

Economic & Credit Union Update

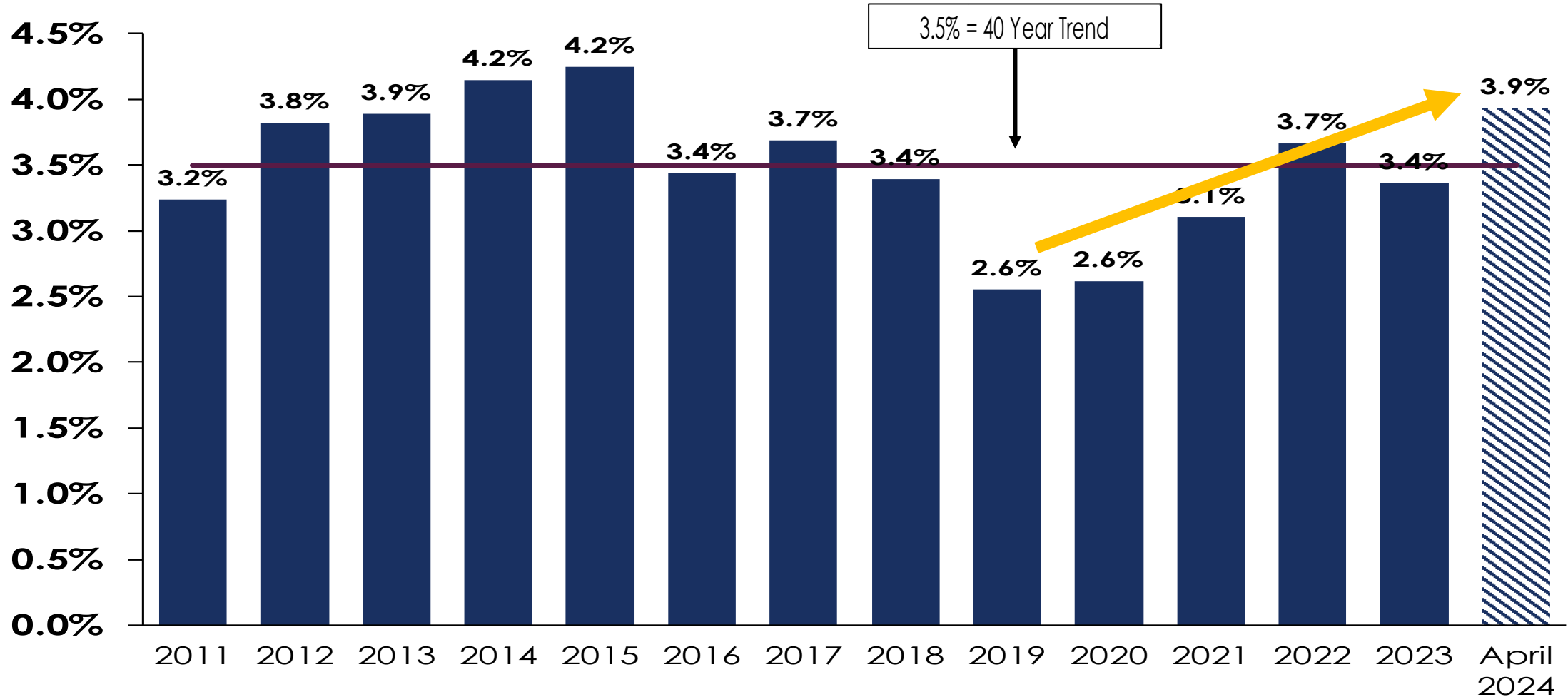
If you have any questions or
comments, please contact:
Steven Rick, Chief Economist
TruStage - Economics
800.356.2644, Ext. 665.5454
Steve.Rick@TruStage.com

July 2024

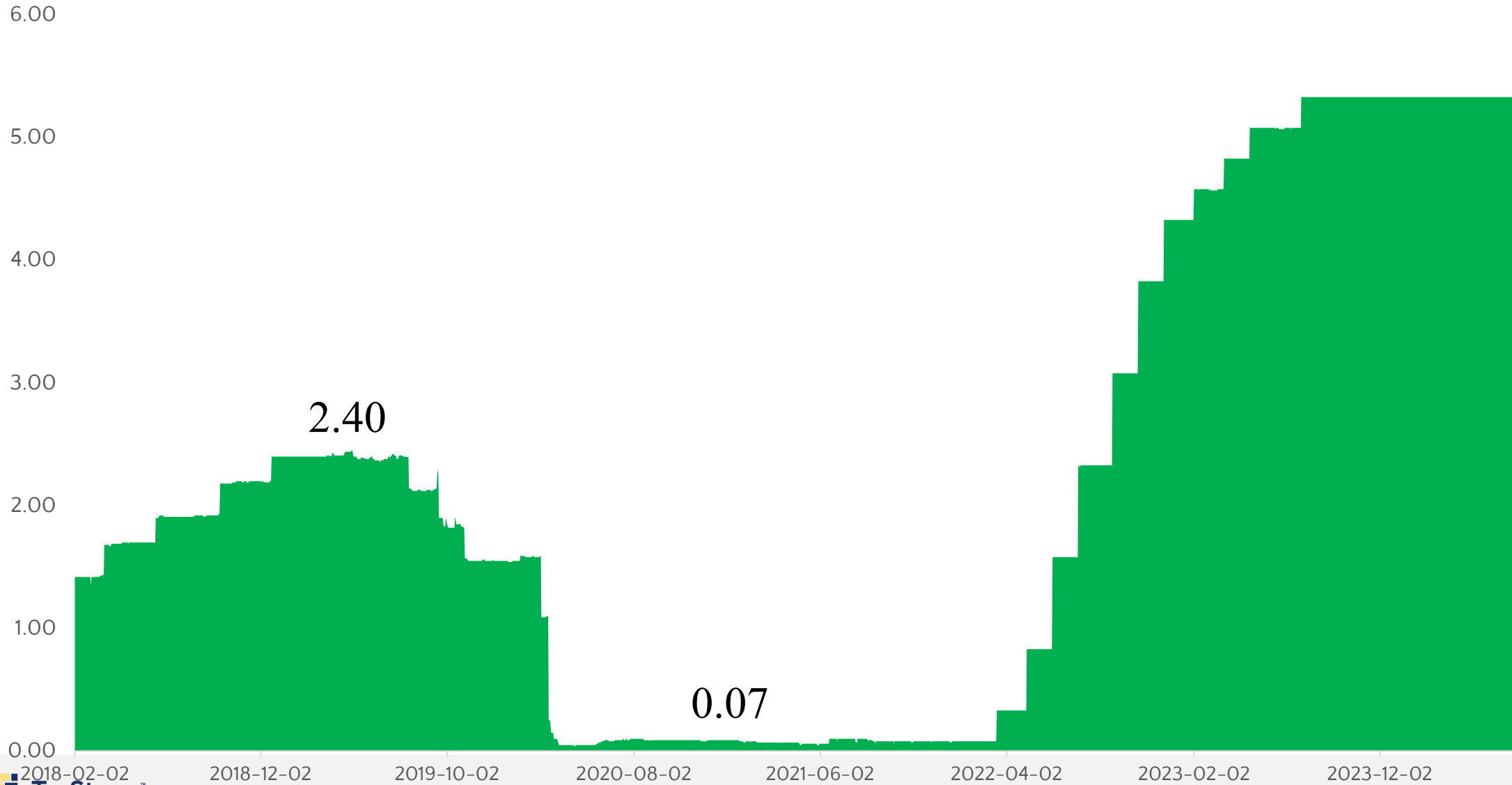
Annual Contraction Rate in CU Marketplace

