

# Market Overview & Data Report



JULY 2024

KEY ECONOMIC INDICATORS	Latest Report	Current Report	Previous Report	2023
<b>ECONOMIC GROWTH</b>				
GDP	Q1	1.4%	1.3%	2.5%
<b>EMPLOYMENT</b>				
Non-farm Payrolls (000s)	Jun	206	218	2,697
Private Payrolls (000s)	Jun	136	193	2,025
Unemployment Rate	Jun	4.1%	4.0%	3.7%
Avg Hourly Earnings (Y/Y)	Jun	3.9%	4.1%	4.1%
<b>INFLATION</b>				
Wholesale (Y/Y)	May	2.2%	2.3%	1.0%
Consumer (Y/Y)	May	3.3%	3.4%	3.4%
PCE Core (Y/Y)	May	2.6%	2.8%	3.2%
<b>INCOME &amp; SPENDING</b>				
Retail Sales	May	0.1%	-0.2%	5.6%
Personal Income	May	0.5%	0.3%	4.2%
Personal Spending	May	0.2%	0.1%	3.2%
<b>AUTO &amp; HOUSING</b>				
Total Auto Sales (MM)	Jun	15.29	15.90	15.83
New/Existing Home Sales (M/M)	May	-2.3%	-1.0%	-4.8%
S&P/Case Shiller HPI (Y/Y)	Apr	6.3%	6.5%	5.0%

## KEY ECONOMIC AND MARKET INDICATORS

The U.S. added 206,000 jobs in June, the second lowest gain this year. The unemployment rate rose to the highest rate since November 2021 as more people entered the labor force. This was the third increase in a row. Hourly earnings fell on both a monthly and year-over-year basis, 0.3% and 3.9% respectively.

The pace of inflation slowed for the second month in a row in May. Both CPI and PPI rose less than expected and came in lower than the prior month. Prices for gasoline, new cars, airline tickets and car insurance were the biggest contributors for moderating inflation. Used car, shelter and food costs remain high. The annual rate of core consumer inflation was the lowest in over three years. Producer prices fell for the second time this year.

Retail sales rose 0.1% in May. Sales for April were revised to -0.2%, the second negative pace this year. Sales, minus autos, fell 0.1% for the second month in a row. The downward revision to April combined with May's weak results point to a downshift in consumer spending after stronger activity in the first part of the year.

The economy expanded 1.4% in the first quarter, better than the previous estimate of 1.3%. Consumer spending was revised a full percentage point lower to 1.5%. The weakness was offset by a substantial rebound in business investment to 4.4%. Imports continue to outpace exports, pushing the merchandise trade gap to the widest level in two years, negatively impacting growth.

Sources:

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

KEY MARKET INDICATORS	Mth End	Last Mth	12 Mth Ago
	Jun-24	May-24	Jun-23
<b>MONEY MARKETS</b>			
Effective Fed Funds	5.33%	5.33%	5.08%
Prime Rate	8.50%	8.50%	8.25%
3-month SOFR	5.34%	5.32%	5.06%
2-year UST	4.74%	4.88%	4.90%
10-year UST	4.38%	4.50%	3.84%
<b>NATIONAL CU LOAN RATES</b>			
CU 48-mth Auto	7.11%	7.09%	6.41%
CU 60-mth Auto	7.22%	7.19%	6.51%
CU 15-year Mtg	6.46%	6.51%	6.16%
CU 30-year Mtg	6.95%	7.04%	6.71%
<b>EQUITY MARKETS</b>			
Dow Jones Industrial Average	39,118.9	38,686.3	34,407.6
NASDAQ Composite	17,732.6	16,735.0	13,787.9
S&P 500	5,460.5	5,277.5	4,450.4
<b>OTHER COMMODITIES</b>			
CRB Index	290.5	290.2	261.9
Crude Oil	81.5	77.0	68.7

