MARKET OVERVIEW & DATA REPORT

CATALYST Corporate Federal Credit Union

OCTOBER 2023

KEY ECONOMIC INDICATORS	Latest Report	Current Report	Previous Report	2022
ECONOMIC GROWTH				
GDP	Q2	2.1%	2.2%	2.1%
EMPLOYMENT				
Non-farm Payrolls (000s)	Sep	336	227	4,814
Private Payrolls (000s)	Sep	263	177	4,555
Unemployment Rate	Sep	3.8%	3.8%	3.4%
Avg Hourly Earnings (Y/Y)	Sep	4.2%	4.3%	4.4%
INFLATION				
Wholesale (Y/Y)	Aug	1.6%	0.8%	6.2%
Consumer (Y/Y)	Aug	3.7%	3.2%	7.1%
PCE Core (Y/Y)	Aug	3.9%	4.3%	4.4%
INCOME & SPENDING				
Retail Sales	Aug	0.6%	0.5%	9.2%
Personal Income	Aug	0.4%	0.2%	2.1%
Personal Spending	Aug	0.4%	0.9%	9.2%
AUTO & HOUSING				
Total Auto Sales (MM)	Sep	15.67	15.04	13.31
New/Existing Home Sales (M/M)	Aug	-0.7%	-0.7%	-33.0%
S&P/Case Shiller HPI (Y/Y)	Jul	0.9%	0.1%	5.8%

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

KEY MARKET INDICATORS	Mth End	Last Mth	12 Mth Ago
	Sep-23	Aug-23	Sep-22
MONEY MARKETS			
Effective Fed Funds	5.33%	5.33%	3.08%
Prime Rate	8.50%	8.50%	6.25%
3-month LIBOR	5.32%	5.31%	2.47%
2-year UST	5.05%	4.86%	4.28%
10-year UST	4.58%	4.11%	3.83%
NATIONAL CU LOAN RATES			
CU 48-mth Auto	6.75%	6.61%	4.66%
CU 60-mth Auto	6.83%	6.71%	4.76%
CU 15-year Mtg	6.73%	6.53%	5.32%
CU 30-year Mtg	7.24%	7.08%	6.04%
EQUITY MARKETS			
Dow Jones Industrial Average	33,507.5	34,721.9	28,725.5
NASDAQ Composite	13,219.3	14,035.0	10,575.6
S&P 500	4,288.1	4,507.7	3,585.6
OTHER COMMODITIES			
CRB Index	284.5	281.9	268.3
Crude Oil	90.9	83.6	70.6

KEY ECONOMIC AND MARKET INDICATORS

The U.S. added 336,000 jobs in September, much higher than the expected gain of 170,000 jobs. The two-month revision added 119,000 jobs. The unemployment rate stayed at 3.8% for the second month. The labor force participation rate remains strong at 62.8 without any real pressure on wages. The majority of the jobs were added in leisure and hospitality, followed by education and health services.

Headline inflation for both consumers and wholesalers rose in August to the highest levels in over a year. The increase came primarily from higher gasoline prices. When energy prices are removed from the calculation, the core rates of inflation from a year ago fell to the lowest levels since 2021. Used car and housing prices are beginning to come off recent high levels. Core goods prices fell 0.1% and core services prices were up 0.4%.

Retail sales were stronger than expected in August, but less than in July. Gasoline store sales surged 5.2% and accounted for the bulk of the increase in total sales. Ex-gasoline sales rose 0.2%, the weakest increase this year. Ten of the 13 major retail categories posted positive sales. Furniture and sporting goods stores had the biggest declines.

U.S. economic growth remained at 2.1% in the second quarter GDP after the third calculation. The consumption component was cut in half from 1.7% to 0.8%, the lowest level since the beginning of the pandemic. Stronger business investment offset the slowdown in consumer spending.

