

Market Overview & Data Report



OCTOBER 2025

KEY ECONOMIC INDICATORS	Latest Report	Current Report	Previous Report	2024
ECONOMIC GROWTH				
GDP	Q2	3.8%	3.3%	2.8%
EMPLOYMENT				
Non-farm Payrolls (000s)	Aug	22	77	2,232
Private Payrolls (000s)	Aug	38	83	1,792
Unemployment Rate	Aug	4.3%	4.2%	4.1%
Avg Hourly Earnings (Y/Y)	Aug	3.7%	3.9%	3.9%
INFLATION				
Wholesale (Y/Y)	Aug	2.6%	3.1%	3.3%
Consumer (Y/Y)	Aug	2.9%	2.7%	2.9%
PCE Core (Y/Y)	Aug	2.9%	2.9%	2.8%
INCOME & SPENDING				
Retail Sales	Aug	0.6%	0.6%	3.8%
Personal Income	Aug	0.4%	0.4%	2.4%
Personal Spending	Aug	0.6%	0.5%	3.1%
AUTO & HOUSING				
Total Auto Sales (MM)	Sep	16.39	16.41	16.80
New/Existing Home Sales (M/M)	Aug	20.5%	-0.6%	4.2%
S&P/Case Shiller HPI (Y/Y)	July	1.7%	2.0%	3.9%

Sources:

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

KEY ECONOMIC AND MARKET INDICATORS

The FOMC cut its benchmark rate for the first time this year at the conclusion of its September 17 meeting, putting the effective Fed Funds rate in a range of 4% to 4.25%. In his post-meeting press conference, Fed Chair Jerome Powell referred to it as a “risk management” cut to support a floundering labor market. The FOMC’s revised dot plot also revealed hawkish and dovish camps within the committee, with a significant dispersion of rate expectations for the coming years.

Despite the absence of the government jobs report for September due to the government shutdown, there was plenty of labor data for markets to parse through. The big announcement came on September 10, when nonfarm payrolls from March 2024 to March 2025 were downwardly revised by a record 911,000 jobs. This put actual monthly job gains at about half the amount they had originally been estimated. Jobless claims fell slightly over the course of the month and the ADP Employment report showed the U.S. actually lost 32,000 private jobs last month.

KEY MARKET INDICATORS	Mth End Sep-25	Last Mth Aug-25	12 Mth Ago Sep-25
MONEY MARKETS			
Effective Fed Funds	4.09%	4.33%	4.83%
Prime Rate	7.25%	7.50%	8.00%
3-month SOFR	4.30%	4.34%	5.16%
2-year UST	3.63%	3.61%	3.64%
10-year UST	4.26%	4.22%	3.78%
NATIONAL CU LOAN RATES			
CU 48-mth Auto	6.80%	6.83%	7.13%
CU 60-mth Auto	6.90%	6.93%	7.23%
CU 15-year Mtg	5.82%	5.97%	5.83%
CU 30-year Mtg	6.49%	6.65%	6.57%
EQUITY MARKETS			
Dow Jones Industrial Average	46397.89	45544.88	42,330.2
NASDAQ Composite	22660.01	21455.55	18,189.2
S&P 500	6688.46	6460.26	5,762.5
OTHER COMMODITIES			
CRB Index	300.6	302.35	284.9
Crude Oil	62.37	64.01	66.5

Source: Bloomberg; S&P Global Market Intelligence

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Markets responded positively to the rate cut with the major equity indices hitting new all-time highs and posting strong gains throughout what is usually one of the worst months of the year. The S&P 500 rose 3.6%, the Dow rose 2% and the NASDAQ surged 5.7% in what some consider a bit of “irrational exuberance,” to quote Alan Greenspan. Gold continued its price surge as well, reaching new all-time highs this month. Despite looming risks like the government shutdown and concerns about market overvaluation, investor sentiment remains upbeat heading into the last quarter of the year.

Inflation took a backseat to labor at the FOMC meeting but remained elevated for the month with CPI rising 2.9% year-over-year, unchanged from August. Core CPI held at 3.1%, driven by persistent increase in shelter and healthcare costs. CORE PCE, the FOMC’s preferred inflation gauge, remained above target at 2.9%, reinforcing concerns about sticky inflation. The Fed’s revised Summary of Economic Projections also reduced future GDP growth expectations and unemployment, while expecting inflation to remain above target until 2027. This set a “long run” expectation for the Fed Funds rate at 3%.

