

# Market Overview & Data Report



DECEMBER 2024

KEY ECONOMIC INDICATORS	Latest Report	Current Report	Previous Report	2023
<b>ECONOMIC GROWTH</b>				
GDP	Q3	2.8%	3.0%	2.5%
<b>EMPLOYMENT</b>				
Non-farm Payrolls (000s)	Nov	227	36	2,697
Private Payrolls (000s)	Nov	194	-2	2,025
Unemployment Rate	Nov	4.2%	4.1%	3.7%
Avg Hourly Earnings (Y/Y)	Nov	4.0%	4.0%	4.1%
<b>INFLATION</b>				
Wholesale (Y/Y)	Oct	2.4%	1.9%	1.0%
Consumer (Y/Y)	Oct	2.6%	2.4%	3.4%
PCE Core (Y/Y)	Oct	2.8%	2.7%	3.2%
<b>INCOME &amp; SPENDING</b>				
Retail Sales	Oct	0.4%	0.8%	5.6%
Personal Income	Oct	0.6%	0.3%	4.2%
Personal Spending	Oct	0.4%	0.6%	3.2%
<b>AUTO &amp; HOUSING</b>				
Total Auto Sales (MM)	Nov	16.50	16.04	15.83
New/Existing Home Sales (M/M)	Oct	0.0%	0.0%	-4.8%
S&P/Case Shiller HPI (Y/Y)	Sep	3.9%	4.3%	5.0%

Sources:

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

KEY MARKET INDICATORS	Mth End Nov-24	Last Mth Oct-24	12 Mth Ago Nov-23
<b>MONEY MARKETS</b>			
Effective Fed Funds	4.58%	4.83%	5.33%
Prime Rate	7.75%	8.00%	8.50%
3-month SOFR	4.67%	4.85%	5.33%
2-year UST	4.15%	4.17%	4.68%
10-year UST	4.17%	4.28%	4.33%
<b>NATIONAL CU LOAN RATES</b>			
CU 48-mth Auto	7.03%	7.07%	6.94%
CU 60-mth Auto	7.13%	7.17%	7.02%
CU 15-year Mtg	6.17%	5.97%	6.82%
CU 30-year Mtg	6.78%	6.56%	7.38%
<b>EQUITY MARKETS</b>			
Dow Jones Industrial Average	44,910.7	41,763.5	35,950.9
NASDAQ Composite	19,218.2	18,095.2	14,226.2
S&P 500	6,032.4	5,705.5	4,567.8
<b>OTHER COMMODITIES</b>			
CRB Index	286.9	279.9	273.6
Crude Oil	68.0	69.3	73.3

Source: Bloomberg; S&P Global Market Intelligence

## KEY ECONOMIC AND MARKET INDICATORS

The U.S. added 227,000 jobs in November. Job gains for the past two months were revised upwards by 56,000. Unemployment rose to 4.2%, the highest rate in three months, suggesting the pace of hiring is slowing. Hiring was led by health care, the government, and leisure & hospitality. Wage growth remained steady at 4% year-over-year.

Consumer inflation was steady in October. However, the year-over-year pace of the core index rose 2.6%, the first annual increase in seven months. Shelter prices accounted for over half the monthly increase in the headline index. Goods prices are beginning to rise, making the Fed's efforts to bring down inflation difficult. Core PCE, the Fed's key inflation indicator, rose 2.8% Y/Y, also higher than the prior month.

Retail sales rose 0.4% in October following an upward revision that doubled sales in September to 0.8%. Auto sales accounted for the bulk of sales during October. Sales ex-autos rose 0.1%. Eight of the 13 major categories posted increases in sales, including electronic and appliance stores. Retailers are forecasting a strong holiday shopping season.

The economy maintained its 2.8% third quarter growth rate after a second calculation. Consumer spending was revised lower to 3.5% but remains the strongest pace this year. Business investment in research and development, likely AI related, was revised higher.

