Market Overview & Data Report

catalyst

JANUARY 2025

KEY ECONOMIC INDICATORS	Latest Report	Current Report	Previous Report	2023/2024
ECONOMIC GROWTH				
GDP	Q3	3.1%	2.8%	2.5%
EMPLOYMENT				
Non-farm Payrolls (000s)	Dec	256	212	2,232
Private Payrolls (000s)	Dec	223	182	1,792
Unemployment Rate	Dec	4.1%	4.2%	4.1%
Avg Hourly Earnings (Y/Y)	Dec	3.9%	4.0%	3.9%
INFLATION				
Wholesale (Y/Y)	Nov	3.0%	2.6%	1.0%
Consumer (Y/Y)	Nov	2.7%	2.6%	3.4%
PCE Core (Y/Y)	Nov	2.8%	2.8%	3.2%
INCOME & SPENDING				
Retail Sales	Nov	0.7%	0.5%	5.6%
Personal Income	Nov	0.3%	0.7%	4.2%
Personal Spending	Nov	0.4%	0.3%	3.2%
AUTO & HOUSING				
Total Auto Sales (MM)	Dec	16.80	16.50	16.80
New/Existing Home Sales (M/M)	Nov	4.9%	0.5%	-4.8%
S&P/Case Shiller HPI (Y/Y)	Oct	3.6%	3.9%	5.0%

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

KEY MARKET INDICATORS	Mth End Dec-24	Last Mth Nov-24	12 Mth Ago Dec-23
MONEY MARKETS			
Effective Fed Funds	4.33%	4.58%	5.33%
Prime Rate	7.50%	7.75%	8.50%
3-month SOFR	4.53%	4.67%	5.35%
2-year UST	4.24%	4.15%	4.25%
10-year UST	4.57%	4.17%	3.88%
NATIONAL CU LOAN RATES			
CU 48-mth Auto	6.98%	7.03%	6.96%
CU 60-mth Auto	7.08%	7.13%	7.04%
CU 15-year Mtg	6.19%	6.17%	6.44%
CU 30-year Mtg	6.79%	6.78%	7.00%
EQUITY MARKETS			
Dow Jones Industrial Average	42,544.2	44,910.7	37,689.5
NASDAQ Composite	19,310.8	19,218.2	15,011.4
S&P 500	5,881.6	6,032.4	4,769.8
OTHER COMMODITIES			
CRB Index	296.7	286.9	263.8
Crude Oil	71.7	68.0	69.9

Source: Bloomberg; S&P Global Market Intelligence

KEY ECONOMIC AND MARKET INDICATORS

The U.S. added 256,000 jobs in December, the largest monthly gain since March 2024. The unemployment rate fell to 4.1%. Health care and social assistance, retail trade, and leisure and hospitality sectors added the most jobs, while manufacturing lost jobs for the seventh out of 12 months. The U.S. added 2,232 jobs in 2024, below 2023's gain of 3,000 jobs but well above 2019's increase of 1,988 jobs.

Consumer and wholesale price inflation rates inched up slightly in November, suggesting the rapid fall in inflation has stalled. Price pressures came mostly from food, with eggs, fruits and vegetable prices rising more than normal. Shelter costs, while still high, rose at the smallest rate in almost three years. Goods prices are moving up and services costs are stabilizing, both reversals of recent trends.

Retail sales exceeded expectations for the fifth month in a row in November. Seven of the index's 13 categories posted increases. Auto sales were a strong contributor to the index's rise due to lower interest rates and dealership discounts. E-commerce sales jumped 1.8%. Sales at both grocery stores and restaurants fell. The consumer remains resilient, bolstered by incomes that have been rising faster than prices.

Third quarter economic growth was revised higher from 2.8% to 3.1%. The increase came mostly from the best pace of consumer spending since early 2023, 3.7%. Stronger exports, up 9.6%, also added to growth. The economy continues to remain vibrant, with 2.5% average growth in 2024.

