OCTOBER 8, 2024 - STATE OF THE ECONOMY CALL TRANSCRIPT

Jean McGowan: Good morning, everyone. I just want to welcome everybody and thank you for joining our latest edition of our State of the Economy Call.

Before we get into the agenda, and on behalf of all of us here at Godsey and Gibb, we wanted to reach out to our clients in the hurricane affected areas and let you know that we are thinking about you. We are sending our thoughts and prayers your way. I know the devastation from Helene was significant and very few of us don't know somebody that was impacted, so please know that our team has you in their thoughts. For those in Florida who are unfortunately now facing Hurricane Milton, we pray for your safety. If there is anything that we can do for you, please don't hesitate to let us know.

With that, I will roll to our agenda. I will warn you, I have fall allergies, so hopefully I won't cough all the way through. I wanted to make a few comments as we roll into the agenda. When I was preparing the slides for this call and considering all the things that have happened over the last several months, it is amazing how resilient the economy and financial markets have been. We have seen escalating global tensions, particularly in the Middle East. We had the sitting President end his reelection campaign and the vice president step into his slot. We had two assassination attempts on the Republican candidate. And lastly, we had the Fed step in and begin to normalize interest rates.

Despite all of that, the economy continues to perform well. The labor market is holding up, the consumer is holding up, and the financial markets had a very strong first three quarters of the year and certainly a strong third quarter. That raises the question in our minds, where do we go from here? This is where we are going to focus the call today, on evaluating what happens now.

Before I get into that, I'll make a couple of comments on the election. We are about 27 days away from Election Day, and with any luck we are no more than 28 days away from knowing the results. But in the meantime, we have about a month. There is no doubt this is going to be a close election. As we have talked about in the past, in the 2016 election, about 77,000 people across three states determined the election. In 2020, it was about 65,000 people. I would not be surprised to see those numbers even tighter this time around.

We expect there will be some shifting momentum here and there over the next 4 weeks. I suppose there is the potential for an October surprise, but I feel like we have had October surprises since January. With that said, I wouldn't rule them out.

From a market perspective, the equity markets don't like uncertainty, so we could see some volatility to the downside, particularly as we work through the next couple of weeks.

There are clearly big policy differences between the two major party candidates on trade, foreign policy, taxes, the budget, regulation, immigration, and any number of things. However, I think the key for the post-election time period, and into the next administration, is going to be the makeup of Congress. This makeup will dictate how much of a single party's policy can be implemented. As a 50/50 nation, we may see one or both houses of Congress flip to the other party, but it's not very likely that we'll see a significant majority in either house allowing either candidate to push everything they would like through. Having said that, as we look into 2025, no matter who wins the White House or holds the majority in Congress; they will have several important tasks to accomplish.

First, there are the appropriation bills that have been pushed out into January, so there will be budget discussions going on early next year and a need to raise the debt ceiling. The biggest item for Congress and the new administration to work through is likely going to be the expiration of the 2017 tax cuts, which are set to expire at the end of 2025. While there is a lot of volatility and uncertainty overall, we think the economy should continue to perform well as we move forward. With that, I'm going to talk about today's agenda. We are going to focus on two main topics. First, can the Fed engineer a soft landing? We will look at areas of the economy that have already gone through a recession or may be experiencing weakness now. We will talk a little bit about the Fed's fighting of inflation and protecting the labor market, and how that might impact their ability to move and preserve a soft landing. We will end that section with the outlook for growth.

Very quickly, when we say "soft landing" we mean can the Fed get inflation back to its target, keep the labor market strong, and get rates back to a more neutral level without creating a recession. Our base case is that they can do that, and we will talk about some of the reasons why as we go through that section.

The second section focuses on both the equity and the interest rate markets. We will cover what has been happening lately, some of the positive things we are seeing in terms of breadth in the equity market, and our outlook for rates.

Time permitting, we will address any questions you have at the end of my prepared remarks. If you have a question throughout the presentation, please use the chat function on zoom and you can input your question there. If we don't get to your question, we will absolutely follow up afterwards. If you have any questions after the call that you don't submit while we are on the line, reach out to your wealth management advisor, and we will make sure to answer your questions.

