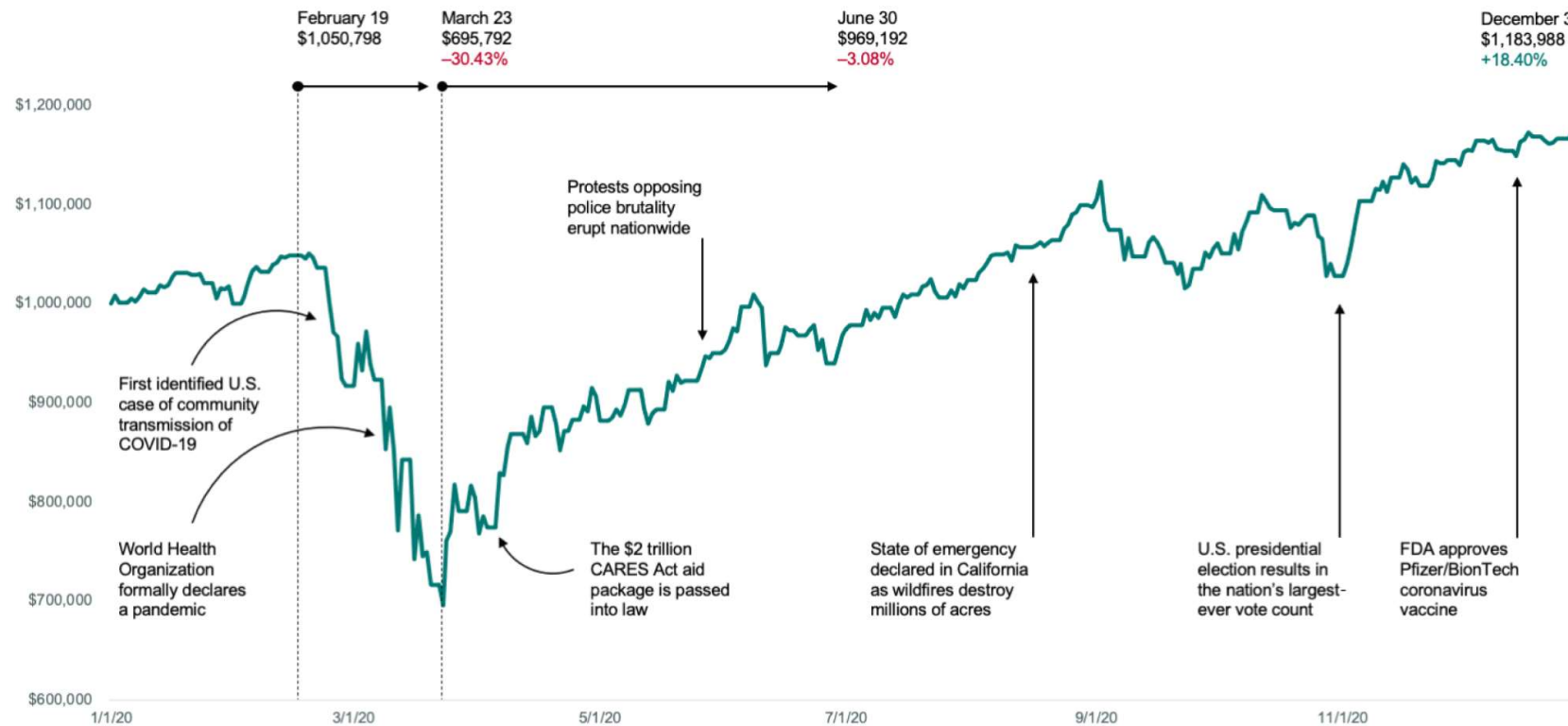


Data Source: FactSet
 Chart Sources: First Horizon Advisors



Market Timing

Value of a \$1 million initial investment in the S&P 500 in 2020 demonstrated the importance of staying invested



Source: Vanguard, using data from Morningstar, Inc.

Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.



Market Timing

Time in the market, not timing the market!