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The financial markets began the last month of the year pessimistic about 2025. Concerns about tariffs and rising inflation subsided as investors realized it would be better to wait and see what happens rather than expect the worse. Most of the month was spent waiting for the last 2024 Federal Open Market Committee (FOMC) meeting and the decision on interest rates. Market pundits projected the Federal Reserve would cut rates despite inflation stagnating and the economy growing. At the same time, Fed officials talked about the need to be patient and the possibility for a pause in cutting rates. In the end, the Fed voted to reduce the benchmark rate by 25 basis points to a target range of 4.25% - 4.50%. The committee is concerned that inflation, while it has eased from peak levels, remains elevated and warrants a more cautious approach going forward. The Fed is in a position now to be able to adjust rates up or down as needed. The committee projects fewer rate cuts in the coming years than had been previously projected.

Mortgage rates rose throughout December, taking the lead from the 10-year Treasury note. The benchmark FHLMC 30-year mortgage rate moved away from the 7% mark, closing the year at 6.91%, 10 basis points higher for the month and 30 basis points above a year ago. The 15-year and 30-year mortgage rates, as measured by a variety of financial institutions, closed a couple of basis points higher at 6.19% and 6.79%, respectively. In contrast to FHLMC mortgage rates, these rates are 20 basis points lower from a year ago, likely due to the more competitive nature of credit unions. The average auto loan rate finished December five basis points lower at 6.98% for a 48-month loan and 7.08% for a 60-month loan. Auto loan rates are three basis points higher from a year ago.

The equity market continued its unending rally in December. The S&P 500 reached its 55th record high of 2024 within the first days of the month, the Nasdaq topped the 20,000 mark, Bitcoin crossed the $100,000 mark on hopes for less regulation under President-elect Donald Trump's pick to run the SEC and the average performance of the Magnificent Seven was close to 69%. There is a point where all good things come to an end and equities reached it mid-month. The Dow posted losses for 10 days in a row, the longest streak of losses since 1978, and the S&P 500 traded in a flattish pattern after reaching its record high early in the month. The Fed's decision to pull back on future rate cuts, due to inflation-related uncertainties in 2025, caused equities to post the worst one-day slide in over three months. By month end, the uncertainties for 2025 took a toll on stocks. The Dow closed December 5.3% lower, the Nasdaq was up 0.5% and the S&P 500 lost 2.5%. For the last quarter of the year, the Dow rose 0.5%, the Nasdaq closed 6.2% higher and the S&P 500 gained 2.1%. Year-to-date, the Dow closed 12.8% higher, the Nasdaq rose 28.6% and the S&P 500 was up 23%.

FOR CREDIT UNIONS:

- Existing home sales topped a seasonally annualized rate of 4 million in November for the first time in six months. Lower rates in September and October pushed homebuyers to sign contracts, even as prices were up 4.7% from a year ago. More than half of the homes sold were on the market for less than a month.

- The median asset growth for credit unions over the year ending in the third quarter of 2024 was 0.3%, compared to a 1.6% decline during the same period a year ago. Loans outstanding rose 0.9% for the same time period versus 8.5% the year before. The median total delinquency rate was 65 basis points compared with 53 basis points at the end of the third quarter of 2023.

- Consumers closed out 2024 feeling the most optimistic in eight months. Expectations for higher prices in the next year rose but were considerably lower over the long term. Respondents to the University of Michigan Consumer Sentiment survey cited uncertainty over tariffs and proposed economic policies. A larger share of consumers believe durable goods should be purchased now to avoid higher prices in the future.

