March 2021

WealthManagement

SOLUTIONS FOR YOUR LIFENEEDS™

Market Insights

A periodic newsletter from Idaho Trust Bank

The U.S. economy seems poised to experience exceptionally strong growth in the second half of this year, despite some recent vaccine distribution setbacks. The Federal Reserve is likely to keep its interest rate policy unchanged at least until 2022, similar to the accommodative position of most other major central banks. Inflation may move higher in the coming months as economic activity strengthens but this may well be a temporary situation. Ultimately, the speed and strength of the recovery will be shaped in part by the success of the vaccine rollout.

The Domestic Economy

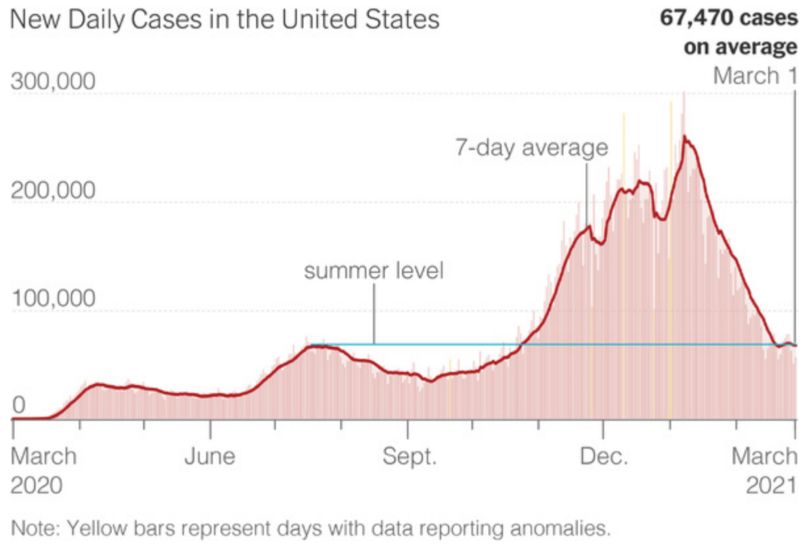
Several leading economic indicators have begun to suggest that activity levels are picking up and likely to strengthen in the summer months. The ISM Manufacturing Index reached its highest level in 17 years. The February jobs report showed that the U.S. economy added 379,000 jobs, with the unemployment rate falling to 6.2% from 6.3%. The economic recovery is beginning to take shape as the pandemic related restrictions have begun to recede, although there is still a long way to go. The re-opening of service businesses will be a very important factor in the jobs expansion over the next few months.

Other hopeful economic reports include existing-home sales, which have been exceptionally strong in recent months. Housing inventory is at a record low level

Idaho Trust Bank offers total wealth solutions including its LifeNeeds™ investing process. LifeNeeds™ utilizes proven strategies and techniques delivered by a highly trained staff of wealth management professionals.

LifeNeeds™ wealth management accounts feature optimized asset allocations, robust security screening and Idaho Trust Bank's unique TacticLogic™ investment process. All of which are tailored to our clients' unique financial needs.

(the data go back to 1982), which should help boost activity levels as new homes are built. Additionally, retail-sales reports have been improving in recent months. The National Retail Federation projects growth this year of 6.5% to 8.2%. That would be the fastest growth in nearly two decades.



Consumers have saved a larger portion of their income. In January, the personal saving rate spiking to 20.5% from 13.4% at the end of last year. While this is lower than the saving rate early in the pandemic, it is higher than at any other time in history. Part of it is forced saving, as the economy is not yet fully open. But part of it is also precautionary saving, as consumers try to protect themselves from future economic shocks and uncertainty. Additionally, the less discriminate nature of the stimulus for the sake of speed provided support not only to those who needed it, but also to those who kept their jobs or are in the upper income brackets. They tend to spend a smaller share out of their earnings than people in the lower income brackets, contributing to the rise in the saving rate. To the degree that accumulated savings represent pent-up demand, they have the potential to boost consumer spending growth this year and next.