April 2024

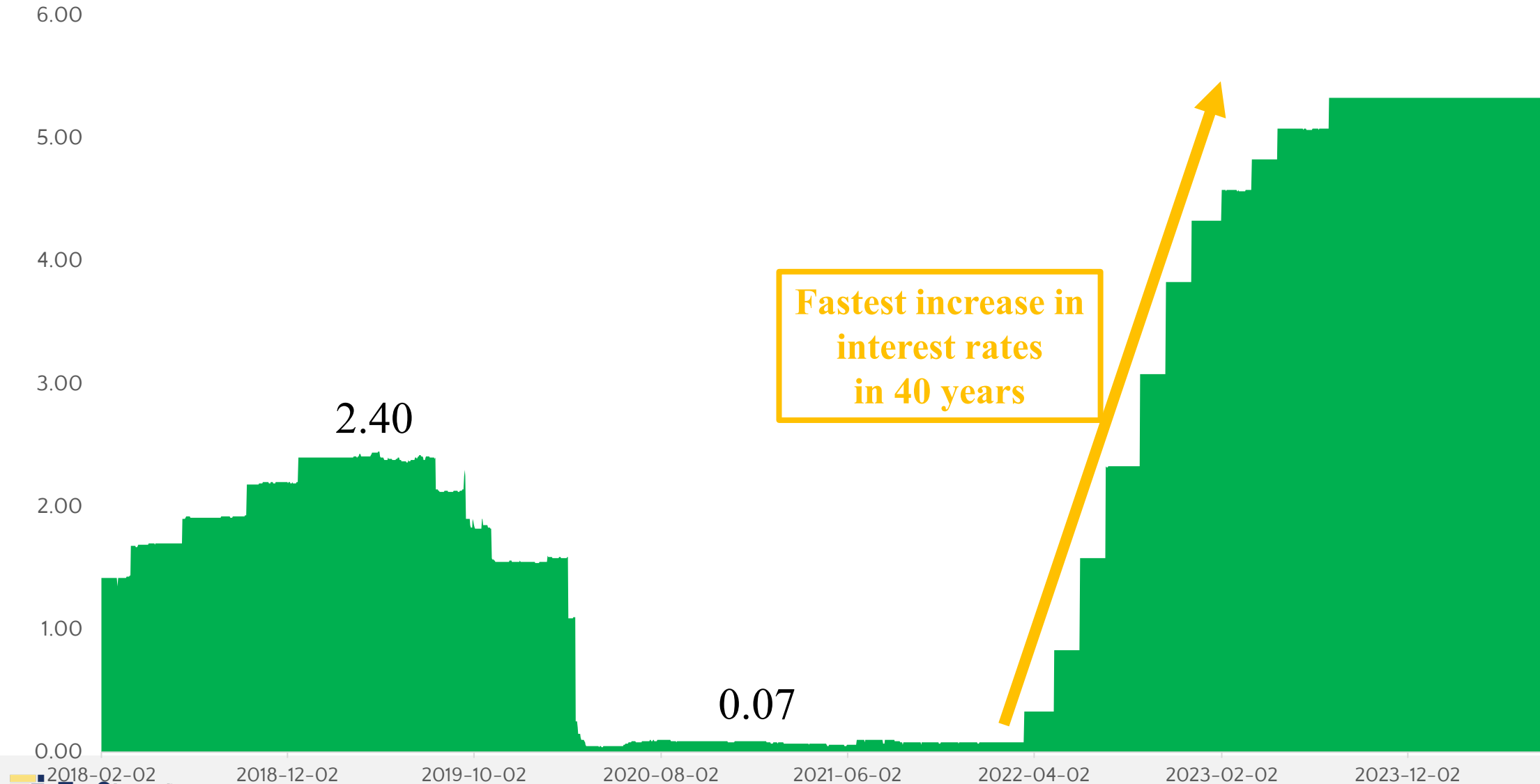
April 2023 - April 2024 Decline = 193 CUs