S&P 500 Index total returns, 1988–2022, missing the best and worst days



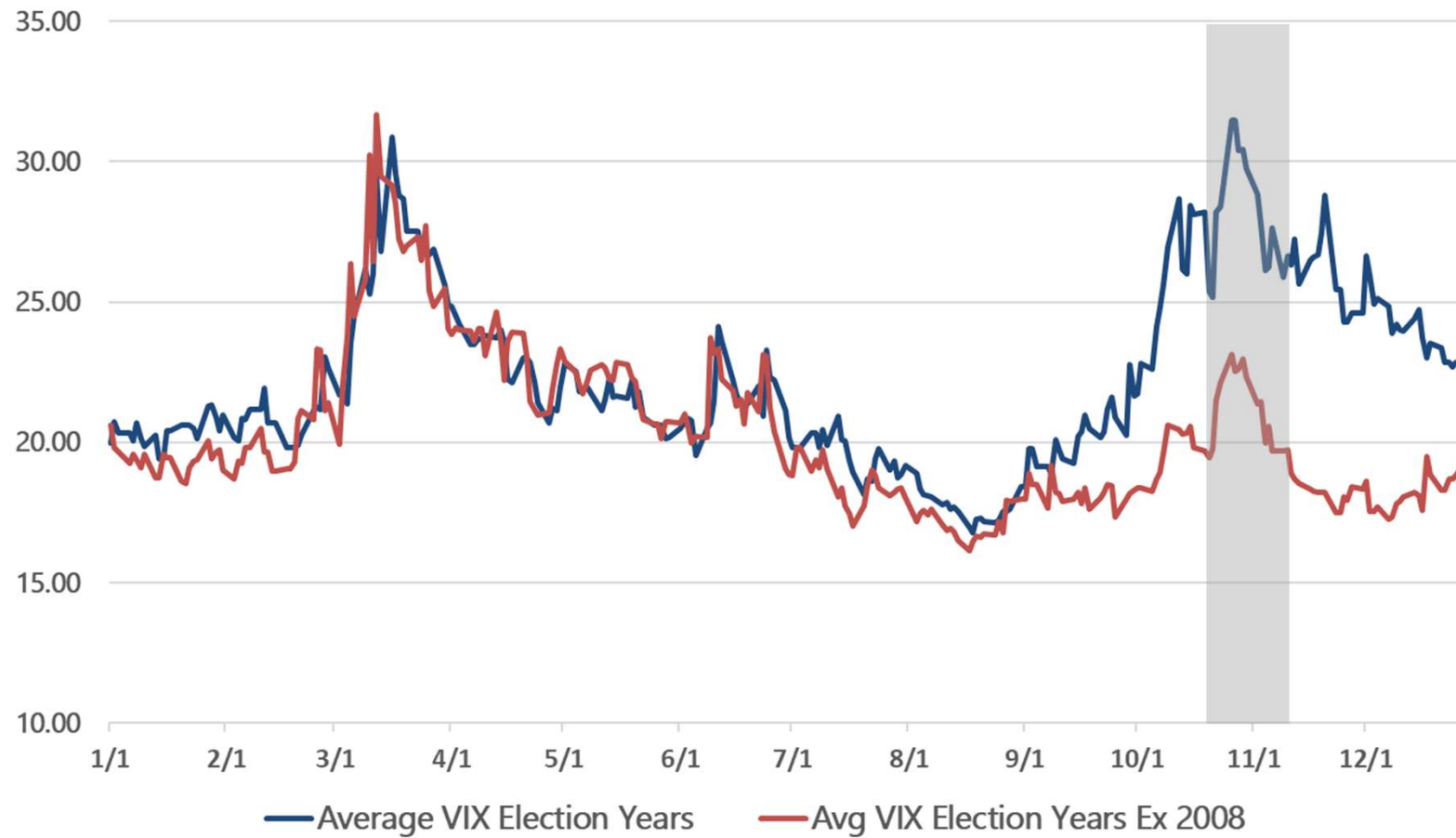
Source: Vanguard Investment Advisory Research Center.

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S&P 500 Volatility Around Presidential Elections

