Market Overview & Data Report

catalyst

NOVEMBER 2024

KEY ECONOMIC INDICATORS	Latest Report	Current Report	Previous Report	2023
ECONOMIC GROWTH				
GDP	Q3	2.8%	3.0%	2.5%
EMPLOYMENT				
Non-farm Payrolls (000s)	Oct	12	223	2,697
Private Payrolls (000s)	Oct	-28	192	2,025
Unemployment Rate	Oct	4.1%	4.1%	3.7%
Avg Hourly Earnings (Y/Y)	OCt	4.0%	3.9%	4.1%
INFLATION				
Wholesale (Y/Y)	Sep	1.8%	1.9%	1.0%
Consumer (Y/Y)	Sep	2.4%	2.5%	3.4%
PCE Core (Y/Y)	Sep	2.7%	2.7%	3.2%
INCOME & SPENDING				
Retail Sales	Sep	0.4%	0.1%	5.6%
Personal Income	Sep	0.3%	0.2%	4.2%
Personal Spending	Sep	0.5%	0.3%	3.2%
AUTO & HOUSING				
Total Auto Sales (MM)	Sep	15.77	15.13	15.83
New/Existing Home Sales (M/M)	Sep	-0.2%	-2.1%	-4.8%
S&P/Case Shiller HPI (Y/Y)	Aug	4.3%	4.9%	5.0%

Sources:
US Labor Dept; US Commerce Dept; National Association of Realtors; Bloomberg

KEY MARKET INDICATORS	Mth End Oct-24	Last Mth Sep-24	12 Mth Ago Oct-23
MONEY MARKETS			
Effective Fed Funds	4.83%	4.83%	5.33%
Prime Rate	8.00%	8.00%	8.50%
3-month SOFR	4.85%	5.16%	5.23%
2-year UST	4.17%	3.64%	5.09%
10-year UST	4.28%	3.78%	4.93%
NATIONAL CU LOAN RATES			
CU 48-mth Auto	7.07%	7.13%	6.83%
CU 60-mth Auto	7.17%	7.23%	6.91%
CU 15-year Mtg	5.97%	5.82%	6.96%
CU 30-year Mtg	6.56%	6.41%	7.55%
EQUITY MARKETS			
Dow Jones Industrial Average	41,763.5	42,330.2	33,052.9
NASDAQ Composite	18,095.2	18,189.2	12,851.2
S&P 500	5,705.5	5,762.5	4,193.8
OTHER COMMODITIES			
CRB Index	279.9	284.9	281.2
Crude Oil	69.3	68.2	76.1

Source: Bloomberg; S&P Global Market Intelligence

KEY ECONOMIC AND MARKET INDICATORS

The U.S. added 12,000 jobs in October, the lowest addition since December 2020. Job gains were distorted by the Boeing strike and two hurricanes. More than 500,000 people reported they were unable to work due to weather, suggesting additional impact from the back-to-back storms. Healthcare and government added jobs, while most other sectors lost jobs or were unchanged.

Consumer inflation increased more than expected in September but remained close to the lowest year-over-year levels since 2021. Food and shelter costs accounted for over 75% of the monthly increase. Shelter costs rose at the smallest pace in three months. Producer prices, considered a precursor to changes in consumer prices, were flat in September, led by declines in gasoline costs.

Retail sales rose 0.4% in September and were up 0.5% ex-auto sales. Only three of the 13 major categories were negative – furniture, electronics and gasoline sales, the latter due to lower gasoline prices. Auto sales were flat. Sales rose 1.0% at food services and drinking places, the largest increase in over six months.

The economy grew 2.8% in the third quarter, led by consumer and government spending. Personal consumption surged 3.7%, the most since the first quarter of 2023. Government spending rose 5%, the largest increase in over three years. GDP was tempered by trade, with imports increasing more than exports.