Source: Bloomberg; S&P Global Market Intelligence

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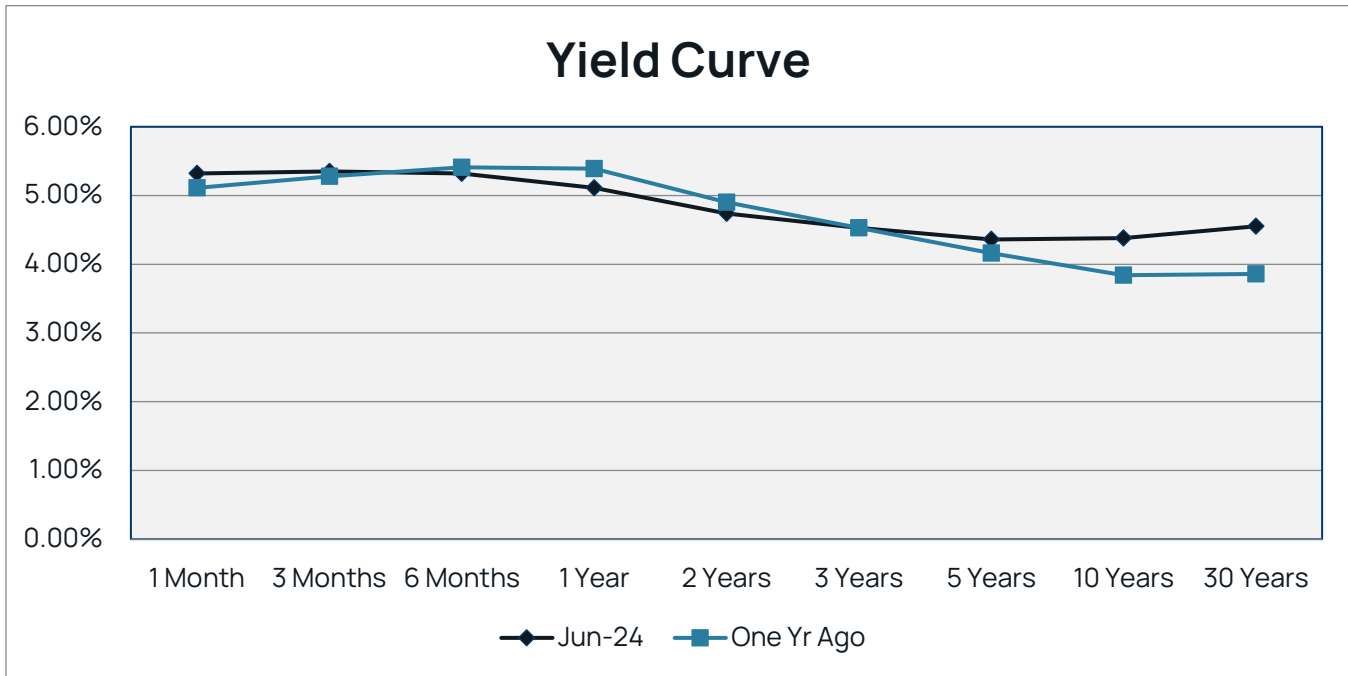
Not only was weather hot around the globe in June as 1,400 temperature records were broken across five continents in one week, but the financial markets had one of its hottest months on record also. Bond yields fell and stock prices soared as hopes for rate cuts fueled traders' actions. As expected, the Federal Reserve left the benchmark interest rate unchanged at 5.25% -5.50%. Fed officials are pleased with the progress made in bringing down inflation but want more evidence that inflation is moving "sustainably towards the 2% target." The quarterly dot plot shaved off two rate cuts this year from the projections in March, leaving open the possibility of one cut in 2024. Comments from Fed officials in the weeks following the FOMC meeting ran the gamut of concern about monetary policy being too restrictive to the current level of restrictiveness being appropriate to reduce demand and bring down inflation. Some officials noted that a rate cut is possible this year, while others believe it might not happen until 2025. As one Fed President summed it up, "it is difficult to know if the economy is truly on track for price stability. Policy makers need to be vigilant and conditional."