# Market Overview & Data Report



November was a month to be thankful for from the start. No matter which side of politics you are on, the country was thankful for a presidential election that ended peacefully with a decisive answer. The unknowns are what will happen to taxes, the federal deficit, tariffs and economic growth. The financial markets reacted in opposite directions throughout the month – equities moved higher on the prospect of lower corporate taxes and better economic growth while Treasury yields moved higher (prices lower) over concerns about rising inflation and a larger deficit. The Federal Reserve offered its own news to be thankful for – another 25 basis point cut in the benchmark interest rate. The expected move was the Fed's second step in recalibrating monetary policy to move closer to a neutral rate. The Fed believes inflation is under control and tight labor market conditions have eased. Federal Reserve Chair Jerome Powell is in no hurry to get to neutral and would rather be in a position to move quickly if inflation or the labor market deteriorates.

Mortgage rates in November continued to follow the upward trend of the 10-year Treasury note. The benchmark FHLMC 30-year mortgage rate temporarily returned to 7%+ yields, the highest level since July, before closing the month at 6.81%, 10 basis points higher from October. The 15-year and 30-year mortgage rates, as measured by a variety of financial institutions, closed an average of 21 basis points higher at 6.17% and 6.78%, respectively. Even with the November increase, mortgage rates are an average 63 basis points lower from a year ago. The renewed rise in mortgage financing rates threatens to stall the resurgence of refinancing and purchase activity. The average auto loan rates finished November four basis points lower at 7.03% for a 48-month loan and 7.13% for a 60-month loan. Auto loan rates are 10 basis points higher from a year ago.

The equity market began November with another race to the top. Over the past 100 years, November has ranked as the fourth-best month for stocks and this year was no different. The S&P 500 and the Dow indices posted the best monthly gain this year with the Nasdaq finishing with its second best performance of the year. Stock investors were buoyed by the prospects of lower corporate taxes, strong earnings and a healthy economy. The Magnificent Seven sub-index surged to a new high, boosted by a 14% one day gain in Tesla. Almost \$20 billion flowed into U.S. equity funds on the day Trump claimed victory, according to Bank of America Corp, the most in five months. Bitcoin came close to the \$100 level. The U.S. dollar posted the longest stretch of weekly gains in over a year. The Fed's updated message of moving slower to cut rates cooled the Trump euphoria to a more reasonable pace by mid-month. The Dow closed November 7.5% higher, the Nasdaq was up 6.2% and the S&P 500 gained 5.7%. Year-to-date, the Dow is ahead 19.2%, the Nasdaq is up 28% and the S&P 500 is 26.5% higher.