As I just said, a soft landing is a cyclical slowdown that does not lead to a recession. The Fed, after being so aggressive with raising rates, is trying to get rates to a more neutral level without a recession occurring. There are some weak areas of the market that they would like to see reaccelerate - housing and manufacturing in particular. They still have some work to do on inflation, and more importantly, they want to make sure the labor market stays strong. A neutral policy rate, just to define that as we go through this call, is a rate that does not accelerate or restrict growth. It is sort of the Goldilocks in the middle. It’s very hard to predict what that level looks like, but we'll know it when we get there. A soft landing is something that is not easy to do, but this time, based on what has been going on, we think that is our base case and a reasonable expectation. Now, I will walk through the slides and why we think that a soft landing is possible.

Let's start with the housing market on page 3. We have seen that interest rates have significantly impacted activity in the housing market. At the same time, there has been a supply and demand imbalance going back to COVID. So, this has been a two-fold problem of late. On the left-hand side of the page, we have the 30-year mortgage rate going back to 2000. On average (over that time period), the 30-year mortgage rate has been just above 5%. Currently, it is just over 6%. This is down from the peak that we saw over the last couple of years when we got close to 8%.

On the right-hand side of the page is existing home sales. This is monthly data that is expressed as an annualized number. Currently, just under four million homes have been sold on an annualized basis. To put that in context, if you look back at the housing crisis from 2008 to 2010, while we’re not as low as we were at the worst of that time period, we are close to where housing activity was during that time. This shows that there has been a significant decline in activity in the housing sector and it’s primarily due to two factors.

First, there is not a lot of supply which is being driven in large part by higher interest rates. On one side, interest rates are too high to make houses affordable for new buyers. On the other side, if you are sitting in an existing home and are thinking about selling, you may not want to sell your home that has a 3% mortgage rate to buy a home with a 7% or 7.5% mortgage rate. This is described as homeowners being locked-in, and these locked-in homeowners have kept supply relatively low. Normally, when activity slows down, prices are expected to decline. The current combination of high mortgage rates and low supply has led to a different outcome where activity has slowed down, but prices have not declined. We have actually seen prices continue to rise. So, we have high mortgage rates, high prices, and not a lot of supply. This has put a strain on the housing market and certainly impacted housing affordability, especially for younger people and first-time home buyers.

The second factor we wanted to discuss regarding the decline in activity in the housing sector is about new homes and on page 4. We know there are not a lot of existing homes being put out on the market,

but we are also seeing a slowdown in building activity. On the left-hand side of the page is the National Association of Home Builders Sentiment Index. There are three components of this survey of home builders as it asks them about their current outlook for new home sales, their outlook for sales over the next six months, and what type of traffic they are seeing from prospective home buyers. Those three components make up this index. A reading above 50 indicates that home builders are confident about the future outlook for their industry (you would expect that to correspond with more building). A reading below 50 indicates the opposite, more uncertainty, less confidence in the future, and lower activity. We are currently at about 41. This reading has ticked up a little bit, but it still shows that home builders do not have a lot of confidence. We have seen a little bit of an improvement in their outlook for the next six months, driven by the expectation that interest rates will come down, but prospect traffic remains relatively low, so we are still in the early stages of a potential turnaround.

On the right-hand side of the page is U.S. housing starts, which represents building of new homes. A housing start is when construction begins on a new home. I should note that this data is also annualized. We are at around 1.3 million new homes being built on an annual basis, but that number has come down significantly over the last couple of years. Again, this is very much correlated with high interest rates as buyers are less willing to buy because interest rates are high, and home builders are less willing to build spec homes because their cost of capital is higher given higher interest rates. While the housing sector has been relatively weak, as the Fed begins to lower rates, we could see activity pick up. This is an area that the Fed can impact in terms of taking a sector that is weak, returning it to positive activity, and minimizing the risk of recession.

The other area that has been weak, and technically in a recession, is the manufacturing sector. On page 5, we have the Institute for Supply Management, or ISM, Manufacturing Index. It is a U.S.-based survey of manufacturers across 13 different sectors of the market. This is a diffusion index, meaning that a reading above 50 indicates that the manufacturing sector is expanding, and the higher the number, the faster the pace of that expansion. A reading below 50 indicates that manufacturing is contracting, and the lower the number, the faster the pace of the contraction. On this chart, the gray bars indicate prior recessions. Typically, when the ISM index falls to around 42, it tends to correlate with a broader economic recession. You can see throughout time, it is not unusual for the manufacturing sector to be in a recession, but for it to not bleed over to the broader economy.

