KEY ECONOMIC INDICATORS	Latest Report	Current Report	Previous Report	2016
ECONOMIC GROWTH				
GDP (QoQ)	Q4	1.9%	3.5%	1.9%
EMPLOYMENT				
Non-farm Payrolls (000s)	Jan	227	157	2,242
Private Payrolls (000s)	Jan	237	165	2,054
Unemployment Rate	Jan	4.8%	4.7%	4.7%
Underemployment Rate	Jan	9.4%	9.2%	9.2%
INFLATION				
Wholesale (YoY)	Dec	1.6%	1.3%	1.6%
Consumer (YoY)	Dec	2.1%	1.7%	2.1%
Core Consumer (YoY)	Dec	2.2%	2.1%	2.1%
INCOME & SPENDING				
Chg in Consumer Credit ($B)	Dec	14.2	25.2	6.4%
Personal Income	Dec	0.3%	0.1%	3.5%
Personal Spending	Dec	0.5%	0.2%	2.7%
AUTO & HOUSING				
Total Auto Sales (Mil Units)	Jan	17.5	18.3	18.3
New & Existing Home Sales (M)	Dec	6.03	6.24	6.03
S&P/Case Shiller HPI (YoY)	Nov	5.64%	5.46%	5.43%

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

KEY MARKET INDICATORS	Mth End	Last Mth	12 Mth Ago
	Jan-17	Dec-16	Jan-16
MONEY MARKETS			
Effective Fed Funds	0.56%	0.55%	0.29%
Prime Rate	3.75%	3.75%	3.50%
3 month LIBOR	1.03%	1.00%	0.61%
2 year UST	1.20%	1.19%	0.78%
10 year UST	2.45%	2.44%	1.92%
NATIONAL MORTGAGE RATES			
CU 15 year Mtg	3.54%	3.53%	3.34%
CU 30 year Mtg	4.21%	4.21%	3.96%
EQUITY MARKETS			
Dow Jones Industrial Average	19,864.1	19,762.6	16,466.3
NASDAQ Composite	5,614.8	5,383.1	4,614.0
S&P 500	2,278.9	2,238.8	1,940.2
OTHER COMMODITIES			
CRB Index	192.0	192.5	166.8
Crude Oil	52.8	53.4	42.9

Source: Bloomberg; RateWatch

KEY ECONOMIC AND MARKET INDICATORS

The January job report was a mixed message – the U.S. added more jobs than expected, but wages also fell more than expected. The decline in earnings suggests slack still exists in the labor market. Year-over-year earnings initially reached a nine-year high in December before being revised lower. Y/Y earnings have retreated to the lowest level in five months.

According to the latest comments from the FOMC, "inflation WILL rise to two percent over the medium term." The most recent CPI and PPI reports support this optimism, with both showing increases in the core year-over-year rate of inflation. Energy prices continue to move higher, but are not the only contributor to price increases as in recent past. Rising costs for shelter, transportation and medical care are becoming more frequent.

Manufacturing continued to improve moving into the new year. The ISM index improved for the fifth month in a row. Orders and production measures increased the most in two years during January. Core shipments, a proxy for business investment, are at the highest level in two years. Capital spending from business had been the weak link in manufacturing since 2015.

As has been the case for seven of the last 10 years, the economy slowed in the fourth quarter. In 2016, the slowdown was primarily due to the biggest decline in exports in seven quarters. Spending gave up half a percent from the third quarter. On the plus side, business spending posted the first gain in five quarters, up 3.1 percent.

January brought some much needed calmness to the financial markets after the wild moves in December. The optimism that sparked higher stock prices and bond yields at the end of 2016 cooled off as reality set in. Investors realized that it will take time to see any significant changes to the economy from the new presidential regime. Much of the movement in January was fueled by learning how to decipher comments coming out of Washington and what the effects would be on companies and our economic partners. The inauguration late in the month gave the stock market another shot of optimism, once again bringing stock index prices to all-time highs. Bond yields took comfort from mid-month comments by Federal Reserve Chair Janet Yellen that the Federal Reserve intended to remain on track for increasing interest rates. The two-day FOMC meeting that began the last day of January resulted in a unanimous vote to keep interest rates steady for now, while keeping the door open for a move in March or June.