VIX Levels In Election Years Averaged Over 2000, 2004, 2008, 2012, 2016, 2020



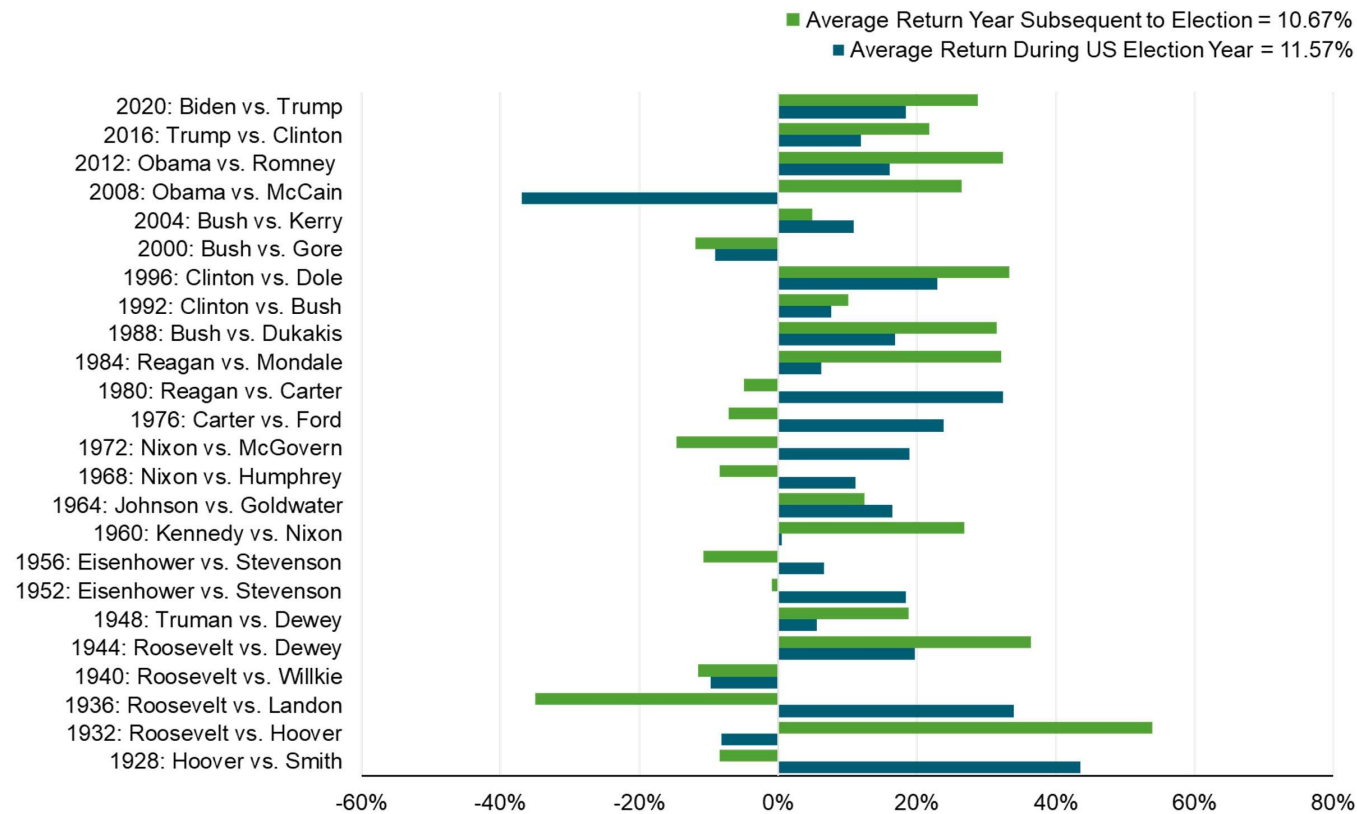
Source: FactSet



Election Years and Stock Market

Returns During and After US Election Years

S&P 500 Index: 1928–2021



Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. Actual returns may be lower. Source: S&P data © 2022 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Source: Dimensional Fund Advisors used with permission