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October provided it's share of tricks this year. The month began with a combination of global stresses – an East coast port strike, a direct missile attack on Israel by Iran and the ongoing Boeing strike. The issues posed a threat to reigniting inflation just as government inflation reports showed signs of inflation stabilizing. The price of oil jumped after a month of trading below $70 before falling again as the future demand and supply of oil fluctuated. Gold continued to move higher as the safe-haven instrument in today's uncertain financial and political situations. Job data and strong spending pointed to a resilient economy despite the Fed's restrictive policy. The financial markets began dismissing the need for aggressive easing and began trading on the prospects of a stronger economy, less rate cutting and stagnant inflation. All the while, debating who the next President of the United States will be and the economic and social implications of the two parties. The confusion pulled stock prices up and down throughout the month while bond yields trudged higher.

Mortgage rates followed the 10-year Treasury yield and did an about face in October after falling for five months. The benchmark FHLMC 30-year mortgage closed at 6.72%, 64 basis points higher from September and the highest in three months. The 15-year and 30-year mortgage rates, as measured by a variety of financial institutions, closed an average of 15 basis points higher at 5.97% and 6.56% respectively. Even with the October increase, mortgage rates are an average 99 basis points lower from a year ago. The renewed rise in mortgage financing threatens to stall the short-lived resurgence of mortgage refinancing and purchase activity. The average auto loan rates finished October six basis points lower at 7.07% for a 48-month loan and 7.17% for a 60-month loan. Auto loan rates are 25 basis points higher from a year ago.

October was not only a sweet month for candy, but it was also marked the two-year anniversary of an unstoppable bull market. The S&P 500 gained over 60% from its lowest level in October 2022, despite many analysts doubting its strength. The technology sector, fueled by the Magnificent 7, was a large contributor to the rally, rising 115% over the past two years. Equities have staged the strongest rally in nearly three decades, closing at new record highs almost weekly, if not daily. The rally has been propelled by prospects of a thriving economy. Yet, that thriving economy also lends itself to rising interest rates and a renewed rise of inflation, both of which created some second thinking and stock selling as October dragged on. By the end of the volatile month, the three indices closed in the red after being in the black for most of the month. The Dow closed August 1.34% lower, the Nasdaq fell 0.52% and the S&P 500 lost 0.99%. Year-to-date, the Dow is ahead 10.8%, the Nasdaq is up 20.5% and the S&P 500 is 19.6% higher.

FOR CREDIT UNIONS:

- September home sales were directly related to mortgage rates. Sales of existing homes, which are based on contracts signed in July and August, fell 1%. Mortgage rates were the highest in 14 years during the two signing months. New home sales, on the other hand, rose 4.1% to the highest pace in over a year due to contracts being signed in September after mortgage rates had fallen.

- Used vehicle values increased for the second month in a row, according to Black Book's Used Vehicle Retention Index for September. The index remains 8.2% below where it was a year ago. Limited supply, due to record low leasing three years ago, has kept the market steady. The Index is calculated using Black Book's published Wholesale Average value on two to six-year-old used vehicles.

- The New York Federal Reserve Survey of Consumer Expectations revealed a growing concern among middle-aged consumers about missing a debt payment over the next three months. The probability rose to 14.2%, marking the third month of increase. More consumers reported feeling worse off in their financial situation than a year ago.