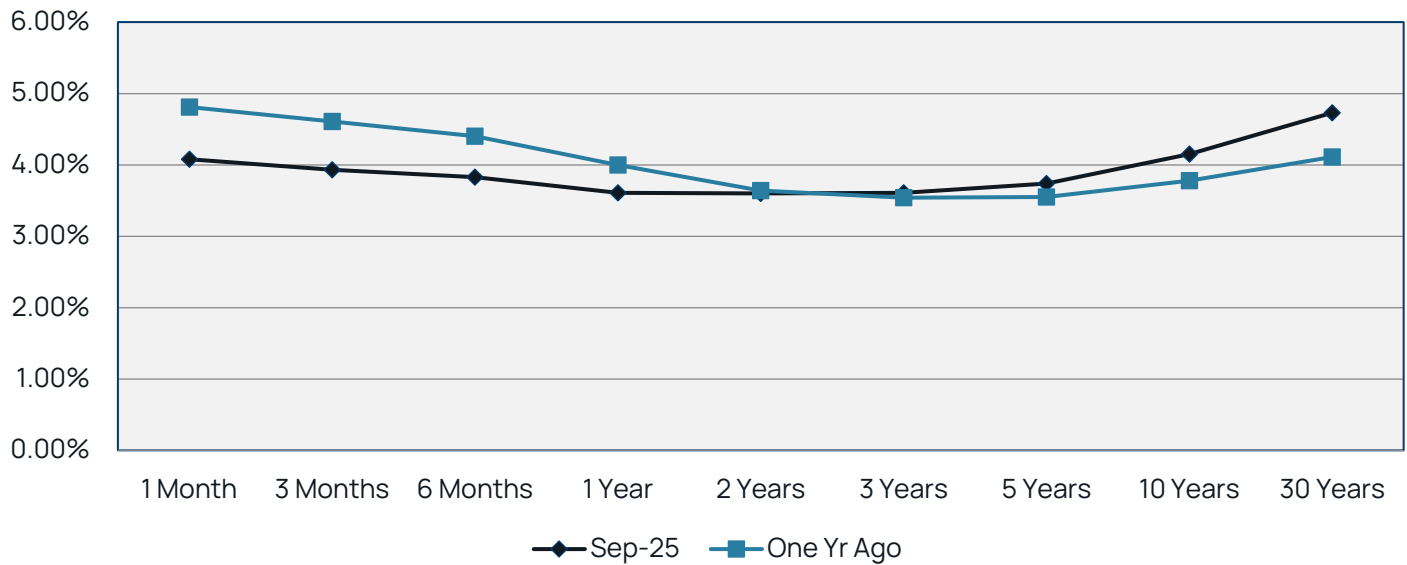
The big story going forward will be the length and impact of the government shutdown. We’ve already missed this week’s jobless claims and non-farm payrolls report, and it’s expected that all government economic releases will be suspended until it’s over. It is estimated that each week of closure may reduce GDP growth by 10 to 15 basis points, with delayed federal spending and furloughed workers impacting consumer demand. While most shutdowns are short-lived, this one may last longer due to political gridlock. If extended, it could erode consumer and business confidence, disrupt federal services and increase unemployment, especially if President Trump moves forward with his plans to fire thousands of workers during the shutdown.

Interest rate futures were extremely volatile during the month with markets pricing in three 25-bp cuts before year-end prior to the FOMC meeting. As of this writing, there are partial probabilities for two additional cuts this year.

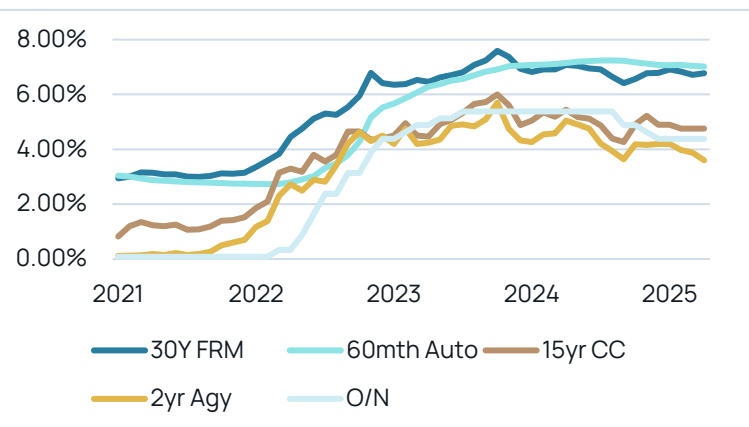
FOR CREDIT UNIONS:

- Prominent Texas-based subprime auto lender TriColor Holdings filed for bankruptcy this month, highlighting increasing credit deterioration in the auto lending space.
- According to Cox Automotive, auto repossessions surged to their highest levels since 2009 last year. This year, the share of subprime borrowers at least 60 days late on their payments rose to its highest level in 30 years.
- FICO issued a report showing the national average credit score dropped by 2 points, the largest year-over-year increase since 2009. Gen-Z borrowers’ scores fell by 3 points on average, the largest decline for any age group since 2020. The report also showed delinquency rates on auto loans, credit cards and personal loans are at or near their highest levels since 2009.
- Moody’s issued a report this month showing about 49% of consumer spending is coming from the top 10% of income earners.

Yield Curve



Treasury yields fell in the weeks leading up to the FOMC meeting as markets had already priced in the expected cut. A 5-day selloff followed as traders got accustomed to the prospect of lower rates. Short-term yields fell in the last half of the month, reflecting an expectation for further easing. The long end of the curve remained relatively stable as investors weighed long-term inflation risks and fiscal uncertainty. The yield curve remains inverted, reflecting ongoing recession concerns. Overall, September's rate movements reflected a cautious shift toward easing, with markets anticipating at least one more cut before year-end.



RELATIVE VALUE OF ASSETS AND FUNDING:

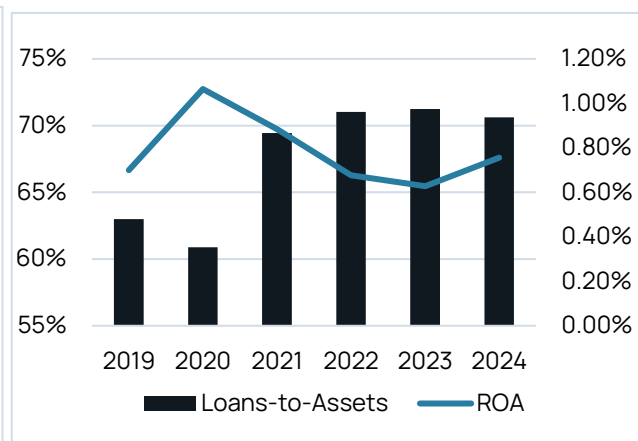
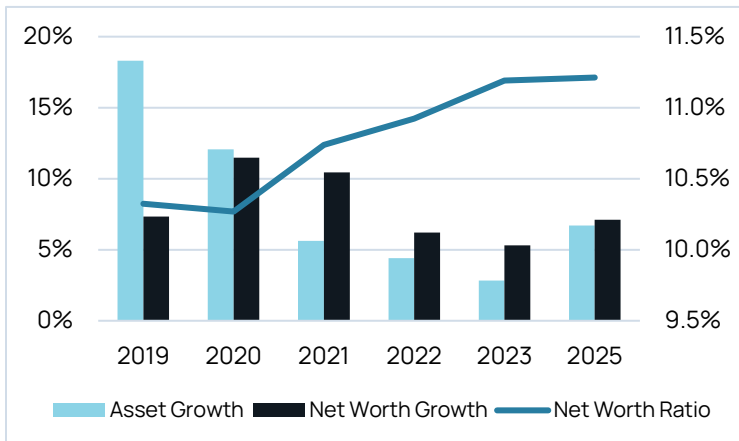
- The difference between loan and investment yields fell by 15 bps to 2.51% as Treasury yields fell faster than loans re-priced.
- The spread between a 60-month auto loan and a 15-year MBS fell to 214 bps.
- CD rates stayed near their previous levels, with just a one or two basis point difference from the previous month.

