

# Market Overview & Data Report



APRIL 2024

KEY ECONOMIC INDICATORS	Latest Report	Current Report	Previous Report	2023
<b>ECONOMIC GROWTH</b>				
GDP	Q4	3.4%	3.2%	2.5%
<b>EMPLOYMENT</b>				
Non-farm Payrolls (000s)	Mar	303	270	2,697
Private Payrolls (000s)	Mar	232	207	2,025
Unemployment Rate	Mar	3.8%	3.9%	3.7%
Avg Hourly Earnings (Y/Y)	Mar	4.1%	4.3%	4.1%
<b>INFLATION</b>				
Wholesale (Y/Y)	Feb	1.0%	1.6%	1.0%
Consumer (Y/Y)	Feb	3.2%	3.1%	3.4%
PCE Core (Y/Y)	Feb	2.8%	2.8%	3.2%
<b>INCOME &amp; SPENDING</b>				
Retail Sales	Feb	0.6%	-1.1%	5.6%
Personal Income	Feb	0.3%	1.0%	4.2%
Personal Spending	Feb	0.8%	0.2%	3.2%
<b>AUTO &amp; HOUSING</b>				
Total Auto Sales (MM)	Mar	15.49	15.81	15.83
New/Existing Home Sales (M/M)	Feb	8.1%	2.9%	-4.8%
S&P/Case Shiller HPI (Y/Y)	Jan	6.0%	5.6%	5.0%

## KEY ECONOMIC AND MARKET INDICATORS

The U.S. added 303,000 jobs in March, the largest increase in 10 months. This was the fifth consecutive month of steady job growth. More than 500,000 people entered the labor market, pushing the labor force participation rate to 62.7%, the highest level since November. The unemployment rate fell to 3.8%. Year-over-year average earnings dipped to 4.1%, the lowest annual level since June 2021.

Consumer and producer prices rose more than expected for the second month in a row in February. Most of the increase came from higher energy and gasoline prices. The proxy for shelter prices increased at a slower pace, moderating services inflation. On the other hand, core goods prices rose for the first time in nine months.

Retail sales turned positive in February after a downwardly revised January number to -1.1%. Sales were positive in eight of the 13 major categories, led by building materials and auto dealers. Auto sales increased the most since May 2023. Restaurant and bar sales rebounded after two negative months. Internet sales fell for the second month in a row.

The economy closed 2023 stronger than estimated. Fourth quarter GDP was revised from 3.2% to 3.4% due to stronger household and business spending. Consumption increased from 3.0% to 3.3%. The economy grew 2.5% in 2023 compared to a 1.9% growth in 2022.

Sources:

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

KEY MARKET INDICATORS	Mth End	Last Mth	12 Mth Ago
	Mar-24	Feb-24	Mar-23
<b>MONEY MARKETS</b>			
Effective Fed Funds	5.33%	5.33%	4.83%
Prime Rate	8.50%	8.50%	8.00%
3-month SOFR	5.36%	5.32%	4.63%
2-year UST	4.62%	4.62%	4.03%
10-year UST	4.20%	4.25%	3.47%
<b>NATIONAL CU LOAN RATES</b>			
CU 48-mth Auto	7.03%	7.01%	5.93%
CU 60-mth Auto	7.11%	7.09%	6.04%
CU 15-year Mtg	6.38%	6.39%	5.91%
CU 30-year Mtg	6.91%	6.92%	6.52%
<b>EQUITY MARKETS</b>			
Dow Jones Industrial Average	39,807.4	38,996.4	33,274.2
NASDAQ Composite	16,379.5	16,091.9	12,221.9
S&P 500	5,254.4	5,096.3	4,109.3
<b>OTHER COMMODITIES</b>			
CRB Index	290.3	275.1	267.5
Crude Oil	83.1	78.3	71.9