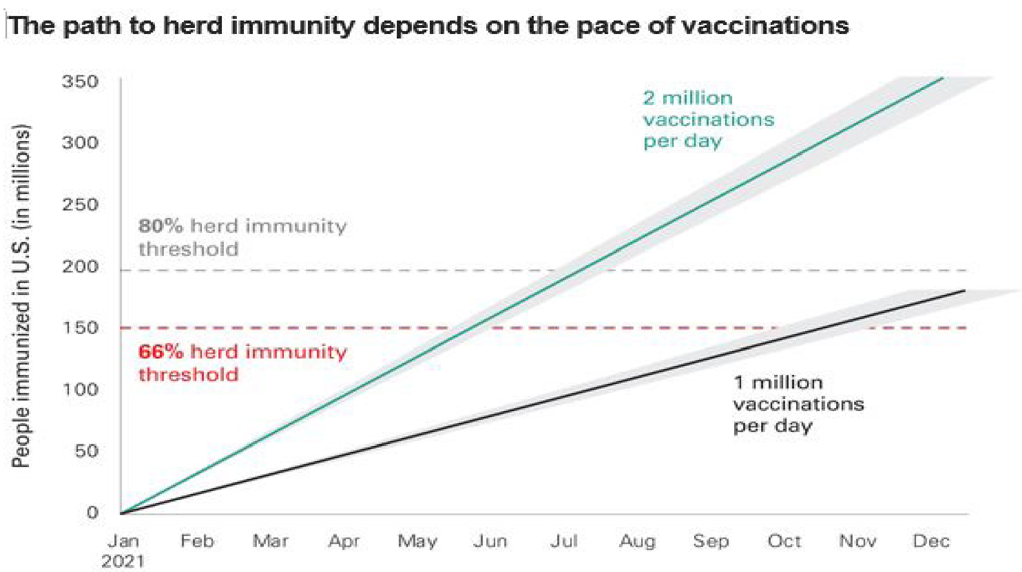
The current pace of vaccinations (a one-week average of 1.61 million per day as of February 17, according to Bloomberg) supports the view that economic activity in the United States will pick up significantly in the second half of the year. The initial distribution bottlenecks—attributable in no small part to stockpiling scarce supply to ensure second doses—appear to have past. A change in strategy that prioritizes first doses, increased vaccine production, as well as the addition of a new vaccine approved, should ensure that the pace of vaccinations accelerates.

Government Stimulus

In late February, the U.S. House passed the Biden administration's $1.9 trillion pandemic relief package. The bill now heads to the Senate, where a provision that would have increased the federal wage to $15 an hour was removed. The pandemic relief bill includes direct stimulus payments to individuals, additional unemployment insurance, as well as some state and local aid. Other possible stimulus measures include a nationwide infrastructure expansion plan that appears to have a good deal of support from many members of Congress. Although the details have not been finalized and the timing may be impacted by normal political negotiations, we expect that there will be progress made with a relatively quick implementation of the relief bill so that the recovery can accelerate along with an expedited vaccine rollout program.

The Fed

The Federal Reserve is likely to maintain its accommodative policy position given the overall uncertainty. Fed Chairman, Jerome Powell recently testified before Congress and he made it clear that the Fed intends to keep rates low for an extended period of time. According to the most recent economic



estimates, most members of the FOMC do not see a need to raise interest rates this year, next year or the year after. It is widely expected that the economy is poised for a strong growth patch in 2021 as the pandemic eases. Pent-up demand from both consumers and businesses are bound to be unleashed as the vaccine rollouts spread and lockdowns end.

Powell has stated that higher inflation is likely in the coming months as the economy reopens. A lot of this is because things are either getting back to normal or are soon expected to be getting back to normal. When the economy is held back, then released, you're going to see some inflation. In 1946, the inflation rate was 8.3%. That was followed in 1947 by an inflation rate of 14.4%. Those types of inflation reading are unlikely at this stage, but the market will be sensitive to increases, especially given the proposed stimulus bill as well as a possible government infrastructure spending plan.

Conclusion

Many uncertainties remain and there could be some volatility going into the spring. However, we believe that the long-term investment outlook has improved with the stronger economic picture that has emerged.