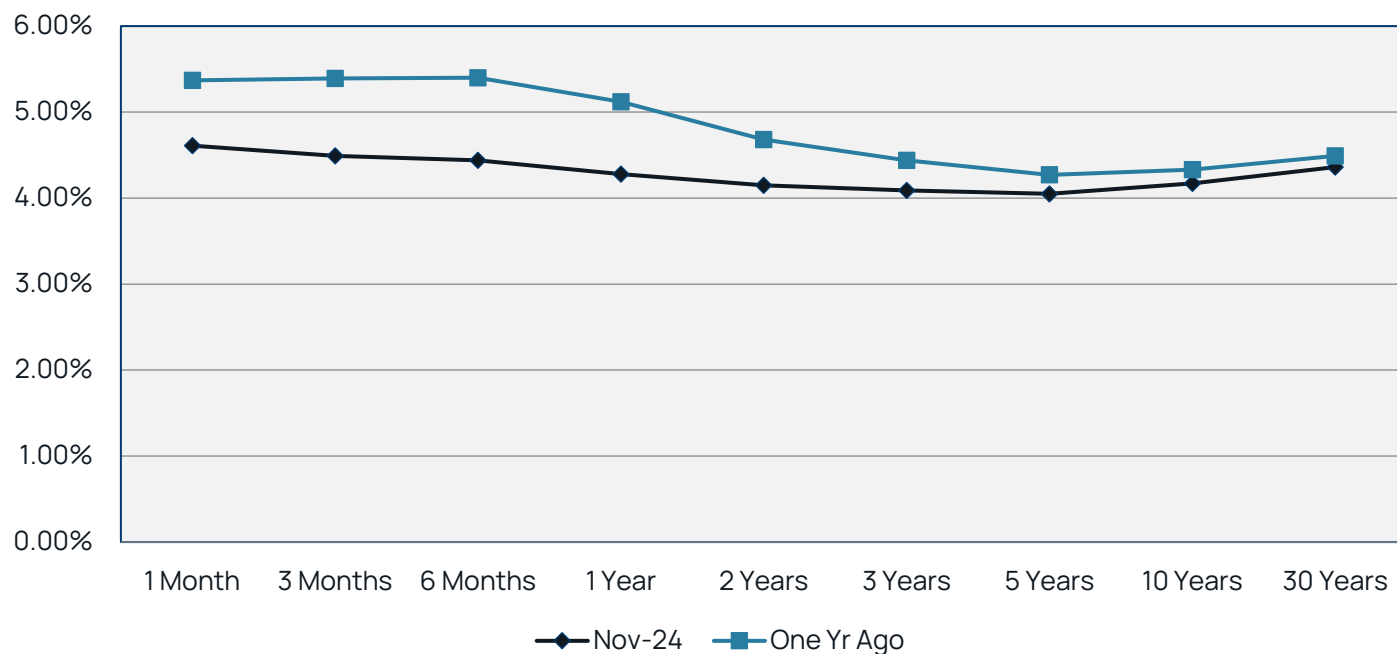
## FOR CREDIT UNIONS:

- Interest rate volatility continues to impact housing sales. Existing home sales, measured when contracts close, surged 3.4% in October after two months of negative sales. Interest rates fell to the lowest level in almost two years during September when contracts were signed. However, the rise in mortgage rates in October curbed sales of new homes to a negative 17.3% pace. Mortgage rates rose to 7% in October when contracts for a new home are signed.
- Personal incomes rose 0.6% in October, the biggest gain since March. The bulk of the gain came from employee compensation. Spending increased 0.4%, as expected. Inflation-adjusted spending was up 0.1% after an upwardly revised 0.5% for September. Savings rates increased to 4.4% from 4.1%.
- The rejection rate of consumer loans rose to the highest level in 11 years, as of October, according to a Federal Reserve of New York study. The latest SCE Credit Access Survey reveals stable credit demand but increased rejection rates on all types of loans, with auto loans and mortgage refinancings reaching new highs. Lender-initiated account closures for any type of credit increased to the highest level since 2013.

