

Market Overview & Data Report



MAY 2024

KEY ECONOMIC INDICATORS	Latest Report	Current Report	Previous Report	2023
ECONOMIC GROWTH				
GDP	Q1	1.6%	3.4%	2.5%
EMPLOYMENT				
Non-farm Payrolls (000s)	Apr	175	315	2,697
Private Payrolls (000s)	Apr	167	243	2,025
Unemployment Rate	Apr	3.9%	3.8%	3.7%
Avg Hourly Earnings (Y/Y)	Apr	3.9%	4.1%	4.1%
INFLATION				
Wholesale (Y/Y)	Mar	2.1%	1.6%	1.0%
Consumer (Y/Y)	Mar	3.5%	3.2%	3.4%
PCE Core (Y/Y)	Mar	2.8%	2.8%	3.2%
INCOME & SPENDING				
Retail Sales	Mar	0.7%	0.9%	5.6%
Personal Income	Mar	0.5%	0.3%	4.2%
Personal Spending	Mar	0.8%	0.8%	3.2%
AUTO & HOUSING				
Total Auto Sales (MM)	Apr	15.74	15.49	15.83
New/Existing Home Sales (M/M)	Mar	-2.7%	7.6%	-4.8%
S&P/Case Shiller HPI (Y/Y)	Feb	6.4%	5.9%	5.0%

KEY ECONOMIC AND MARKET INDICATORS

The U.S. added 175,000 jobs in April, the smallest amount in six months. Health care and private education accounted for over half of the gain. The unemployment rate increased but remained below 4% for the 27th month. Average earnings fell a tenth of a percent. The monthly data points to a slowing, but still steady, labor market with moderating wage inflation.

Consumer prices rose 0.4% for the third month in a row, removing hopes the earlier increases were a seasonal blip. Gasoline and shelter prices accounted for more than half the rise in CPI in March. Shelter prices, thought to be easing, are not falling as much as hoped. Services costs continue to rise while goods prices continue to fall.

Retail sales rose 0.7% in March after an upwardly revised 0.9% rise in February. Ex-auto and gasoline sales, a less volatile look at sales, rose 1.1%, the strongest pace in over a year. Internet sales were the primary driver of the index, rising 2.7%, regaining the strength lost earlier in the year. Sales of clothing, sporting goods and electronics were negative in March.

The economy grew at its slowest pace in almost two years in the first quarter. GDP rose 1.6%, more than half the pace at the end of 2023. Growth was slowed by a wider trade deficit, lower government spending, and weak personal consumption at the beginning of the quarter. Consumption increased 2.5%, the weakest level since second quarter 2023.

Sources:

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

KEY MARKET INDICATORS	Mth End	Last Mth	12 Mth Ago
	Apr-24	Mar-24	Apr-23
MONEY MARKETS			
Effective Fed Funds	5.33%	5.33%	4.83%
Prime Rate	8.50%	8.50%	8.00%
3-month SOFR	5.33%	5.36%	4.82%
2-year UST	5.04%	4.62%	4.01%
10-year UST	4.68%	4.20%	3.42%
NATIONAL CU LOAN RATES			
CU 48-mth Auto	7.04%	7.03%	6.16%
CU 60-mth Auto	7.15%	7.11%	6.26%
CU 15-year Mtg	6.53%	6.38%	5.85%
CU 30-year Mtg	7.08%	6.91%	6.45%
EQUITY MARKETS			
Dow Jones Industrial Average	37,815.9	39,807.4	34,098.2
NASDAQ Composite	15,657.8	16,379.5	12,226.6
S&P 500	5,035.7	5,254.4	4,169.5
OTHER COMMODITIES			
CRB Index	291.5	290.3	268.2
Crude Oil	81.5	83.1	72.2

