

Market Overview & Data Report



MARCH 2025

KEY ECONOMIC INDICATORS	Latest Report	Current Report	Previous Report	2024
ECONOMIC GROWTH				
GDP	Q4	2.3%	2.3%	2.8%
EMPLOYMENT				
Non-farm Payrolls (000s)	Feb	151	125	2,232
Private Payrolls (000s)	Feb	140	81	1,792
Unemployment Rate	Feb	4.1%	4.0%	4.1%
Avg Hourly Earnings (Y/Y)	Feb	4.0%	3.9%	3.9%
INFLATION				
Wholesale (Y/Y)	Jan	3.5%	3.5%	3.3%
Consumer (Y/Y)	Jan	3.0%	2.9%	2.9%
PCE Core (Y/Y)	Jan	2.6%	2.9%	2.8%
INCOME & SPENDING				
Retail Sales	Jan	-0.9%	0.7%	3.8%
Personal Income	Jan	0.9%	0.4%	2.4%
Personal Spending	Jan	-0.2%	0.8%	3.1%
AUTO & HOUSING				
Total Auto Sales (MM)	Feb	16.00	15.60	16.80
New/Existing Home Sales (M/M)	Jan	-5.7%	4.2%	4.2%
S&P/Case Shiller HPI (Y/Y)	Dec	3.9%	3.7%	3.9%

Sources:

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

KEY MARKET INDICATORS	Mth End Feb-25	Last Mth Jan-25	12 Mth Ago Feb-24
MONEY MARKETS			
Effective Fed Funds	4.33%	4.33%	5.33%
Prime Rate	7.50%	7.50%	8.50%
3-month SOFR	4.35%	4.32%	5.32%
2-year UST	3.99%	4.21%	4.64%
10-year UST	4.21%	4.55%	4.26%
NATIONAL CU LOAN RATES			
CU 48-mth Auto	6.97%	6.96%	7.02%
CU 60-mth Auto	7.08%	7.07%	7.10%
CU 15-year Mtg	6.22%	6.29%	6.42%
CU 30-year Mtg	6.83%	6.91%	6.94%
EQUITY MARKETS			
Dow Jones Industrial Average	48,840.9	44,544.7	38,996.4
NASDAQ Composite	18,847.3	19,627.4	16,091.9
S&P 500	5,954.5	6,040.5	5,096.3
OTHER COMMODITIES			
CRB Index	301.8	304.9	275.1
Crude Oil	70.0	73.5	71.7

Source: Bloomberg; S&P Global Market Intelligence

KEY ECONOMIC AND MARKET INDICATORS

The U.S. added 151,000 jobs in February, slightly less than expected. Health care, financial services and transportation added the most jobs while government jobs fell by 10,000. The unemployment rate increased to 4.1% after falling in January. Earnings rose 4% from a year ago, steady enough to not be inflationary.

Inflation appears to be either stagnating or inching higher. The consumer price index (CPI) increased 0.5% in January, the fastest monthly pace since August 2023. Year-over-year headline and core CPI rates were both the highest since early 2024. Prices were up across the board, with the biggest contributors being shelter, energy & gasoline and food. Shelter costs, up 0.4%, accounted for almost 30% of CPI.

Retail sales fell 0.9% in January, the largest decline in nearly two years. Nine of the 13 categories posted declines, most notably motor vehicles, sporting goods and furniture stores. The devastating wildfires in Los Angeles and severe winter weather in other parts of the country likely hurt sales, in addition to higher costs in general. Despite this, restaurant sales rose almost 1%.

Fourth quarter economic growth and consumer spending remained unchanged after the first revision, at 2.3% and 4.2%, respectively. Government spending was revised higher to 2.9% while the drop in business investment was deeper than previously estimated.

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Forget 'V' standing for Valentine's Day in February. This year, "V" stood for volatility, beginning with the announcement of a trade war against Canada and Mexico and ending with a contentious exchange between President Trump and President Zelensky of Ukraine. The highly anticipated meeting on the last day of the month failed to secure a rare minerals deal with Ukraine and potentially damaged relations between the two countries. The days in between the events were filled with on again and off again tariff announcements with our three major trade partners, talk of reciprocal tariffs with all trading partners and mounting concern for U.S. economic growth. Minutes from the January Federal Open Market Committee meeting confirmed officials were ready to keep interest rates unchanged amid an increasingly precarious domestic policy environment. The dollar came under pressure during the month, falling nearly 2% after its fourth quarter surge. Investors are similarly torn between worrying about the impact of sharp tariffs on U.S. growth and wondering when those tariffs will come.