September was full of uncertainty that raised questions about future economic growth. Members of the United Auto Workers union at the three biggest automakers went on strike together for the first time in history, initially picketing at three of the more active plants, only to expand the picket lines as talks repeatedly failed to reach an agreement. By the end of the month, 22% of U.S. auto production was shut down. The 21st government shutdown in 47 years loomed if Congress could not agree on an actual budget (which was averted in the eleventh hour). And last but not least, Federal Reserve officials met to decide on the fate of interest rates. The FOMC voted to keep the fed funds target range at 5.25% to 5.50% but vowed to keep rates higher for longer. The quarterly Summary of Economic Projections took away the possibility of 50 basis points of rate cuts in 2024. Fed officials stressed the need to proceed carefully to avoid risking another uptick in inflation.

When it comes to measuring mortgage rates, it depends where you look. No matter the source, however, mortgage rates increased again in September. The average FHLMC 30-year mortgage rate closed the month eight basis points higher at 7.31%. According to BankRate, a more inclusive rate gathering service, the 30-year mortgage rate climbed as high as 7.83% near the end of the month, jumping 24 basis points in the last week alone. The average 15-year mortgage rate, as measured by a variety of banks and credit unions, ended September at 6.73%. The similarly measured 30-year mortgage rate finished the month at 7.24%. The average 48- and 60-month auto loan rates rose 13 basis points to 6.75% and 6.83%, respectively. Auto loan rates are 208 basis points higher than a year ago.

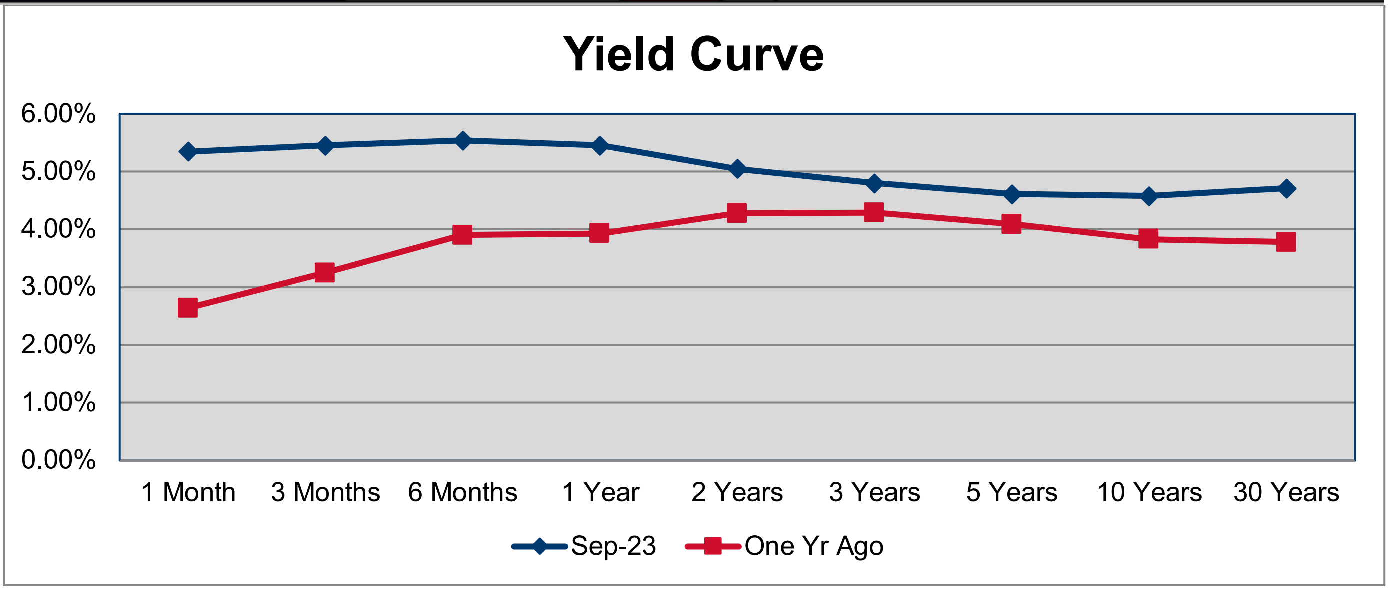
Economic uncertainty and a firmer Federal Reserve pushed the stock market to its worst performance this year. The S&P 500 index posted its worst daily performance in six months the day after the FOMC meeting. Consumers' waning confidence in the economy and financial situation created a selloff in bonds which led to large declines in technology stocks and other sectors of the market. The threat of tighter monetary policy is undoing some of the market's biggest gains this year, especially in the larger technology stocks such as Apple Inc., Microsoft Corp., Amazon.com Inc. and Google-parent Alphabet Inc. As both bonds and stocks retreated in September, the popular 60/40 investment strategy posed no help for investors. A benchmark for the 60/40 strategy fell almost 4% in September. As for the three major stock indices, the Nasdaq and S&P 500 indices posted the biggest losses since December 2022. The Dow fell 3.5%, the Nasdaq lost 5.8% and the S&P 500 declined 4.9% in September. Year-to-date, the Dow is up 1.1%, the Nasdaq is ahead 26.3% and the S&P 500 is up 11.7%.