Mortgage rates took a reprieve from moving higher in January. The average 15-year mortgage rate offered by credit unions increased by one basis point to 3.54 percent. The average rate for a 30-year mortgage was 4.21 percent, unchanged from December. The spread between mortgage and Treasury rates remained the same, 128 basis points for 15-year mortgages and 177 basis points for 30-year mortgages.

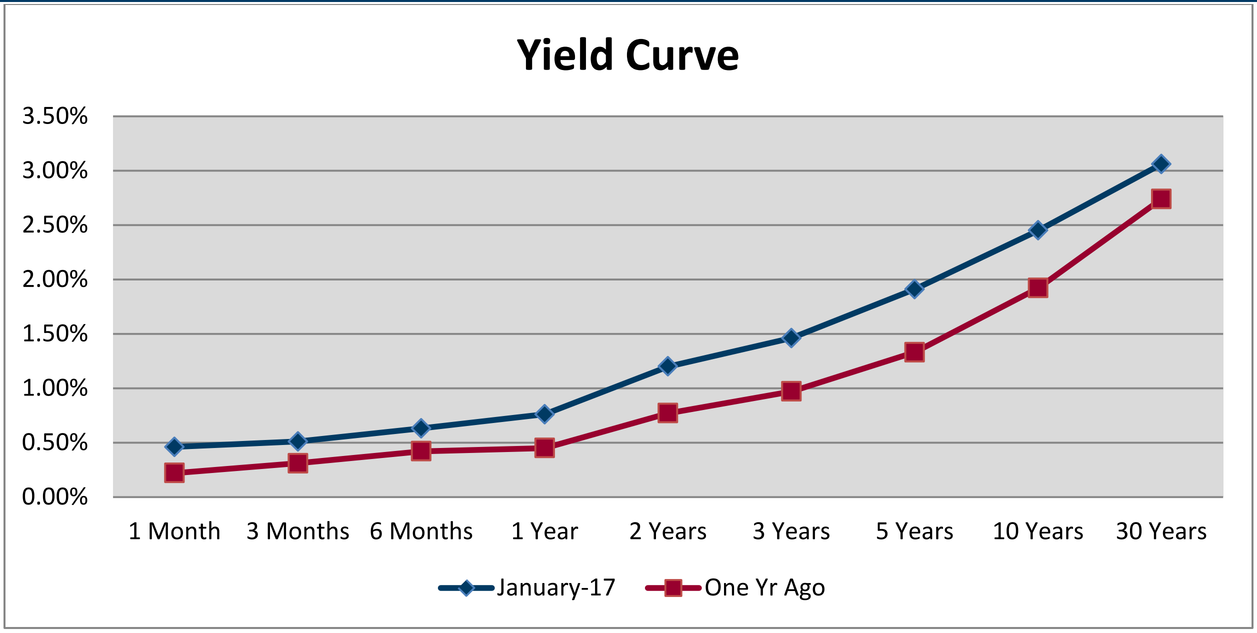
The key U.S. equity indices continued where they left off in 2016, posting new high prices during January. The Dow Jones Industrial Average finally broke through the coveted 20,000 mark after several attempts starting in December. Soaring stock prices were led by strong company earnings and optimism that a Trump presidency will be good for the economy. The month-to-date returns for the indices were all in the black: Dow Jones Industrial Average: +0.51 percent, NASDAQ Composite: +4.3 percent, and S&P 500 Index: +1.8 percent. The price of oil closed the month at 52.8, down 3.4 percent for the month.

For Credit Unions:

- Consumer spending rose in December by the most in three months on both an inflation-adjusted and non-adjusted basis. As the labor market and wages continue to move in the right direction, consumers remain willing to pull out their wallets. Auto sales were by far the biggest benefactors of the spending spree. As interest rates begin to move higher, credit monitoring services are warning about the potential for delinquency rates on auto loans and credit cards to increase moderately.