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NCUA - JUNE 2025

KEY CREDIT UNION DATA	2020	2021	2022	2023	2024	2025
GROWTH RATES						
Total Assets	18.31%	12.07%	5.63%	4.42%	2.84%	6.71%
Total Loans	5.44%	8.24%	20.49%	6.72%	3.16%	4.83%
Total Shares	20.89%	13.03%	3.84%	2.05%	4.72%	6.90%
Net Worth	7.33%	11.48%	10.44%	6.20%	5.32%	7.11%
CAPITAL ADEQUACY						
Net Worth Ratio	10.32%	10.27%	10.74%	10.92%	11.19%	11.21%
Equity Capital Ratio	10.34%	9.99%	8.77%	9.11%	9.66%	9.97%
Capital Ratio	11.04%	10.52%	9.31%	10.02%	10.60%	10.90%
BALANCE SHEET COMPOSITION						
Loans/Assets	62.99%	60.88%	69.45%	71.02%	71.25%	70.62%
Vehicle Loans/Net Loans	33.04%	32.50%	32.49%	31.49%	29.67%	29.14%
RE Loans/Net Loans	52.25%	52.80%	44.21%	44.83%	46.19%	46.69%
1st Mtg Loans/Net Loans	44.90%	45.97%	39.20%	39.20%	39.77%	39.86%
Commercial Loans/Net Loans	8.29%	9.07%	9.38%	10.01%	10.80%	11.13%
LIQUIDITY POSITION						
Cash & Short-Term Invs/Assets	18.44%	17.16%	10.17%	11.47%	12.20%	12.35%
Borr. & NM Deposits/Shares & Liab.	3.39%	2.97%	6.06%	7.96%	5.85%	5.33%
Net Liquid Assets/Shares & Liab.	30.36%	33.08%	23.82%	21.51%	22.97%	23.71%
Net Long-term Assets/Assets	35.58%	34.77%	39.48%	37.10%	35.75%	35.35%
LOAN QUALITY						
Delinquency Rate	0.62%	0.51%	0.67%	0.85%	0.99%	0.91%
Net Charge-off Rate	0.30%	0.16%	0.22%	0.43%	0.57%	0.56%
EARNINGS						
Investment Yield	1.35%	0.89%	1.63%	3.05%	3.79%	3.73%
Loan Yield	4.71%	4.37%	4.43%	5.25%	5.84%	6.02%
Asset Yield	3.53%	3.02%	3.38%	4.44%	5.06%	5.16%
Cost of Funds	0.70%	0.43%	0.52%	1.42%	1.93%	1.84%
Gross Net Margin	2.83%	2.59%	2.87%	3.02%	3.13%	3.32%
Provision Expense	-0.50%	-0.06%	-0.26%	-0.51%	-0.62%	-0.58%
Net Interest Margin	2.33%	2.53%	2.61%	2.51%	2.50%	2.75%
Net Operating Expense	1.63%	1.47%	1.73%	1.83%	1.88%	1.99%
Net Income (Return on Assets)	0.70%	1.06%	0.88%	0.68%	0.63%	0.76%