For Credit Unions:

- Rising mortgage rates continue to weaken the housing market. Both new and pending home sales, a measure of when contracts are signed, declined the most in almost a year in August after mortgage rates topped 7%. The average monthly mortgage payment is 46% higher since the Federal Reserve began raising interest rates in 2022, costing a homeowner over $800 more a month on a $400,000 home. With existing homes inventory declining, homebuilders are struggling to sell and begin building new homes as material and labor costs rise.

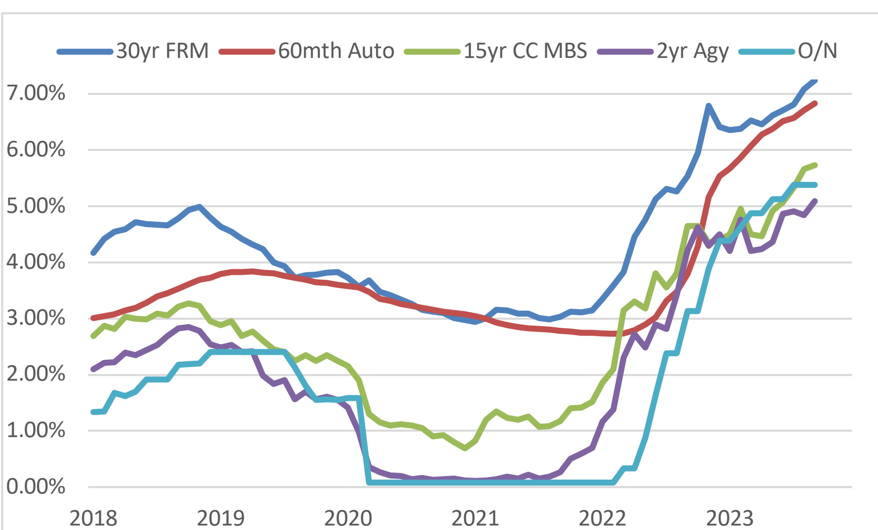
- Consumer spending is showing signs of weakening. Overall consumption for both goods and services rose 0.4% in August, half the pace of July activity. While incomes doubled by 0.4%, the savings rate fell from 4.1% to 3.9%. Consumers are using more of their income and thereby saving less to afford basic items like food and gasoline. Spending on interest-rate sensitive products, such as autos and furniture, declined.

- Respondents to the University of Michigan's September sentiment survey were relatively more pessimistic about current conditions than in August. Prolonged inflation, high financing costs and the resumption of student-loan payments is taking a toll on sentiment.