Source: Bloomberg; S&P Global Market Intelligence

# Market Overview & Data Report



March was a tale of two outlooks that drove bond yields and stock prices up and down in a state of confusion over monetary policy. The month started with comments from Federal Reserve officials reminding us the Fed is not in a hurry to cut rates and needs to see more data before making a change in policy. Soon after that, Federal Reserve Chair Jerome Powell told members of Congress, during his semi-annual testimony, the Fed is not far from the confidence needed to cut rates. A second month of higher-than-expected inflation data increased concerns that the Fed might wait longer to cut rates. Just as stock prices fell and bond yields rose to months' high levels, the FOMC meeting came to the rescue. The committee reiterated its belief that inflation will eventually move to 2%, suggesting rate cuts are on the horizon with possibly three cuts this year. In other news, Congress passed a \$1.2 trillion spending bill to avert another government shutdown. The Bank of Japan raised short term rates to 0%, the first rate increase in 17 years. The move means there are no longer any negative interest rates in the world.

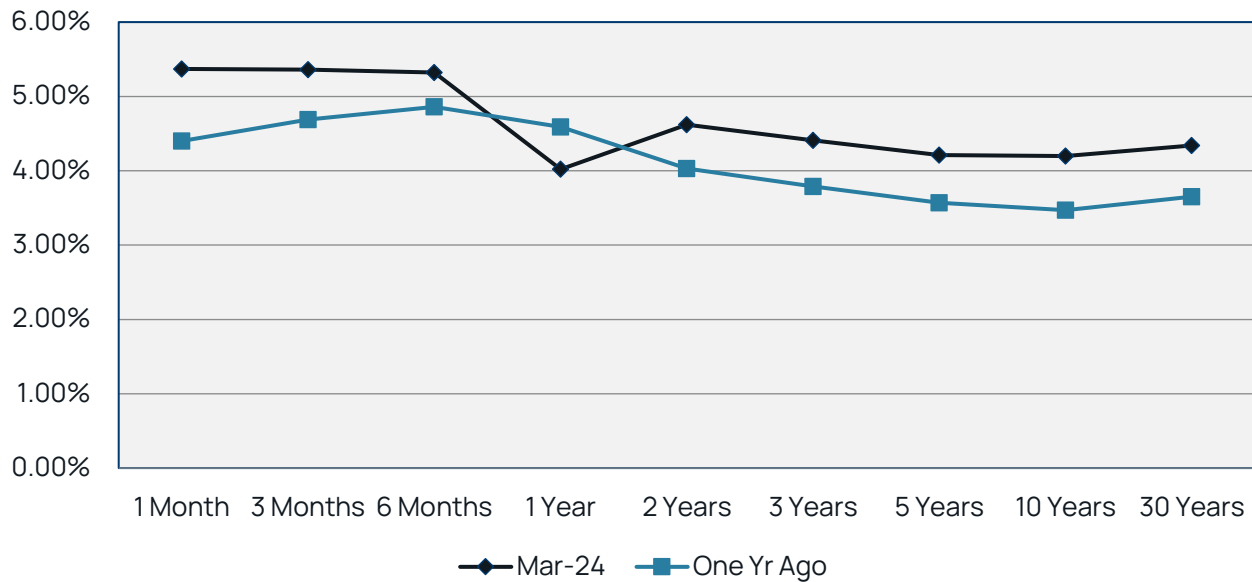
Mortgage rates fell in March after rising for the first time in four months. This was the fourth month that the 30-year fixed rate has remained below 7%. The benchmark FHLMC 30-year rate ended the month at 6.94%, 15 basis points lower from February. The 15-year and 30-year mortgage rates, as measured by a variety of financial institutions, closed one basis point lower at 6.38% and 6.91% respectively. Mortgage rates are 42 basis points higher from March 2023. The spread between FHLMC's 30-year mortgage rate and the 10-year Treasury yield narrowed one basis point to 268 basis points. The 50-year average spread is 175 basis points. The average 48- and 60-month auto loan rates increased two basis points to 7.03% and 7.11% respectively. Auto loan rates are 105 basis points higher from a year ago. The difference between a 60-month auto loan and 15-year mortgage loan rate remains inverted at -73 basis points, 3 basis points tighter than last month.

