

KEY ECONOMIC INDICATORS	Latest Report	Current Report	Previous Report	2022/2023
ECONOMIC GROWTH				
GDP	Q3	4.9%	2.1%	2.1%
EMPLOYMENT				
Non-farm Payrolls (000s)	Dec	216	173	2,697
Private Payrolls (000s)	Dec	164	136	2,025
Unemployment Rate	Dec	3.7%	3.7%	3.7%
Avg Hourly Earnings (Y/Y)	Dec	4.1%	4.0%	4.1%
INFLATION				
Wholesale (Y/Y)	Nov	0.9%	1.2%	6.2%
Consumer (Y/Y)	Nov	3.1%	3.2%	7.1%
PCE Core (Y/Y)	Nov	3.2%	3.4%	4.4%
INCOME & SPENDING				
Retail Sales	Nov	0.3%	-0.2%	9.2%
Personal Income	Nov	0.4%	0.3%	2.1%
Personal Spending	Nov	0.2%	0.1%	9.2%
AUTO & HOUSING				
Total Auto Sales (MM)	Dec	15.83	15.32	15.83
New/Existing Home Sales (M/M)	Nov	-1.2%	-4.0%	-33.0%
S&P/Case Shiller HPI (Y/Y)	Oct	4.8%	3.9%	5.8%

Sources:

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

KEY MARKET INDICATORS	Mth End	Last Mth	12 Mth Ago
	Dec-23	Nov-23	Dec-22
MONEY MARKETS			
Effective Fed Funds	5.33%	5.33%	4.33%
Prime Rate	8.50%	8.50%	7.50%
3-month LIBOR	5.34%	5.33%	4.06%
2-year UST	4.25%	4.68%	4.43%
10-year UST	3.88%	4.33%	3.88%
NATIONAL CU LOAN RATES			
CU 48-mth Auto	6.96%	6.94%	5.43%
CU 60-mth Auto	7.05%	7.03%	5.53%
CU 15-year Mtg	6.37%	6.81%	5.76%
CU 30-year Mtg	6.94%	7.37%	6.40%
EQUITY MARKETS			
Dow Jones Industrial Average	37,689.5	35,950.9	33,147.3
NASDAQ Composite	15,011.4	14,226.2	10,466.5
S&P 500	4,769.4	4,567.8	3,839.5
OTHER COMMODITIES			
CRB Index	263.8	273.6	277.8
Crude Oil	71.7	76.0	76.8

KEY ECONOMIC AND MARKET INDICATORS

The U.S. added 216,000 jobs in December, more than 40,000 above the consensus estimate. Private payrolls gained 164,000 jobs, with state and local government filling the remainder. The total number of jobs added for 2023 was 2.69 million, about 43% less than in 2022. The unemployment rate remained at 3.7% for the second month in a row. Average wages ended the year up 4.1%.

Inflation continues to moderate with core year-over-year measures falling to the lowest levels since early 2021. Deflation in goods prices is offsetting gains in services. Housing costs remain the stickiest factor for consumers, while prices for gasoline, clothing and furniture are falling. The Fed's key inflation indicator, core PCE Y/Y, is below 2% on a six-month annualized basis.

Retail sales rebounded 0.3% in November, beating expectations. Sales increased in eight of the 13 categories, led by sporting goods, restaurants and bars, and online shopping. Gasoline store sales fell 2.9% due to lower gas prices. Department store sales were the lowest since March, followed by a 1.1% drop at electronic stores.

Third quarter GDP was revised lower from 5.2% to 4.9% due to less consumer spending. Consumption increased 3.1%, a half percentage point lower than previously reported. The spending shortfall was in services, revised from 3% to 2.2%. Overall growth was the best in almost two years.

The year ended, fueled not by promises of sugar plums, but rather promises of rate cuts. December began where November left off with investors feeling buoyant about the financial markets. The Federal Reserve voted for the third time in a row to maintain the current fed funds target range of 5.25% to 5.50%. The committee agreed that inflation has eased enough to warrant another pause in raising interest rates. The quarterly Summary of Economic Projections and Fed dot plot pointed to the fed funds rate being lower by roughly 80 basis points at the end of 2024. Federal Reserve Chair Jerome Powell acknowledged the committee discussed rate cuts during the FOMC meeting, being aware of the risk of waiting too long to lower rates. The financial markets grabbed onto the rate cut hints and began pricing in the first cut as early as March 2024. Several Fed officials sought to temper the markets' strong reaction to lower rates days after the meeting, pointing out that no decision to cut or raise rates in the future has been made. In other news, the price of oil began to rise after several oil and gas companies sought to reroute shipping as violence linked to the Israel-Hamas war broke out in the Red Sea.

