MARKET OVERVIEW & DATA REPORT

FEBRUARY 2021

KEY ECONOMIC INDICATORS	Latest Report	Current Report	Previous Report	2020
ECONOMIC GROWTH				
GDP	Q4	4.0%	33.4%	-3.5%
EMPLOYMENT				
Non-farm Payrolls (000s)	Jan	49	-227	-9,337
Private Payrolls (000s)	Jan	6	-204	-8,073
Unemployment Rate	Jan	6.3%	6.7%	6.7%
Avg Hourly Earnings (Y/Y)	Jan	5.4%	5.1%	5.1%
INFLATION				
Wholesale (Y/Y)	Dec	0.8%	0.8%	0.8%
Consumer (Y/Y)	Dec	1.4%	1.2%	1.4%
PCE Core (Y/Y)	Dec	1.5%	1.4%	1.5%
INCOME & SPENDING				
Retail Sales	Dec	-0.7%	-1.4%	2.9%
Personal Income	Dec	0.6%	-1.3%	6.3%
Personal Spending	Dec	-0.2%	-0.7%	-2.7%
AUTO & HOUSING				
Total Auto Sales (MM)	Jan	16.63	16.27	16.27
New/Existing Home Sales (MM)	Dec	7.53	7.81	21.40
S&P/Case Shiller HPI (Y/Y)	Nov	9.49%	8.41%	3.75%

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

KEY MARKET INDICATORS	Mth End	Last Mth	12 Mth Ago
	Jan-21	Dec-20	Jan-20
MONEY MARKETS			
Effective Fed Funds	0.07%	0.09%	1.59%
Prime Rate	3.25%	3.25%	4.75%
3-month LIBOR	0.21%	0.24%	1.75%
2-year UST	0.11%	0.12%	1.31%
10-year UST	1.07%	0.91%	1.51%
NATIONAL CU LOAN RATES			
CU 48-mth Auto	2.94%	2.97%	3.46%
CU 60-mth Auto	3.04%	3.08%	3.58%
CU 15-year Mtg	2.54%	2.60%	3.29%
CU 30-year Mtg	2.94%	2.97%	3.74%
EQUITY MARKETS			
Dow Jones Industrial Average	29,982.6	30,606.5	28,256.0
NASDAQ Composite	13,070.7	12,888.3	9,150.9
S&P 500	3,714.2	3,756.1	3,225.5
OTHER COMMODITIES			
CRB Index	174.2	167.3	170.3
Crude Oil	52.2	48.5	50.5

Source: Bloomberg; S&P Global Market Intelligence

KEY ECONOMIC AND MARKET INDICATORS

The U.S. added 49,000 jobs in January, following an additional drop of 87,000 jobs in December. The retail and leisure and hospitality sectors lost the most jobs, while temporary services added the most. The unemployment rate fell to 6.3 percent rate, as 406,000 workers left the labor force. This is the lowest level of unemployment since the pandemic began.

Inflation continues to run well below the Fed's average target rate of two percent. The year-over-year CPI rate has remained at 1.6 percent for three months. Wholesale prices have declined below pre-pandemic levels. An 8.4 percent surge in energy prices accounted for 60 percent of the rise in CPI.

Retail sales fell for the third month in a row in December. Seven of the 13 major categories posted declines. Many of the declines stemmed from heightened stay-at-home measures, yet the 5.8 percent drop in internet sales points to a general pull-back in spending. Sales were strongest at clothing and gasoline stores. Overall sales rose 2.9 percent in 2020 compared to 3.6 percent in 2019.

The economy grew 4.0 percent in the fourth quarter. While slower than the 33.4 percent growth pace in the third quarter, the number reflects economic activity trying to find a more normal pace from the large aberrations during the peak of the pandemic shutdown. Spending rose 2.5 percent, a much slower pace as stimulus funding dissipated. Business investment was up 13.8 percent, with a large part of that spent on equipment.