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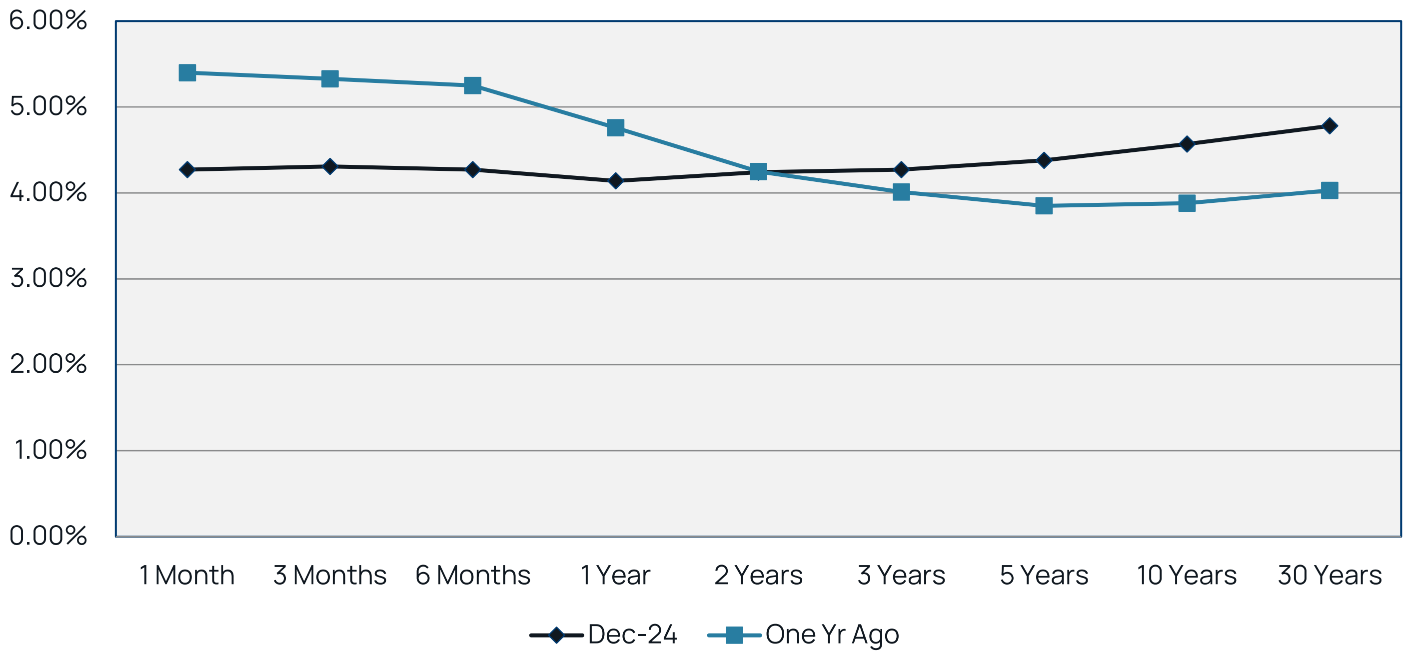
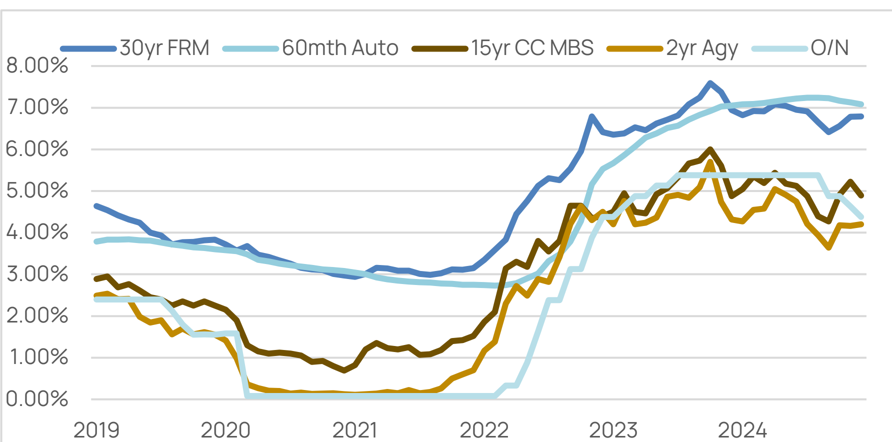
Yield Curve



Treasury yields stabilized as December began and attempted to stay near the lower end of the recent trading range. The market was focused on the December FOMC meeting and began to fully price in a 25 basis point cut despite signs of a strong economy and inflation moving sideways. As the mid-December meeting approached, the mood changed and yields began rising. Yields surged over 10 basis points within hours after the Fed announced its third and final rate cut of 2024. Markets reacted to the Fed's growing concern over inflation and the reduction of possible rate cuts in 2025. The traditional two- to 10-year yield curve steepened to its widest level since May 2022. The two-year Treasury note closed the year at 4.24%, nine basis points higher from November but just one basis point lower from a year ago. The 10-year note closed at 4.57%, 40 basis points more than November's close and 69 basis points higher from 2023.