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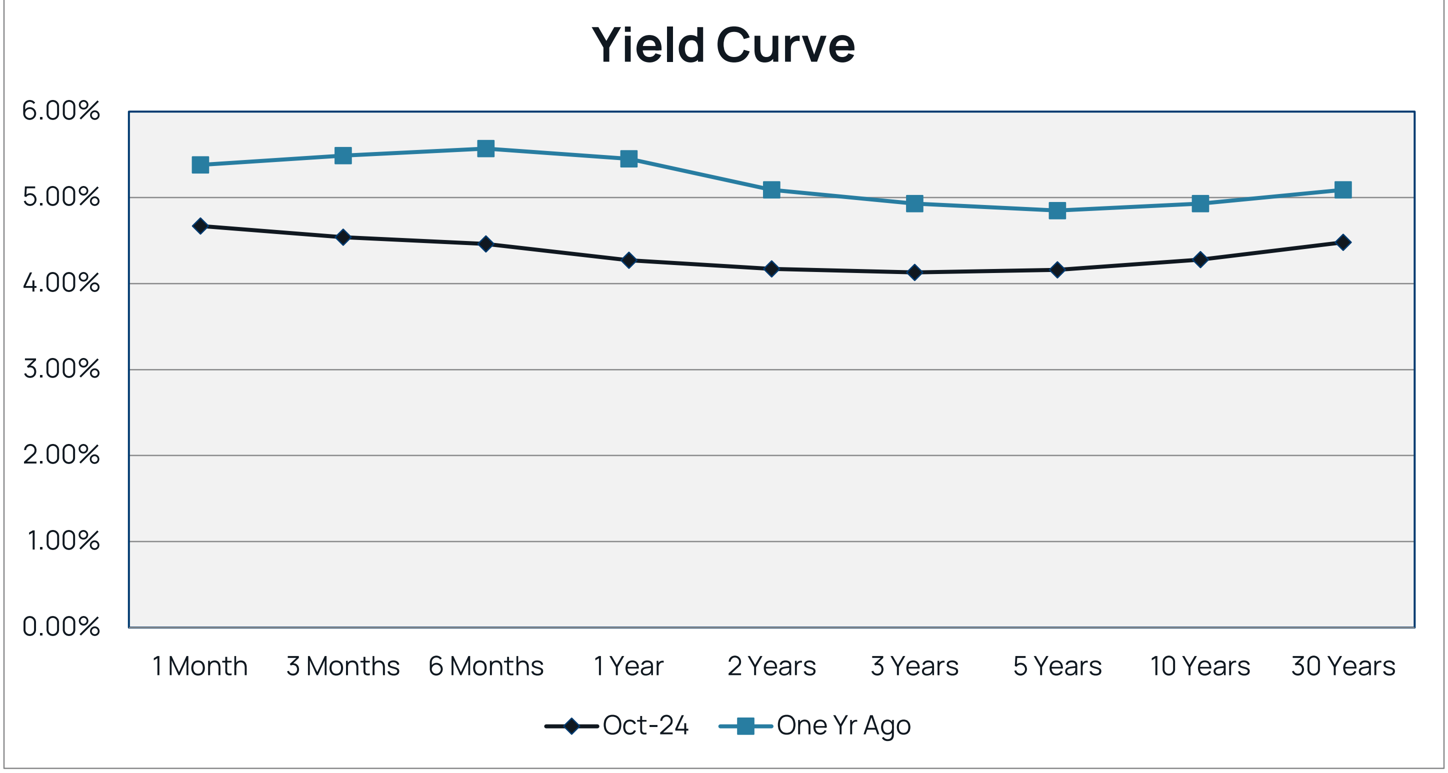
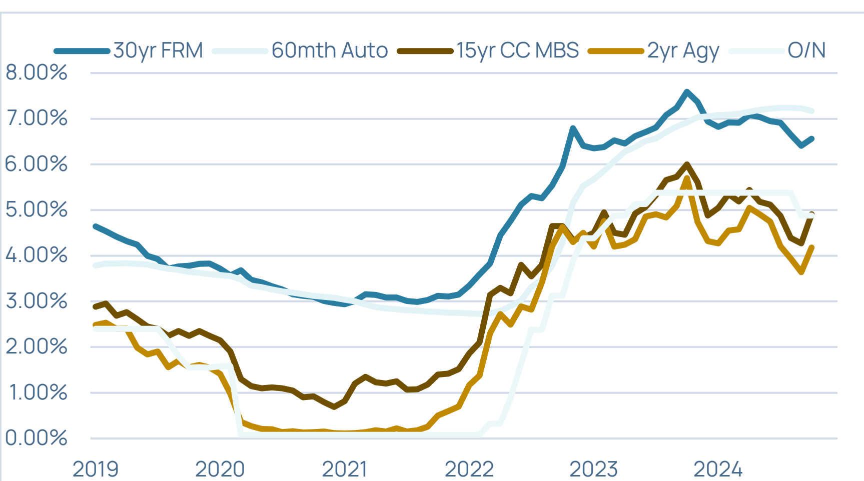


