Market Overview & Data Report

SEPTEMBER 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)	Aug	142	89	2,697
Private Payrolls (000s)	Aug	118	74	2,025
Unemployment Rate	Aug	4.2%	4.3%	3.7%
Avg Hourly Earnings (Y/Y)	Aug	3.8%	3.6%	4.1%
INFLATION				
Wholesale (Y/Y)	Jul	2.2%	2.7%	1.0%
Consumer (Y/Y)	Jul	2.9%	3.0%	3.4%
PCE Core (Y/Y)	Jul	2.6%	2.6%	3.2%
INCOME & SPENDING				
Retail Sales	Jul	1.0%	-0.2%	5.6%
Personal Income	Jul	0.3%	0.2%	4.2%
Personal Spending	Jul	0.5%	0.3%	3.2%
AUTO & HOUSING				
Total Auto Sales (MM)	Aug	15.13	15.82	15.83
New/Existing Home Sales (M/M)	Jul	2.7%	-4.4%	-4.8%
S&P/Case Shiller HPI (Y/Y)	Jun	5.4%	5.9%	5.0%

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

KEY MARKET INDICATORS	Mth End Aug-24	Last Mth Jul-24	12 Mth Ago Aug-23
MONEY MARKETS			
Effective Fed Funds	5.33%	5.33%	5.33%
Prime Rate	8.50%	8.50%	8.50%
3-month SOFR	5.35%	5.35%	5.31%
2-year UST	3.92%	4.26%	4.86%
10-year UST	3.90%	4.04%	4.11%
NATIONAL CU LOAN RATES			
CU 48-mth Auto	7.14%	7.13%	6.66%
CU 60-mth Auto	7.24%	7.24%	6.74%
CU 15-year Mtg	6.11%	6.40%	6.54%
CU 30-year Mtg	6.65%	6.91%	7.10%
EQUITY MARKETS			
Dow Jones Industrial Average	41,563.1	40,842.8	34,721.9
NASDAQ Composite	17,713.6	17,599.4	14,034.9
S&P 500	5,648.4	5,522.3	4,507.7
OTHER COMMODITIES			
CRB Index	277.0	278.1	281.9
Crude Oil	73.6	78.5	77.4

Source: Bloomberg; S&P Global Market Intelligence

KEY ECONOMIC AND MARKET INDICATORS

The U.S. added 142,000 jobs in August, more than 20,000 fewer jobs than estimated. Monthly revisions took away 86,000 jobs for the prior two months. Private education, health services and the leisure and hospitality sector continue to be the biggest job gainers. Manufacturing and retail trade lost the most jobs. The unemployment rate fell for the first time since March 2023.

Inflation cooled for the third month in a row, rising 0.2% in July. The year-over-year inflation rate fell below 3% for the first time since 2021. Prices for new and used autos, airfares, energy and clothing continued to fall after spiking earlier in the year. Almost 90% of the increase in July came from shelter prices, which remain elevated. Food prices rose 0.2% for the second month with most of that increase coming from food away from home.

Retail sales rose 1.0% in July, the strongest pace in over a year. Ten of the 13 major categories posted increases. Auto sales surged 4% after falling in June due to a widespread cyber-attack. Amazon's Prime Day sale boosted online sales as other major retailers chose to host their own promotions. Spending on food services, including restaurants, rebounded after two weak months.

Economic growth was revised higher for the second quarter of 2024. Growth increased 3% versus 2.8% on stronger consumption. Personal spending rose 2.9% compared to the earlier estimate of 2.3%. At the same time, business spending and inventories were revised lower.

Market Overview & Data Report

August barely began before the bottom fell out of the markets. Less than half a day after the FOMC voted unanimously to keep interest rates unchanged but also hinting at forthcoming rate cuts, investors took matters into their own hands and pulled bond yields and stock prices down in a panic. A jump in the July unemployment rate to 4.3% triggered fears of a recession and a Fed already behind the curve. There was even speculation at one point, albeit short-lived, that the Fed might do an emergency intra-meeting rate cut. Japan's first interest rate increase since 2007 spurred a massive unwinding of the yen carry trade (using currency valuations to borrow at lower Japanese rates to fund purchases of higher yielding assets elsewhere) pushing the U.S. financial markets into chaos. The markets righted themselves toward the end of the month as Fed officials, most prominently Federal Reserve Chair Jerome Powell, suggested the time has come to begin lowering interest rates. Positive growth and inflation data subsequently supported the Fed's findings that inflation is on "a sustainable path towards 2%."