March madness wasn't only for basketball this year, but the stock market as well. Stocks had their own worst-to-first rally. Three of the largest technology companies came under pressure which carried over to the entire technology sector. The S&P 500 posted its first back-to-back weekly decline since October, only to be followed with four consecutive record high closes. U.S. equity funds suffered redemptions of about \$22 billion in the week before the FOMC meeting, the largest weekly outflow since December 2022. A wave of risk-taking and momentum trading drove the S&P 500 to its 22nd record this year, led by gains in industrials, energy and banks. The late-month rally was spurred by the Federal Reserve's continued objective to cut interest rates this year. The three key indices ended March in the black for the fifth month in a row. The Dow closed March 2.1% higher, the Nasdaq was up 1.8% and the S&P 500 gained 3.1%. Quarter and year-to-date, the Dow is up 5.6%, the Nasdaq is ahead 9.1% and the S&P 500 is 10.2% higher. The S&P 500 posted the best first quarter of a year since 2019.

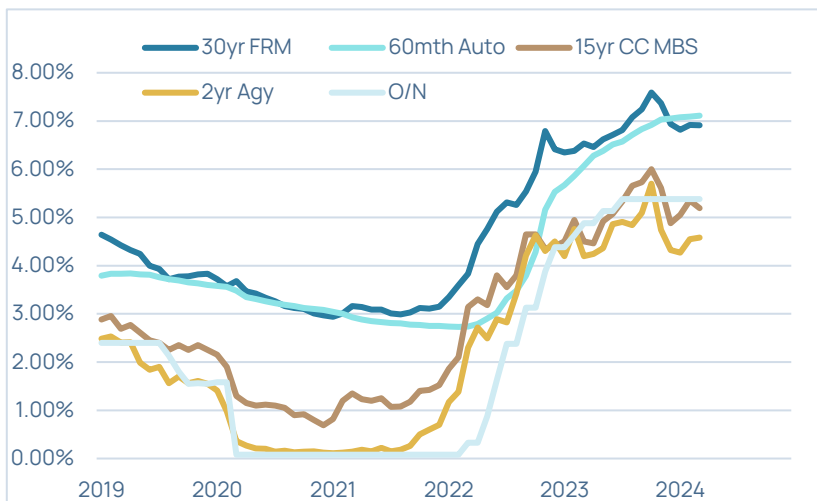
## FOR CREDIT UNIONS:

- Sales of existing homes increased in February for the second month in a row, suggesting the troubled housing market may be loosening up just in time for the busiest home selling time of the year. The inventory of homes is 10% higher from a year ago. Pending home sales, measured when contracts are signed, rose 1.6% in February, another indication of increased activity to come.
- In a break from recent trends, credit unions with less than \$10 million in assets reported the strongest growth in loans and net worth in 2023, according to fourth quarter NCUA data. Credit unions with at least \$1 billion in assets continued to have the strongest membership growth. The delinquency rate at federally insured credit unions increased 21 basis points from a year earlier to 83 basis points.

## Yield Curve



Treasury yields whipsawed within the first few days of March with most of the move coming in the shorter dated maturities. The two-year yield fell 10 basis points on weak ISM and confidence data but quickly reversed the move on stronger-than-expected CPI and PPI reports. Federal Reserve comments, an FOMC meeting and testimony before Congress kept markets guessing when the Fed would begin to cut interest rates. Despite the volatile 25 basis point intra-month swings across the curve, yields closed the month relatively stable. The two-year yield closed unchanged at 4.62% and the 10-year yield was five basis points lower at 4.20%. The yield curve has been inverted for 21 months, the longest amount of time since 1978.