S&P 500 Index

3 Month	5.62%
Year-to-Date	20.42%
1 Year	31.27%
3 Year	14.11%
5 Year	16.61%

MSCI EAFE Net Index

3 Month	5.86%
Year-to-Date	9.06%
1 Year	22.46%
3 Year	4.58%
5 Year	9.72%

Barclays Aggregate Bond Index

3 Month	-2.02%
Year-to-Date	5.19%
1 Year	1.38%
3 Year	5.31%
5 Year	3.58%

As of 2.28.2021

Boise Branch
888 W. Broad St.
Boise, Idaho
208.373.6500

Coeur d'Alene Branch
622 E. Sherman Ave.
Coeur d'Alene, Idaho
208.664.6448

Las Vegas Trust Office
2850 W. Horizon Ridge PKWY, Ste 200
Henderson, Nevada
702.430.4747

Info@IdahoTrust.com
www.IdahoTrust.com

1. Consult an Idaho Trust Bank financial consultant for more details. Securities and insurance products are offered through LPL Financial and its affiliates, Member FINRA/SIP. Idaho Trust Bank is not a registered broker/dealer and has a brokerage affiliate arrangement with LPL Financial. Idaho Trust Bank is a separate company from LPL Financial. Investment accounts generally under $300,000; Insurance and Annuities of all sizes.
2. Please see the Idaho Trust Bank Schedule for Fees. Investment accounts generally over $300,000.
3. Please see the Idaho Trust Bank Schedule of Fees. Investment accounts generally over $500,000. Certain products may be provided by a Financial Consultant of Idaho Trust Financial is utilized: (1) Securities and insurance products are offered through LPL Financial and its affiliates, Member FINRA/SIPC; (2) Idaho Trust Bank is not a registered broker/dealer and has a brokerage affiliate arrangement with LPL Financial; and, (3) Idaho Trust Bank is a separate company from LPL Financial, Idaho Trust Bank does not provide tax or legal advice. Overlay Asset Management utilizes external and/or internal managers selected by Idaho Trust Bank.
4. Certain products may be provided by a Financial Consultant of Idaho Trust Financial. Securities and insurance products are offered through LPL Financial and its affiliates, Member FINRA/SIPC. Idaho Trust Bank is not a registered broker/dealer and has a brokerage affiliate arrangement with LPL Financial. Idaho Trust Bank is a separate company from LPL Financial. Idaho Trust Bank does not provide tax or legal advice.
5. Exchange Traded Funds (ETF), mutual funds and individual stocks are subject to risks and fluctuate in value. Neither asset allocation nor diversification assure a profit or protect against loss. International investing involves special risks including increased volatility, political risks, and differences in auditing and other financial standards. Small-cap stocks have historically experienced greater volatility than average. High yield, lower-rated securities generally entail greater market, credit and liquidity risks than investment grade securities and may include higher volatility and higher risk of default. Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices. Past performance is no guarantee of future results. No representation is hereby made of the risk and/or return of any particular portfolio. There is no guarantee that any suggested investment strategy will work in any market. You should fully and carefully consider all objectives, risks, expenses and fee before you invest.
6. Portfolios are illustrative only. ActualLifeNeedsTM Portfolios will vary from time to time as determined by Idaho Trust Bank. No representation is hereby made of the risk and/or return of any particular portfolio. There is no guarantee that any suggested investment strategy will work in any market. You should fully and carefully consider all objectives, risks, expenses and fees before you invest. Past performance is no guarantee of future results.

Exchange Traded Funds (ETF), mutual funds and individual stocks are subject to risks and fluctuate in value. Neither asset allocation nor diversification assure a profit or protect against loss. International investing involves special risks including increased volatility, political risks, differences in auditing and other financial standards. Small-cap stocks have historically experienced greater volatility than average. High yield, lower-rated securities generally entail greater market, credit and liquidity risks than investment grade securities and may include higher volatility and higher risk of default. Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices. Past performance is no guarantee of future results. For more information about performance of Idaho Trust Strategies and our performance calculation methodology, please contact us. Actual client performance may vary from the performance of model portfolios and/or any strategy. No representation is hereby made of the risk and/or return of any particular portfolio. There is no guarantee that any suggested investment strategy will work in any market. You should fully and carefully consider all objectives, risks, expenses and fees before you invest.

Portfolios are illustrative only. Actual LifeNeeds™ Portfolios will vary from time to time as determined by Idaho Trust Bank. The Idaho Trust investment strategies will vary from time to time as determined by Idaho Trust Bank. The information and analysis expressed herein are for general information only and are not intended to provide specific advice or recommendations for any individual or entity. Information contained herein has been obtained by sources we consider reliable, but is not guaranteed. Any opinions expressed are based on our interpretation of data available to us at the time of the original publication of the report. These opinions are subject to change at any time without notice.

NOT A DEPOSIT • NOT FDIC INSURED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • NOT GUARANTEED BY THE BANK • MAY GO DOWN IN VALUE