Mortgage rates followed the trend of the 10-year Treasury yield, falling for the second month in a row. The benchmark FHLMC 30-year mortgage closed at 6.86%, the lowest rate and the first time below 7% since April. The 15-year and 30-year mortgage rates, as measured by a variety of financial institutions, closed an average of seven basis points lower at 6.49% and 6.95% respectively. Mortgage rates are 27 basis points higher from May 2023. The spread between FHLMC's 30-year mortgage rate and the 10-year Treasury yield increased three basis points to 257 basis points, still much above the 50-year average spread. The average 48-month auto loan rate closed the month two basis point higher at 7.11% and 60-month auto loan rates increased three basis points to 7.22%. Auto loan rates are 70 basis points higher from a year ago. The average used auto loan rate is 518 basis points higher than a new auto loan rate, according to Experian.

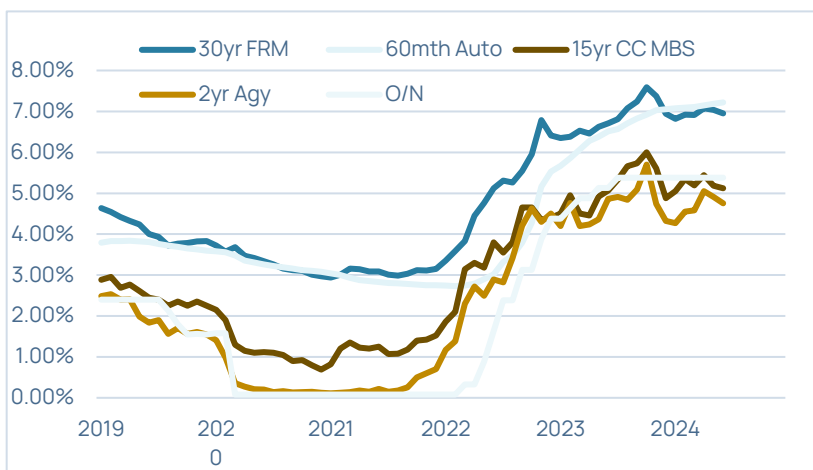
June was a month of records for the equity market, much of which is being attributed to the AI revolution. The key stock indices rallied for the second month in a row pushing two of the three indices to double digit year-to-date returns. The S&P 500 index posted its best first-half performance during an election year since 1976 while recording 31 record closes this year. The Magnificent Seven, comprised of the largest technology companies, accounted for more than half of the S&P 500's total return. Nvidia alone contributed 30% of the return, becoming the world's most valuable company with a market cap of \$3 billion. There is concern if the stock market can continue the strong performance for the remainder of 2024. The equal-weighted S&P index, which excludes the top technology companies, is up just 4.1% this year. For the month, The Dow closed May 1.1% higher, the Nasdaq was up 5.9% and the S&P 500 gained 3.5%. For the second quarter, the Dow fell 1.7%, the Nasdaq gained 8.3% and the S&P 500 finished 3.9% higher. Year-to-date, the Dow is up 3.8%, the Nasdaq is ahead 18.1% and the S&P 500 is 14.5% higher.

## FOR CREDIT UNIONS:

- The housing market continued to weaken in May as mortgage rates topped 7% and prices continued to climb, creating a greater burden to the cost of owning a home. Home prices on average are 47% higher than they were in early 2020, with the median sale price now five times the median household income. Sales of existing homes fell for the third month in a row with 30% selling above list price. More than a third of homes sold were over \$750,000.
- Credit union loans outstanding increased 0.4% in April after declining the prior month, according to America's Credit Unions. The increase came mostly from home equity loans, followed by unsecured personal loans and used auto loans. New auto loans fell 0.5%. Loans 60+ days delinquent rose to 0.9% in April.
- Consumer confidence fell in June as expectations for future income and business conditions weakened. On the other hand, consumers remain somewhat satisfied with their current financial situation due to better job opportunities.



The Treasury market had a difficult time in June deciding what the Fed's next move would be. A strong job report initially pushed yields higher as traders began to believe the Fed's comments that rates would stay high for a longer time. The tone quickly turned after inflation data came in better than expected, with the market second guessing the Fed's plans. The futures market began to price in two cuts in 2024 with some rogue options traders betting on the fed funds rate falling to 2.25% by March 2025. Yields at the longer end of the curve fell more as the low inflation bets increased, pushing the yield curve to -50 basis points briefly, the most inverted since December, before closing at -36 basis points. The two-year Treasury yield ended June at 4.74%, 14 basis power lower from May. The 10-year yield closed at 4.38% after a 25 basis point swing during the month and 12 basis points below May.