The turn of the calendar signaled the long-awaited end to 2020 and the beginning of a new year that is potentially calmer and closer to "normal." So much for expectations. The year began with the Georgia Senate run-off election, followed by an assault on the nation's capital. The House quickly voted to impeach then-President Donald Trump for the second time, and Joe Biden was inaugurated as the 46th president of the United States. President Biden released a $1.9 trillion Rescue Plan, with $1 trillion allocated to COVID-19 relief, along with a plan to help the economy recover quickly from the pandemic that has crippled our economy for almost a year. The coronavirus continued to surge globally as the cities and states tried to administer vaccines as quickly as possible. With more government spending on the horizon, concern of rising inflation became the topic of the month, prompting comments by Federal Reserve spokespeople about ending the bond-buying program sooner. The first FOMC meeting of the year finished the conversation, with Federal Reserve Chair Jerome Powell reminding us that it will take "some time" before "substantial progress" is made toward the Fed's achievement of its employment and inflation goals and, subsequently, its willingness to alter asset purchases.

The credit union mortgage rates fell four points in January, marking the 10th decline in a row. The average rate for a 15-year mortgage was 2.54 percent and for a 30-year mortgage it was 2.94 percent at the end of January. Both rates were an average 78 basis points lower from the previous year. The rate offered by banks for a 15-year mortgage declined two basis points and is 18 basis points below credit union rates. The bank 30-year mortgage rate, on the other hand, rose three basis points and is seven basis points lower than the credit union rate. Auto loan rates are 105 basis points below similar bank rates.

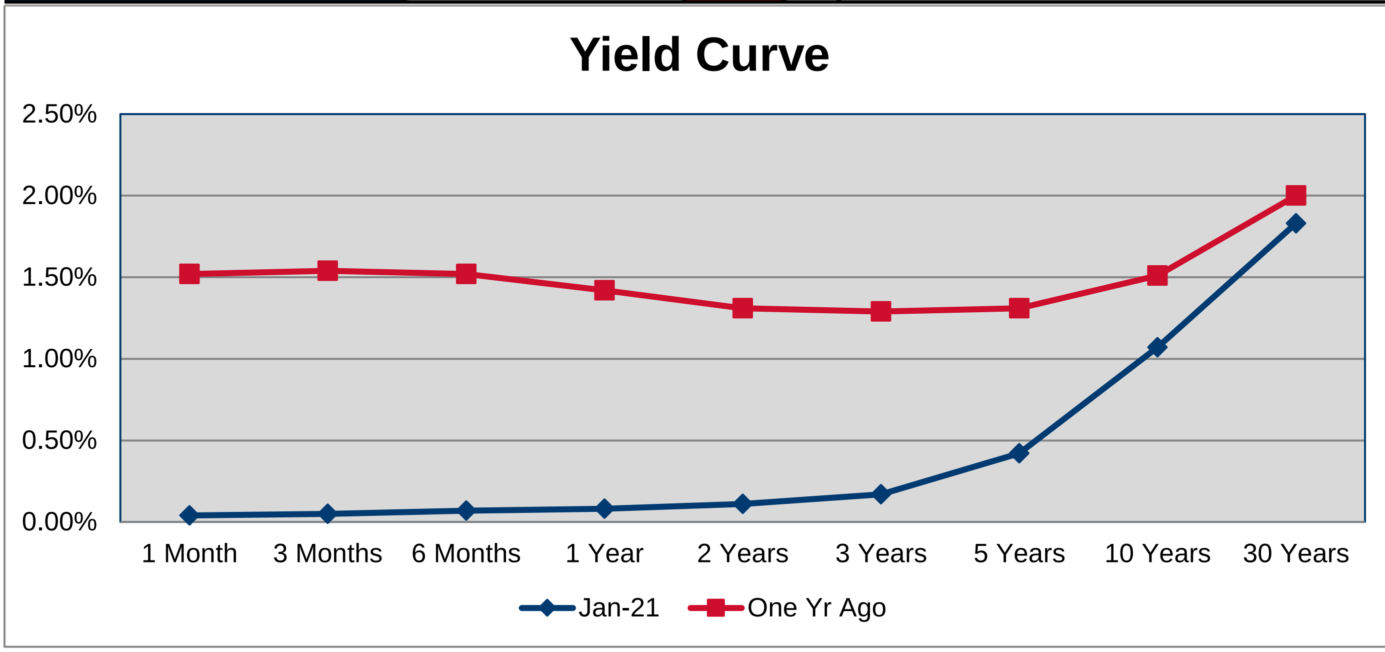
Stocks began the new year where 2020 left off, reaching new highs the second day of the month. Even the attack on the Capitol early in the month barely caused the market to miss a beat. The blue wave in Georgia became a signal of more fiscal and infrastructure stimulus, which equals earnings growth in a strengthening economy, to stock investors. Market participants looked for fresh catalysts that pushed the indices higher for most of the month, with tech stocks leading the way. But as quickly as new highs were made in the indices, the losses came. The last week brought a severe retreat that extended across industries as investors became rattled by both the inadequate deployment of COVID-19 vaccinations and the major disruption caused by retail investors in a run-up of speculative stocks, such as GameStop and AMC. In the end, the key indices posted the worst month since October. The Dow fell 2.0 percent, the S&P 500 gave up 1.1 percent and the Nasdaq managed to eke out a 1.4 percent gain.