Mortgage rates declined in February for the first time in five months. The benchmark FHLMC 30-year mortgage rate fell 19 basis points to 6.76%, the lowest level since December. The 15-year and 30-year mortgage rates, as measured by a variety of financial institutions (including credit unions), closed eight basis points lower for the month at 6.22% and 6.83%, respectively. The spread between the average 30-year mortgage rate and the 10-year Treasury yield widened 10 basis points to 250, 75 basis points above the 54-year average spread. Average auto loan rates finished January one basis points higher at 6.97% for a 48-month loan and 7.08% for a 60-month loan. Auto loan rates are, on average, three basis points lower from a year ago.

The equity market sold off on the first trading day in February on the heels of President Trump's promise to impose tariffs on key trading partners, only to calm down after compromises were reached. Retail investors took advantage of the pullback and poured more than \$7 billion into the market within the first two business days of the month. Money managers, on the other hand, continued to be net sellers of the equities, betting on a downturn in the market. Strong fourth quarter earnings helped propel the market forward for a while until the geopolitical issues, tariff talk and signs of a weakening economy took over. The so-called Trump trade euphoria quickly faded as did the AI rally. Stocks staged a last day rally, but it wasn't enough to prevent the three key indices from posting the worst performance since October 2024. The Dow closed the month lower by 1.6%, the Nasdaq fell 3.9%, and the S&P lost 1.4%. The Dow is ahead 3.1% for the year, the Nasdaq down 2.4%, and the S&P 500 is up 1.2%

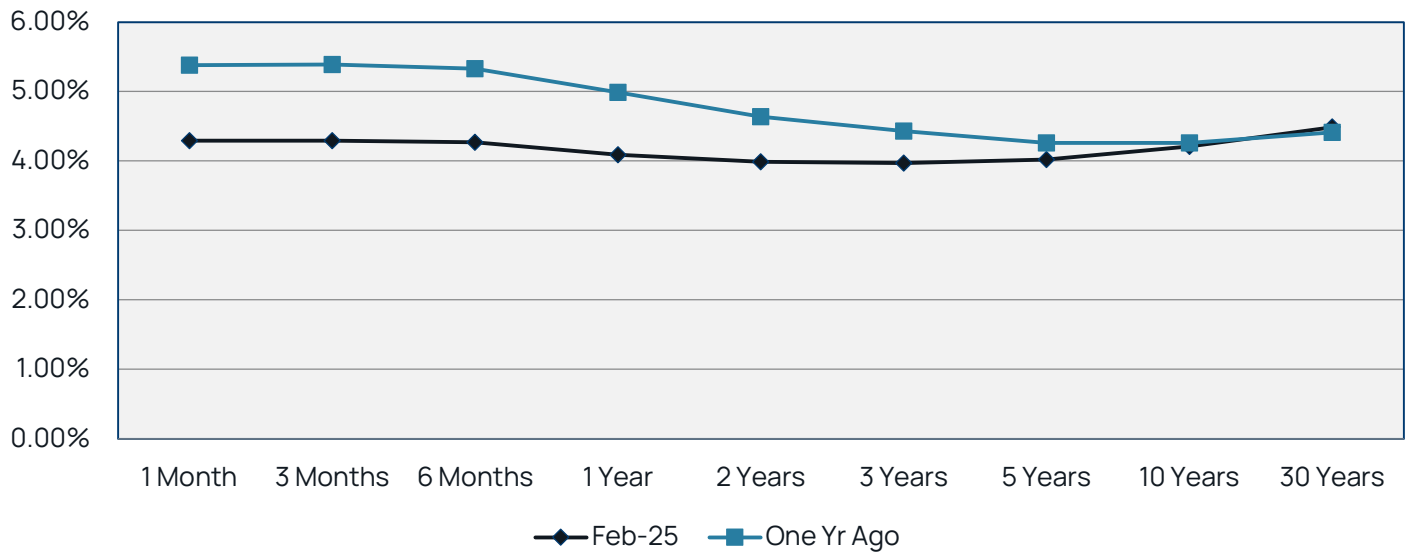
FOR CREDIT UNIONS:

- Housing activity stalled in January as mortgage rates topped 7%. Weather and fire contributed to weaken housing sales across the country, with the South affected more than normal. The South is usually the most active area for home building due to temperate conditions. Builders are concerned tariffs on Canadian lumber will increase new home costs.
- Personal spending fell 0.2% after rising 0.8% in December, likely due to harsh weather, fires and a pause from strong holiday spending. Incomes rose 0.9%, the most in a year. The savings rate surged from 3.5% to 4.6%.
- The top 10% of earners, households making above \$250,000/year, increased their spending by 12% last year, according to Moody's Analytics. By comparison, working and middle-class households reduced spending. Spending by the higher income group accounts for 49.7% of all spending, up from 36% in 1995.