Mortgage rates followed the drop in the 10-year Treasury note in August, falling to the lowest level since April 2023. The benchmark FHLMC 30-year mortgage closed at 6.35%, 38 basis points lower from July and the biggest monthly drop in eight months. 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 6.11% and 6.65%, respectively. Mortgage rates are an average 44 basis points lower from a year ago. The lower rates created a rush for refinancing activity, pushing applications up 34.5% to the highest level in two years. All applications, including for purchase, surged 16.8% in one week, the biggest weekly jump since January 2023. The spread between the FHLMC 30-year mortgage rate and the 10-year Treasury yield narrowed 26 basis points to 249 basis points. The average auto loan rates finished August flat at 7.14% for a 48-month loan and 7.24% for a 60-month loan.

The equity market took a theme from the Olympics in August, proving it is possible to move from worst to first. The key indices experienced the worst trading days since 2022 to the best days this year. There is no other way to say it, but the equity market saw the ghost of recessions past and threw in the towel early on. The magnitude and depth of the decline was extraordinary, exacerbated by the unwinding of the yen carry trade and liquidity rebalancing. The three key stock indices posted the worst three-day declines since 2022. The Nasdaq fell 13% from its all-time high and the S&P 500 fell back to first quarter levels. Just a week later the same indices recovered with the best weekly performance this year. By the end of the month, the stock indices finished higher for the fourth month in row. The Dow closed August 1.8% higher, the Nasdaq eked out a 0.7% rise and the S&P 500 gained 2.3%. Year-to-date, the Dow is up 10.3%, the Nasdaq is ahead 18% and the S&P 500 is 18.4% higher.

FOR CREDIT UNIONS:

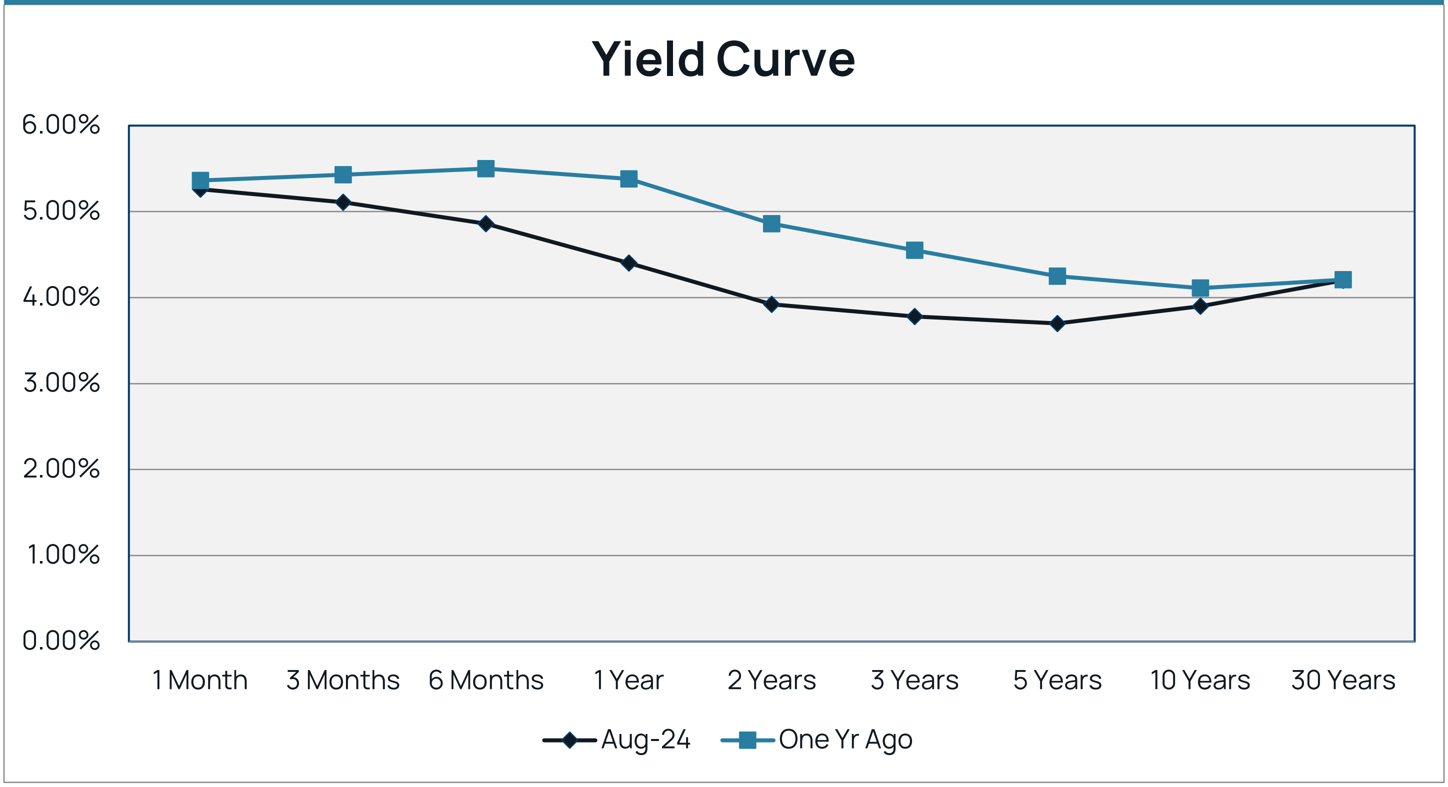
- Housing sales got a boost in July from lower mortgage rates. Existing home sales rose 1.3%, the first increase in five months. Sales of new homes surged 10.6%, the biggest jump in almost two years. Three months of falling rates brought home buyers to the table to sign and close on home purchases. Home prices remain high as supply continues to be limited. Almost 50% of the existing homes sold in July were over $750,000.