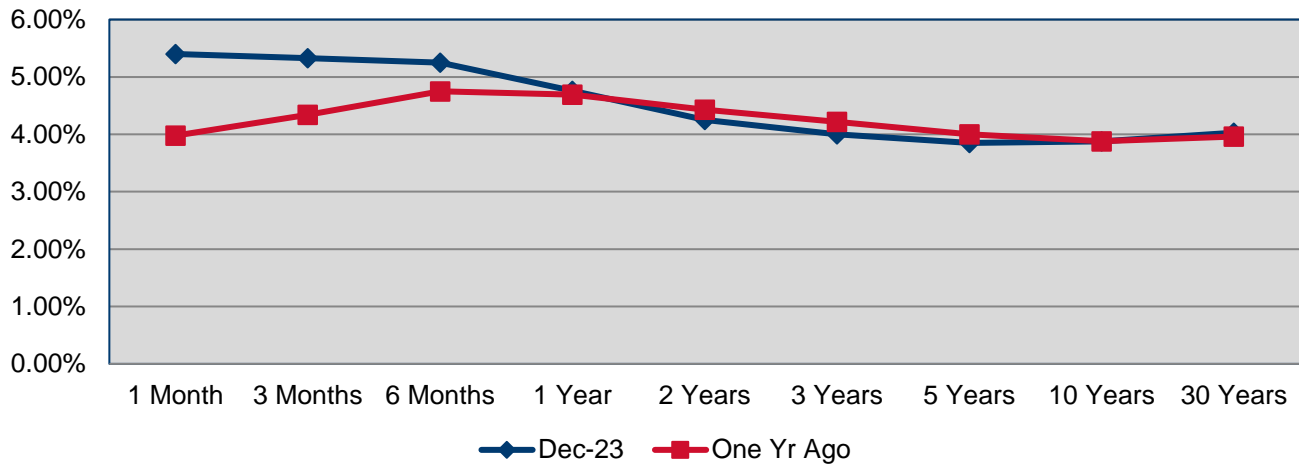
Mortgage rates continued falling in December, with the average 30-year fixed loan rate dipping below 7% for the first time in seven months. The spread between 30-year mortgage rates and the 10-year Treasury yield widened 15 basis points from a month ago to 303 basis points. The 50-year average spread between the two benchmark yields is 174 basis points. The FHLMC benchmark 30-year mortgage rate fell 61 basis points to 6.61% at the end of December, the largest monthly decline in over a year. The average 15-year and 30-year mortgage rates, as measured by a variety of financial institutions, finished the year at 6.37% and 6.94% respectively, an average of 43 basis points lower than a month ago. Mortgage rates are 58 basis points lower than a year ago. The average 48- and 60-month auto loan rates increased two basis points to 6.96% and 7.05% respectively. Auto loan rates are 152 basis points higher than a year ago.

Stock investors began December feeling optimistic after an unusually strong November and hoping for more of the same in December. Those wishes came true. Buoyed by a Fed hint of lower yields to come and FOMO (fear of missing out) of the greatest rally in years, the key stock indices posted the second monthly gain in a row and the best performance in more than two years. The Dow reached new all-time highs seven times during the final month of the year. The Nasdaq and S&P 500 climbed to the highest levels this year, with the S&P 500 index ending just shy of a new record high. The Magnificent Seven became the darling of the S&P 500, accounting for 30% of the index's gain. For the month, the Dow rose 4.8%, the Nasdaq was up 5.5% and the S&P 500 gained 4.4%. Year-to-date, the Dow ended 13.7% higher, the Nasdaq closed up 43.4% and the S&P 500 finished 24.2% ahead.

For Credit Unions:

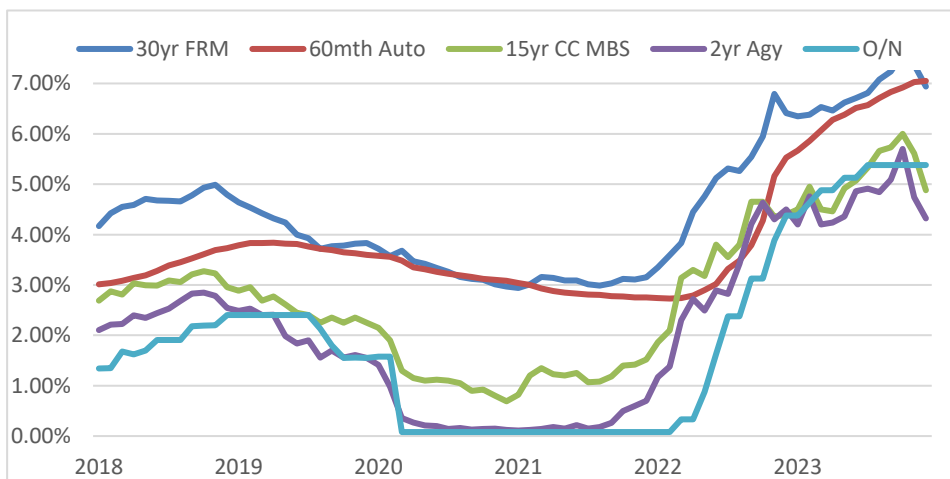
- The housing market benefited from the small drop in interest rates in November. Existing home sales, which account for the majority of all home sales, increased for the first time in seven months, led by a pickup in the South. The bulk of sales were between \$250,000 to \$500,000. Sales of new homes, however, unexpectedly fell 12.2% while inventory increased to the highest level in a year. Housing starts rose to a six-month high.
- Consumer confidence increased the most in December since early 2021, rising almost 10 points to 110.7. Consumers closed 2023 feeling better about their current and future financial situations. Expectations for better business conditions, income and job prospects rose to the highest level in five months. A larger number of people plan to buy a car, home or major appliance as they see interest rates falling in 2024.
- Personal spending, a more complete measure of expenditures of both goods and services, rose 0.2% in November, less than expected. Lower gasoline prices pulled down spending on goods. Spending on services rose 0.5% with increases in food services and accommodations, i.e., restaurants and hotels. The savings rate increased to 4.1%.

Yield Curve



The Federal Reserve made the initial push towards lower interest rates by hinting at possible rate cuts in 2024, but the bond market went full steam ahead in December. The two-year Treasury yield fell to the lowest level since May and the 10-year Treasury yield touched its lowest level since July. Both benchmark securities posted the largest monthly swings between high and low yields in seven months. In spite of the dramatic moves during the year, with a swing of 168 basis points, the 10-year Treasury managed to close 2023 at 3.88%, the same level as December 2022. The two-year Treasury yield moved in a 146-basis point range during the year, before closing at 4.25%, 43 basis points lower than November. The yield curve fluctuated between -15 to -108 basis points during 2023, closing at -37 basis points.

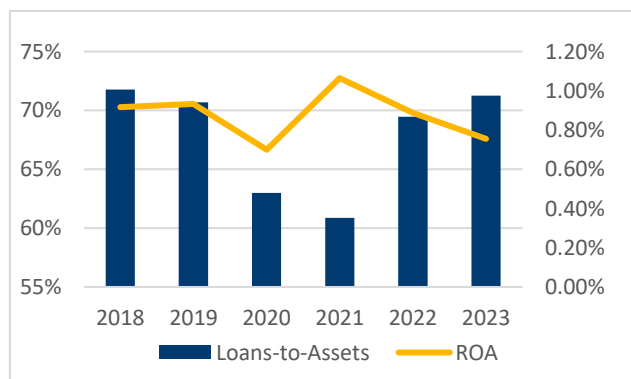
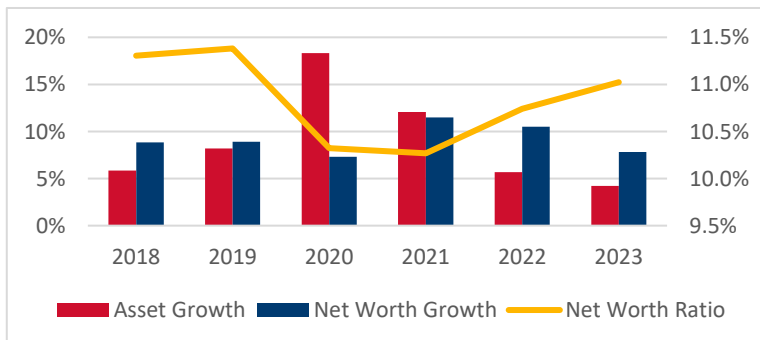
Relative Value of Assets and Funding:



- The difference between loan and investment yields widened by 37 basis points. Loan rates fell 20 basis points. Rates on investments declined 57 basis points.
- The spread between a 60-month auto loan and a 15-year mortgage loan widened to -68 basis points.
- CD rates increased an average of 2.5 basis points in December. Rates are 58 basis points higher than a year ago. Rates increased the most on 1- and 3-year CDs.