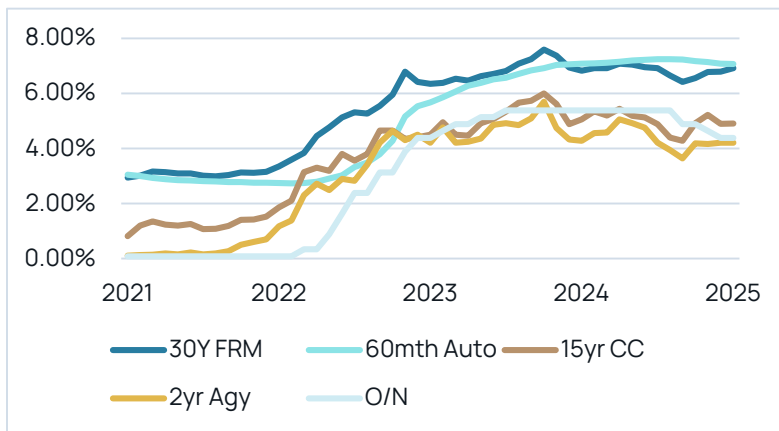
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Yield Curve



The Treasury market started February on a positive note as tariff and inflation fears waned when President Trump postponed previously announced tariffs on Canada and Mexico. The President went on record saying the Federal Reserve made the right move by not cutting interest rates at the January FOMC meeting. Yields fell to the lowest levels this year. The 10-year Treasury yield seemed to find a comfortable balance near the 4.50% level. By mid-month, as the equity market became nervous about economic growth, the safe haven trade began; pulling Treasury yields to the lowest levels since October 2024. The two-year Treasury note closed the month at 3.99%, 22 basis points lower from January and 65 basis points lower from a year ago. The 10-year note closed at 4.21%, 34 basis points less than December's close and five basis points lower from February 2024. The yield curve flattened by 12 basis points to 22.



RELATIVE VALUE OF ASSETS AND FUNDING:

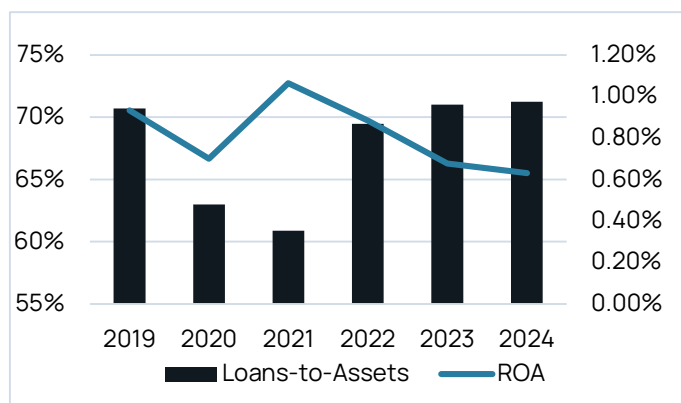
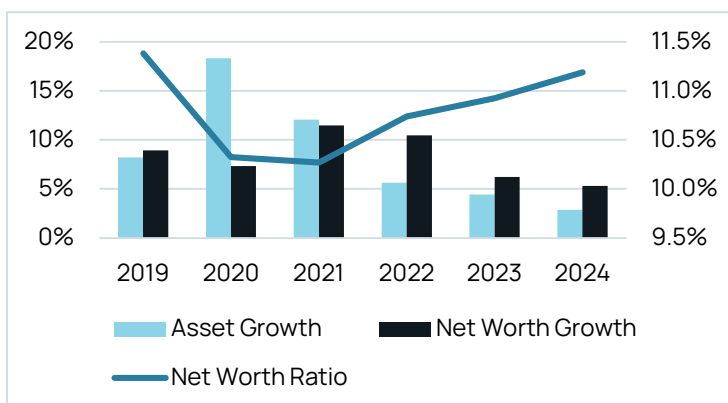
- The difference between loan and investment yields widened by 16 basis points as investment yields fell more than loan rates.
- The spread between a 60-month auto loan and a 15-year mortgage loan widened eight basis points to -86.
- CD rates fell an average of three basis points for six-month and 1-year CDs. Current rates for two- to four-year CDs rose three basis points.