For Credit Unions:

- Personal spending fell for a second month in a row in December, even as incomes increased. Spending decreased 0.2 percent in December, following a downwardly revised 0.7 percent decline in November. Personal incomes rose 0.6 percent, bolstered by a 2.3 percent increase in government transfer payments, a category that includes unemployment insurance. The personal savings rate, which had steadily declined due to a surge in government social benefits, rose to 13.7 percent, the first monthly increase since April.

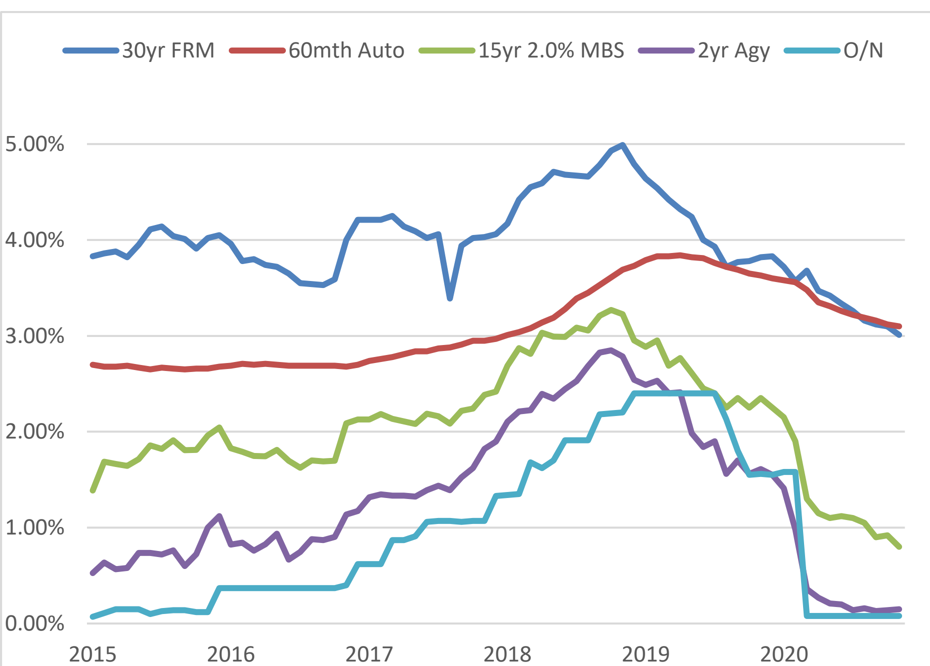
- Home sales increased at the fastest pace in 14 years during 2020. The demand for housing was fueled by historically low mortgage rates, the need for more living space and the ability to change locale easily as more people work online. The rise in demand pushed prices up by 13 percent for existing homes. Homebuilders struggled to meet demand for new housing, with 33 percent of homes sold yet to be started.