Source: Bloomberg; S&P Global Market Intelligence

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April began with the financial markets losing the optimism gained in March. Stronger than expected manufacturing, labor market and inflation data, along with “no reason to rush” comments from Fed officials, took away hopes for multiple rate cuts this year. By the end of the month, the odds for a rate cut in June moved from 57% to 9%, with the chance for the first cut shifting to only 40% in September. Several economists floated the idea of no cuts this year at all with a few bank strategists going so far as to suggest the Fed could push the funds rate to 6.50% in 2025. Yields surged to the highest levels in five months. At the same time, geopolitical risk sent stocks reeling with funds moving into Treasury securities as a safe haven. The end of the month FOMC meeting resulted in keeping funds steady at the 5.25% to 5.50% range and the Fed content with the current restrictive level of monetary policy. A rate hike was not discussed at the two-day FOMC meeting.

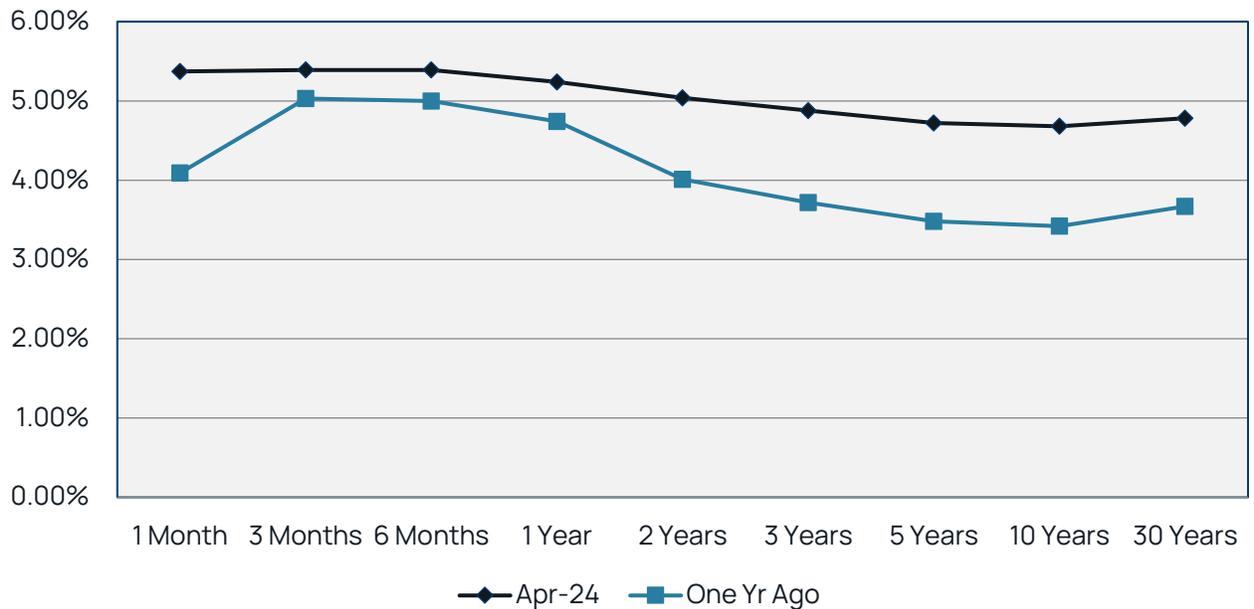
Mortgage rates followed the rise in longer-dated Treasury yields in April, moving higher each week. The 30-year fixed rate rose above 7% for the first time in four months. The benchmark FHLMC 30-year rate ended the month at 7.22%, 43 basis points higher from March and the highest rate since November 2023. The 15-year and 30-year mortgage rates, as measured by a variety of financial institutions, closed an average of 16 basis points higher at 6.53% and 7.08% respectively. Mortgage rates are 65 basis points higher from April 2023. The spread between FHLMC’s 30-year mortgage rate and the 10-year Treasury yield increased four basis points to 263 basis points. The 50-year average spread is 174 basis points. The average 48-month auto loan rate closed the month one basis point higher at 7.04% and 60-month auto loan rates increased four basis points to 7.15%. Auto loan rates are 88 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.