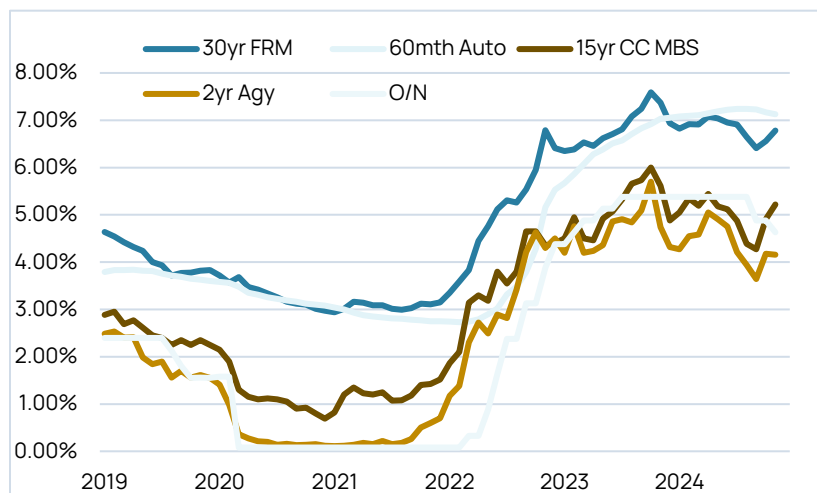
# Market Overview & Data Report



## Yield Curve



The Treasury market took a negative stance on the presidential election and traded lower on fears of a higher deficit, rising inflation and greater government spending. Yields surged more than 20 basis points after the election to the highest levels in three months. Stronger-than-expected labor market and inflation reports prompted Federal Reserve officials to talk back aggressive easing, suggesting there is no need to hurry in cutting rates. Shorter term yields moved higher on the prospects of less rate reduction, while longer term yields rose on outlooks for a stronger economy and high inflation. A late month easing of concerns brought yields back to the lowest levels of the month. The two-year Treasury yield traded in a 23-basis point range during November before closing at 4.15%, two basis points below October's close. The 10-year Treasury yield closed the month at 4.17%, 11 basis points lower for the month and 28 basis points below its intramonth high.



### RELATIVE VALUE OF ASSETS AND FUNDING:

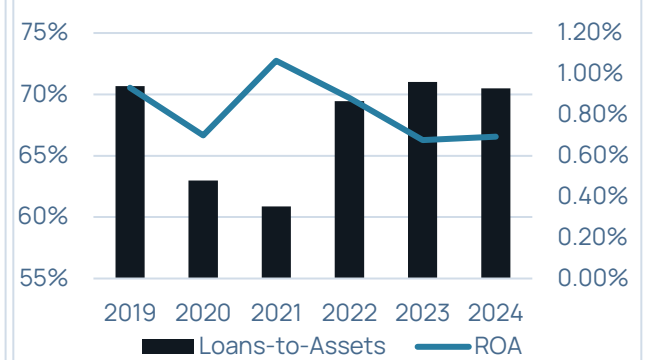
- The difference between loan and investment yields narrowed by five basis points to 227 basis points. Investment yields rose more than loan rates.
- The spread between a 60-month auto loan and a 15-year mortgage loan narrowed 21 basis points to -120 basis points.
- CD rates moved between -2 and +5 basis points with one and two-year CDs increasing the most. Rates are eight basis points lower from a year ago.

# Market Overview & Data Report



## NCUA - SEPTEMBER 2024

KEY CREDIT UNION DATA	2019	2020	2021	2022	2023	2024
<b>GROWTH RATES</b>						