#### RELATIVE VALUE OF ASSETS AND FUNDING:

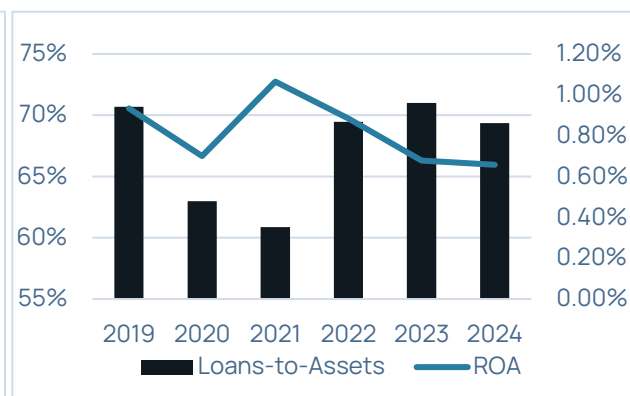
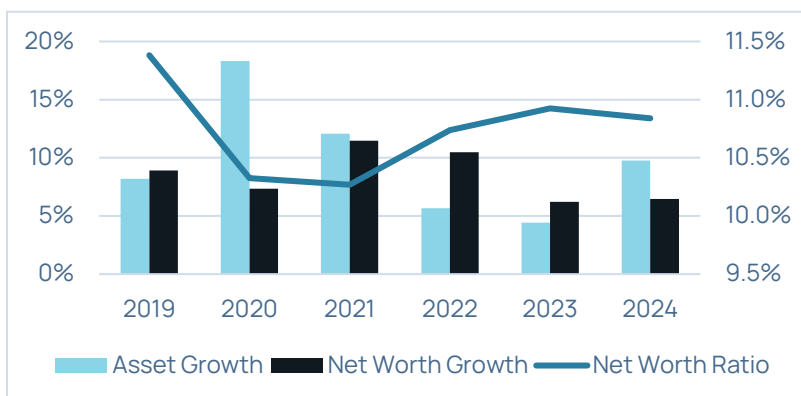
- The difference between loan and investment yields widened by eight basis points. Loan rates fell three basis points. Rates on investments were down 11 basis points.
- The spread between a 60-month auto loan and a 15-year mortgage loan widened by eight basis points to -76 basis points.
- Average CD rates remained relatively unchanged. Six and 24-month rates increased one to two basis points. Rates are on average 25 basis points higher than a year ago.

