

# Market Overview & Data Report



February 2025

KEY ECONOMIC INDICATORS	Latest Report	Current Report	Previous Report	2024
<b>ECONOMIC GROWTH</b>				
GDP	Q4	2.3%	2.8%	2.8%
<b>EMPLOYMENT</b>				
Non-farm Payrolls (000s)	Jan	143	307	2,232
Private Payrolls (000s)	Jan	111	273	1,792
Unemployment Rate	Jan	4.0%	4.1%	4.1%
Avg Hourly Earnings (Y/Y)	Jan	4.1%	4.1%	3.9%
<b>INFLATION</b>				
Wholesale (Y/Y)	Dec	3.3%	3.0%	3.3%
Consumer (Y/Y)	Dec	2.9%	2.7%	2.9%
PCE Core (Y/Y)	Dec	2.8%	2.8%	2.8%
<b>INCOME &amp; SPENDING</b>				
Retail Sales	Dec	0.4%	0.8%	3.8%
Personal Income	Dec	0.4%	0.3%	2.4%
Personal Spending	Dec	0.7%	0.6%	3.1%
<b>AUTO &amp; HOUSING</b>				
Total Auto Sales (MM)	Jan	15.60	16.80	16.80
New/Existing Home Sales (M/M)	Dec	2.4%	5.4%	8.9%
S&P/Case Shiller HPI (Y/Y)	Nov	3.8%	3.6%	5.7%

Sources:

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

KEY MARKET INDICATORS	Mth End Jan-25	Last Mth Dec-24	12 Mth Ago Jan-24
<b>MONEY MARKETS</b>			
Effective Fed Funds	4.33%	4.33%	5.33%
Prime Rate	7.50%	7.50%	8.50%
3-month SOFR	4.32%	4.53%	5.33%
2-year UST	4.21%	4.24%	4.21%
10-year UST	4.55%	4.57%	3.91%
<b>NATIONAL CU LOAN RATES</b>			
CU 48-mth Auto	6.96%	6.98%	6.98%
CU 60-mth Auto	7.07%	7.08%	7.08%
CU 15-year Mtg	6.29%	6.19%	6.23%
CU 30-year Mtg	6.91%	6.79%	6.81%
<b>EQUITY MARKETS</b>			
Dow Jones Industrial Average	44,544.7	42,544.2	38,150.3
NASDAQ Composite	19,627.4	19,310.8	15,164.0
S&P 500	6,040.5	5,881.6	4,845.7
<b>OTHER COMMODITIES</b>			
CRB Index	304.9	296.7	272.4
Crude Oil	73.5	71.7	72.0

Source: Bloomberg; S&P Global Market Intelligence

## KEY ECONOMIC AND MARKET INDICATORS

The U.S. added 143,000 jobs in January, less than expected, while December's payroll was revised higher by 51,000 jobs. The annual benchmark revision lowered average monthly job gains in 2024 by 20,000. The unemployment rate fell to 4%, the lowest rate since May 2024. Hourly earnings remained at 4.1%.

Inflation closed out 2024 on what most people hope is a disinflationary trend. Headline CPI was up 0.4% and the core rate rose 0.2% in December. Core CPI rose 3.2% year-over-year, the lowest rate since April 2021. Prices for shelter, airfares, used cars and trucks posted gains but at a slower pace than earlier reports. Energy was the biggest culprit for the headline gain, accounting for over 40% of the monthly all-items increase.

Retail sales rose less than expected in December, rising 0.4%. Sales were up 3.8% from a year prior, just below the pace for 2023. Ten of the report's 13 categories posted increases, with the biggest gains at furniture, clothing and sporting goods stores. Auto sales increased 0.7%, boosted by the end of year tax credits for electric vehicles.

The economy grew 2.3% in the fourth quarter of 2024. Personal consumption, the largest part of GDP, surged 4.2%, the strongest increase since the beginning of 2023. Business investment fell 2.2%, the first quarterly decline in over three years. The economy grew 2.8% in 2024 after expanding 2.9% in 2023.

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The year began in a nervous, pessimistic mood. Investors were confused about the Federal Reserve's next interest rate move and there was uncertainty over the impact from incoming President Donald Trump's proposed policies ranging from tax cuts, immigration and tariffs. That fear was calmed on day one after Trump delayed potential 25% tariffs on goods from Mexico and Canada until early February and deferred China tariffs pending a probe into Beijing's compliance with a deal struck during his first term. The dollar rallied after Trump won the election, only to lose ground after he took office. A slew of new orders were signed in the first week. Just as the month was wrapping up, the financial markets were hit by news of a 'new and better' artificial intelligence model from Chinese startup DeepSeek, sending stock prices and bond yields falling. The Federal Reserve voted unanimously to keep the target interest rate at the current range of 4.25% - 4.50%. The rate-setting committee believes monetary policy is "in a good place" for the economy and restoring inflation to 2%.