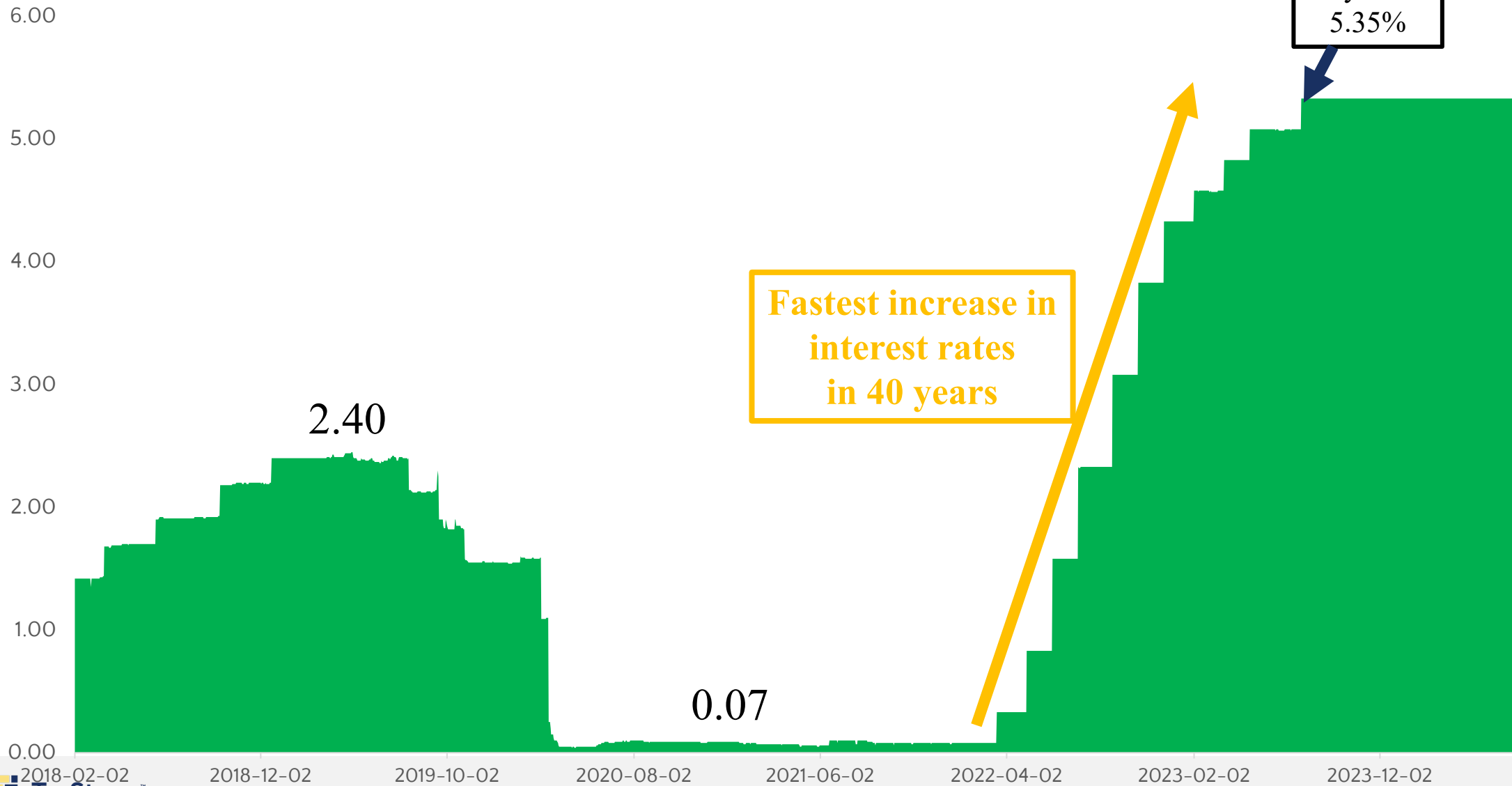
Federal Funds Rate, 2018 - 2024



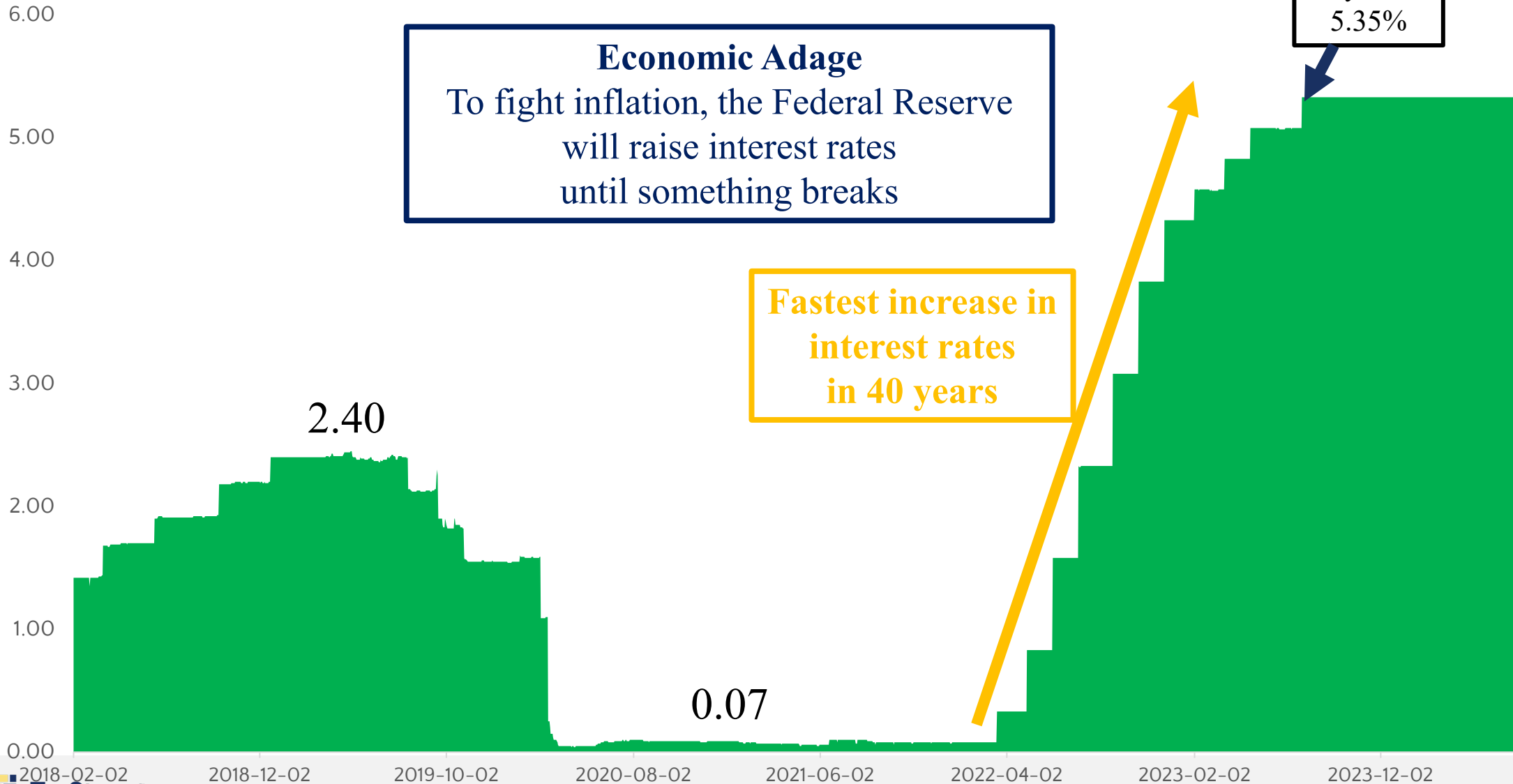
Federal Funds Rate, 2018 - 2024



Federal Funds Rate, 2018 - 2024



Federal Funds Rate, 2018 - 2024



Economic Adage
To fight inflation, the Federal Reserve will raise interest rates until something breaks

Fastest increase in interest rates in 40 years

July 2023
5.35%

Federal Funds Rate, 2018 - 2024

Economic Adage
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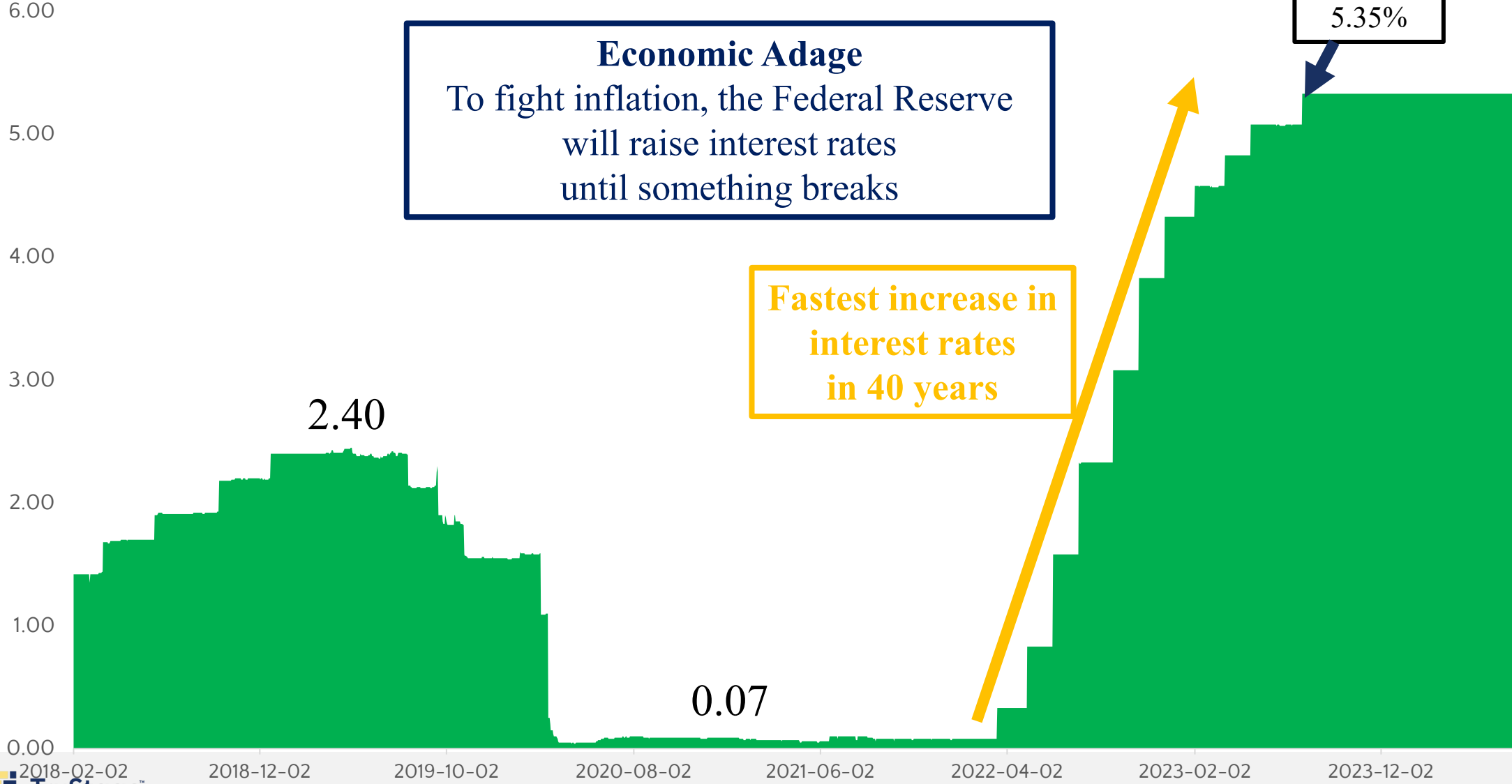
Fastest increase in interest rates in 40 years