This is also an area where interest rates have hurt activity. If the Fed begins to normalize rates, the manufacturing sector will benefit. Part of what we are seeing from the data coming out of this survey, and the comments from these companies, is there is too much uncertainty about client orders, too much uncertainty about interest rates, and they are not willing to spend a lot of money ahead of potentially lower rates in the future. Although manufacturing is a small part of our economy as we are

a consumer-based economy, the manufacturing sector, as shown on the chart, is well correlated with broader economic growth. It is also correlated with corporate earnings and profitability, which makes it an important sector to watch even though it does not completely drive our overall economy.

Despite both of these sectors having been relatively weak, consumer activity has remained strong. This is why we are continuing to see positive growth. The Fed, in its quest for a soft landing, would like to get these two sectors moving in the right direction before there is any additional weakness in other areas of the market.

On the next few pages, we will shift to talking specifically about the Fed and its dual mandate. We know the Fed is looking for price stability and a healthy labor market, and that they would like to normalize rates to have those two things occur.

We will start with inflation on page 6. We have seen significant improvement on inflation over the last several years as the Fed tightened policy. On the chart, we have several components of the core Consumer Price Index. Core goods inflation has come down dramatically from its peak and we are now actually seeing year-over-year declines in core inflation. The other two components, while below their peaks, have been stickier and remain at higher levels. Core services, excluding housing, have come down but remain above 4% on a year-over-year basis. The shelter component, again, has come down from its peak, but is still too high. These components, core services and shelter, are what the Fed is really focusing on right now.

We will get a new reading on overall CPI this week, but as of last month, consumer prices increased about 2.5% year-over-year. The Fed's preferred measure, which is core personal consumption expenditures (PCE), is up about 2.7% year-over-year. Both these measures are getting a lot closer to the 2% target that the Fed wants, but these components remain worth watching.

We talked about the issues in the housing market, but particularly for shelter, if lower rates and more supply help the housing market, we may see shelter inflation start to ease.

The one area that has been relatively strong over the last several years is the labor market. More recently, we are seeing some small cracks here, but the labor market remains strong. The Fed has been so focused on inflation, and now, with a little bit of weakening in the labor market, they're looking at this area as well.

Fed Chair Powell, in his comments after their meetings in early September, pointed out that while they remain laser focused on inflation, they are now also focused on making sure that the labor market does not weaken materially from here. The Fed does expect to see some weakness in the labor market, but not a significant amount.

On page 7, the left-hand side of the page shows the unemployment rate. The last read we got was 4.1%, which remains historically low, but it has been moving steadily higher from around 3.5% last year. This is still not a problem, but the trend may be moving in that direction. On the right-hand side of the page is the underemployment rate, which includes people who are employed, but considered discouraged workers. For example, individuals who are working part time, but would prefer to be working full time or those working at a job that is below their skill level or where they would like to be. These individuals are counted as underemployed, as they are not necessarily where they want to be.

The underemployment rate is good at showing turns in the labor market and the health of the labor market because people don't generally go from being fully employed, to unemployed, to never coming back into the market. What we tend to see is, maybe you lose your job, so you take something lesser until the labor market improves. This is why the underemployment rate tends to lead the broader unemployment rate. So far, both measures are a little bit off their lows, but not at problematic levels.

Another way of looking at the labor market, on page 8, is unemployment claims. Unemployment claims are applications for unemployment insurance. One of the benefits of this series is that it is weekly data, so revisions come very quickly, unlike other data series that are revised once a year (like the non-farm payrolls). It also comes from actual applications versus a lot of our economic data which come from surveys. While the surveys do a good job, they’re not as accurate as somebody walking into the office and filling out an application for unemployment insurance. I split this into two charts because the increase in unemployment claims during the first two months of the COVID pandemic really skewed the scaling on the chart. So, I took those two months out and split it into two, but I think there is a lot we can learn from both of these charts.

On the left-hand side, we have the four-week moving average, which smooths out the week-to-week changes of initial jobless claims. These are applications for unemployment insurance going back to 1980. We also marked recessions on the chart, and we can see how unemployment claims tend to start rising a little bit ahead of a recession and they continue to rise throughout the recession. It is not until growth starts to turn that we see claims come back down. Looking on the right-hand side of the page, which picks up just after the initial hit from the pandemic, we can see claims came down from 900,000 on a weekly basis to where we have been since early 2022, which is a range of about 200,000 to 250,000 per week. This data is really not showing any weakness in the labor market. If we compare that 200,000 to prior periods, we are not seeing a significant number of people lose their jobs or leave their jobs yet. What this data tells us is that the labor market, while it has some cracks, remains very strong and can likely still support consumer spending and a soft landing.