Treasury yields started October on a high note as traders and investors became more confident in the economy and that a recession would be averted. The optimism pushed the two and 10-year Treasury notes, and ultimately the entire yield curve, above 4% for the first time since August. Shorter dated securities surged on the prospect of the Federal Reserve not needing to be as aggressive on cutting rates. The longer dated part of the curve reacted to a more pessimistic view of inflation resulting from the upcoming Presidential elections. The two-year yield traded in a 58-basis point range during October before closing at 4.17%, 53 basis points above September's close and the largest one-month gain since June 2023. The 10-year yield closed the month at 4.28%, 50 basis points higher from September. The closing yields were the highest since July. The yield curve ended October at a positive 11 basis point slope.



RELATIVE VALUE OF ASSETS AND FUNDING:

- The difference between loan and investment yields narrowed 55 basis points to a spread of 232 basis points. The average 17-year spread is 239 basis points.
- The spread between a 60-month auto loan and a 15-year mortgage loan narrowed by 21 basis points to -120 basis points.
- Average CD rates fell two to 11 basis points with longer dated CD rates falling the most. Rates are, on average, 10 basis points higher than a year ago.

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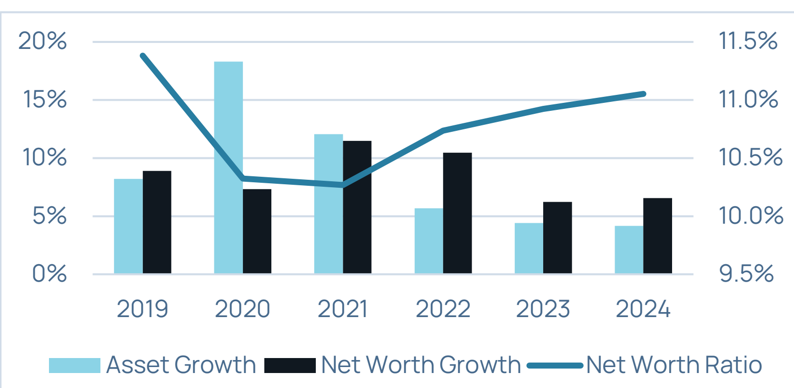
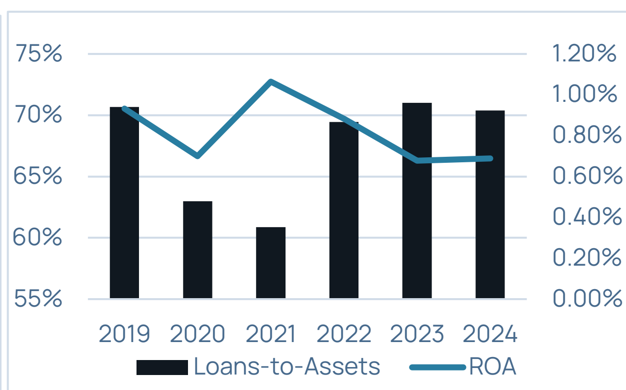
NCUA - JUNE 2024