July 2023
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5.35

2.40

0.07



Federal Funds Rate, 2018 - 2024

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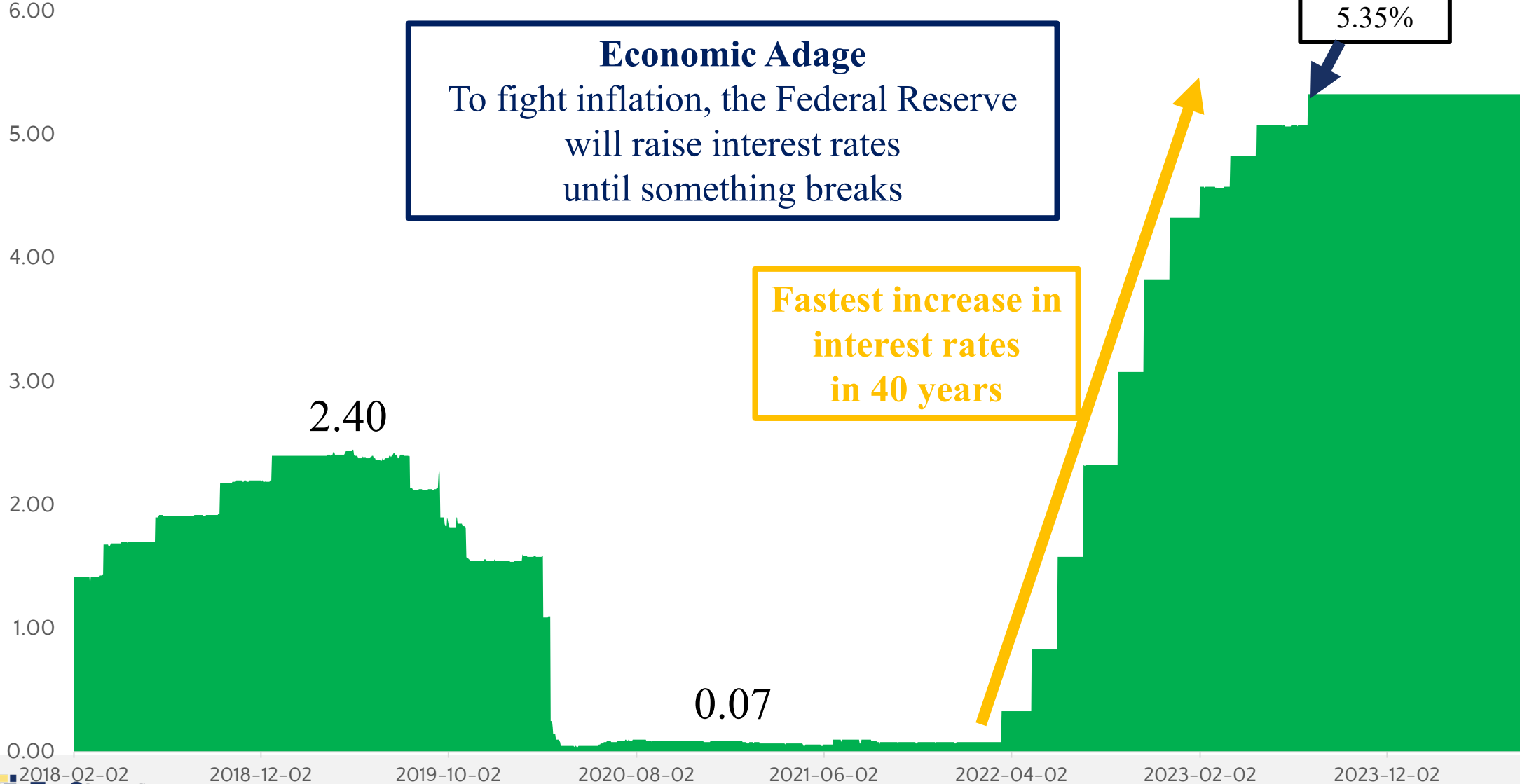
July 2023
5.35%