### RELATIVE VALUE OF ASSETS AND FUNDING:

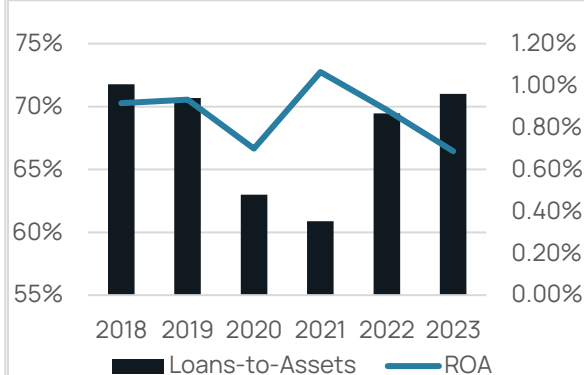
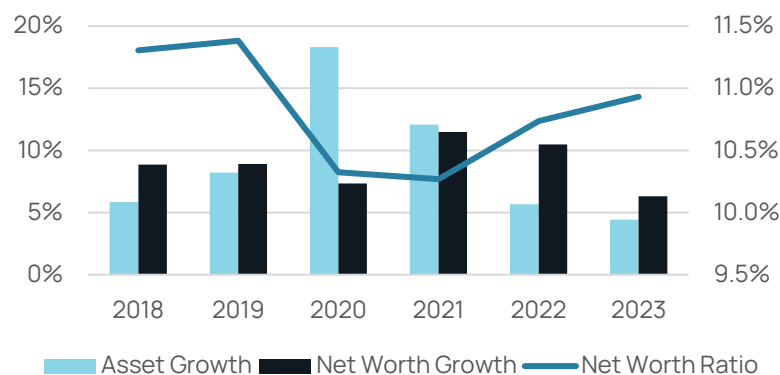
- The difference between loan and investment yields narrowed six basis points. Loan rate increases were unchanged. Rates on investments decreased by six basis points.
- The spread between a 60-month auto loan and a 15-year mortgage loan widened to -73 basis points.
- Average CD rates increased two to five basis points for all CDs between six months and four years. Rates are an average of 40 basis points higher than a year ago.

# Market Overview & Data Report



## NCUA - DECEMBER 2023

KEY CREDIT UNION DATA	2018	2019	2020	2021	2022	2023
<b>GROWTH RATES</b>						
Total Assets	5.85%	8.20%	18.31%	12.07%	5.67%	4.42%
Total Loans	9.51%	6.58%	5.44%	8.24%	20.53%	6.72%
Total Shares	5.68%	8.61%	20.89%	13.03%	3.88%	2.05%
Net Worth	8.85%	8.91%	7.33%	11.48%	10.47%	6.30%
<b>CAPITAL ADEQUACY</b>						
Net Worth Ratio	11.31%	11.38%	10.32%	10.27%	10.74%	10.93%
Equity Capital Ratio	10.92%	11.24%	10.34%	9.99%	8.77%	9.12%
Capital Ratio	11.55%	11.85%	11.04%	10.52%	9.31%	10.02%
<b>BALANCE SHEET COMPOSITION</b>						
Loans/Assets	71.76%	70.69%	62.99%	60.88%	69.45%	71.01%
Vehicle Loans/Net Loans	35.35%	34.12%	33.04%	32.50%	32.49%	31.50%
RE Loans/Net Loans	49.80%	50.86%	52.25%	52.80%	44.22%	44.82%
1st Mtg Loans/Net Loans	41.27%	42.55%	44.90%	45.97%	39.21%	39.20%
Commercial Loans/Net Loans	6.96%	7.54%	8.29%	9.07%	9.38%	10.01%
<b>LIQUIDITY POSITION</b>						
Cash & Short-Term Invs/Assets	11.37%	12.85%	18.44%	17.16%	10.17%	11.47%
Borr. & NM Deposits/Shares & Liab.	5.46%	4.75%	3.39%	2.97%	6.06%	7.95%
Net Liquid Assets/Shares & Liab.	20.68%	22.15%	30.36%	33.08%	23.82%	21.52%
Net Long-term Assets/Assets	34.49%	34.40%	34.65%	39.44%	51.46%	51.52%
<b>LOAN QUALITY</b>						
Delinquency Rate	0.74%	0.72%	0.62%	0.51%	0.67%	0.85%
Net Charge-off Rate	0.41%	0.40%	0.30%	0.16%	0.22%	0.43%
<b>EARNINGS</b>						
Investment Yield	2.04%	2.37%	1.35%	0.89%	1.63%	3.06%
Loan Yield	4.69%	4.90%	4.71%	4.37%	4.44%	5.25%
Asset Yield	3.82%	4.06%	3.53%	3.02%	3.38%	4.44%
Cost of Funds	0.69%	0.89%	0.70%	0.43%	0.52%	1.42%
Gross Net Margin	3.13%	3.17%	2.83%	2.59%	2.87%	3.02%
Provision Expense	-0.46%	-0.43%	-0.50%	-0.06%	-0.26%	-0.51%
Net Interest Margin	2.67%	2.74%	2.33%	2.53%	2.61%	2.51%
Net Operating Expense	1.76%	1.81%	1.63%	1.47%	1.73%	1.83%
Net Income (Return on Assets)	0.92%	0.93%	0.70%	1.06%	0.88%	0.69%