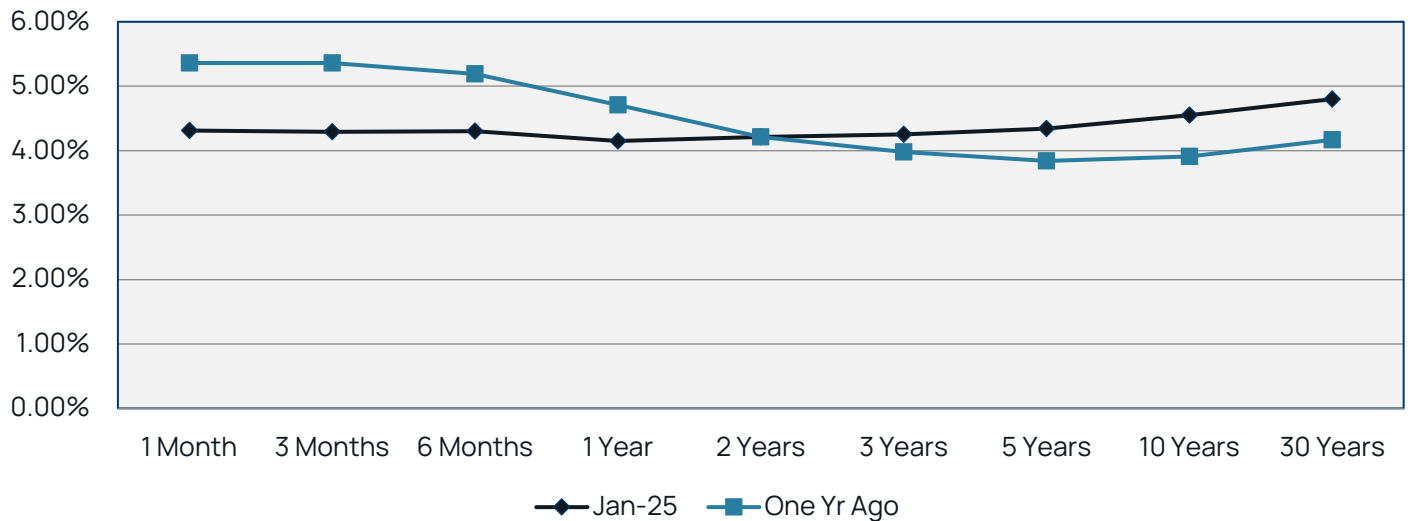
Mortgage rates rose for the fourth month in a row in January. The benchmark FHLMC 30-year mortgage reached 7.09% mid-month, the highest rate since May 2024, before closing the month at 6.95%. This was four basis points higher for the month and 32 basis points above a year ago. The 15-year and 30-year mortgage rates, as measured by a variety of financial institutions, including credit unions, closed 11 basis points higher for the month at 6.29% and 6.91%, respectively. The spread between the average 30-year mortgage rate and the 10-year Treasury yield widened to 240 basis points, 65 basis points above the 54-year average spread. Average auto loan rates finished January one to two basis points lower at 6.96% for a 48-month loan and 7.07% for a 60-month loan. Auto loan rates are, on average, unchanged from a year ago.

Equities began the new year extending the multi-day daily losing streak that closed out 2024. Concerns over a weakening Chinese economy and its impact on U.S. commerce fed through to the U.S. equity market, creating more worry than optimism. The Santa Clause rally (the last five trading days in December and the first two trading days in January) fizzled out for the second year in a row. As Treasury yields continued to rise, stocks came close to being the most overvalued against Treasuries in almost two decades. Stock investors spent most of the month trying to understand the potential impact of President Trump's tax, tariff and immigration mandates on public companies and the economy. The technology sector, the stock market's golden child, was brought to its knees at the end of the month when the Chinese startup DeepSeek raised questions over America's technological dominance. Nvidia Corp., the poster child of the AI frenzy, sank 18% in the biggest market-cap loss for a single stock in market history. The three key stock indices finished January in the black with the Nasdaq posting its third consecutive monthly gain. The Dow closed the month ahead by 4.7%, the Nasdaq was up 1.6%, and the S&P gained 2.7%.