KEY CREDIT UNION DATA	2019	2020	2021	2022	2023	2024
GROWTH RATES						
Total Assets	8.20%	18.31%	12.07%	5.67%	4.42%	4.18%
Total Loans	6.58%	5.44%	8.24%	20.53%	6.72%	2.33%
Total Shares	8.61%	20.89%	13.03%	3.88%	2.05%	5.38%
Net Worth	8.91%	7.33%	11.48%	10.47%	6.21%	6.55%
CAPITAL ADEQUACY						
Net Worth Ratio	11.38%	10.32%	10.27%	10.74%	10.92%	11.05%
Equity Capital Ratio	11.24%	10.34%	9.99%	8.77%	9.11%	9.30%
Capital Ratio	11.85%	11.04%	10.52%	9.31%	10.02%	10.19%
BALANCE SHEET COMPOSITION						
Loans/Assets	70.69%	62.99%	60.88%	69.45%	71.02%	70.38%
Vehicle Loans/Net Loans	34.12%	33.04%	32.50%	32.49%	31.49%	30.70%
RE Loans/Net Loans	50.86%	52.25%	52.80%	44.22%	44.83%	45.47%
1st Mtg Loans/Net Loans	42.55%	44.90%	45.97%	39.20%	39.20%	39.48%
Commercial Loans/Net Loans	7.54%	8.29%	9.07%	9.38%	10.01%	10.37%
LIQUIDITY POSITION						
Cash & Short-Term Invs/Assets	12.85%	18.44%	17.16%	10.17%	11.47%	12.75%
Borr. & NM Deposits/Shares & Liab.	4.75%	3.39%	2.97%	6.06%	7.96%	7.13%
Net Liquid Assets/Shares & Liab.	22.15%	30.36%	33.08%	23.82%	21.51%	22.58%
Net Long-term Assets/Assets	38.94%	35.58%	34.77%	39.48%	37.12%	36.01%
LOAN QUALITY						
Delinquency Rate	0.72%	0.62%	0.51%	0.67%	0.85%	0.84%
Net Charge-off Rate	0.40%	0.30%	0.16%	0.22%	0.43%	0.56%
EARNINGS						
Investment Yield	2.37%	1.35%	0.89%	1.63%	3.05%	3.72%
Loan Yield	4.90%	4.71%	4.37%	4.43%	5.25%	5.70%
Asset Yield	4.06%	3.53%	3.02%	3.38%	4.44%	4.93%
Cost of Funds	0.89%	0.70%	0.43%	0.52%	1.42%	1.88%
Gross Net Margin	3.17%	2.83%	2.59%	2.87%	3.02%	3.06%
Provision Expense	-0.43%	-0.50%	-0.06%	-0.26%	-0.51%	-0.57%
Net Interest Margin	2.74%	2.33%	2.53%	2.61%	2.51%	2.49%
Net Operating Expense	1.81%	1.63%	1.47%	1.73%	1.83%	1.80%
Net Income (Return on Assets)	0.93%	0.70%	1.06%	0.88%	0.68%	0.69%