- Fifty percent of credit card holders currently carry balances month-to-month. This is the highest share in over four years, according to a Bankrate survey. Thirty-six percent have credit card debt that is higher than their emergency savings. Fifty-eight percent have no plan to pay off the debt.

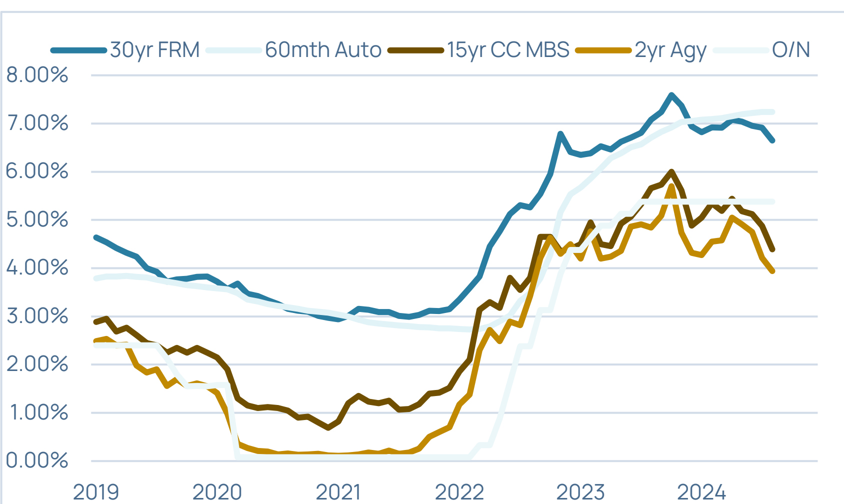
- The amount of cash in money-market funds surged by more than $100 billion in August, pushing assets to a record as investors sought to lock in higher yields before the U.S. Federal Reserve starts cutting interest rates. Much of the latest increase in money-market fund assets came from retail investors, which totaled $21.4 billion.