In September, Treasury yields climbed to the highest levels in 16 years, spurred by notions of higher interest rates, sticky inflation and more supply than demand for securities. The supply of Treasuries has exploded, from $5 trillion pre-financial crisis to $25 trillion today, while the Fed, U.S. banks and foreign investors have stepped back from buying Treasury securities. The 10-year Treasury yield surged past 4.60% within a week of the FOMC meeting. Concern about the Fed pushing the economy into a recession with high interest rates spooked bond investors, intensified by the price of oil perilously approaching $100 a barrel. The two-year Treasury traded in a 30-basis point range during the month, before closing at 5.05%, 19 basis points higher from August. The 10-year Treasury moved in a 40-basis point range, closing at 4.58%, 47 basis points higher from August and the largest monthly gain since February. The yield curve de-inverted to the tightest spread since May, -47 basis points.

Relative Value of Assets and Funding:



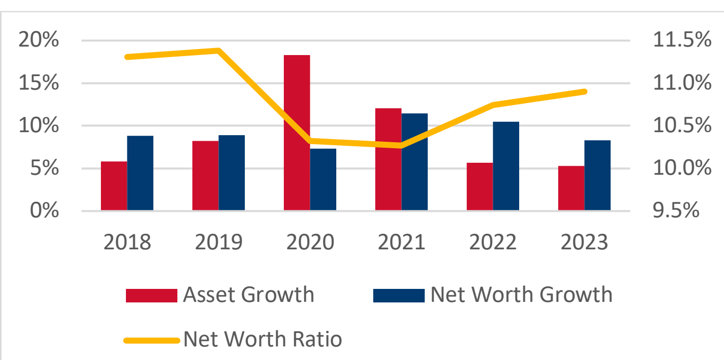
- The difference between loan and investment yields decreased two basis points. Loan rates rose 14 basis points. Rates on investments increased 16 basis points.
- The spread between a 60-month auto loan and a 15-year mortgage loan narrowed by eight basis points to -10 basis points.
- CD rates increased an average of four basis points in July. Rates are 95 basis points higher than a year ago.