NCUA – September 2023

KEY CREDIT UNION DATA	2018	2019	2020	2021	2022	2023
GROWTH RATES						
Total Assets	5.85%	8.20%	18.31%	12.07%	5.67%	4.22%
Total Loans	9.51%	6.58%	5.44%	8.24%	20.53%	7.77%
Total Shares	5.68%	8.61%	20.89%	13.03%	3.88%	2.28%
Net Worth	8.85%	8.91%	7.33%	11.48%	10.51%	7.83%
CAPITAL ADEQUACY						
Net Worth Ratio	11.31%	11.38%	10.32%	10.27%	10.74%	11.02%
Equity Capital Ratio	10.92%	11.24%	10.34%	9.99%	8.77%	8.70%
Capital Ratio	11.55%	11.85%	11.04%	10.52%	9.30%	9.55%
BALANCE SHEET COMPOSITION						
Loans/Assets	71.76%	70.69%	62.99%	60.88%	69.45%	71.26%
Vehicle Loans/Net Loans	35.35%	34.12%	33.04%	32.50%	32.49%	31.92%
RE Loans/Net Loans	49.80%	50.86%	52.25%	52.80%	44.22%	44.62%
1st Mtg Loans/Net Loans	41.27%	42.55%	44.90%	45.97%	39.21%	39.21%
Commercial Loans/Net Loans	6.96%	7.54%	8.29%	9.07%	9.37%	9.81%
LIQUIDITY POSITION						
Cash & Short-Term Invs/Assets	11.37%	12.85%	18.44%	17.16%	10.17%	10.95%
Borr. & NM Deposits/Shares & Liab.	5.46%	4.75%	3.39%	2.97%	6.06%	7.62%
Net Liquid Assets/Shares & Liab.	20.68%	22.15%	30.36%	33.08%	23.82%	21.68%
Net Long-term Assets/Assets	34.49%	34.40%	34.65%	39.44%	51.46%	51.30%
LOAN QUALITY						
Delinquency Rate	0.74%	0.72%	0.62%	0.51%	0.67%	0.74%
Net Charge-off Rate	0.41%	0.40%	0.30%	0.16%	0.22%	0.39%
EARNINGS						
Investment Yield	2.04%	2.37%	1.35%	0.89%	1.63%	3.00%
Loan Yield	4.69%	4.90%	4.71%	4.37%	4.44%	5.12%
Asset Yield	3.82%	4.06%	3.53%	3.02%	3.38%	4.34%
Cost of Funds	0.69%	0.89%	0.70%	0.43%	0.52%	1.31%
Gross Net Margin	3.13%	3.17%	2.83%	2.59%	2.87%	3.03%
Provision Expense	-0.46%	-0.43%	-0.50%	-0.06%	-0.25%	-0.45%
Net Interest Margin	2.67%	2.74%	2.33%	2.53%	2.61%	2.58%
Net Operating Expense	1.76%	1.81%	1.63%	1.47%	1.73%	1.82%
Net Income (Return on Assets)	0.92%	0.93%	0.70%	1.06%	0.89%	0.76%