- The International Monetary Fund (IMF) upgraded its forecast for global economic growth in 2021 to 5.5 percent. This improvement depends on how effective the vaccine roll-out is across the world and continued fiscal stimulus programs. Economic output is estimated to have shrunk 3.5 percent in 2020.



Two significant measurements in the bond market were tested in January, the 10-year yield and the yield curve. As talk of inflation heated up, the yield on the 10-year Treasury note quickly surged through the one percent mark to 1.15 percent, the highest level since March. The jump in long-term yields pushed the yield curve to 103 basis points, the widest spread in almost four years. Yields eventually retraced their climb but remained comfortably above one percent for much of the month. The two-year Treasury note yield traded within a four-basis point range during January, finishing the month at 0.11 percent, one basis point below December's yield. The 10-year note closed January at 1.07 percent, 16 basis points higher than in December.

Relative Value of Assets and Funding:



- The yield difference between loans and investments widened as investment yields rose, while loan rates declined.
- The difference between a 15-year mortgage loan and a 60-month auto loan remains inverted at minus 50 basis points, two basis points wider.
- Average credit union CD rates fell two basis points, while bank CD rates fell one basis point. Credit union rates are an average of 31 basis points higher than bank CD rates.

CATALYST Corporate Federal Credit Union

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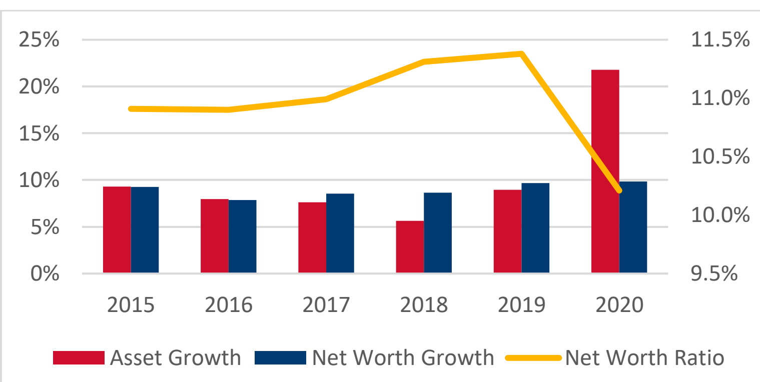
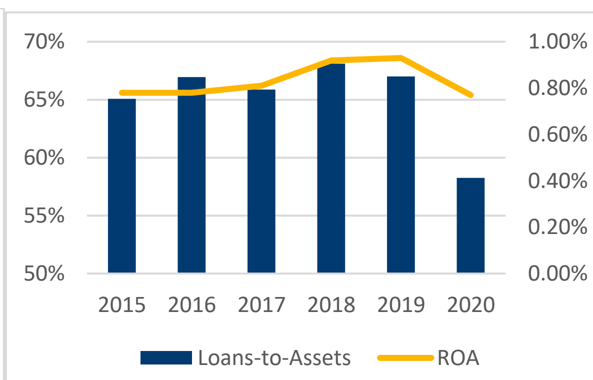
NCUA – September 2020