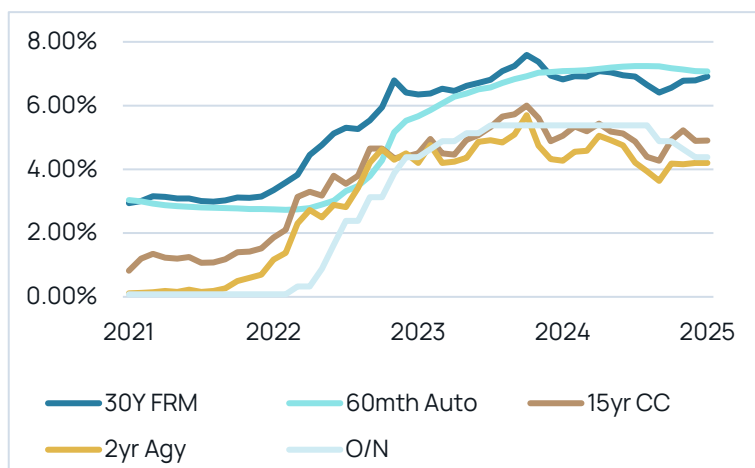
## FOR CREDIT UNIONS:

- High mortgage rates, rising prices and lack of supply combined to make 2024 the second worst year for existing home sales since 1995. Sales fell 0.7% with prices up 6%. New home sales, on the other hand, rose 2.5% from the year prior. The new home market benefited from builders' incentives including rate buydowns. New homes are expected to fill in the supply gap of existing homes in 2025.
- Consumer confidence declined in January as people became less optimistic about the job market and the economy in general. Plans to purchase homes, cars and other big ticket items continued to weaken.
- Savings at credit unions has steadily declined after reaching a post-pandemic high in 2022. TruStage Chief Economist Steve Rick expects deposit growth of 7% in 2025, greater than the past two years.

## Yield Curve



The new year began on a high for Treasury yields with the 10-year note reaching the highest level since November 2023. But just as quickly as yields shot up, they fell. Decent inflation reports and dovish comments by Fed officials hinting at a couple of rate cuts this year drove yields lower. Treasury notes fell 14 to 17 basis points in one week as traders covered short positions. The decline continued as the FOMC meeting inched closer and a rout in the technology sector drove money to safe haven instruments. Treasury yields ultimately fell to the lowest levels in over a month. The two-year Treasury note closed the month at 4.21%, three basis points lower from December and equal to a year ago. The 10-year note closed at 4.55%, two basis points less than November's close and 64 basis points higher from January 2024.



### RELATIVE VALUE OF ASSETS AND FUNDING:

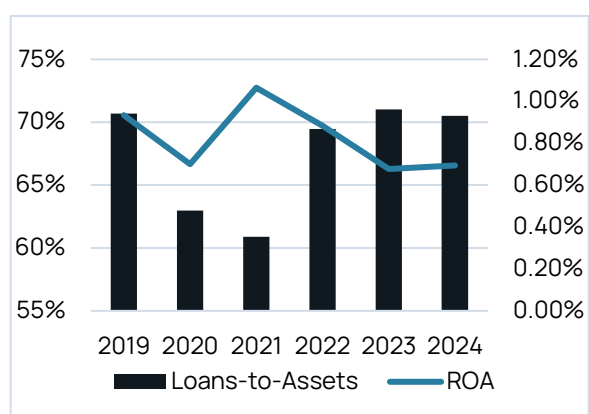
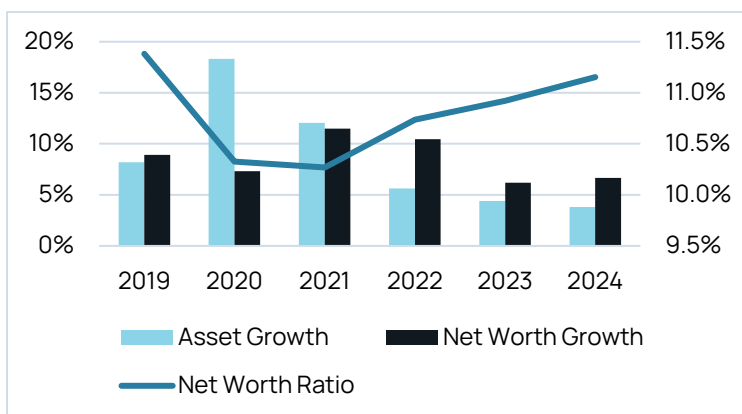
- The difference between loan and investment yields widened by five basis points to 244 basis points as loan rates rose more than investment rates.
- The spread between a 60-month auto loan and a 15-year mortgage loan narrowed 11 basis points to -78 basis points.
- CD rates were flat to two basis points lower from a month ago. Current rates are four basis points higher than a year ago.

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## 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%



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## 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%

## ECONOMIC CALENDAR FEBRUARY 2025

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

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