5.35

4th Qtr.
2024

2.40

0.07



Federal Funds Rate, 2018 - 2024

Economic Adage
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July 2023
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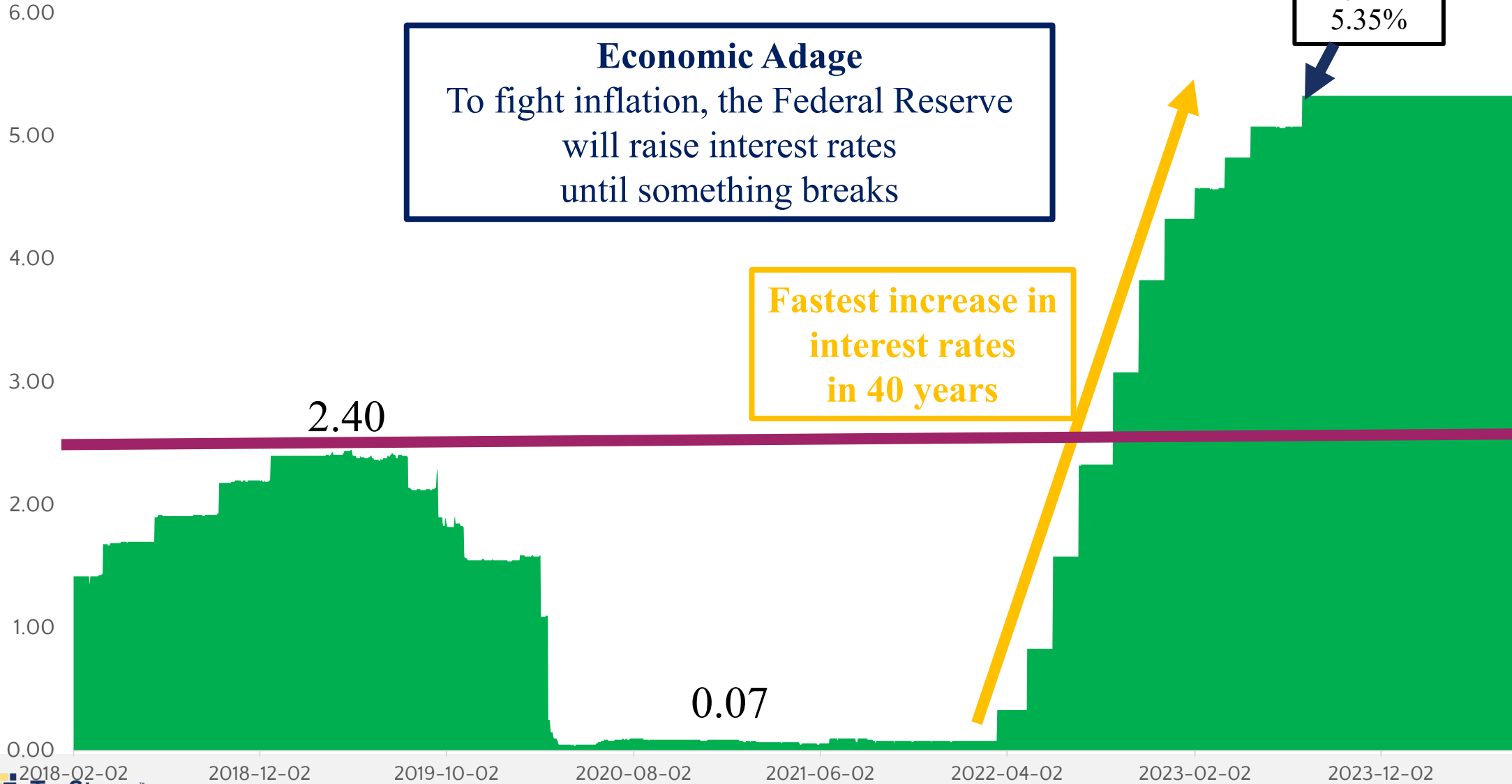
5.35

4th Qtr. 2024

2.5%
Long Run Target

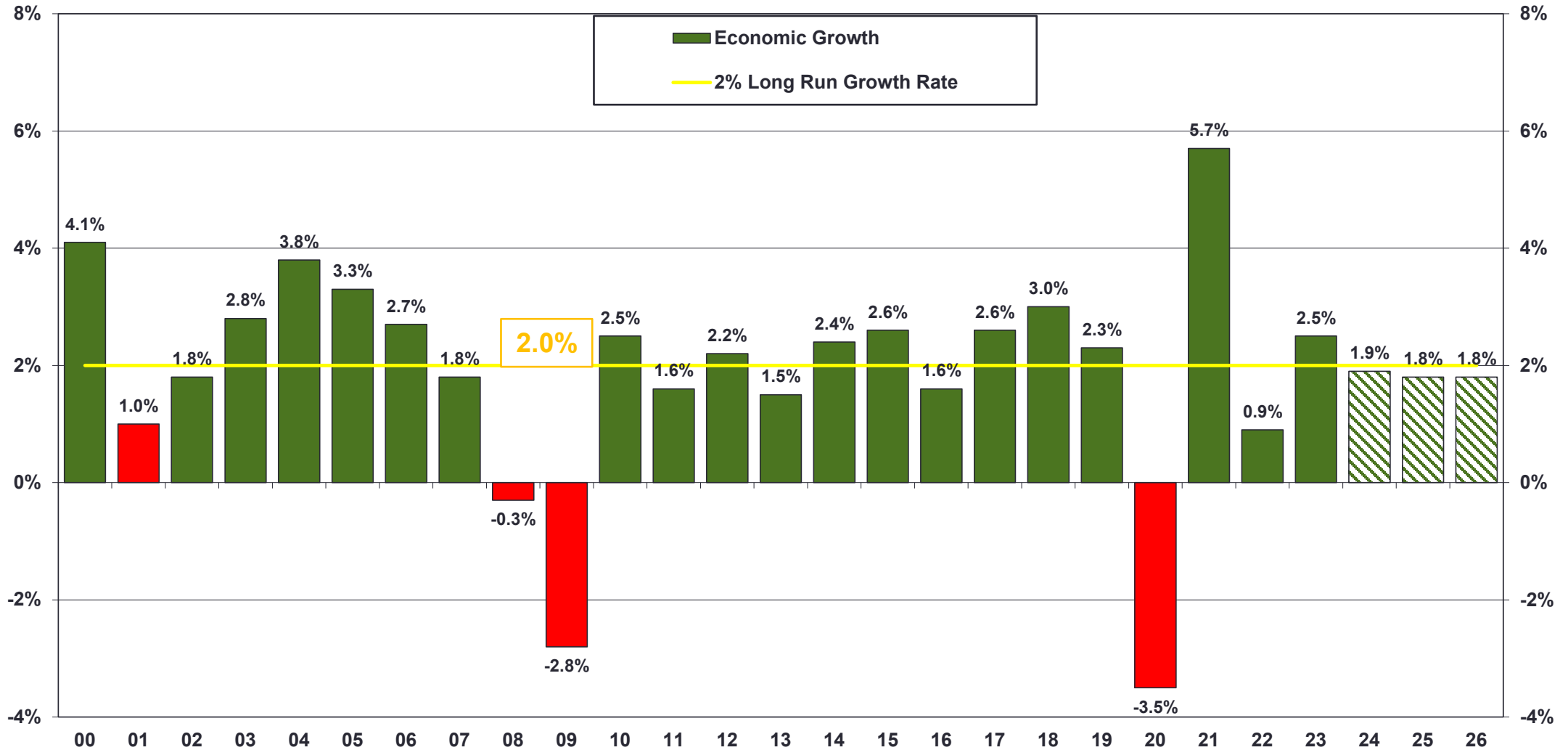
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0.07