KEY CREDIT UNION DATA	2015	2016	2017	2018	2019	2020
GROWTH RATES						
Total Assets	10.44%	8.90%	8.21%	6.45%	8.99%	21.77%
Total Loans	14.01%	12.34%	12.90%	10.31%	7.28%	5.84%
Total Shares	10.23%	8.95%	7.70%	5.70%	8.92%	24.35%
Net Worth	10.55%	8.43%	8.91%	8.85%	9.78%	9.84%
CAPITAL ADEQUACY						
Net Worth Ratio	10.97%	10.92%	10.99%	11.24%	11.32%	10.21%
Equity Capital Ratio	10.74%	10.66%	10.74%	10.94%	11.21%	10.28%
Capital Ratio	11.28%	11.18%	11.27%	11.48%	11.74%	10.87%
BALANCE SHEET COMPOSITION						
Loans/Assets	64.98%	67.05%	66.10%	68.44%	67.27%	58.25%
Vehicle Loans/Net Loans	34.50%	35.89%	36.43%	36.52%	35.32%	33.79%
RE Loans/Net Loans	52.04%	50.89%	50.68%	50.65%	51.69%	53.09%
1st Mtg Loans/Net Loans	42.14%	41.76%	41.91%	41.84%	43.12%	45.66%
Commercial Loans/Net Loans	0.02%	0.09%	8.82%	9.20%	9.79%	10.87%
LIQUIDITY POSITION						
Cash & Short-Term Invs/Assets	13.34%	14.62%	13.32%	11.42%	12.59%	19.79%
Borr. & NM Deposits/Shares & Liab.	1.67%	1.70%	1.93%	2.30%	2.17%	1.51%
Net Liquid Assets/Shares & Liab.	27.95%	25.60%	22.36%	20.08%	21.39%	31.85%
Net Long-term Assets/Assets	27.30%	26.65%	33.47%	34.48%	34.73%	34.99%
LOAN QUALITY						
Delinquency Rate	0.62%	0.57%	0.56%	0.54%	0.54%	0.47%
Net Charge-off Rate	0.34%	0.37%	0.40%	0.41%	0.42%	0.33%
EARNINGS						
Investment Yield	1.22%	1.33%	1.66%	2.03%	2.31%	1.35%
Loan Yield	4.43%	4.28%	4.29%	4.43%	4.69%	4.48%
Asset Yield	3.21%	3.22%	3.38%	3.64%	3.91%	3.38%
Cost of Funds	0.43%	0.45%	0.50%	0.62%	0.82%	0.64%
Gross Net Margin	2.78%	2.77%	2.88%	3.02%	3.09%	2.74%
Provision Expense	0.20%	0.26%	0.32%	0.34%	0.33%	0.38%
Net Interest Margin	2.98%	3.03%	3.20%	3.36%	3.42%	3.12%
Net Operating Expense	2.47%	2.44%	2.47%	2.52%	2.60%	2.51%
Net Income (Return on Assets)	0.86%	0.85%	0.84%	0.93%	0.95%	0.77%