Anything that could go wrong for stocks in April did go wrong. The Dow suffered its worst day and week since March 2023 and closed the month with the worst performance since September 2022. The S&P 500 had its biggest weekly loss since October and the Nasdaq posted its biggest daily loss since November 2022. The technology sub-group, known as the MAG 7, lost almost \$1 trillion in market cap in one day. Both the S&P and Nasdaq closed in the red three of the four weeks in April for the first time in seven months. Stocks were stressed throughout the month by the changing inflation outlook and the prospect the Fed will keep interest rates higher for longer. The indices were saved by a late month rally after tech giants Microsoft and Google parent Alphabet beat earnings estimates. The three key indices closed the month negative for the first time in five months. The Dow closed April 5% lower, the Nasdaq was down 4.4% and the S&P 500 gave up 4.2%. Year-to-date, the Dow is up 0.3%, the Nasdaq is ahead 4.3% and the S&P 500 is 5.6% higher.

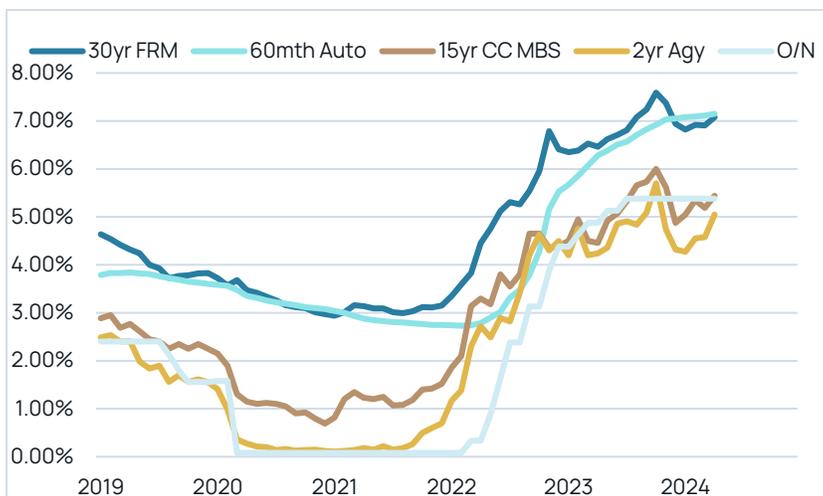
FOR CREDIT UNIONS:

- Rising home prices continue to plague the housing market. The price of an existing home is 5% higher from a year ago, pulling sales down 4.3% in March and 3.7% lower from a year ago. March is the 31st consecutive month with lower year-over-year sales. Builders continue to offer incentives and rate buy-downs to push home sales. The average 30-year mortgage rate stabilized in March but moved above 7% in April.
- About \$90 billion moved into active bond funds in the first quarter of 2024, the most for any three-month period since mid-2021. Fund managers, touting 5% yields, believe the opportunity for investors to lock in risk-free money still exists. Money is flowing out of bank and credit union share and savings accounts.
- Average U.S. gas prices are about 50 cents per gallon higher since early January, at roughly \$3.70. Higher oil prices are broadly inflationary because they raise the costs for any company that moves goods, not to mention the psychological effect it has every time a driver fills up the gas tank.

Yield Curve



April was all about the race to 5% on the two-year Treasury note. Yields began climbing as oil prices rose, Fed talk hinted at a higher-for-longer strategy and market pundits began suggesting an environment of no rate cuts until 2025. The two-year yield briefly tested 5% midday on several occasions during the month before closing above the pivotal resistance level on the last day of April. The 10-year Treasury note reached its highest closing level, 4.70%, since November 2023. A fear of stagnating high inflation levels took precedent over a slowing economic backdrop. The two-year yield closed at 5.04%, 42 basis points higher from March, the largest one-month increase in 10 months. The 10-year yield finished the month at 4.68%, 48 basis points higher on the month. The yield curve ended the month at -36 basis points, seven basis points tighter than March.