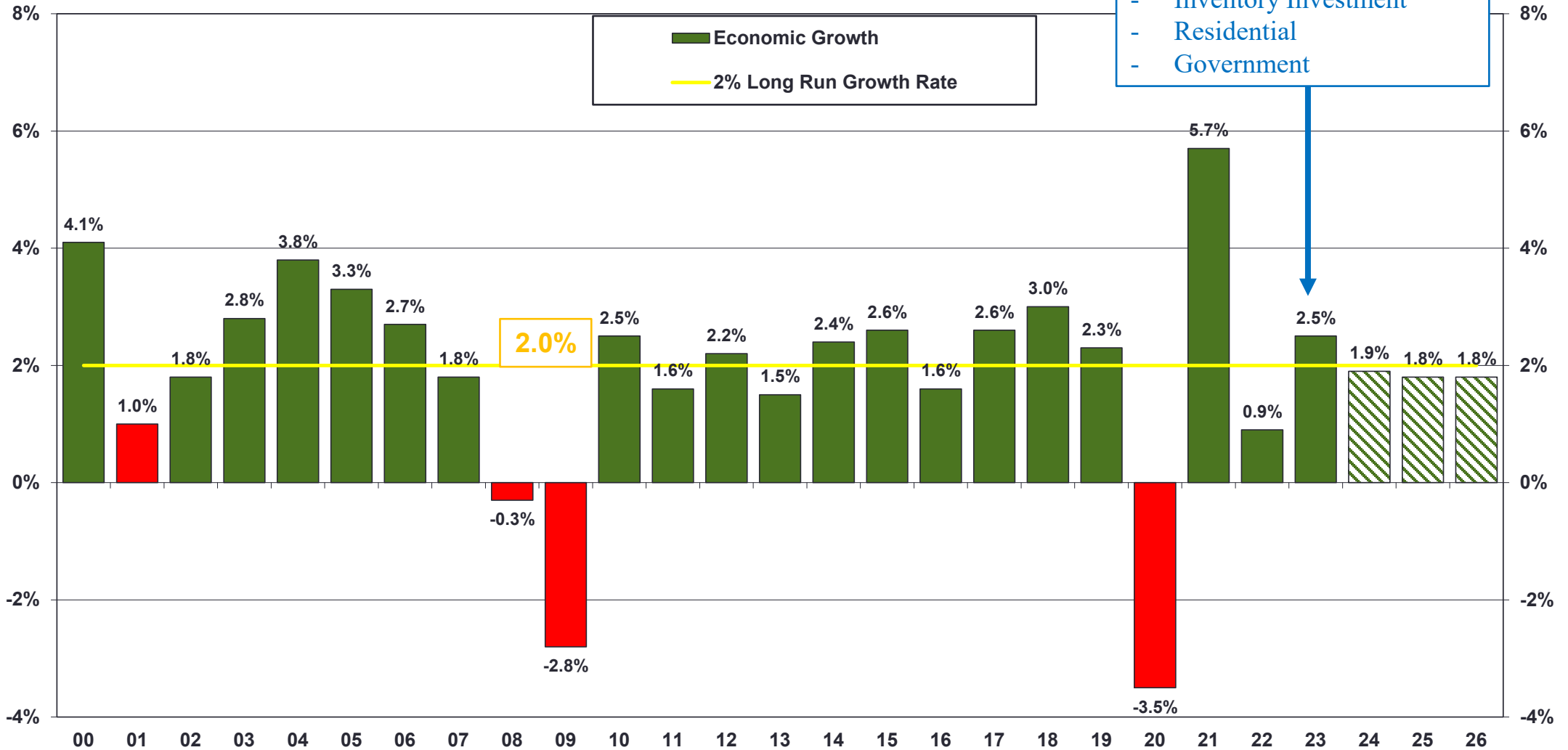
Slower Economic Growth for Next 2 Years

U.S. Economic Growth Rate



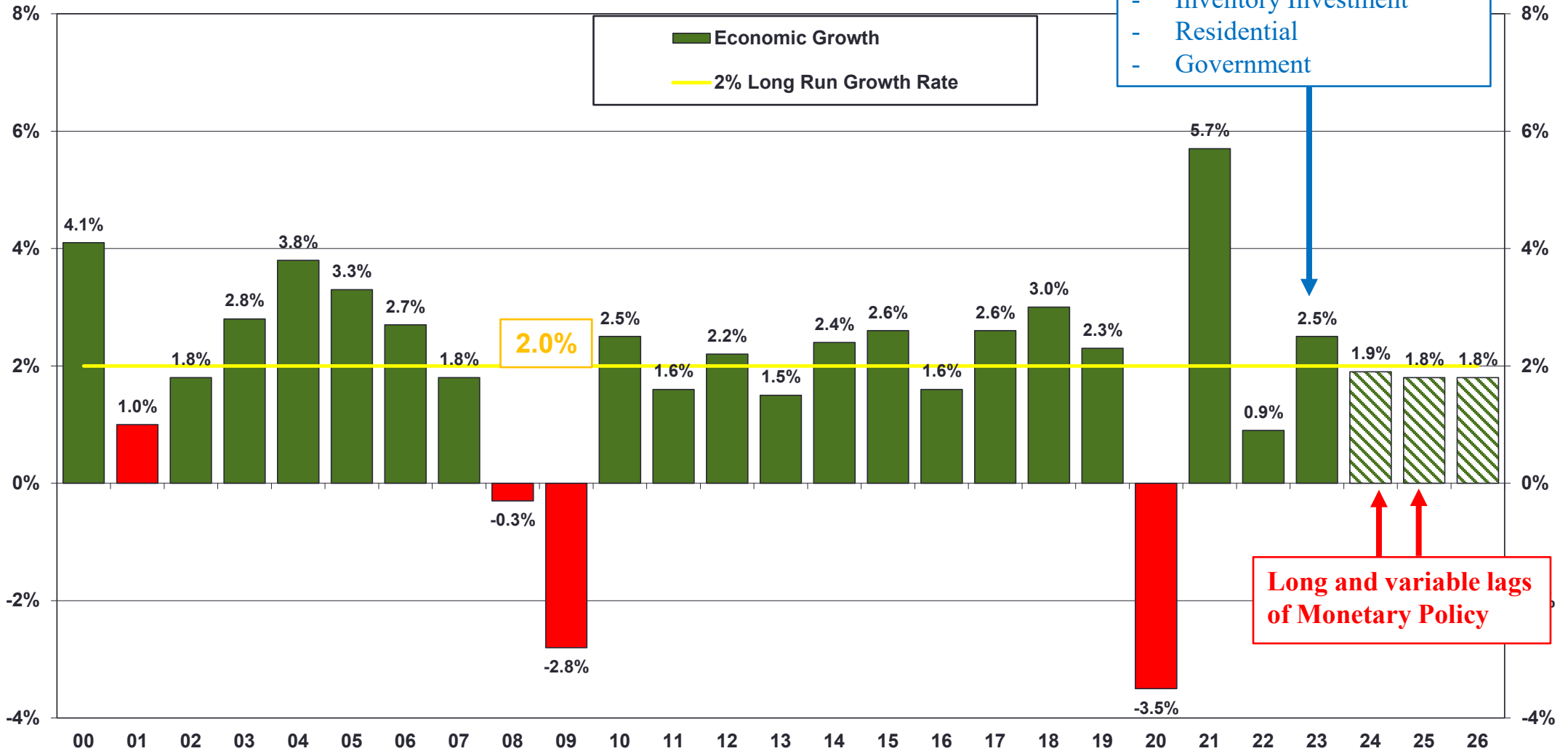
Slower Economic Growth for Next 2 Years