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## NCUA - MARCH 2024

KEY CREDIT UNION DATA	2019	2020	2021	2022	2023	2024
<b>GROWTH RATES</b>						
Total Assets	8.20%	18.31%	12.07%	5.67%	4.42%	9.76%
Total Loans	6.58%	5.44%	8.24%	20.53%	6.72%	0.11%
Total Shares	8.61%	20.89%	13.03%	3.88%	2.05%	11.95%
Net Worth	8.91%	7.33%	11.48%	10.47%	6.22%	6.47%
<b>CAPITAL ADEQUACY</b>						
Net Worth Ratio	11.38%	10.32%	10.27%	10.74%	10.92%	10.84%
Equity Capital Ratio	11.24%	10.34%	9.99%	8.77%	9.12%	9.04%
Capital Ratio	11.85%	11.04%	10.52%	9.31%	10.02%	9.91%
<b>BALANCE SHEET COMPOSITION</b>						
Loans/Assets	70.69%	62.99%	60.88%	69.45%	71.01%	69.35%
Vehicle Loans/Net Loans	34.12%	33.04%	32.50%	32.49%	31.49%	31.13%
RE Loans/Net Loans	50.86%	52.25%	52.80%	44.22%	44.83%	45.17%
1st Mtg Loans/Net Loans	42.55%	44.90%	45.97%	39.20%	39.20%	39.40%
Commercial Loans/Net Loans	7.54%	8.29%	9.07%	9.38%	10.01%	10.20%
<b>LIQUIDITY POSITION</b>						
Cash & Short-Term Invs/Assets	12.85%	18.44%	17.16%	10.17%	11.47%	13.73%
Borr. & NM Deposits/Shares & Liab.	4.75%	3.39%	2.97%	6.06%	7.96%	7.56%
Net Liquid Assets/Shares & Liab.	22.15%	30.36%	33.08%	23.82%	21.51%	23.64%
Net Long-term Assets/Assets	38.94%	35.58%	34.77%	39.49%	37.14%	36.02%
<b>LOAN QUALITY</b>						
Delinquency Rate	0.72%	0.62%	0.51%	0.67%	0.85%	0.77%
Net Charge-off Rate	0.40%	0.30%	0.16%	0.22%	0.43%	0.56%
<b>EARNINGS</b>						
Investment Yield	2.37%	1.35%	0.89%	1.63%	3.05%	3.50%
Loan Yield	4.90%	4.71%	4.37%	4.43%	5.25%	5.66%
Asset Yield	4.06%	3.53%	3.02%	3.38%	4.44%	4.84%
Cost of Funds	0.89%	0.70%	0.43%	0.52%	1.42%	1.84%
Gross Net Margin	3.17%	2.83%	2.59%	2.87%	3.02%	3.00%
Provision Expense	-0.43%	-0.50%	-0.06%	-0.26%	-0.51%	-0.55%
Net Interest Margin	2.74%	2.33%	2.53%	2.61%	2.51%	2.45%
Net Operating Expense	1.81%	1.63%	1.47%	1.73%	1.83%	1.79%
Net Income (Return on Assets)	0.93%	0.70%	1.06%	0.88%	0.68%	0.66%