RELATIVE VALUE OF ASSETS AND FUNDING:

- The difference between loan and investment yields widened by 12 basis points to a spread of 239 basis points as investment yields fell more than loan rates.
- The spread between a 60-month auto loan and a 15-year mortgage loan narrowed seven basis points to -89 basis points.
- CD rates were flat to two basis points lower from a month ago. Current rates are five basis points higher than a year ago.

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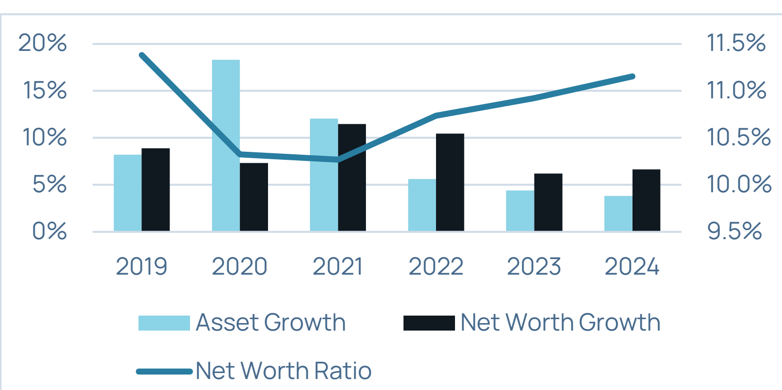
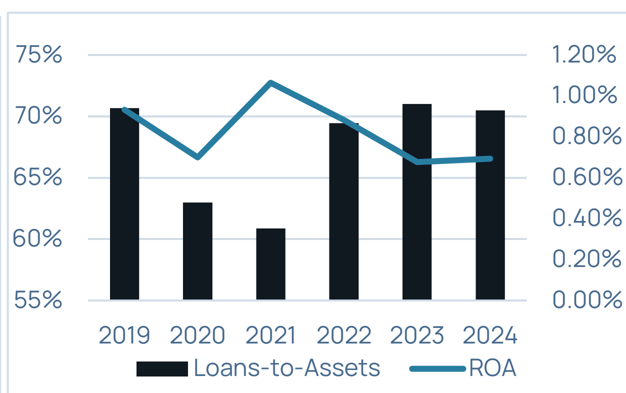
NCUA - SEPTEMBER 2024

KEY CREDIT UNION DATA	2019	2020	2021	2022	2023	2024
GROWTH RATES						
Total Assets	8.20%	18.31%	12.07%	5.63%	4.42%	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%
CAPITAL ADEQUACY						
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%
BALANCE SHEET COMPOSITION						
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%
LIQUIDITY POSITION						
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%
LOAN QUALITY						
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%
EARNINGS						
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%





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PEER STATISTICS

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

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ECONOMIC CALENDAR

JANUARY 2025

Monday	Tuesday	Wednesday	Thursday	Friday
		1 	2 Jobless Claims Construction Spending	3 ISM Manufacturing Auto Sales
6 Factory Orders	7 JOLTS ISM Services Trade Balance	8 ADP Employment FOMC Minutes Consumer Credit	9 Jobless Claims	10 Nonfarm Payrolls Unemployment Rate U. of Mich Sentiment (P)
13	14 PPI	15 CPI Empire Manufacturing	16 Jobless Claims Retail Sales Business Inventories Import/Export Prices	17 Housing Starts Building Permits Industrial Production
20 	21	22 Leading Index	23 Jobless Claims	24 U. of Mich Sentiment (F) Existing Home Sales
27 New Home Sales	28 S&P CL Home Prices Durable Goods Orders Consumer Confidence	29 FOMC Rate Decision	30 Jobless Claims 4Q24 GDP Pending Home Sales	31 Personal Income Personal Spending PCE Core Y/Y