

Market Overview & Data Report



OCTOBER 2024

KEY ECONOMIC INDICATORS	Latest Report	Current Report	Previous Report	2023
ECONOMIC GROWTH				
GDP	Q2	3.0%	2.8%	2.5%
EMPLOYMENT				
Non-farm Payrolls (000s)	Sep	254	159	2,697
Private Payrolls (000s)	Sep	223	114	2,025
Unemployment Rate	Sep	4.1%	4.2%	3.7%
Avg Hourly Earnings (Y/Y)	Sep	4.0%	3.9%	4.1%
INFLATION				
Wholesale (Y/Y)	Aug	1.7%	2.1%	1.0%
Consumer (Y/Y)	Aug	2.5%	2.9%	3.4%
PCE Core (Y/Y)	Aug	2.7%	2.6%	3.2%
INCOME & SPENDING				
Retail Sales	Aug	0.1%	1.1%	5.6%
Personal Income	Aug	0.2%	0.3%	4.2%
Personal Spending	Aug	0.2%	0.5%	3.2%
AUTO & HOUSING				
Total Auto Sales (MM)	Sep	15.77	15.13	15.83
New/Existing Home Sales (M/M)	Aug	-2.9%	3.1%	-4.8%
S&P/Case Shiller HPI (Y/Y)	Jul	5.0%	5.5%	5.0%

KEY ECONOMIC AND MARKET INDICATORS

The U.S. added 254,000 jobs in September, the largest addition in six months. The unemployment rate fell for the third month in a row to 4.1% - its lowest level since June. Jobs were added in the leisure and hospitality, health care, government and construction sectors. Hourly earnings rose 4.0% from a year ago, the most in four months.

Inflation rates continued to fall in August. Year-over-year CPI levels were the lowest measures since early 2021. Lower energy prices kept both consumer and producer indices at bay, along with falling core goods prices. Housing and auto insurance costs remain the stickiest components of CPI. The Federal Reserve believes inflation is on target to reach its 2% goal.

Retail sales rose 0.1% in August, following an upwardly revised gain of 1.1% in July. Five of the 13 major categories posted gains, led by a 1.4% increase in online sales. Notable sales declines were in furniture, electronics, clothing and gasoline. Restaurant and bar sales were flat in August, the smallest change since March.

The final tally for second quarter economic growth remained at 3%. A substantial increase in government spending made up for slight declines in consumer and business spending. Updated data from the Bureau of Economic Analysis showed the economy grew 5.5% following the pandemic through 2023.

Sources:

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

KEY MARKET INDICATORS	Mth End	Last Mth	12 Mth Ago
	Sep-24	Aug-24	Sep-23
MONEY MARKETS			
Effective Fed Funds	4.83%	5.33%	5.33%
Prime Rate	8.00%	8.50%	8.50%
3-month SOFR	5.16%	5.35%	5.32%
2-year UST	3.64%	3.92%	5.04%
10-year UST	3.78%	3.90%	4.57%
NATIONAL CU LOAN RATES			
CU 48-mth Auto	7.13%	7.14%	6.74%
CU 60-mth Auto	7.23%	7.24%	6.83%
CU 15-year Mtg	5.82%	6.11%	6.71%
CU 30-year Mtg	6.41%	6.65%	7.23%
EQUITY MARKETS			
Dow Jones Industrial Average	42,330.2	41,563.1	33,507.5
NASDAQ Composite	18,189.2	17,713.6	13,219.3
S&P 500	5,762.5	5,648.4	4,288.1
OTHER COMMODITIES			
CRB Index	284.9	277.0	284.5
Crude Oil	68.2	73.6	78.7

Source: Bloomberg; S&P Global Market Intelligence

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September began with both stock prices and bond yields plummeting. In the weeks prior to the long awaited September FOMC meeting, the financial markets prepared themselves for as much as a 50 basis point rate cut, but most market analysts expected a 25 basis point move. Weak inflation and job data all but secured bets the Federal Reserve was ready to change monetary policy. When the time came for the FOMC meeting, the Federal Reserve voted to lower the benchmark lending rate by 50 basis points to a target range of 4.75% to 5.00%. The move was the first and biggest reduction in more than four years. Federal Reserve Chair Jerome Powell said the time was right for the Fed to begin recalibrating towards a more neutral funds level. The committee has gained greater confidence that inflation is moving towards the 2% goal, and the risks for achieving its inflation and employment goals are roughly in balance. Powell suggested there are more cuts to come but did not allude to size or timing.