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## PEER STATISTICS

	<\$2M	\$2-10M	\$10-50M	\$50-100M	\$100-500M	\$500M+	Total
<b>Industry Statistics</b>							
Average Asset Size (000s)	\$885	\$5,668	\$26,418	\$72,324	\$230,788	\$2,736,066	\$382,454
Pct of Number of Credit Unions	6.08%	13.73%	27.29%	13.66%	23.65%	15.59%	100.00%
Pct of Industry Assets	0.03%	0.16%	0.77%	2.11%	6.89%	87.74%	100.00%
<b>GROWTH RATES</b>							
Total Assets	-2.59%	0.74%	4.59%	6.75%	8.48%	10.10%	9.76%
Total Loans	-8.13%	-4.61%	-2.58%	-1.78%	-1.30%	0.35%	0.11%
Total Shares	-1.90%	0.82%	5.19%	7.72%	10.00%	12.46%	11.95%
Net Worth	1.52%	2.77%	5.45%	4.75%	5.65%	6.67%	6.47%
<b>CAPITAL ADEQUACY</b>							
Net Worth Ratio	20.46%	17.60%	13.26%	12.60%	11.29%	10.69%	11.38%
Equity Capital Ratio	20.39%	17.39%	12.81%	11.69%	9.76%	8.80%	11.24%
Capital Ratio	21.73%	18.02%	13.28%	12.14%	10.28%	9.74%	11.85%
<b>BALANCE SHEET COMPOSITION</b>							
Loans/Assets	47.14%	52.60%	52.12%	55.78%	64.14%	70.65%	69.35%
Vehicle Loans/Net Loans	64.00%	69.06%	53.30%	45.38%	38.57%	29.67%	31.13%
RE Loans/Net Loans	0.54%	6.31%	27.98%	36.59%	40.90%	46.09%	45.17%
1st Mtg Loans/Net Loans	0.47%	5.37%	24.55%	31.23%	35.11%	40.28%	39.40%
Commercial Loans/Net Loans	0.26%	0.34%	1.32%	3.68%	7.59%	10.75%	10.20%
<b>LIQUIDITY POSITION</b>							
Cash & Short-Term Invs/Assets	41.41%	31.38%	24.92%	21.10%	15.56%	13.10%	13.73%
Borr. & NM Deposits/Shares & Liab.	1.73%	1.60%	1.44%	2.10%	3.88%	8.26%	7.56%
Net Liquid Assets/Shares & Liab.	55.13%	46.53%	42.52%	41.55%	32.01%	21.84%	23.64%
Net Long-term Assets/Assets	3.75%	7.56%	19.61%	26.44%	32.38%	37.04%	36.02%
<b>LOAN QUALITY</b>							
Delinquency Rate	3.64%	1.67%	1.17%	1.02%	0.95%	1.39%	1.33%
Net Charge-off Rate	0.40%	0.33%	0.22%	0.26%	0.32%	0.61%	0.56%
<b>EARNINGS</b>							
Investment Yield	2.79%	2.98%	2.86%	2.75%	2.97%	3.63%	3.50%
Loan Yield	7.20%	6.34%	5.87%	5.74%	5.62%	5.66%	5.66%
Asset Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cost of Funds	4.88%	4.71%	4.33%	4.29%	4.51%	4.90%	4.84%
Gross Net Margin	0.46%	0.79%	0.83%	0.94%	1.29%	1.95%	1.84%
Provision Expense	4.41%	3.92%	3.50%	3.35%	3.21%	2.95%	3.00%
Net Interest Margin	-0.34%	-0.29%	-0.27%	-0.26%	-0.30%	-0.60%	-0.55%
Net Operating Expense	4.07%	3.63%	3.23%	3.09%	2.91%	2.36%	2.45%
Net Income (Return on Assets)	3.37%	3.15%	2.61%	2.51%	2.32%	1.69%	1.79%
	0.70%	0.48%	0.62%	0.59%	0.59%	0.67%	0.66%
<b>EFFICIENCY METRICS</b>							
Avg Loan Balance	\$5,625	\$9,449	\$3,833	\$7,152	\$11,076	\$21,080	\$17,973
Avg Share Per Member	\$2,440	\$5,406	\$9,125	\$10,580	\$12,459	\$14,268	\$13,786
Avg Compensation per FTE	\$5,695	\$7,515	\$17,610	\$19,220	\$21,112	\$26,978	\$25,520
Comp & Benefits-to-Total Assets	2.17%	2.00%	1.63%	1.69%	1.78%	1.53%	1.56%
Pct of Total Operating Expense	64.11%	69.98%	68.90%	70.49%	73.14%	74.87%	74.44%
Office Occ & Ops-to-Total Assets	0.25%	0.17%	0.20%	0.22%	0.22%	0.17%	0.17%
Pct of Total Operating Expense	16.89%	16.26%	21.68%	24.00%	25.39%	24.32%	24.38%

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## ECONOMIC CALENDAR

### JULY 2024

Monday	Tuesday	Wednesday	Thursday	Friday
<b>1</b> ISM Manufacturing Construction Spending	<b>2</b> Auto Sales JOLTS (May)	<b>3</b> ADP Employment (June) Trade Balance Factory Orders Jobless Claims ISM Services FOMC Minutes	<b>4</b> 	<b>5</b> Nonfarm Payrolls Unemployment Rate
<b>8</b> Consumer Credit	<b>9</b>	<b>10</b>	<b>11</b> Jobless Claims CPI	<b>12</b> PPI U. of Mich Sentiment (P)
<b>15</b> Empire Manufacturing	<b>16</b> Retail Sales Business Inventories	<b>17</b> Housing Starts Building Permits Industrial Production Fed Beige Book	<b>18</b> Jobless Claims Leading Indicators	<b>19</b>
<b>22</b>	<b>23</b> Existing Home Sales	<b>24</b> New Home Sales	<b>25</b> Jobless Claims GDP 2Q24	<b>26</b> Durable Goods (May) Personal Income Personal Spending PCE Core Y/Y U. of Mich Sentiment (F) Summer Olympics Begin
<b>29</b>	<b>30</b> S&P CL Home Prices Conf. Board Confidence JOLTS (June)	<b>31</b> ADP Employment (July) Pending Home Sales FOMC meeting		

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