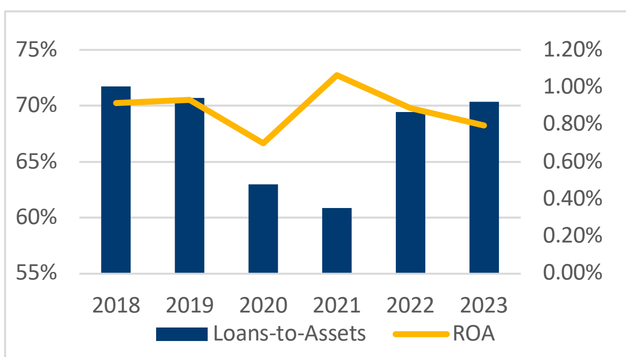
CATALYST
Corporate Federal Credit Union

MARKET OVERVIEW & DATA REPORT

NCUA – June 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%	5.28%
Total Loans	9.51%	6.58%	5.44%	8.24%	20.53%	7.89%
Total Shares	5.68%	8.61%	20.89%	13.03%	3.88%	3.59%
Net Worth	8.85%	8.91%	7.33%	11.48%	10.52%	8.29%
CAPITAL ADEQUACY						
Net Worth Ratio	11.31%	11.38%	10.32%	10.27%	10.74%	10.90%
Equity Capital Ratio	10.92%	11.24%	10.34%	9.99%	8.77%	8.78%
Capital Ratio	11.55%	11.85%	11.04%	10.52%	9.31%	9.59%
BALANCE SHEET COMPOSITION						
Loans/Assets	71.76%	70.69%	62.99%	60.88%	69.45%	70.35%
Vehicle Loans/Net Loans	35.35%	34.12%	33.04%	32.50%	32.49%	32.27%
RE Loans/Net Loans	49.80%	50.86%	52.25%	52.80%	44.22%	44.45%
1st Mtg Loans/Net Loans	41.27%	42.55%	44.90%	45.98%	39.21%	39.19%
Commercial Loans/Net Loans	6.96%	7.54%	8.29%	9.07%	9.37%	9.69%
LIQUIDITY POSITION						
Cash & Short-Term Invs/Assets	11.37%	12.85%	18.44%	17.16%	10.17%	11.01%
Borr. & NM Deposits/Shares & Liab.	5.46%	4.75%	3.39%	2.97%	6.06%	7.07%
Net Liquid Assets/Shares & Liab.	20.68%	22.15%	30.36%	33.08%	23.82%	23.15%
Net Long-term Assets/Assets	34.49%	34.40%	34.65%	39.44%	51.46%	51.12%
LOAN QUALITY						
Delinquency Rate	0.74%	0.72%	0.62%	0.51%	0.67%	0.64%
Net Charge-off Rate	0.41%	0.40%	0.30%	0.16%	0.22%	0.37%
EARNINGS						
Investment Yield	2.04%	2.37%	1.35%	0.89%	1.63%	2.91%
Loan Yield	4.69%	4.90%	4.71%	4.37%	4.44%	4.99%
Asset Yield	3.82%	4.06%	3.53%	3.02%	3.38%	4.21%
Cost of Funds	0.69%	0.89%	0.70%	0.43%	0.52%	1.19%
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%	-0.25%	-0.42%
Net Interest Margin	2.67%	2.74%	2.33%	2.53%	2.62%	2.60%
Net Operating Expense	1.76%	1.81%	1.63%	1.47%	1.73%	1.81%
Net Income (Return on Assets)	0.92%	0.93%	0.70%	1.06%	0.89%	0.79%