Everything we have talked about, including the sectors of the economy that are weaker or even in a recession, the areas the Fed is focused on, and the labor market still being strong, is what's leading the Fed to adjust policy and hopefully achieve that soft landing.

On page 9, we have the normalization of monetary policy. On the left-hand side is the Fed funds rate. The lime green lines are the Federal Reserve's own forecast for changes in rates going forward. In mid-September, we had a 50 basis point cut in the Fed funds rate which took the range to 4.75% to 5.00%. The Fed is forecasting that they will cut rates two more times this year for a total of 50 basis points in additional cuts, or 100 basis points total for the year. This chart only goes through mid-2025 and shows the Fed's forecast for rate cuts so that we exit 2025 with a Fed funds rate around 3.25%. In 2026, the Fed is looking to end the year with a funds rate of around 2.75% to 3.00%. Their forecast, which goes through 2027, has it staying in the same range. This leads to the expectation that the 2.75% to 3.00% range is what the Fed thinks a neutral rate might be. On the right-hand side of the page is the market's expectation for the Fed. This is based on pricing in the Fed funds futures market. The green bars are the expected number of rate cuts, and each rate cut is in a 25 basis point increment. If you see two rate cuts are expected, that means a total of 50 basis points. The lime green line is the implied funds rate based on those rate cuts. As of last week, the market was looking for somewhere between 7 and 8 rate cuts by mid-2026 and a terminal rate of about 2.75%, not dissimilar from what the Fed itself is forecasting. I would point out that market-based data is very volatile, and changes based on the most recent information that comes out. If you remember, at the beginning of this year the market was looking for around 6 rate cuts for the full year, so this data tends to be volatile. In fact, last week we had better than expected labor market data which impacted these numbers, and the market is now looking for around 7 rate cuts and a terminal value of around 3%.

How does all of this tie into our outlook for growth? Let's look on page 10, GDP growth. The dark green bars are actual growth, and the gray bars are forecasted growth. These particular forecasts come from Strategas, which we partner with for some of our macroeconomic data and information. One thing I would point out, is that the second quarter growth of 3% is now a final number. When we put this chart together, it was still preliminary. Looking at the third quarter through the end of 2025, we see moderate growth below the 2% long-term trend, but still positive.

There is one area where our outlook may differ from Strategas. While the path of growth in the 1.5% to 2% range is highly likely, it is not likely that we are going to have symmetric growth quarter after quarter. What we might see is a quarter that's weaker than that range, followed by a catch up in the next quarter. Having said that, we would expect overall growth to be in this range, but perhaps slightly more volatility quarter to quarter.

As an ending point for our discussion on the economy, because interest rates can impact the areas of the market that are weak and the labor market is still strong, we believe that the Fed can lower rates and likely engineer a soft landing without a recession. While there is still some risk of a recession, it's relatively low. The key to all of this will likely be the pace at which rates are lowered. As long as inflation continues to move towards the Fed's 2% target, they can move at the pace that they have laid out. If they move too fast and inflation reaccelerates, or they move too slowly and the labor market begins to weaken more materially than expected, then that would raise the risk of a recession.

There is also the possibility of a positive surprise. If they get rates down and growth reaccelerates more than we expect, we would have an upside surprise. This is not just a soft landing but a growth reacceleration. Having said that, our base case is we have positive growth, although slightly below trend.

Moving to page 11, I'm going to talk about the equity market. Over the past two years, we have talked about the impact of the concentration of very large names on the indexes, particularly the S&P 500. The so-called Magnificent 7 (Microsoft, NVIDIA, Google, Apple, Meta, Broadcom, and Amazon), make up somewhere between 25% and 30% of the index. Good or bad, the returns of those companies are really driving the return of the S&P 500. Through the first half of this year, the Magnificent 7 were responsible for 75% of the return of the S&P 500. The S&P was up 15% in the first half, and the Magnificent 7 accounted for 10 percentage points of that return. The other 493, while contributing a little bit to the return, were not a meaningful factor.