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PEER STATISTICS

	<$2M	$2-10M	$10-50M	$50-100M	$100-500M	$500M+	Total
Industry Statistics							
Average Asset Size (000s)	$900	$5,649	$26,250	$72,080	$230,872	$2,722,927	$387,178
Pct of Number of Credit Unions	6.12%	13.50%	27.19%	13.80%	23.62%	15.77%	100.00%
Pct of Industry Assets	0.03%	0.16%	0.76%	2.11%	6.91%	87.55%	100.00%
GROWTH RATES							
Total Assets	-2.50%	-1.51%	1.15%	2.70%	3.96%	4.30%	4.18%
Total Loans	-6.49%	-2.11%	-0.42%	0.68%	1.03%	2.55%	2.33%
Total Shares	-5.45%	-2.10%	0.85%	2.54%	4.33%	5.68%	5.38%
Net Worth	10.12%	2.94%	5.28%	4.90%	5.90%	6.72%	6.55%
CAPITAL ADEQUACY							
Net Worth Ratio	21.31%	17.89%	13.52%	12.84%	11.48%	10.90%	11.38%
Equity Capital Ratio	21.25%	17.70%	13.11%	11.96%	10.01%	9.06%	11.24%
Capital Ratio	22.62%	18.35%	13.60%	12.43%	10.54%	10.02%	11.85%
BALANCE SHEET COMPOSITION							
Loans/Assets	47.60%	52.83%	52.62%	56.27%	64.78%	71.75%	70.38%
Vehicle Loans/Net Loans	64.61%	68.85%	53.22%	45.40%	37.93%	29.27%	30.70%
RE Loans/Net Loans	0.55%	6.61%	28.07%	36.52%	41.32%	46.38%	45.47%
1st Mtg Loans/Net Loans	0.50%	5.63%	24.53%	31.05%	35.25%	40.36%	39.48%
Commercial Loans/Net Loans	0.30%	0.16%	1.32%	3.60%	7.78%	10.92%	10.37%
LIQUIDITY POSITION							
Cash & Short-Term Invs/Assets	42.19%	31.56%	25.13%	21.01%	15.21%	12.00%	12.75%
Borr. & NM Deposits/Shares & Liab.	1.73%	1.56%	1.35%	2.08%	3.74%	7.77%	7.13%
Net Liquid Assets/Shares & Liab.	55.07%	47.46%	42.39%	40.93%	31.26%	20.72%	22.58%
Net Long-term Assets/Assets	3.57%	7.40%	19.44%	26.10%	32.44%	37.03%	36.01%
LOAN QUALITY	3.55%	1.64%	1.25%	1.10%	1.04%	1.46%	1.40%
Delinquency Rate	3.09%	1.34%	1.04%	0.84%	0.73%	0.85%	0.84%
Net Charge-off Rate	0.46%	0.30%	0.21%	0.26%	0.31%	0.60%	0.56%
EARNINGS							
Investment Yield	2.79%	3.11%	3.02%	2.96%	3.19%	3.86%	3.72%
Loan Yield	7.05%	6.39%	5.92%	5.78%	5.67%	5.70%	5.70%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Asset Yield	4.83%	4.79%	4.43%	4.39%	4.61%	5.00%	4.93%
Cost of Funds	0.53%	0.81%	0.86%	0.96%	1.34%	1.99%	1.88%
Gross Net Margin	4.30%	3.97%	3.57%	3.43%	3.28%	3.01%	3.06%
Provision Expense	-0.39%	-0.29%	-0.26%	-0.26%	-0.31%	-0.61%	-0.57%
Net Interest Margin	3.91%	3.69%	3.31%	3.17%	2.96%	2.40%	2.49%
Net Operating Expense	3.67%	3.16%	2.67%	2.58%	2.34%	1.70%	1.80%
Net Income (Return on Assets)	0.24%	0.53%	0.64%	0.59%	0.63%	0.70%	0.69%
EFFICIENCY METRICS							
Avg Loan Balance	$5,770	$9,476	$3,986	$6,764	$11,344	$21,148	$18,113
Avg Share Per Member	$2,446	$5,318	$9,055	$10,554	$12,418	$14,131	$13,672
Avg Compensation per FTE	$12,459	$16,458	$34,972	$38,159	$41,905	$53,955	$51,031
Comp & Benefits-to-Total Assets	2.24%	1.96%	1.64%	1.69%	1.78%	1.54%	1.57%
Pct of Total Operating Expense	64.63%	69.55%	68.27%	70.39%	72.90%	74.77%	74.32%
Office Occ & Ops-to-Total Assets	0.21%	0.16%	0.20%	0.22%	0.22%	0.17%	0.17%
Pct of Total Operating Expense	14.60%	15.94%	21.01%	23.81%	25.00%	24.19%	24.20%

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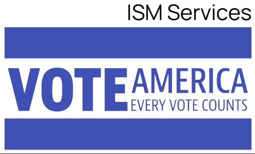
ECONOMIC CALENDAR

NOVEMBER 2024

Monday	Tuesday	Wednesday	Thursday	Friday
				1 Nonfarm Payrolls Unemployment Rate ISM Manufacturing Construction Spending Auto Sales
4 Factory Orders	**5** Trade Balance ISM Services  	**6**	**7** Jobless Claims FOMC Meeting Consumer Credit	**8** U. of Mich Sentiment (P)
11  	**12** Empire Manufacturing	**13** CPI	**14** Jobless Claims PPI	**15** Retail Sales Industrial Production Business Inventories
18	**19** Consumer Confidence Housing Starts Building Permits	**20**	**21** Jobless Claims Existing Home Sales Leading Index	**22** U. of Mich Sentiment (F)
25	**26** S&P CL Home Prices Consumer Confidence New Home Sales FOMC Minutes	**27** GDP 3Q24 Pending Home Sales Durable Goods (Oct) Personal Income Personal Spending PCE Core Y/Y Jobless Claims	**28**  	**29**