Total Assets	8.20%	18.31%	12.07%	5.63%	4.42%	3.82%
Total Loans	6.58%	5.44%	8.24%	20.49%	6.72%	2.81%
Total Shares	8.61%	20.89%	13.03%	3.84%	2.05%	4.34%
Net Worth	8.91%	7.33%	11.48%	10.45%	6.21%	6.66%
<b>CAPITAL ADEQUACY</b>						
Net Worth Ratio	11.38%	10.32%	10.27%	10.74%	10.92%	11.15%
Equity Capital Ratio	11.24%	10.34%	9.99%	8.77%	9.11%	9.76%
Capital Ratio	11.85%	11.04%	10.52%	9.31%	10.02%	10.66%
<b>BALANCE SHEET COMPOSITION</b>						
Loans/Assets	70.69%	62.99%	60.88%	69.45%	71.02%	70.50%
Vehicle Loans/Net Loans	34.12%	33.04%	32.50%	32.49%	31.49%	30.20%
RE Loans/Net Loans	50.86%	52.25%	52.80%	44.21%	44.83%	45.83%
1st Mtg Loans/Net Loans	42.55%	44.90%	45.97%	39.20%	39.20%	39.60%
Commercial Loans/Net Loans	7.54%	8.29%	9.07%	9.38%	10.01%	10.54%
<b>LIQUIDITY POSITION</b>						
Cash & Short-Term Invs/Assets	12.85%	18.44%	17.16%	10.17%	11.47%	12.57%
Borr. & NM Deposits/Shares & Liab.	4.75%	3.39%	2.97%	6.06%	7.96%	7.06%
Net Liquid Assets/Shares & Liab.	22.15%	30.36%	33.08%	23.82%	21.51%	22.99%
Net Long-term Assets/Assets	38.94%	35.58%	34.77%	39.48%	37.11%	35.74%
<b>LOAN QUALITY</b>						
Delinquency Rate	0.72%	0.62%	0.51%	0.67%	0.85%	0.92%
Net Charge-off Rate	0.40%	0.30%	0.16%	0.22%	0.43%	0.55%
<b>EARNINGS</b>						
Investment Yield	2.37%	1.35%	0.89%	1.63%	3.05%	3.74%
Loan Yield	4.90%	4.71%	4.37%	4.43%	5.25%	5.79%
Asset Yield	4.06%	3.53%	3.02%	3.38%	4.44%	5.00%
Cost of Funds	0.89%	0.70%	0.43%	0.52%	1.42%	1.91%
Gross Net Margin	3.17%	2.83%	2.59%	2.87%	3.02%	3.09%
Provision Expense	-0.43%	-0.50%	-0.06%	-0.26%	-0.51%	-0.58%
Net Interest Margin	2.74%	2.33%	2.53%	2.61%	2.51%	2.52%
Net Operating Expense	1.81%	1.63%	1.47%	1.73%	1.83%	1.82%
Net Income (Return on Assets)	0.93%	0.70%	1.06%	0.88%	0.68%	0.69%