# Market Overview & Data Report



## PEER STATISTICS

	<\$2M	\$2-10M	\$10-50M	\$50-100M	\$100-500M	\$500M+	Total
<b>Industry Statistics</b>							
Average Asset Size (000s)	\$886	\$5,644	\$26,318	\$72,225	\$229,183	\$2,679,762	\$356,192
Pct of Number of Credit Unions	6.06%	13.97%	27.52%	13.76%	23.27%	15.42%	100.00%
Pct of Industry Assets	0.03%	0.17%	0.78%	2.16%	7.02%	88.27%	100.00%
<b>GROWTH RATES</b>							
Total Assets	-5.25%	-5.19%	-2.90%	-1.06%	1.45%	5.12%	4.42%
Total Loans	6.64%	6.90%	6.99%	6.83%	5.46%	6.86%	6.72%
Total Shares	-6.81%	-6.94%	-4.27%	-2.52%	-0.32%	2.65%	2.05%
Net Worth	2.00%	3.05%	5.24%	6.92%	6.65%	6.27%	6.30%
<b>CAPITAL ADEQUACY</b>							
Net Worth Ratio	19.82%	17.57%	13.12%	12.64%	11.37%	10.78%	11.31%
Equity Capital Ratio	19.75%	17.35%	12.67%	11.73%	9.82%	8.89%	10.92%
Capital Ratio	21.08%	17.99%	13.15%	12.20%	10.36%	9.85%	11.55%
<b>BALANCE SHEET COMPOSITION</b>							
Loans/Assets	48.08%	53.40%	53.31%	57.00%	65.83%	72.36%	71.01%
Vehicle Loans/Net Loans	63.99%	68.41%	52.61%	45.49%	38.84%	30.04%	31.50%
RE Loans/Net Loans	1.00%	6.54%	28.25%	36.44%	40.68%	45.75%	44.82%
1st Mtg Loans/Net Loans	0.88%	5.45%	24.97%	31.13%	35.04%	40.08%	39.20%
Commercial Loans/Net Loans	0.40%	0.33%	1.41%	3.55%	7.43%	10.56%	10.01%
<b>LIQUIDITY POSITION</b>							
Cash & Short-Term Invs/Assets	41.19%	30.01%	22.55%	18.74%	12.98%	10.86%	11.47%
Borr. & NM Deposits/Shares & Liab.	1.73%	1.63%	1.59%	2.25%	4.11%	8.70%	7.95%
Net Liquid Assets/Shares & Liab.	52.77%	44.61%	39.79%	39.96%	29.98%	19.66%	21.52%
Net Long-term Assets/Assets	3.86%	8.61%	25.90%	35.04%	46.70%	53.08%	51.52%
<b>LOAN QUALITY</b>							
	3.74%	1.68%	1.27%	1.08%	0.98%	1.33%	1.28%
Delinquency Rate	3.41%	1.45%	1.07%	0.87%	0.73%	0.86%	0.85%
Net Charge-off Rate	0.32%	0.23%	0.20%	0.21%	0.25%	0.46%	0.43%
<b>EARNINGS</b>							
Investment Yield	2.12%	2.47%	2.40%	2.39%	2.60%	3.19%	3.06%
Loan Yield	6.89%	6.05%	5.54%	5.34%	5.20%	5.25%	5.25%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Asset Yield	4.28%	4.23%	3.90%	3.88%	4.12%	4.51%	4.44%
Cost of Funds	0.48%	0.62%	0.59%	0.65%	0.94%	1.52%	1.42%
Gross Net Margin	3.80%	3.61%	3.31%	3.23%	3.18%	2.99%	3.02%
Provision Expense	-0.45%	-0.25%	-0.21%	-0.21%	-0.27%	-0.55%	-0.51%
Net Interest Margin	3.34%	3.35%	3.10%	3.02%	2.91%	2.43%	2.51%
Net Operating Expense	3.23%	2.98%	2.49%	2.28%	2.23%	1.75%	1.83%
Net Income (Return on Assets)	0.11%	0.37%	0.62%	0.74%	0.69%	0.69%	0.69%
<b>EFFICIENCY METRICS</b>							
Avg Loan Balance	\$5,631	\$9,275	\$3,973	\$6,832	\$10,994	\$20,945	\$17,810
Avg Share Per Member	\$2,376	\$5,358	\$8,978	\$10,424	\$12,167	\$14,005	\$13,514
	\$24,942	\$35,332	\$68,147	\$73,457	\$80,616	\$102,130	\$96,844
Avg Compensation per FTE	2.01%	1.90%	1.58%	1.61%	1.72%	1.50%	1.53%
Comp & Benefits-to-Total Assets	64.87%	69.97%	68.68%	70.47%	72.61%	74.50%	74.05%
Pct of Total Operating Expense							
Office Occ & Ops-to-Total Assets	0.22%	0.16%	0.20%	0.21%	0.22%	0.17%	0.17%
Pct of Total Operating Expense	16.54%	16.44%	21.82%	24.12%	25.24%	24.42%	24.45%