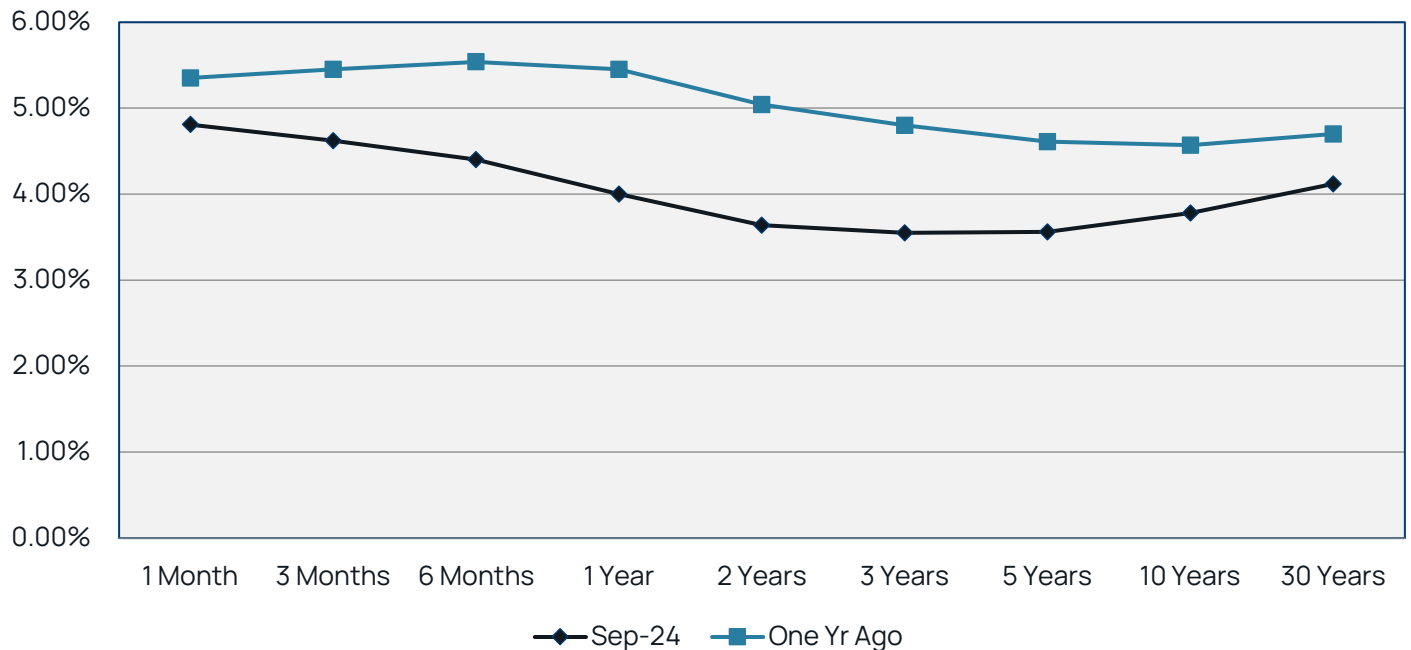
Mortgage rates fell for the fifth month in a row in September following the Federal Reserve's 50 basis point rate cut. The benchmark FHLMC 30-year mortgage closed at 6.08%, 27 basis points lower from July and the lowest rate in two years. The 15-year and 30-year mortgage rates, as measured by a variety of financial institutions, closed an average of 27 basis points lower at 5.82% and 6.41%, respectively. Mortgage rates are an average 85 basis points lower from a year ago. The lower rates continue to create a rush of refinancing activity, pushing applications up over 20% for the last two weeks of the month. The spread between FHLMC's 30-year mortgage rate and the 10-year Treasury yield narrowed 27 basis points to 228. The average auto loan rates finished September one basis point lower at 7.13% for a 48-month loan and 7.23% for a 60-month loan. Overall, auto loan rates are 39 basis points lower from a year ago.