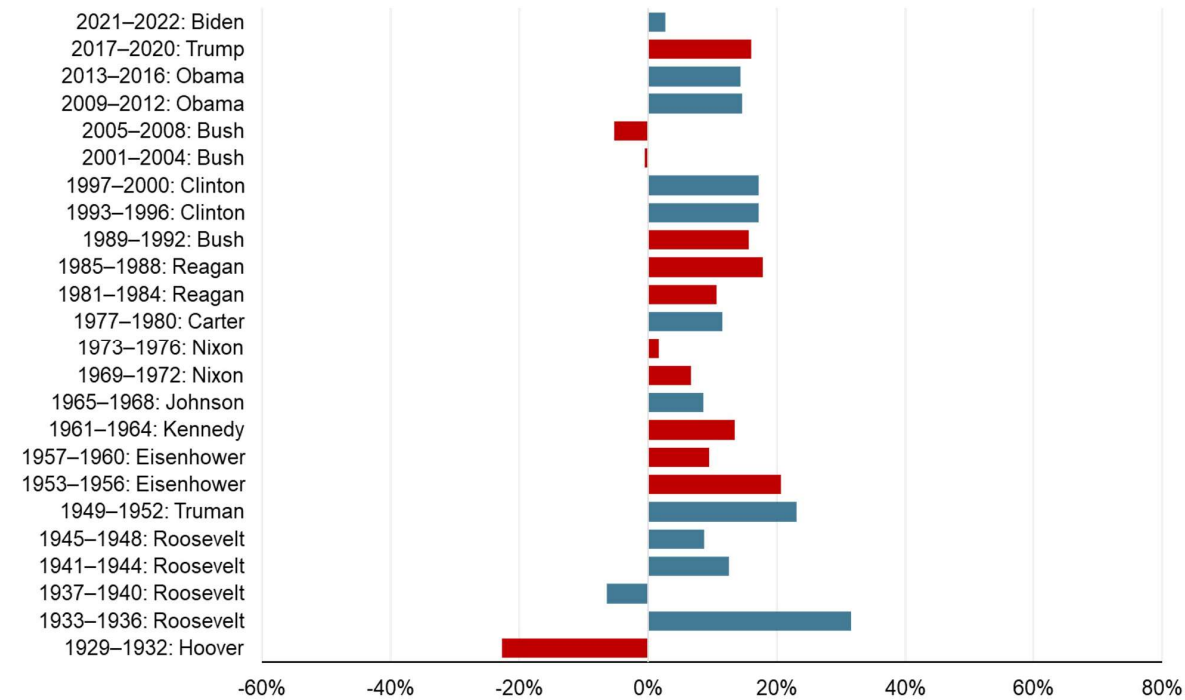


S&P 500 Performance By Administration

Annualized Returns During US Presidential Terms

S&P 500 Index: 1929–2022

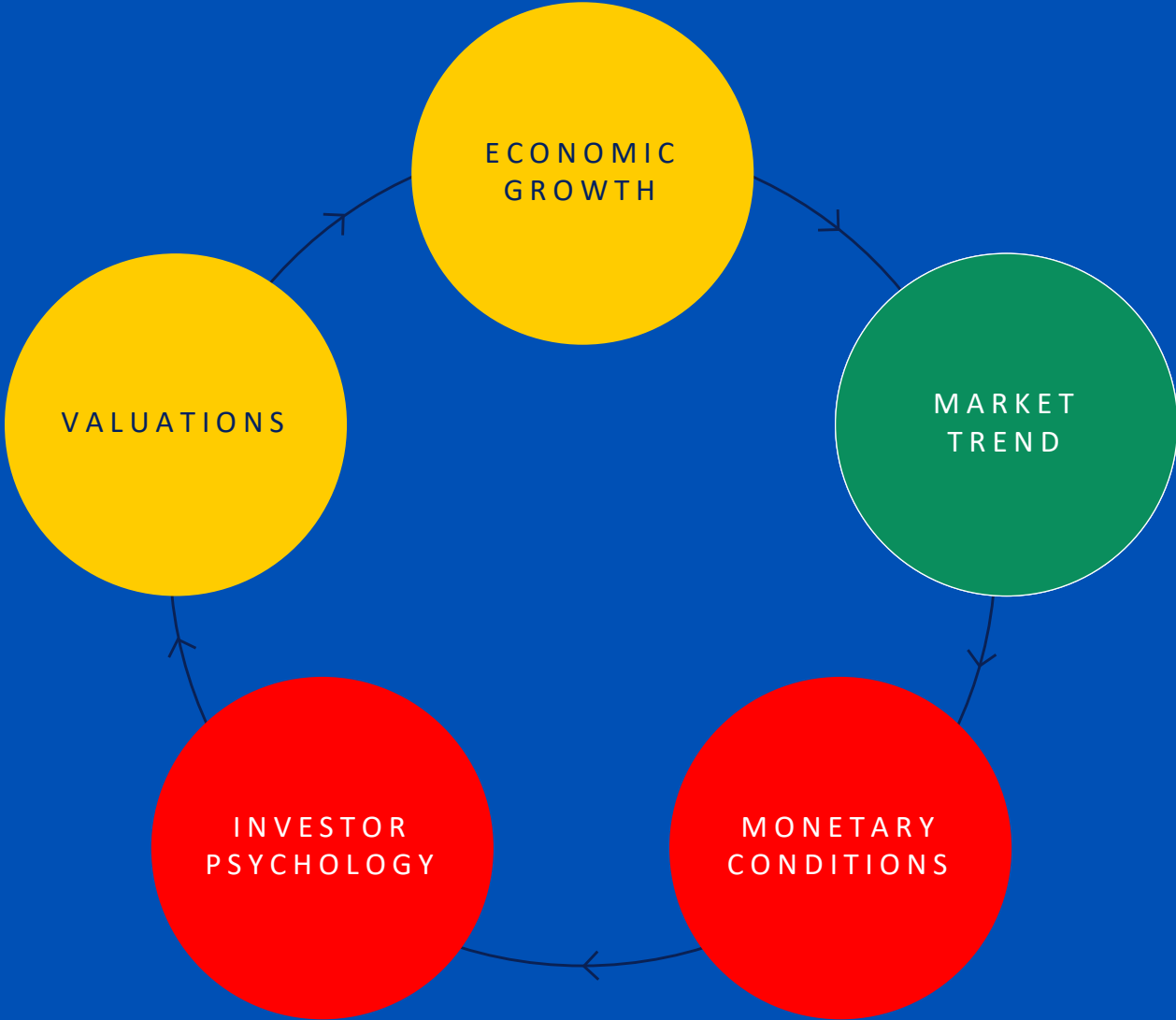
Average Return for US Presidential Terms = 9.98%



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Five Factor Framework



Source: First Horizon Advisors



Questions & Answers



Please reach out to your banker or advisor with any questions or to set up a meeting with our economists.

A recording of this event will be forwarded next week.





Thank you.