U.S. Economic Growth Rate

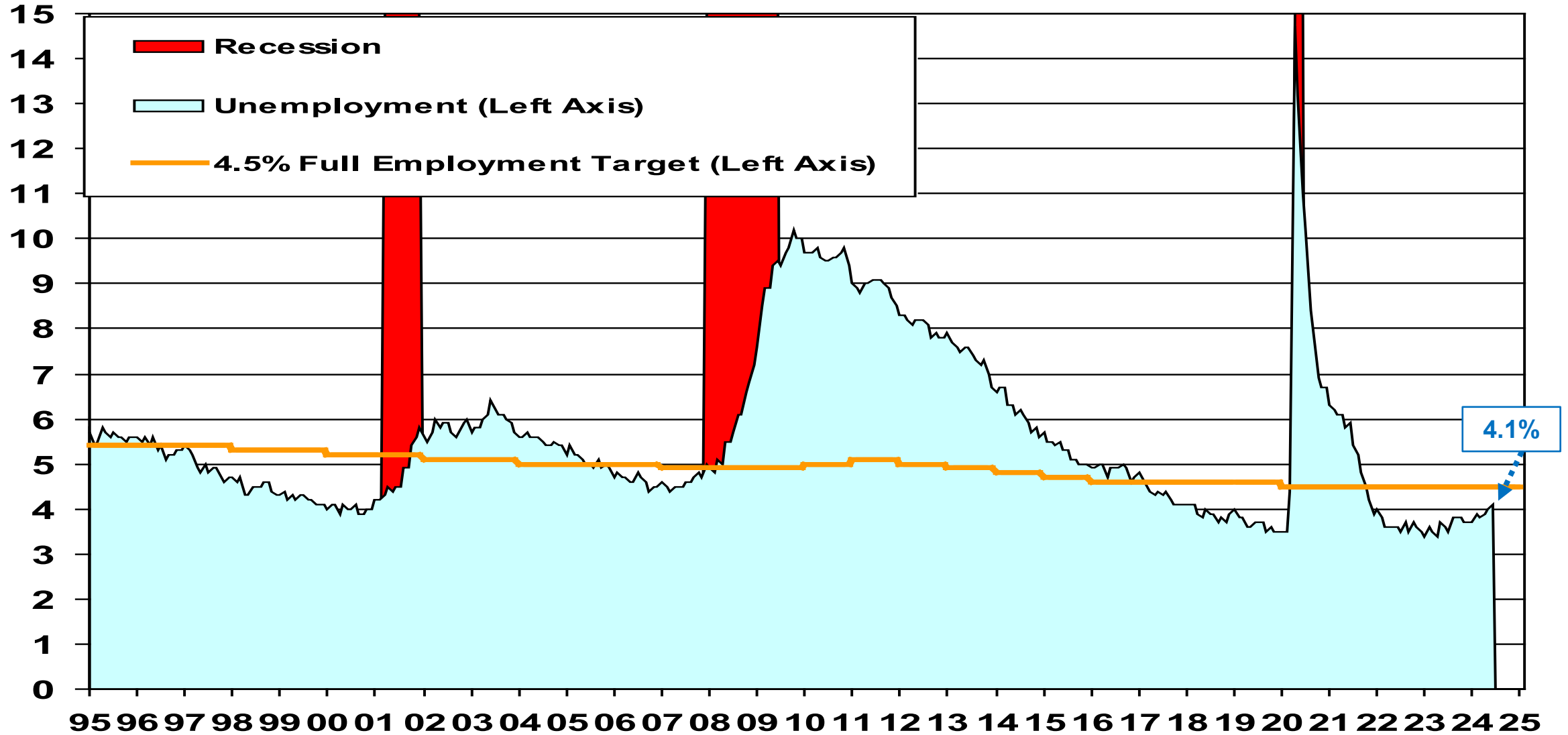


Slower Economic Growth for Next 2 Years

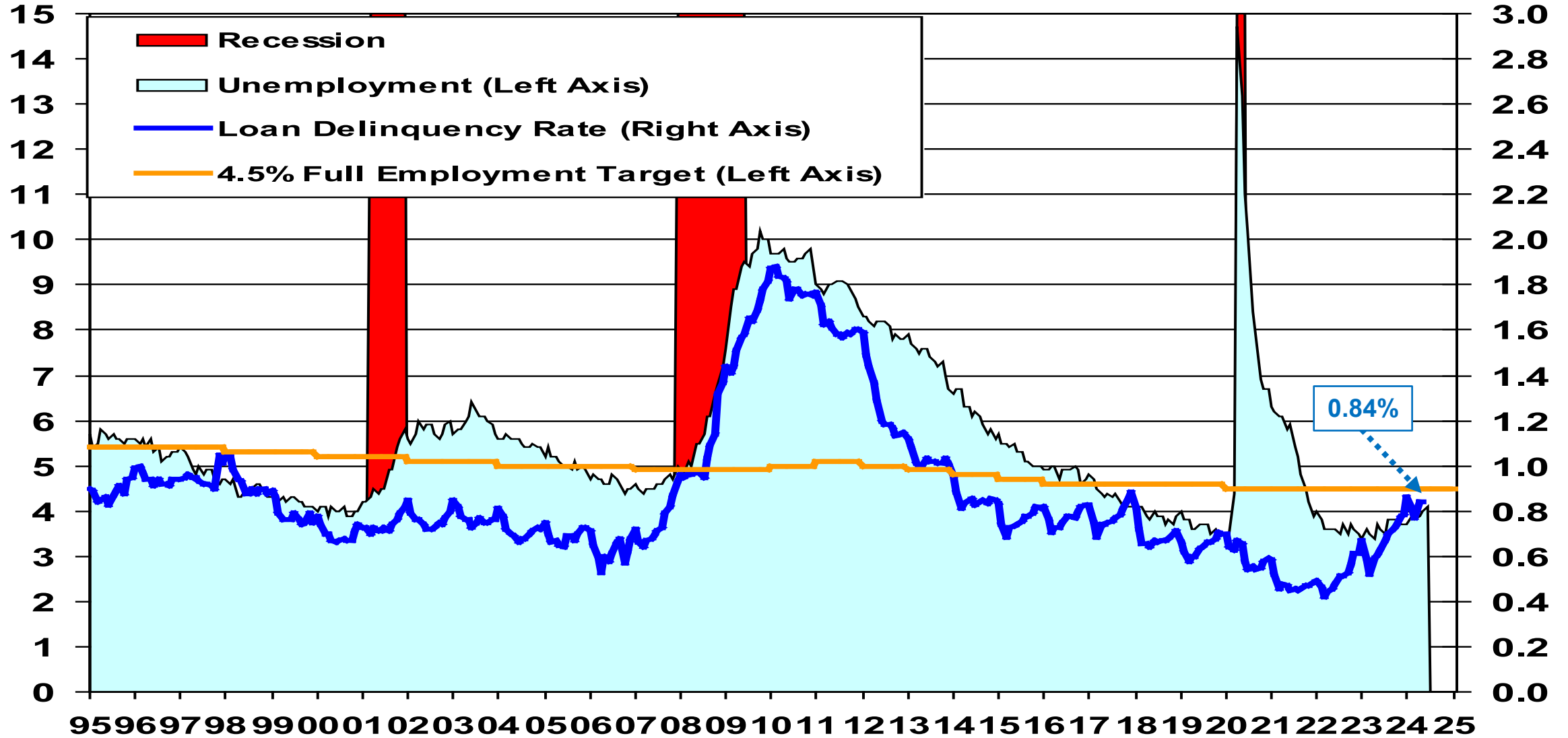
U.S. Economic Growth Rate



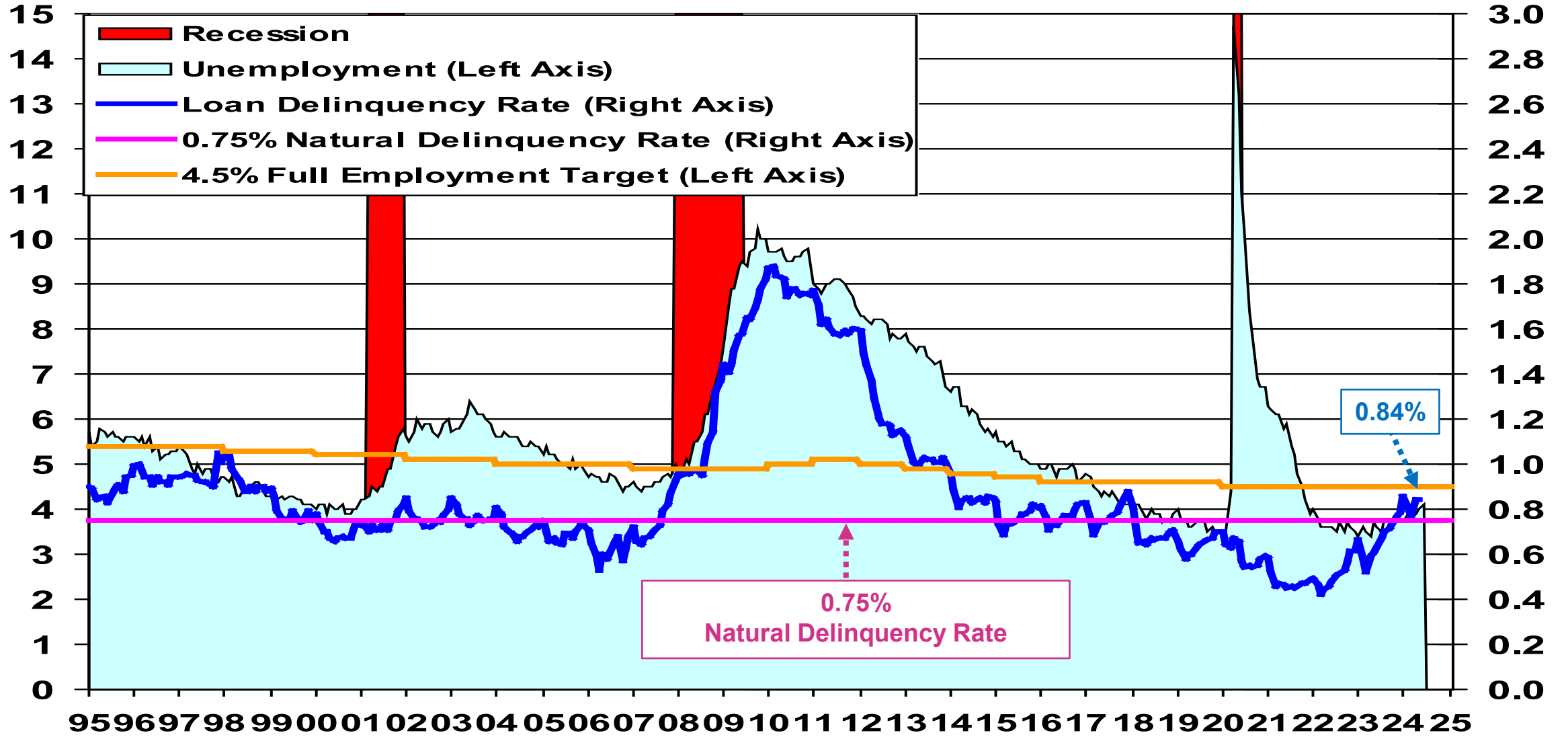