I do want to point out, while it is difficult when the other companies are not participating, there is a reason why those seven companies have been driving index returns and their price has been going up. They have been generating revenue and earnings growth that's higher than most of the rest of the 493. With the growth in AI and cloud-based technology, these companies have been experiencing significant growth. They have also created a little bit of an ecosystem for themselves because they buy and interact with each other. If Microsoft is growing, they might be buying chips from Broadcom or somebody else. When Amazon expands, it also impacts one of the other companies. These companies have created a very strong growth profile, and we are not saying that they shouldn't be performing well. Having said that, what we've been looking for, and finally saw in the third quarter, is for the other companies that have been working hard to get through this inflationary period and to improve their profit margins, to start benefiting from that work.

On the left-hand side of page 11 we have the third quarter returns for the S&P sectors, which were much broader than what we have seen over the last two years. The S&P was up 5.9% and most sectors outperformed the broader index. Energy was the only sector that was down for the quarter, and that was largely driven by lower energy prices. We saw a significant decline in demand for oil, particularly

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out of China, and that led to lower prices which impacted the energy sector. The technology sector was modestly positive but lagged the index for the first time in a long time. Shifting to the other end of the graph, the two best performing sectors were utilities and real estate. Given that both of these sectors are highly interest rate sensitive, some of their outperformance is a catch up for their underperformance over the last couple of years, and also a recognition that these sectors will benefit from lower rates.

On the right-hand side of the page, we have the same chart, but showing the year-to-date returns through the end of the third quarter. The S&P was up 22% for the first three quarters of the year and while most sectors are still lagging the benchmark, they are significantly better than they were as we've seen this broadening. Interestingly, the utility sector edged out technology by a hair and is actually the best performing sector year-to-date. Utilities are an interest rate sensitive sector. I think there are a couple of things going on with utilities. One, utilities are some of the most capital-intensive businesses as they are constantly building and have high maintenance costs, so they have more debt than other industries. When interest rates are high, their cost of debt is higher and that impacts their earnings. Secondly, it is an income-oriented sector. They offer higher dividends relative to the rest of the market, but when interest rates rise, people may shift from equity risk to the bond market to get better yields. As yields start to come down, dividend yields from utilities become more competitive. The third driver, which is often missed, is the growth of cloud-based technologies and the build-out of data centers. Data centers use a tremendous amount of energy to run and so, on the margin, for utilities in regions of the country where data centers are growing, their earnings profile is improving. While this is not going to take them to a 20% earnings growth profile, on the margin, in a sector that has on average 5% to 7% annual earnings growth, it can drive them a couple percentage points higher than that.

Information technology remains strong, and we believe that will continue as the growth of AI and cloud-based technology continues. Even for the sectors that have underperformed the broader benchmark, we are pleased to see that they are participating. The worst performing sector is up over 8% for the year, so we are seeing much better breadth, and it is being driven by fundamental improvements from companies across the market.

Having talked about the Magnificent 7 and index concentration, one of the ways that we look to see how the rest of the index is performing is to look at an equal-weighted index. Instead of weighing each company by its market cap size, all 500 companies are equally weighed. This shows us how the average stock is doing and its performance relative to the largest companies in the index. On page 12, we can see this illustrated on the left-hand side of the page where we have the 12-month rolling difference between the return of the market cap-weighted benchmark and the equal-weighted. When

the line is rising, it indicates that the market cap-weighted benchmark is outperforming the equal-weighted. When the line is falling, the equal-weighted is outperforming the market cap-weighted. More recently, we have seen the gap between the two start to narrow. We are not surprised that the gap remains wide, given the drivers we talked about for the technology stocks and how well they have performed, but it is good to see those differences start to normalize.

On the right-hand side of the page, we have the year-to-date cumulative return of each of those benchmarks. In the late spring to early summer months, the market cap-weighted index significantly grew while the equal-weighted benchmark moved sideways. This explains a lot of the gap that we see year-to-date. More recently, while the gap is still there, they both moved similarly over the last several months to narrow that gap. This helps us understand that we are seeing other companies participate in this rally. Again, I would emphasize they are participating because their earnings and sales prospects are improving as well. While they are not generating 50% annual earnings growth as we are seeing from some of the Magnificent 7, they are certainly providing strong fundamental performance, and the market is now recognizing that.