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NCUA - DECEMBER 2024

KEY CREDIT UNION DATA	2019	2020	2021	2022	2023	2024
GROWTH RATES						
Total Assets	8.20%	18.31%	12.07%	5.63%	4.42%	2.85%
Total Loans	6.58%	5.44%	8.24%	20.49%	6.72%	3.16%
Total Shares	8.61%	20.89%	13.03%	3.84%	2.05%	4.72%
Net Worth	8.91%	7.33%	11.48%	10.45%	6.21%	5.31%
CAPITAL ADEQUACY						
Net Worth Ratio	11.38%	10.32%	10.27%	10.74%	10.92%	11.19%
Equity Capital Ratio	11.24%	10.34%	9.99%	8.77%	9.11%	9.66%
Capital Ratio	11.85%	11.04%	10.52%	9.31%	10.02%	10.60%
BALANCE SHEET COMPOSITION						
Loans/Assets	70.69%	62.99%	60.88%	69.45%	71.02%	71.24%
Vehicle Loans/Net Loans	34.12%	33.04%	32.50%	32.49%	31.49%	29.67%
RE Loans/Net Loans	50.86%	52.25%	52.80%	44.21%	44.83%	46.18%
1st Mtg Loans/Net Loans	42.55%	44.90%	45.97%	39.20%	39.20%	39.77%
Commercial Loans/Net Loans	7.54%	8.29%	9.07%	9.38%	10.01%	10.80%
LIQUIDITY POSITION						
Cash & Short-Term Invs/Assets	12.85%	18.44%	17.16%	10.17%	11.47%	12.19%
Borr. & NM Deposits/Shares & Liab.	4.75%	3.39%	2.97%	6.06%	7.96%	5.85%
Net Liquid Assets/Shares & Liab.	22.15%	30.36%	33.08%	23.82%	21.51%	22.96%
Net Long-term Assets/Assets	38.94%	35.58%	34.77%	39.48%	37.10%	35.77%
LOAN QUALITY						
Delinquency Rate	0.72%	0.62%	0.51%	0.67%	0.85%	0.99%
Net Charge-off Rate	0.40%	0.30%	0.16%	0.22%	0.43%	0.57%
EARNINGS						
Investment Yield	2.37%	1.35%	0.89%	1.63%	3.05%	3.79%
Loan Yield	4.90%	4.71%	4.37%	4.43%	5.25%	5.84%
Asset Yield	4.06%	3.53%	3.02%	3.38%	4.44%	5.06%
Cost of Funds	0.89%	0.70%	0.43%	0.52%	1.42%	1.93%
Gross Net Margin	3.17%	2.83%	2.59%	2.87%	3.02%	3.13%
Provision Expense	-0.43%	-0.50%	-0.06%	-0.26%	-0.51%	-0.62%
Net Interest Margin	2.74%	2.33%	2.53%	2.61%	2.51%	2.51%
Net Operating Expense	1.81%	1.63%	1.47%	1.73%	1.83%	1.88%
Net Income (Return on Assets)	0.93%	0.70%	1.06%	0.88%	0.68%	0.63%