CATALYST Corporate Federal Credit Union

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Peer Statistics

	<$2M	$2-10M	$10-50M	$50-100M	$100-500M	$500M+	Total
Industry Statistics							
Average Asset Size (000s)	$884	$5,430	$26,933	$72,187	$225,969	$2,264,839	$421,276
Pct of Number of Credit Unions	6.19%	13.46%	27.81%	13.94%	23.11%	15.49%	100.00%
Pct of Industry Assets	0.03%	0.21%	1.04%	2.78%	8.70%	87.24%	100.00%
GROWTH RATES							
Total Assets	4.75%	10.16%	15.11%	16.36%	18.41%	21.10%	20.43%
Total Loans	-15.16%	-6.30%	-1.21%	1.56%	5.10%	7.83%	7.14%
Total Shares	6.03%	11.97%	16.93%	18.02%	20.14%	23.67%	22.81%
Net Worth	-1.88%	1.04%	3.43%	4.17%	5.95%	8.52%	7.86%
CAPITAL ADEQUACY							
Net Worth Ratio	18.18%	15.54%	12.35%	11.48%	10.65%	10.30%	10.44%
Equity Capital Ratio	18.13%	15.51%	12.31%	11.41%	10.59%	10.38%	10.50%
Capital Ratio	19.42%	16.17%	12.75%	11.85%	11.09%	11.13%	11.20%
BALANCE SHEET COMPOSITION							
Loans/Assets	37.90%	42.03%	43.36%	48.22%	56.24%	62.90%	61.09%
Vehicle Loans/Net Loans	62.87%	65.28%	49.73%	43.17%	38.81%	31.58%	33.12%
RE Loans/Net Loans	1.03%	7.58%	29.84%	39.80%	45.79%	53.92%	52.08%
1st Mtg Loans/Net Loans	0.85%	4.90%	21.99%	30.82%	37.01%	46.55%	44.50%
Commercial Loans/Net Loans	0.13%	0.49%	1.46%	4.14%	6.39%	8.59%	8.07%
LIQUIDITY POSITION							
Cash & Short-Term Invs/Assets	47.29%	37.94%	31.23%	26.45%	20.07%	15.96%	17.21%
Borr. & NM Deposits/Shares & Liab.	0.82%	0.60%	0.41%	0.58%	0.91%	2.26%	1.98%
Net Liquid Assets/Shares & Liab.	50.84%	39.23%	35.07%	33.81%	30.12%	27.92%	28.57%
Net Long-term Assets/Assets	3.30%	7.12%	17.86%	23.82%	30.09%	35.93%	34.32%
LOAN QUALITY	3.75%	2.05%	1.25%	1.06%	0.94%	1.03%	1.03%
Delinquency Rate	3.16%	1.48%	0.87%	0.69%	0.57%	0.53%	0.55%
Net Charge-off Rate	0.59%	0.57%	0.38%	0.37%	0.37%	0.50%	0.48%
EARNINGS							
Investment Yield	1.00%	1.44%	1.55%	1.50%	1.38%	1.42%	1.43%
Loan Yield	6.99%	6.19%	5.55%	5.23%	4.91%	4.71%	4.77%
Asset Yield	3.78%	3.82%	3.53%	3.51%	3.59%	3.74%	3.61%
Cost of Funds	0.44%	0.50%	0.47%	0.49%	0.61%	0.90%	0.74%
Gross Net Margin	3.34%	3.32%	3.06%	3.02%	2.98%	2.84%	2.87%
Provision Expense	0.30%	0.29%	0.18%	0.21%	0.28%	0.63%	0.56%
Net Interest Margin	3.34%	3.32%	3.30%	3.35%	3.39%	3.16%	3.20%
Net Operating Expense	3.42%	3.15%	2.88%	2.87%	2.88%	2.47%	2.55%
Net Income (Return on Assets)	-0.08%	0.17%	0.42%	0.48%	0.51%	0.69%	0.65%
EFFICIENCY METRICS							
Avg Loan Balance	$4,662	$7,149	$7,461	$9,350	$13,142	$17,704	$16,246
Avg Share Per Member	$2,433	$5,104	$8,124	$9,380	$10,684	$13,122	$12,360
Avg Compensation per FTE	$19,810	$44,919	$61,799	$65,586	$72,394	$90,734	$85,115
Comp & Benefits-to-Total Assets	1.74%	1.89%	1.66%	1.70%	1.81%	1.54%	1.58%
Pct of Total Operating Expense	64.71%	70.64%	69.79%	71.62%	73.06%	74.41%	73.98%
Office Occ & Ops-to-Total Assets	0.22%	0.16%	0.21%	0.23%	0.24%	0.19%	0.19%
Pct of Total Operating Expense	14.29%	17.95%	22.35%	25.38%	26.16%	25.92%	25.80%

Economic Calendar

FEBRUARY 2021

Monday	Tuesday	Wednesday	Thursday	Friday
1 ISM Manufacturing Construction Spending	**2** ADP Employment Auto Sales 	**3** ISM Services	**4** Jobless Claims Durable Goods (Dec F)	**5** Nonfarm Payrolls Unemployment Rate Consumer Credit Trade Balance
8	**9** JOLTS	**10** CPI	**11** Jobless Claims	**12** U. of Mich. Sentiment
15 	**16** Empire Manufacturing	**17** PPI Retail Sales Industrial Production Capacity Utilization Business Inventories FOMC Jan. Minutes	**18** Jobless Claims Housing Starts Building Permits	**19** Existing Home Sales
22 Leading Index	**23** S&P C/L Home Price Index Consumer Confidence	**24** New Home Sales	**25** Jobless Claims Durable Goods (Feb) GDP 4Q20 Pending Home Sales	**26** Personal Income Personal Spending Advanced Trade Balance U. of Mich. Sentiment

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