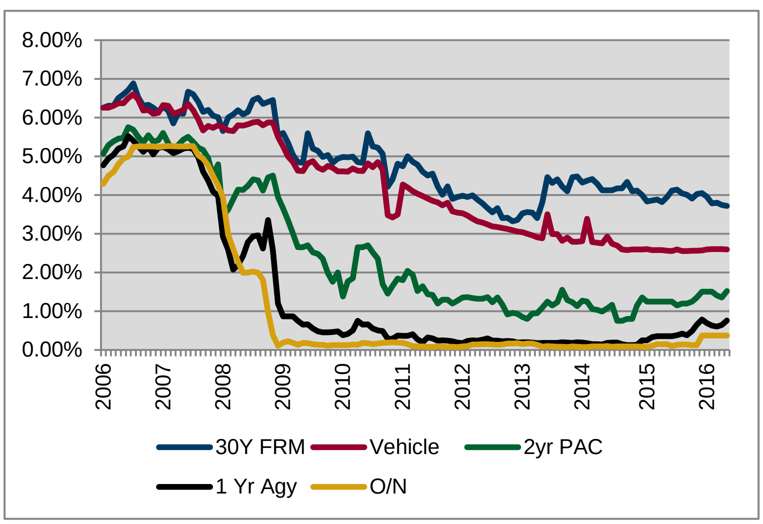
- The housing market continues to make strides in the right direction. The level of home ownership increased to 63.7 percent in the fourth quarter 2016. The rate has been climbing its way back after hitting a record low 63.1 percent in the second quarter. Lack of inventory and rising prices have kept ownership out of reach for many people, especially the growing millennial demographic. The peak in home ownership occurred in the second quarter of 2004, with 69.2 percent of Americans owning a home. First time homebuyers are struggling to gain entry into the housing market, accounting for 32 percent in December. This is down from 35 percent in June and the historical average of 40 percent.

- The auto industry began 2017 on the same bright note it ended in 2016. In January, auto sales topped 17 million for the fifth month in a row. With sales of 17.5 million, January sales beat the 2016 average sales rate of 17.4 million. Auto dealers are facing a headwind of record inventory, which could cause the industry to resort to larger incentives to encourage sales. The average vehicle stayed on lots for 66 days in 2016, compared to an average of 60 days the year before.



After a wild and woolly end to 2016, the U.S. Treasury bond market calmed down in January. The yield curve did end the month the same place it began, at 125 basis points. The market took a "wait and see" attitude as it digested the late-year interest rate increase by the Federal Reserve and the incoming presidential cabinet. By the end of January, the two- and 10-year Treasury securities were just one basis point higher than the close in December. The two-year note finished at 1.20 percent after a nine basis point swing during the month. The 10-year note ended the month at 2.45 percent, almost in the middle of an 18 basis point swing.

Relative Value of Assets and Funding:

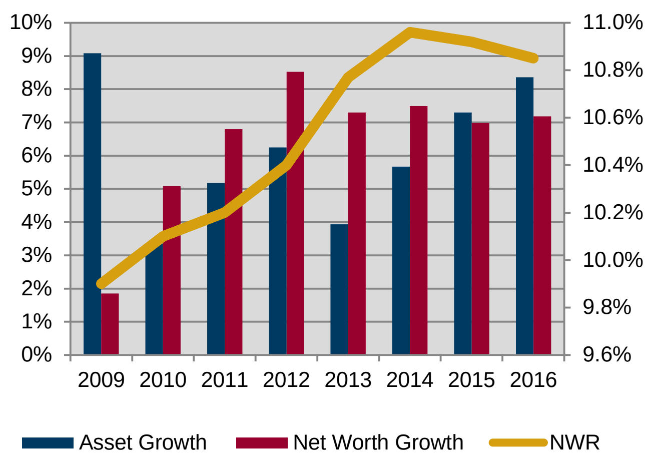


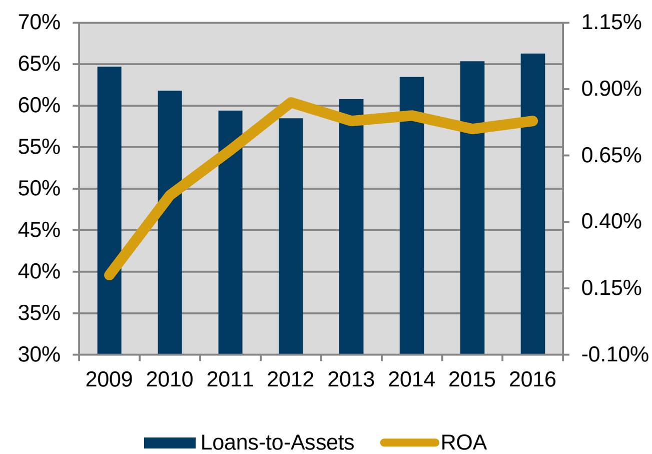
- *The spread between loan and investment rates is beginning to narrow. Credit unions should continue to monitor credit quality and delinquency rates to maintain the proper balance of value in their balance sheet.*
- *Interest rates are expected to move higher throughout 2017, with two to three rate moves from the Federal Reserve.*
- *Credit unions should be able to delay increasing deposit rates until additional Federal Reserve rate moves are completed.*

NCUA – September 2016

KEY CREDIT UNION DATA	2011	2012	2013	2014	2015	2016
GROWTH RATES						
Total Assets	5.18%	6.25%	3.93%	5.66%	7.33%	8.08%
Total Loans	1.20%	4.55%	7.97%	10.42%	10.49%	10.18%
Total Shares	5.21%	6.10%	3.67%	4.47%	6.86%	8.12%
Net Worth	6.81%	8.52%	7.36%	7.49%	6.98%	7.18%
CAPITAL ADEQUACY						
Net Worth Ratio	10.21%	10.43%	10.77%	10.96%	10.92%	10.85%
Equity Capital Ratio	10.19%	10.42%	10.47%	10.78%	10.66%	10.75%
Capital Ratio	11.10%	11.20%	11.10%	11.40%	11.27%	11.34%
BALANCE SHEET COMPOSITION						
Cash & ST Inv to Total Assets	17.30%	17.49%	14.87%	13.64%	13.49%	14.44%
Loans-to-Total Assets	59.42%	58.48%	60.75%	63.48%	65.35%	66.32%
Vehicle-to-Total Loans	28.88%	29.87%	30.80%	32.29%	33.30%	34.27%
Real Estate-to-Total Loans	54.78%	53.58%	52.51%	51.12%	50.41%	49.70%
Delinquency Rate	1.60%	1.16%	1.01%	0.85%	0.81%	0.77%
Net Charge-off Rate	0.91%	0.73%	0.57%	0.50%	0.48%	0.53%
"Misery" Index	2.51%	1.89%	1.58%	1.35%	1.30%	1.30%
EARNINGS						
Gross Asset Yield	4.62%	4.01%	3.65%	3.66%	3.71%	3.78%
Cost of Funds	0.93%	0.73%	0.59%	0.54%	0.52%	0.52%
Gross Interest Margin	3.69%	3.28%	3.06%	3.12%	3.20%	3.26%
Less: Provision Expense	0.50%	0.36%	0.26%	0.28%	0.34%	0.38%
Net Interest Margin	3.19%	2.92%	2.80%	2.84%	2.85%	2.88%
Net Operating Expense	2.52%	2.44%	2.45%	2.45%	2.47%	2.47%
Net Income (Return on Assets)	0.67%	0.85%	0.78%	0.80%	0.75%	0.78%

Source: NCUA (Sept. 2016)