September is historically the worst month of the year for stocks and it seemed the trend was going to continue this year. Fear of recession sent stocks tumbling in the first week of September. The S&P 500 and the Dow had their worst week in 18 months, with all major groups in the S&P index retreating. The Nasdaq posted its worst week since 2022, down 10.5% since its peak level in July. The financial sector dragged down stocks on unrealistic estimates for expenses and net interest income. Yet, a week later, every stock in the S&P 500 rose, buoyed by a rally in technology. The Dow and S&P 500 continually closed at record highs on the heels of the Fed's 50 basis point rate cut. By the end of the month, the stock indices finished higher for the fifth month in row. The Dow closed August 1.9% higher, the Nasdaq eked out a 2.7% rise and the S&P 500 gained 2.0%. Third quarter results were even better, with the Dow closing up 8.2%, the Nasdaq ahead by 2.6% and the S&P 500 up 55%. Year-to-date, the Dow is ahead 12.3%, the Nasdaq is up 21.2% and the S&P 500 is 20.8% higher.

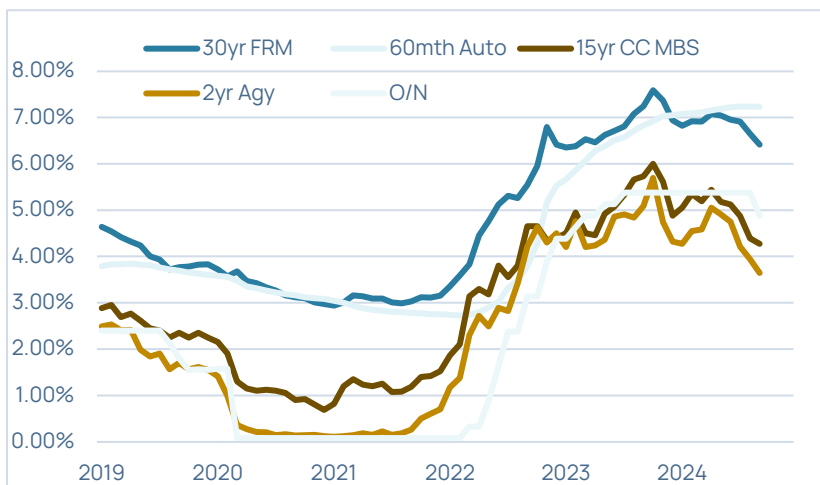
FOR CREDIT UNIONS:

- Sales of new and existing homes fell in August despite lower mortgage rates. The inventory of existing homes rose for the eighth month in a row but remains well below the five-month average prior the pandemic. Builders continue to make progress selling off the high inventory of completed homes. Falling mortgage rates have increased refinancing applications more than purchase applications.
- Black Book reported the Used Vehicle Retention Index for used cars increased 0.7% after four months of decline but remains 10% below 2023 values. The car industry is experiencing the effects of lower supply which is stabilizing market values. The Index provides an accurate and unbiased view of used vehicle wholesale market value, based on two to six year-old used vehicles.
- Adobe Inc. forecasts holiday sales will be 8.4% higher from a year ago as consumers seek discounts and lower cost options. The forecast signals a continued shift from physical stores to websites and mobile apps. Retail sales were boosted in August by a 1.4% gain in online sales.

Yield Curve



September 2024 defied the trend of bond prices falling the last eight out of 10 Septembers. Treasury yields plummeted more than 20 basis points the first week of September, buoyed by an upcoming interest rate cut. Weak job data solidified the forecast, or rather hopes, for a rate cut as much as 50 basis points at the upcoming FOMC meeting. The yield curve closed positive for multiple days for the first time since July 2022 as shorter-term yields fell twice as much as the longer dated maturities. The market held out hopes for a cut of 50 basis points for much of the month, even as Fed officials suggested a more cautious pace. In the end, the Fed gave the market the gift it wanted. The two-year yield fell to 3.54% (the lowest level in two years) before closing the month at 3.64%, 28 basis points below August's level. The 10-year yield closed September at 3.78%, 12 basis points lower for the month. The yield curve ended September at a positive 14 basis point slope.