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PEER STATISTICS

	<\$2M	\$2-10M	\$10-50M	\$50-100M	\$100-500M	\$500M+	Total
Industry Statistics							
Average Asset Size (000s)	\$872	\$5,569	\$26,163	\$71,934	\$228,996	\$2,709,364	\$396,076
Pct of Number of Credit Unions	5.93%	13.36%	26.99%	13.71%	23.76%	16.24%	100.00%
Pct of Industry Assets	0.03%	0.16%	0.76%	2.11%	6.87%	87.25%	100.00%
GROWTH RATES							
Total Assets	-4.06%	-2.43%	0.19%	1.61%	2.84%	2.93%	2.85%
Total Loans	-6.94%	-3.40%	-1.23%	-0.18%	1.11%	3.51%	3.16%
Total Shares	-5.62%	-3.38%	-0.47%	1.30%	3.25%	5.10%	4.72%
Net Worth	3.25%	2.69%	5.43%	5.41%	5.65%	5.27%	5.31%
CAPITAL ADEQUACY							
Net Worth Ratio	21.43%	18.52%	13.96%	13.21%	11.70%	11.02%	11.38%
Equity Capital Ratio	21.37%	18.34%	13.64%	12.50%	10.43%	9.42%	11.24%
Capital Ratio	22.84%	19.05%	14.14%	12.96%	10.99%	10.43%	11.85%
BALANCE SHEET COMPOSITION							
Loans/Assets	47.43%	52.47%	52.03%	55.71%	64.40%	72.78%	71.24%
Vehicle Loans/Net Loans	63.44%	68.22%	52.58%	44.20%	36.89%	28.31%	29.67%
RE Loans/Net Loans	0.87%	6.69%	28.47%	37.99%	42.12%	47.03%	46.18%
1st Mtg Loans/Net Loans	0.79%	5.68%	24.67%	31.95%	35.62%	40.58%	39.77%
Commercial Loans/Net Loans	0.23%	0.13%	1.35%	3.29%	8.06%	11.36%	10.80%
LIQUIDITY POSITION							
Cash & Short-Term Invs/Assets	42.82%	32.81%	26.07%	21.81%	15.77%	11.27%	12.19%
Borr. & NM Deposits/Shares & Liab.	2.65%	1.77%	1.20%	1.75%	3.25%	6.34%	5.85%
Net Liquid Assets/Shares & Liab.	57.36%	49.38%	43.63%	42.01%	31.95%	21.09%	22.96%
Net Long-term Assets/Assets	3.75%	7.12%	19.22%	26.51%	32.32%	36.72%	35.77%
LOAN QUALITY							
Delinquency Rate	3.60%	1.88%	1.39%	1.19%	1.17%	1.61%	1.55%
Net Charge-off Rate	3.25%	1.59%	1.15%	0.93%	0.85%	1.00%	0.99%
Net Charge-off Rate	0.36%	0.29%	0.24%	0.25%	0.32%	0.61%	0.57%
EARNINGS							
Investment Yield	2.78%	3.27%	3.16%	3.08%	3.30%	3.93%	3.79%
Loan Yield	7.33%	6.62%	6.10%	5.95%	5.85%	5.83%	5.84%
Asset Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cost of Funds	4.97%	4.98%	4.57%	4.52%	4.75%	5.12%	5.06%
Gross Net Margin	0.62%	0.88%	0.91%	1.01%	1.39%	2.03%	1.93%
Provision Expense	4.35%	4.10%	3.66%	3.52%	3.36%	3.08%	3.13%
Net Interest Margin	-0.46%	-0.34%	-0.27%	-0.26%	-0.35%	-0.67%	-0.62%
Net Operating Expense	3.89%	3.76%	3.39%	3.25%	3.01%	2.41%	2.51%
Net Income (Return on Assets)	3.77%	3.29%	2.69%	2.56%	2.38%	1.78%	1.88%
Net Income (Return on Assets)	0.12%	0.47%	0.70%	0.69%	0.62%	0.63%	0.63%
EFFICIENCY METRICS							
Avg Loan Balance	\$5,626	\$9,202	\$4,140	\$6,633	\$11,261	\$21,270	\$18,307
Avg Share Per Member	\$2,383	\$5,177	\$9,053	\$10,655	\$12,529	\$14,216	\$13,775
Avg Compensation per FTE	-	-	-	-	-	-	-
Comp & Benefits-to-Total Assets	\$237,946	\$47,204	\$70,640	\$75,213	\$82,623	\$111,820	\$105,153
Pct of Total Operating Expense	2.23%	2.07%	1.68%	1.70%	1.79%	1.56%	1.59%
Office Occ & Ops-to-Total Assets	63.92%	69.58%	68.88%	70.54%	72.69%	74.57%	74.15%
Pct of Total Operating Expense	0.21%	0.17%	0.21%	0.22%	0.22%	0.17%	0.18%
Pct of Total Operating Expense	14.20%	16.02%	21.30%	23.79%	24.91%	24.03%	24.07%

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ECONOMIC CALENDAR

MARCH 2025

Monday	Tuesday	Wednesday	Thursday	Friday
3 ISM Manufacturing Auto Sales Construction Spending	4 Factory Orders	5 ADP Employment ISM Services Trade Balance Factory Orders Beige Book	6 Jobless Claims Trade Balance	7 Nonfarm Payrolls Unemployment Rate Consumer Credit
10	11 JOLTS	12 CP*I	13 Jobless Claims PPI	14 U. of Mich Sentiment (P)
17 Retail Sales Empire Manufacturing 	18 Housing Starts Building Permits Industrial Production Business Inventories	19 FOMC Rate Decision	20 Jobless Claims Leading Index Existing Home Sales	21
24	25 S&P CL Home Prices Consumer Confidence New Home Sales Building Permits	26 Durable Goods Orders	27 Jobless Claims 4Q24 GDP Pending Home Sales	28 Personal Income Personal Spending PCE Core Y/Y U. of Mich Sentiment (F)
31				

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