With that, I am going to move into the last section on interest rates on page 13. Here we have a representation of a portion of the yield curve. This shows the spread between the 10-year Treasury yield and the 2-year Treasury yield. This is often used as a proxy for recession risk or an indication of a potential recession. Typically, the 10-year Treasury is expected to have a higher yield than the 2-year Treasury as investors want to be compensated for the longer maturity. When the economy is slowing down, or there are concerns about it slowing down, a shift occurs where investors want more yield out of shorter maturity debt and the yield curve gets inverted. Generally, the yield curve inverts before recessions, which are highlighted on the chart. In most cases, the curve reinverts to a normal shape before the recession starts. We have been in an inverted position since 2022, and it reached as high as a 1% differential in yield. More recently, as people began to price in the idea that the Fed could begin to lower rates without a recession occurring, we're seeing the yield curve steepening. Having said that, the recent reinversion back to a normal yield curve is very small, at about 14 basis points of 10-year yield being above the 2-year yield.

The last two charts break out the 2-year and 10-year Treasuries. I will talk about what's driving the changes in yields before moving to our outlook for interest rates. On page 14, we have the 2-year Treasury yield. Shorter maturity bonds are highly correlated to monetary policy. When the market believes that the Fed is going to start raising rates, the 2-year yield moves up much more in line with that. Conversely, when the market thinks that the Fed needs to cut rates, we see yields come down. Looking at the right-hand side of the chart, we can see the 2-year yield moved up from almost zero, ahead of the Fed actually raising rates. After the Fed raised and held rates for some time, the 2-year

yield held steady, in the 4% to 5% range, and began to come down as the market was pricing potential Fed rate cuts. Now that the Fed has started the rate cut process, we expect short yields will continue to come down. If the Fed's forecast and market forecasts are right, that we are headed towards a roughly 3% funds rate, we expect the 2-year yield to be above that funds rate and likely somewhere around 3.5%. This also means that there is still room for yields to fall further. The longer maturity parts of the curve, the 10-year and beyond, tend to be correlated with monetary policy as well as the longer-term economic outlook, but that's not always the case. Today, we believe that the fiscal policy outlook may be more impactful on longer-term bonds than is typical in a cycle.

On page 15, the columns are interest costs on government debt as a percentage of the federal budget, which is shown on the left-hand scale. Currently, interest costs on debt are about 16% of the total federal budget. This is almost as high as we have been going back to 1998, when it was higher. There are two reasons for this increase. The first is obvious, if interest rates are higher, then the cost of servicing debt is going to increase. The second reason is that the debt is increasing and doing so rather quickly. Total debt stands at more than $35 trillion, and it has moved up rapidly. The line on the chart shows the yield on the 10-year Treasury. What we are seeing is that, because the debt has increased so much and the government is going to have to issue more debt over time, the 10-year yield may not come down as much when the Fed cuts rates. So, the 10-year yield may move with fiscal policy rather than moving with the economy.

Historically, when interest costs exceed 15% of the federal budget, we start to see some fiscal discipline. We would like to believe that will happen this time, but we do not know. In the meantime, the higher cost of federal government debt is likely going to weigh on longer-term rates. Investors in longer-term bonds are going to require more yield to buy these bonds that are supporting a larger base of debt. While the short-term yields can come down as the Fed cuts rates, long-term yields may not come down as much as we typically see in a cycle. More recently, long-term yields have actually moved a little bit higher, and we would not be surprised if the 10-year yield moves a little bit higher over the near term.

I often get questions about the debt and the deficit. It is a very long-term question and knowing what amount of debt is the tipping point is always difficult to highlight. Having said that, what I can tell you is interest costs are a near-term issue, and they could lead to higher rates in the back end.

We covered a lot of topics in this call, and to tie it all together, our base case is moderately slower growth into and throughout next year. The Fed can and will continue to lower rates, but how fast and how far will depend on the state of the labor market and the level of inflation, particularly if we see progress on sticky components, like shelter. On the equity market side, we are still seeing broad-based earnings growth that can support the equity market going into next year. We anticipate lower rates in

the short end and potentially lower rates in the long end. Having said that, we are not anticipating dramatically lower interest rates and therefore expect that the fixed income market can continue to provide good value, income, and diversification in portfolios.

I know I have gone a little bit over in time, and I see a couple of questions related to the labor market. They're probably a little more in depth than I can go into, considering I have already run over our time, so I will get back to you directly on those questions. Again, if you have any questions about anything that I've covered today, please reach out to your Wealth Management Advisor and we will make sure that we get those questions answered.

Everybody in the path of Milton, please stay safe. To anyone who has been impacted by the storms of late, again, we're sending you positive thoughts and prayers and hope that the recovery efforts continue.

With that, I will end the call. Thank you all so much for participating.

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