RELATIVE VALUE OF ASSETS AND FUNDING:

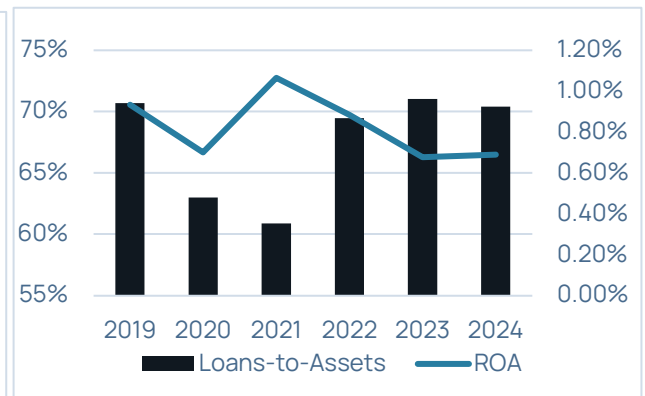
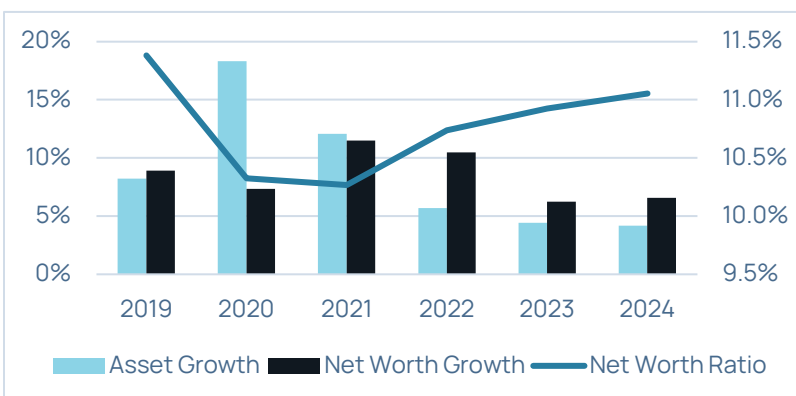
- The difference between loan and investment yields widened by eight basis points to a spread of 286 basis points. The average 17-year spread is 243 basis points.
- The spread between a 60-month auto loan and a 15-year mortgage loan widened by 28 basis points to -141 basis points.
- Average CD rates fell one to three basis points with longer dated CD rates falling the most. Rates are, on average, 16 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							
Delinquency Rate	3.55%	1.64%	1.25%	1.10%	1.04%	1.46%	1.40%
Net Charge-off Rate	3.09%	1.34%	1.04%	0.84%	0.73%	0.85%	0.84%
	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 OCTOBER 2024

Monday	Tuesday	Wednesday	Thursday	Friday
	1 ISM Manufacturing Construction Spending JOLTS Auto Sales	2 ADP Employment	3 Jobless Claims ISM Services Factory Orders	4 Nonfarm Payrolls Unemployment Rate
7 Consumer Credit 	8 Trade Balance 	9 FOMC Minutes 	10 Jobless Claims CPI	11 PPI U. of Mich Sentiment (P)
14 	15 Empire Manufacturing	16	17 Jobless Claims Retail Sales Industrial Production Business Inventories	18 Housing Starts Building Permits
21 Leading Index	22 Consumer Confidence	23 Existing Home Sales Fed Beige Book	24 Jobless Claims New Home Sales	25 U. of Mich Sentiment (F) Durable Goods (Sep)
28	29 S&P CL Home Prices JOLTS (Sep) Consumer Confidence	30 ADP Employment GDP 3Q24 Pending Home Sales	31 Jobless Claims Personal Income Personal Spending PCE Core Y/Y 	

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