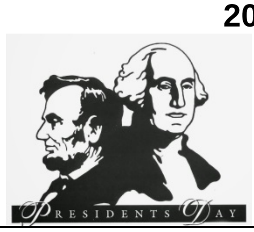


NCUA PEER DATA	<$10M	$10-50M	$50-100M	$100-500M	$500M+	Total
NETWORK						
Average Asset Size (000s)	$4,123	$24,764	$71,174	$222,027	$1,884,403	$218,565
Pct of Number of Credit Unions	17%	32%	12%	18%	9%	100%
Pct of Industry Assets	0%	4%	4%	18%	73%	100%
GROWTH RATES						
Total Assets	-8.1%	-5.6%	-1.4%	2.9%	10.9%	8.08%
Total Loans	-9.3%	-5.7%	-1.0%	3.9%	13.0%	10.18%
Total Shares	-8.0%	-5.6%	-1.5%	2.9%	11.1%	8.12%
Net Worth	-8.0%	-6.0%	-1.4%	2.8%	9.9%	7.18%
CAPITAL ADEQUACY						
Net Worth Ratio	15.7%	12.3%	11.5%	10.9%	10.7%	10.85%
Equity Capital Ratio	15.7%	12.2%	11.3%	10.8%	10.6%	10.75%
Capital Ratio	16.5%	12.7%	11.8%	11.3%	11.2%	11.34%
BALANCE SHEET COMPOSITION						
Cash & Investments-to-Total Assets	50.9%	46.8%	40.2%	31.4%	27.3%	29.4%
Loans-to-Total Assets	47.9%	49.9%	55.4%	63.5%	68.6%	66.32%
Vehicle-to-Total Loans	57.9%	44.3%	39.7%	36.9%	32.9%	34.27%
Real Estate-to-Total Loans	8.0%	33.1%	40.2%	45.9%	51.8%	49.70%
Delinquency Rate	2.15%	1.17%	1.03%	0.85%	0.72%	0.77%
Net Charge-off Rate	0.60%	0.44%	0.49%	0.47%	0.55%	0.53%
"Misery" Index	2.75%	1.61%	1.51%	1.32%	1.28%	1.30%
Non-term Shares-to-Total Shares	85.6%	78.6%	75.9%	74.1%	71.7%	72.6%
Net Long-term Assets-to-Total Assets	8.7%	20.0%	25.6%	31.0%	33.4%	32.0%
EARNINGS						
Gross Asset Yield	3.81%	3.39%	3.57%	3.72%	3.83%	3.8%
Cost of Funds	0.30%	0.29%	0.30%	0.37%	0.58%	0.52%
Gross Interest Margin	3.51%	3.11%	3.27%	3.35%	3.25%	3.3%
Less: Provision Expense	0.27%	0.22%	0.26%	0.33%	0.41%	0.38%
Net Interest Margin	3.24%	2.88%	3.01%	3.02%	2.84%	2.9%
Net Operating Expense	3.15%	2.71%	2.79%	2.78%	2.36%	2.47%
Net Income (Return on Assets)	0.12%	0.28%	0.41%	0.55%	0.90%	0.78%
COST EFFICIENCIES						
Avg Loan Balance	$5,925	$8,827	$9,826	$12,415	$15,341	$14,127
Avg Share Per Member	$3,829	$6,873	$7,864	$8,925	$11,118	$10,147
Avg Compensation per FTE	$35,605	$54,434	$57,893	$63,667	$76,782	$70,990
Comp & Benefits-to-Total Assets	1.44%	1.24%	1.30%	1.34%	1.08%	1.15%
Pct of Total Operating Expense	52%	48%	48%	50%	51%	51%
Office Occ & Ops-to-Total Assets	0.79%	0.70%	0.69%	0.70%	0.52%	0.57%
Pct of Total Operating Expense	28%	27%	25%	26%	25%	25%

Source: NCUA (Sept. 2016)

Economic Calendar

FEBRUARY 2017

Monday	Tuesday	Wednesday	Thursday	Friday
		1 Auto Sales FOMC Meeting ADP Employment ISM Manufacturing Construction Spending	**2** Jobless Claims 	**3** Non-Farm Payrolls Unemployment Rate Factory Orders ISM Services
6	**7** JOLTS Trade Balance Consumer Credit	**8**	**9** Jobless Claims Wholesale Inventories	**10**
13	**14** PPI 	**15** CPI Retail Sales Industrial Production Capacity Utilization Business Inventories **CATALYST ACCELERATING SUCCESS 2017 CONFERENCE**	**16** Jobless Claims Housing Starts Building Permits **CATALYST ACCELERATING SUCCESS 2017 CONFERENCE**	**17** Leading Index **CATALYST ACCELERATING SUCCESS 2017 CONFERENCE**
20 	**21**	**22** Existing Home Sales FOMC Minutes	**23** Jobless Claims	**24** New Home Sales
27 Personal Spending Personal Income Durable Goods Orders Pending Home Sales	**28** GDP 1Q17 S&P/Case-Shiller HPI Wholesale Inventories			