Market Overview & Data Report

catalyst



Treasury yields collapsed in August as the possibility for rate cuts came closer to reality. Minutes from the July FOMC meeting revealed that several Fed officials were in favor of a cut in July, and a "vast majority" believed it would be appropriate to reduce rates in September if the data continued to come in as expected. With inflation subsiding and the unemployment rate rising, Fed members believe achieving their goals is "now about equal" and the right time to ease off the restrictive policy. Federal Reserve Chair Jerome Powell told attendees at the annual Jackson Hole Symposium that the "time has come for policy to adjust." The benchmark two-and 10-year Treasury yields fell to the lowest levels mid-month since mid-2023. The two-year yield closed at 3.92%, 34 basis points lower than July. The 10-year yield ended the month at 3.90%, 14 basis points lower than July. The yield curve closed August at -2 basis points, the narrowest in two years.



RELATIVE VALUE OF ASSETS AND FUNDING:

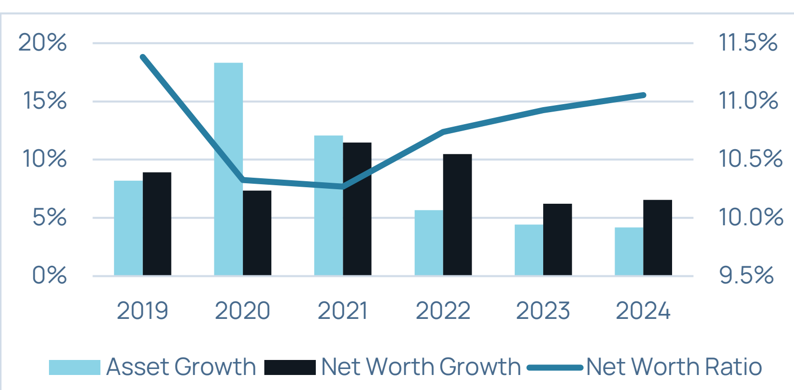
- The difference between loan and investment yields widened by 25 basis points. Loan rates fell 12 basis points. Rates on investments were down 37 basis points.
- The spread between a 60-month auto loan and a 15-year mortgage loan widened by 29 basis points to -113 basis points.
- Average CD rates remained relatively unchanged. Six-month rates increased four basis points. Rates are, on average, 22 basis points higher than a year ago.

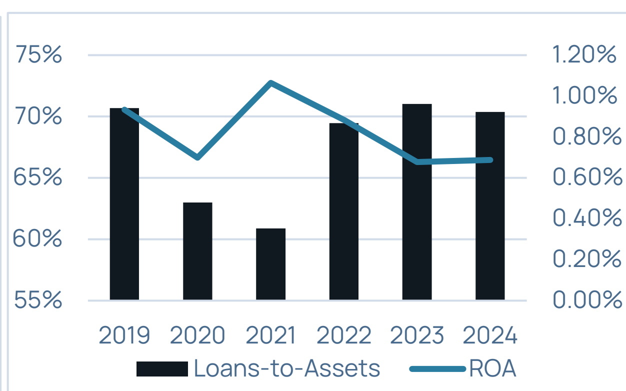
Market Overview & Data Report

catalyst

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%





Market Overview & Data Report

catalyst

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%

Market Overview & Data Report

catalyst

ECONOMIC CALENDAR

SEPTEMBER 2024

Monday	Tuesday	Wednesday	Thursday	Friday
2 	**3** ISM Manufacturing Construction Spending	**4** Auto Sales JOLTS Trade Balance Fed Beige Book Factory Orders	**5** Jobless Claims ADP Employment ISM Services	**6** Nonfarm Payrolls Unemployment Rate
9 Consumer Credit	**10** Trade Balance	**11** CPI	**12** Jobless Claims PPI	**13** U. of Mich Sentiment (P)
16 Empire Manufacturing	**17** Retail Sales Industrial Production Business Inventories	**18** Housing Starts Building Permits FOMC decision	**19** Jobless Claims Leading Indicators Existing Home Sales	**20**
23	**24** S&P CL Home Prices Consumer Confidence	**25** New Home Sales	**26** Jobless Claims GDP 2Q24 Durable Goods (Aug) Pending Home Sales	**27** Personal Income Personal Spending PCE Core Y/Y U. of Mich Sentiment (F)
30				