Peer Statistics

	<\$2M	\$2-10M	\$10-50M	\$50-100M	\$100-500M	\$500M+	Total
Industry Statistics							
Average Asset Size (000s)	\$910	\$5,706	\$26,331	\$72,537	\$229,505	\$2,655,040	\$351,374
Pct of Number of Credit Unions	6.15%	13.95%	27.78%	13.87%	23.06%	15.19%	100.00%
Pct of Industry Assets	0.03%	0.17%	0.79%	2.19%	7.09%	88.31%	100.00%
GROWTH RATES							
Total Assets	-4.65%	-4.56%	-2.63%	-0.94%	1.29%	4.90%	4.22%
Total Loans	6.94%	8.56%	8.36%	8.13%	6.33%	7.93%	7.77%
Total Shares	-6.51%	-6.40%	-4.00%	-2.34%	-0.15%	2.89%	2.28%
Net Worth	3.75%	4.01%	5.99%	7.48%	7.54%	7.93%	7.83%
CAPITAL ADEQUACY							
Net Worth Ratio	19.61%	17.20%	12.90%	12.50%	11.28%	10.91%	11.31%
Equity Capital Ratio	19.60%	16.94%	12.34%	11.36%	9.35%	8.47%	10.92%
Capital Ratio	20.83%	17.54%	12.79%	11.81%	9.84%	9.38%	11.55%
BALANCE SHEET COMPOSITION							
Loans/Assets	46.33%	52.14%	52.54%	56.26%	65.74%	72.74%	71.26%
Vehicle Loans/Net Loans	64.52%	68.99%	53.03%	45.62%	39.29%	30.45%	31.92%
RE Loans/Net Loans	1.04%	6.07%	27.70%	36.47%	40.30%	45.58%	44.62%
1st Mtg Loans/Net Loans	0.91%	5.09%	24.49%	31.45%	34.81%	40.13%	39.21%
Commercial Loans/Net Loans	0.30%	0.31%	1.41%	3.45%	7.34%	10.36%	9.81%
LIQUIDITY POSITION							
Cash & Short-Term Invs/Assets	41.95%	29.46%	22.40%	18.28%	12.60%	10.30%	10.95%
Borr. & NM Deposits/Shares & Liab.	1.57%	1.65%	1.58%	2.13%	3.95%	8.34%	7.62%
Net Liquid Assets/Shares & Liab.	53.02%	45.40%	40.34%	39.84%	30.07%	19.78%	21.68%
Net Long-term Assets/Assets	4.05%	8.76%	26.06%	35.54%	46.65%	52.85%	51.30%
LOAN QUALITY							
	3.27%	1.54%	1.14%	0.99%	0.87%	1.17%	1.13%
Delinquency Rate	2.97%	1.35%	0.95%	0.79%	0.64%	0.74%	0.74%
Net Charge-off Rate	0.30%	0.19%	0.18%	0.20%	0.23%	0.42%	0.39%
EARNINGS							
Investment Yield	1.95%	2.32%	2.30%	2.32%	2.54%	3.14%	3.00%
Loan Yield	6.89%	5.95%	5.43%	5.24%	5.08%	5.12%	5.12%
Asset Yield	4.15%	4.09%	3.79%	3.79%	4.02%	4.41%	4.34%
Cost of Funds	0.38%	0.53%	0.53%	0.58%	0.85%	1.41%	1.31%
Gross Net Margin	3.78%	3.56%	3.26%	3.21%	3.17%	3.00%	3.03%
Provision Expense	-0.39%	-0.19%	-0.17%	-0.19%	-0.24%	-0.49%	-0.45%
Net Interest Margin	3.39%	3.36%	3.08%	3.02%	2.93%	2.51%	2.58%
Net Operating Expense	3.09%	2.87%	2.40%	2.24%	2.19%	1.75%	1.82%
Net Income (Return on Assets)	0.30%	0.49%	0.69%	0.78%	0.74%	0.76%	0.76%
EFFICIENCY METRICS							
Avg Loan Balance	\$5,614	\$9,162	\$3,937	\$6,676	\$10,917	\$20,909	\$17,711
Avg Share Per Member	\$2,340	\$5,497	\$9,044	\$10,442	\$12,175	\$14,017	\$13,519
Avg Compensation per FTE	\$17,950	\$28,907	\$50,329	\$54,444	\$60,290	\$76,348	\$72,392
Comp & Benefits-to-Total Assets	1.96%	1.84%	1.54%	1.58%	1.71%	1.50%	1.53%
Pct of Total Operating Expense	65.12%	69.78%	68.58%	70.43%	72.64%	74.67%	74.19%
Office Occ & Ops-to-Total Assets	0.21%	0.16%	0.20%	0.21%	0.22%	0.17%	0.17%
Pct of Total Operating Expense	16.50%	16.46%	21.94%	24.38%	25.37%	24.63%	24.65%

Economic Calendar JANUARY 2024

Monday	Tuesday	Wednesday	Thursday	Friday
1 	2 Construction Spending	3 ISM Manufacturing Auto Sales FOMC minutes JOLTS (Nov)	4 Jobless Claims ADP Employment	5 Nonfarm Payrolls Unemployment Rate Trade Balance ISM Services Factory Orders
8 Consumer Credit	9	10	11 Jobless Claims CPI	12 PPI
15 	16	17 Retail Sales Business Inventories Industrial Production	18 Jobless Claims Housing Starts Building Permits New Home Sales	19 Empire Manufacturing U. of Mich. Sentiment (P) Existing Home Sales
22	23	24	25 Jobless Claims GDP 4Q23 Durable Goods (Dec-P)	26 Personal Income Personal Spending PCE Core Y/Y U. of Mich. Sentiment (F) Pending Home Sales
29	30 S&P CL Home Prices JOLTS (Dec)	31 ADP Employment (Jan) FOMC Decision		

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