# Market Overview & Data Report



## PEER STATISTICS

	< \$2M	\$2-10M	\$10-50M	\$50-100M	\$100-500M	\$500M+	Total
<b>Industry Statistics</b>							
Average Asset Size (000s)	\$898	\$5,618	\$26,172	\$72,159	\$231,333	\$2,741,762	\$391,720
Pct of Number of Credit Unions	6.18%	13.38%	27.15%	13.82%	23.59%	15.88%	100.00%
Pct of Industry Assets	0.03%	0.16%	0.76%	2.10%	6.88%	87.50%	100.00%
<b>GROWTH RATES</b>							
Total Assets	-3.09%	-2.70%	-0.10%	1.51%	2.98%	4.05%	3.82%
Total Loans	-5.81%	-2.52%	-0.49%	0.38%	1.26%	3.08%	2.81%
Total Shares	-4.95%	-3.76%	-0.79%	1.00%	2.94%	4.71%	4.34%
Net Worth	6.97%	3.07%	5.80%	5.76%	6.14%	6.78%	6.66%
<b>CAPITAL ADEQUACY</b>							
Net Worth Ratio	21.32%	18.37%	13.82%	13.12%	11.62%	10.99%	11.38%
Equity Capital Ratio	21.26%	18.16%	13.48%	12.43%	10.50%	9.53%	11.24%
Capital Ratio	22.65%	18.82%	13.97%	12.91%	11.04%	10.49%	11.85%
<b>BALANCE SHEET COMPOSITION</b>							
Loans/Assets	48.28%	52.57%	52.69%	56.25%	64.81%	71.86%	70.50%
Vehicle Loans/Net Loans	64.68%	68.28%	52.94%	44.66%	37.47%	28.79%	30.20%
RE Loans/Net Loans	0.56%	6.91%	28.27%	37.40%	41.73%	46.71%	45.83%
1st Mtg Loans/Net Loans	0.47%	5.91%	24.60%	31.66%	35.43%	40.45%	39.60%
Commercial Loans/Net Loans	0.34%	0.34%	1.37%	3.49%	7.86%	11.10%	10.54%
<b>LIQUIDITY POSITION</b>							
Cash & Short-Term Invs/Assets	41.87%	32.09%	25.19%	21.06%	15.16%	11.81%	12.57%
Borr. & NM Deposits/Shares & Liab.	1.80%	1.72%	1.33%	2.02%	3.56%	7.70%	7.06%
Net Liquid Assets/Shares & Liab.	55.10%	48.76%	42.79%	41.54%	31.54%	21.17%	22.99%
Net Long-term Assets/Assets	3.59%	7.34%	19.63%	26.50%	32.46%	36.67%	35.74%
<b>LOAN QUALITY</b>							
	3.58%	1.75%	1.30%	1.15%	1.10%	1.52%	1.47%
Delinquency Rate	3.14%	1.48%	1.08%	0.89%	0.79%	0.93%	0.92%
Net Charge-off Rate	0.44%	0.27%	0.22%	0.25%	0.31%	0.59%	0.55%
<b>EARNINGS</b>							
Investment Yield	2.88%	3.20%	3.14%	3.04%	3.27%	3.86%	3.74%
Loan Yield	7.29%	6.50%	6.01%	5.88%	5.77%	5.78%	5.79%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Asset Yield	5.03%	4.88%	4.53%	4.48%	4.70%	5.06%	5.00%
Cost of Funds	0.53%	0.82%	0.89%	1.00%	1.37%	2.01%	1.91%
Gross Net Margin	4.50%	4.06%	3.64%	3.48%	3.33%	3.04%	3.09%
Provision Expense	-0.53%	-0.30%	-0.26%	-0.28%	-0.33%	-0.62%	-0.58%
Net Interest Margin	3.96%	3.76%	3.38%	3.20%	3.00%	2.42%	2.52%
Net Operating Expense	3.78%	3.17%	2.67%	2.53%	2.34%	1.72%	1.82%
Net Income (Return on Assets)	0.18%	0.60%	0.71%	0.68%	0.66%	0.70%	0.69%
<b>EFFICIENCY METRICS</b>							
Avg Loan Balance	\$5,835	\$9,447	\$3,993	\$6,978	\$11,262	\$21,210	\$18,192
Avg Share Per Member	\$2,407	\$5,298	\$8,970	\$10,591	\$12,382	\$14,082	\$13,633
Avg Compensation per FTE	\$6,282	\$42,817	\$70,235	\$75,381	\$83,190	\$108,565	\$102,694
Comp & Benefits-to-Total Assets	2.29%	1.99%	1.66%	1.68%	1.78%	1.54%	1.57%
Pct of Total Operating Expense	65.11%	69.43%	68.93%	70.42%	72.75%	74.69%	74.25%
Office Occ & Ops-to-Total Assets	0.21%	0.17%	0.21%	0.22%	0.22%	0.17%	0.17%
Pct of Total Operating Expense	14.45%	15.96%	21.64%	23.92%	24.96%	24.17%	24.20%

# Market Overview & Data Report



## ECONOMIC CALENDAR DECEMBER 2024

Monday	Tuesday	Wednesday	Thursday	Friday
<b>2</b> ISM Manufacturing Construction Spending	<b>3</b> JOLTS Auto Sales	<b>4</b> ADP Employment Factory Orders Fed Beige Book ISM Services	<b>5</b> Jobless Claims Trade Balance	<b>6</b> Nonfarm Payrolls Unemployment Rate U. of Mich Sentiment (P) Consumer Credit
<b>9</b>	<b>10</b>	<b>11</b> CPI	<b>12</b> Jobless Claims PPI	<b>13</b> Import/Export Prices
<b>16</b> Empire Manufacturing	<b>17</b> Retail Sales Industrial Production Business Inventories	<b>18</b> Housing Starts Building Permits FOMC Rate Decision	<b>19</b> Jobless Claims 3Q24 GDP revision Existing Home Sales Leading Index	<b>20</b> Personal Income Personal Spending PCE Core Y/Y U. of Mich Sentiment (F)
<b>23</b> Consumer Confidence	<b>24</b> Durable Goods Orders New Home Sales	<b>25</b> 	<b>26</b> Jobless Claims 	<b>27</b>
<b>30</b> Pending Home Sales	<b>31</b> S&P CL Home Prices	<b>1</b> 		

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