RELATIVE VALUE OF ASSETS AND FUNDING:

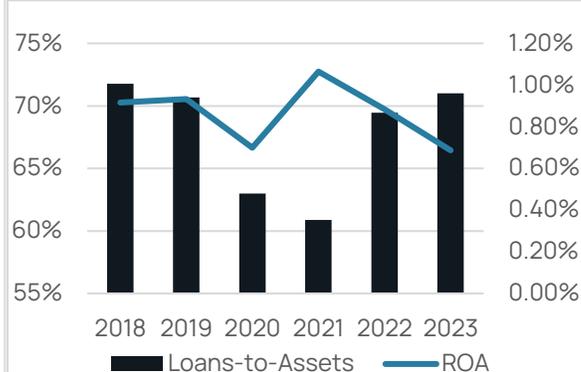
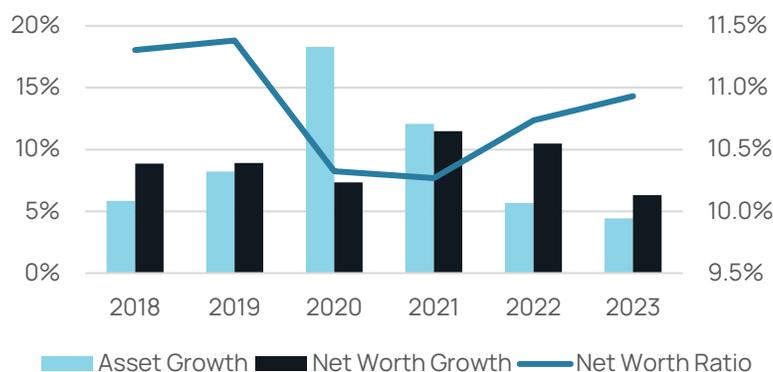
- The difference between loan and investment yields narrowed 26 basis points. Loan rates increased 11 basis points. Rates on investments increased 36 basis points.
- The spread between a 60-month auto loan and a 15-year mortgage loan remained at -73 basis points.
- Average CD rates increased seven basis points on 6-month CDs and remained unchanged for CDs between one and four years. Rates are 32 basis points higher than a year ago.

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NCUA - DECEMBER 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%	4.42%
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%
CAPITAL ADEQUACY						
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%
BALANCE SHEET COMPOSITION						
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%
LIQUIDITY POSITION						
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%
LOAN QUALITY						
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%
EARNINGS						
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%



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PEER STATISTICS

	<\$2M	\$2-10M	\$10-50M	\$50-100M	\$100-500M	\$500M+	Total
Industry Statistics							
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%
GROWTH RATES							
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%
CAPITAL ADEQUACY							
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%
BALANCE SHEET COMPOSITION							
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%
LIQUIDITY POSITION							
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%
LOAN QUALITY							
	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%
EARNINGS							
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%
EFFICIENCY METRICS							
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%

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ECONOMIC CALENDAR

MAY 2024

Monday	Tuesday	Wednesday	Thursday	Friday
		1 ISM Manufacturing ADP Employment Construction Spending JOLTS FOMC Decision Auto Sales	2 Jobless Claims Trade Balance Factory Orders Durable Goods (Mar)	3 Nonfarm Payrolls Unemployment Rate ISM Services
6	7 Consumer Credit	8	9 Jobless Claims	10 U. of Mich Sentiment (P)
13 Business Inventories	14 PPI	15 CPI Retail Sales Fed Beige Book	16 Jobless Claims Housing Starts Building Permits Industrial Production	17 Leading Indicators
20	21	22 FOMC meeting minutes Existing Home Sales	23 Jobless Claims New Home Sales	24 U. of Mich Sentiment (F) Durable Goods (Apr)
27 	28 S&P CL Home Prices Conf. Board Confidence	29 Fed Beige Book	30 Jobless Claims 1Q24 GDP Pending Home Sales	31 Personal Income Personal Spending PCE Core Y/Y

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