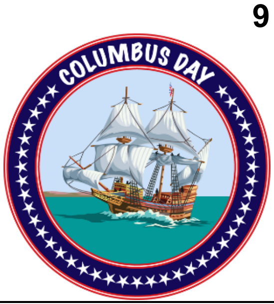
CATALYST
Corporate Federal Credit Union

MARKET OVERVIEW & DATA REPORT

Peer Statistics

	<$2M	$2-10M	$10-50M	$50-100M	$100-500M	$500M+	Total
Industry Statistics							
Average Asset Size (000s)	$902	$5,645	$26,252	$72,710	$230,381	$2,643,656	$346,521
Pct of Number of Credit Unions	6.12%	13.95%	28.06%	13.95%	22.90%	15.02%	100.00%
Pct of Industry Assets	0.03%	0.17%	0.79%	2.21%	7.15%	88.41%	100.00%
GROWTH RATES							
Total Assets	-2.97%	-3.44%	-1.90%	-0.32%	2.33%	5.98%	5.28%
Total Loans	8.73%	8.78%	8.62%	7.88%	6.61%	8.03%	7.89%
Total Shares	-4.21%	-5.04%	-2.87%	-1.35%	1.34%	4.19%	3.59%
Net Worth	3.50%	4.28%	5.76%	7.41%	7.76%	8.45%	8.29%
CAPITAL ADEQUACY							
Net Worth Ratio	19.03%	16.68%	12.63%	12.11%	11.09%	10.80%	11.31%
Equity Capital Ratio	18.97%	16.46%	12.12%	11.09%	9.31%	8.57%	10.92%
Capital Ratio	20.16%	17.04%	12.56%	11.53%	9.79%	9.44%	11.55%
BALANCE SHEET COMPOSITION							
Loans/Assets	44.80%	50.17%	51.04%	55.88%	64.58%	71.89%	70.35%
Vehicle Loans/Net Loans	65.38%	69.05%	53.04%	45.10%	39.65%	30.80%	32.27%
RE Loans/Net Loans	1.05%	5.82%	27.53%	37.08%	40.00%	45.41%	44.45%
1st Mtg Loans/Net Loans	0.95%	4.86%	24.28%	32.07%	34.71%	40.12%	39.19%
Commercial Loans/Net Loans	0.43%	0.32%	1.43%	3.49%	7.32%	10.22%	9.69%
LIQUIDITY POSITION							
Cash & Short-Term Invs/Assets	44.23%	30.11%	22.58%	18.00%	12.66%	10.35%	11.01%
Borr. & NM Deposits/Shares & Liab.	1.25%	1.55%	1.35%	1.91%	3.45%	7.79%	7.07%
Net Liquid Assets/Shares & Liab.	53.18%	45.11%	40.95%	39.88%	31.67%	21.25%	23.15%
Net Long-term Assets/Assets	4.18%	8.89%	26.12%	36.61%	46.54%	52.66%	51.12%
LOAN QUALITY	3.03%	1.52%	1.05%	0.88%	0.78%	1.04%	1.01%
Delinquency Rate	2.71%	1.33%	0.87%	0.69%	0.57%	0.64%	0.64%
Net Charge-off Rate	0.32%	0.19%	0.18%	0.18%	0.21%	0.40%	0.37%
EARNINGS							
Investment Yield	1.79%	2.16%	2.19%	2.24%	2.46%	3.05%	2.91%
Loan Yield	6.79%	5.89%	5.32%	5.10%	4.94%	4.99%	4.99%
Asset Yield	3.96%	3.94%	3.66%	3.69%	3.89%	4.28%	4.21%
Cost of Funds	0.39%	0.49%	0.45%	0.52%	0.75%	1.28%	1.19%
Gross Net Margin	3.57%	3.45%	3.21%	3.17%	3.14%	3.00%	3.02%
Provision Expense	-0.36%	-0.19%	-0.15%	-0.17%	-0.22%	-0.46%	-0.42%
Net Interest Margin	3.21%	3.26%	3.06%	3.00%	2.93%	2.54%	2.60%
Net Operating Expense	2.90%	2.89%	2.38%	2.20%	2.18%	1.73%	1.81%
Net Income (Return on Assets)	0.31%	0.37%	0.68%	0.80%	0.75%	0.80%	0.79%
EFFICIENCY METRICS							
Avg Loan Balance	$5,497	$8,849	$3,850	$6,664	$10,681	$20,592	$17,401
Avg Share Per Member	$2,515	$5,563	$9,153	$10,606	$12,309	$14,140	$13,640
Avg Compensation per FTE	$11,613	$23,903	$33,427	$36,653	$39,966	$50,843	$48,228
Comp & Benefits-to-Total Assets	1.83%	1.84%	1.52%	1.57%	1.70%	1.50%	1.53%
Pct of Total Operating Expense	64.23%	69.76%	68.59%	71.03%	72.83%	74.85%	74.38%
Office Occ & Ops-to-Total Assets	0.21%	0.15%	0.19%	0.21%	0.22%	0.17%	0.17%
Pct of Total Operating Expense	17.00%	16.04%	21.83%	25.08%	25.49%	24.73%	24.76%

Economic Calendar
OCTOBER 2023

Monday	Tuesday	Wednesday	Thursday	Friday
2 Construction Spending ISM Manufacturing	**3** Auto Sales JOLTS	**4** ADP Employment Factory Orders Durable Goods (Aug-F) ISM Services	**5** Trade Balance Jobless Claims	**6** Nonfarm Payrolls Unemployment Rate Consumer Credit
9 	**10**	**11** PPI FOMC Sept. Minutes	**12** Jobless Claims CPI	**13** U. of Mich. Sentiment (P)
16 Empire Manufacturing	**17** Retail Sales Industrial Production Business Inventories	**18** Housing Starts Building Permits Fed. Reserve Beige Book	**19** Jobless Claims Existing Home Sales Leading Index	**20**
23	**24**	**25** New Home Sales	**26** Jobless Claims GDP – 2Q23 revision Durable Goods (Sep–P) Pending Home Sales	**27** Personal Income Personal Spending PCE Core Y/Y U. of Mich. Sentiment (F)
30	**31** S&P CL Home Prices Consumer Confidence