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PEER STATISTICS

	<\$2M	\$2-10M	\$10-50M	\$50-100M	\$100-500M	\$500M+	Total
Industry Statistics							
Average Asset Size (000s)	\$890	\$5,615	\$26,571	\$72,719	\$230,311	\$2,770,235	\$429,435
Pct of Number of Credit Unions	5.87%	13.03%	26.82%	13.34%	24.15%	16.79%	100.00%
Pct of Industry Assets	0.03%	0.16%	0.75%	2.08%	6.71%	86.58%	100.00%
GROWTH RATES							
Total Assets	0.99%	1.97%	4.29%	5.16%	6.20%	6.84%	6.71%
Total Loans	-9.36%	-3.03%	-1.47%	0.50%	3.39%	5.14%	4.83%
Total Shares	-1.03%	2.24%	3.87%	4.84%	6.21%	7.09%	6.90%
Net Worth	4.74%	-0.26%	6.06%	6.68%	7.02%	7.18%	7.11%
CAPITAL ADEQUACY							
Net Worth Ratio	21.73%	18.36%	14.12%	13.38%	11.77%	11.04%	11.21%
Equity Capital Ratio	21.70%	18.20%	13.85%	12.83%	10.77%	9.75%	9.97%
Capital Ratio	22.99%	19.12%	14.35%	13.30%	11.32%	10.73%	10.90%
BALANCE SHEET COMPOSITION							
Loans/Assets	44.56%	51.28%	50.86%	54.26%	63.38%	72.17%	70.62%
Vehicle Loans/Net Loans	63.84%	68.54%	52.45%	44.31%	36.37%	27.84%	29.14%
RE Loans/Net Loans	0.73%	6.65%	29.01%	38.01%	42.88%	47.47%	46.69%
1st Mtg Loans/Net Loans	0.69%	5.60%	24.95%	31.68%	36.00%	40.60%	39.86%
Commercial Loans/Net Loans	0.37%	0.15%	1.35%	3.37%	8.27%	11.68%	11.13%
LIQUIDITY POSITION							
Cash & Short-Term Invs/Assets	45.81%	34.04%	27.13%	22.45%	16.48%	11.39%	12.35%
Borr. & NM Deposits/Shares & Liab.	2.88%	1.64%	1.12%	1.48%	2.69%	5.79%	5.33%
Net Liquid Assets/Shares & Liab.	60.54%	51.02%	44.47%	43.20%	33.37%	21.83%	23.71%
Net Long-term Assets/Assets	3.31%	7.26%	20.02%	26.24%	32.62%	36.15%	35.35%
LOAN QUALITY							
	3.48%	2.06%	1.35%	1.16%	1.13%	1.52%	1.47%
Delinquency Rate	3.04%	1.72%	1.13%	0.92%	0.82%	0.92%	0.91%
Net Charge-off Rate	0.44%	0.34%	0.22%	0.24%	0.30%	0.60%	0.56%
EARNINGS							
Investment Yield	2.61%	3.23%	3.38%	3.33%	3.42%	3.81%	3.73%
Loan Yield	7.48%	6.88%	6.28%	6.14%	6.04%	6.01%	6.02%
Asset Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cost of Funds	4.87%	5.09%	4.74%	4.69%	4.87%	5.21%	5.16%
Gross Net Margin	0.66%	0.90%	0.92%	1.01%	1.35%	1.93%	1.84%
Provision Expense	4.21%	4.19%	3.82%	3.68%	3.53%	3.28%	3.32%
Net Interest Margin	-0.14%	-0.75%	-0.24%	-0.27%	-0.34%	-0.62%	-0.58%
Net Operating Expense	4.07%	3.43%	3.58%	3.40%	3.19%	2.66%	2.75%
Net Income (Return on Assets)	3.31%	3.44%	2.77%	2.61%	2.44%	1.91%	1.99%
	0.76%	-0.01%	0.81%	0.80%	0.75%	0.76%	0.76%
EFFICIENCY METRICS							
Avg Loan Balance	\$5,741	\$9,338	\$4,071	\$6,690	\$11,446	\$21,746	\$18,788
Avg Share Per Member	\$2,421	\$5,236	\$9,199	\$10,966	\$12,864	\$14,493	\$14,076
Avg Compensation per FTE	\$25,825	\$48,217	\$72,263	\$77,670	\$87,158	\$114,519	\$108,460
Comp & Benefits-to-Total Assets	2.25%	2.14%	1.70%	1.71%	1.82%	1.60%	1.63%
Pct of Total Operating Expense	65.01%	68.26%	68.36%	70.28%	72.69%	74.78%	74.33%
Office Occ & Ops-to-Total Assets	0.29%	0.17%	0.21%	0.23%	0.23%	0.17%	0.18%
Pct of Total Operating Expense	19.41%	14.27%	20.95%	23.95%	25.11%	23.95%	24.03%

ECONOMIC CALENDAR

OCTOBER 2025

Monday	Tuesday	Wednesday	Thursday	Friday
		1 ADP Employment Change Ward's Total Vehicle Sales	2 Challenger Job Cuts Jobless claims	3 Nonfarm Payrolls ISM Services
6	7 NY Fed 1-yr Inflation expectations Consumer Credit	8 9/17/25 FOMC Meeting minutes	9 Jobless claims	10 U. Of Mich. Survey Data
13	14 NFIB Small Business Optimism	15 CPI Fed Beige Book	16 Retail Sales PPI Jobless Claims	17 Housing starts Building Permits
20	21	22	23 Jobless claims Existing Home Sales	24 New Home Sales U. of Mich. Survey Data
27 Dallas Fed Manuf. Act.	28 Case-Shiller Home Price Index Conference Board Consumer Confidence	29 FOMC Rate Decision	30 Q3 GDP Jobless Claims	31 CORE PCE

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