# Market Overview & Data Report



## ECONOMIC CALENDAR

### APRIL 2024

Monday	Tuesday	Wednesday	Thursday	Friday
<b>1</b> ISM Manufacturing Construction Spending 	<b>2</b> Factory Orders JOLTS Durable Goods (Feb- F) Auto Sales	<b>3</b> ISM Services ADP Employment	<b>4</b> Jobless Claims Trade Balance	<b>5</b> Nonfarm Payrolls Unemployment Rate Consumer Credit
<b>8</b>	<b>9</b>	<b>10</b> CPI FOMC meeting minutes	<b>11</b> Jobless Claims PPI	<b>12</b> U. of Mich Sentiment (P)
<b>15</b> Retail Sales Business Inventories 	<b>16</b> Housing Starts Building Permits Industrial Production	<b>17</b> Fed Beige Book	<b>18</b> Jobless Claims Leading Indicators Existing Home Sales	<b>19</b>
<b>22</b>	<b>23</b> New Home Sales	<b>24</b> Durable Goods (Mar -P)	<b>25</b> Jobless Claims 1Q24 GDP Pending Home Sales	<b>26</b> Personal Income Personal Spending PCE Core Y/Y U. of Mich Sentiment (F)
<b>29</b>	<b>30</b> S&P CL Home Prices Conf. Board Confidence			

Although this information has been obtained from sources we believe to be reliable, we do not guarantee its accuracy, and it may be incomplete or condensed. This is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. All herein listed securities are subject to availability and change in price. Past performance is not indicative of future results.

Changes in any assumption may have a material effect on projected results.