CU Delinquency Rate Versus Unemployment Rate



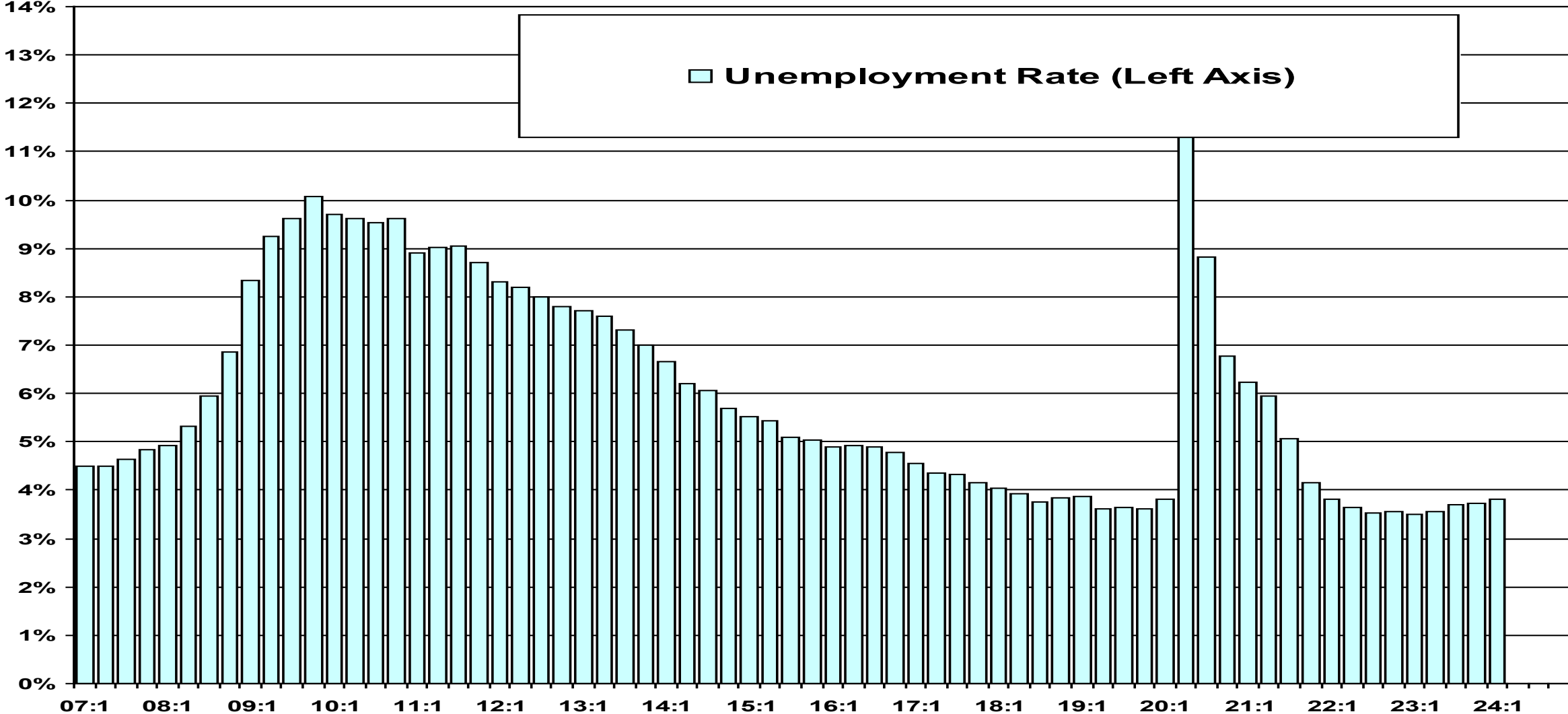
CU Delinquency Rate Versus Unemployment Rate



CU Delinquency Rate Versus Unemployment Rate

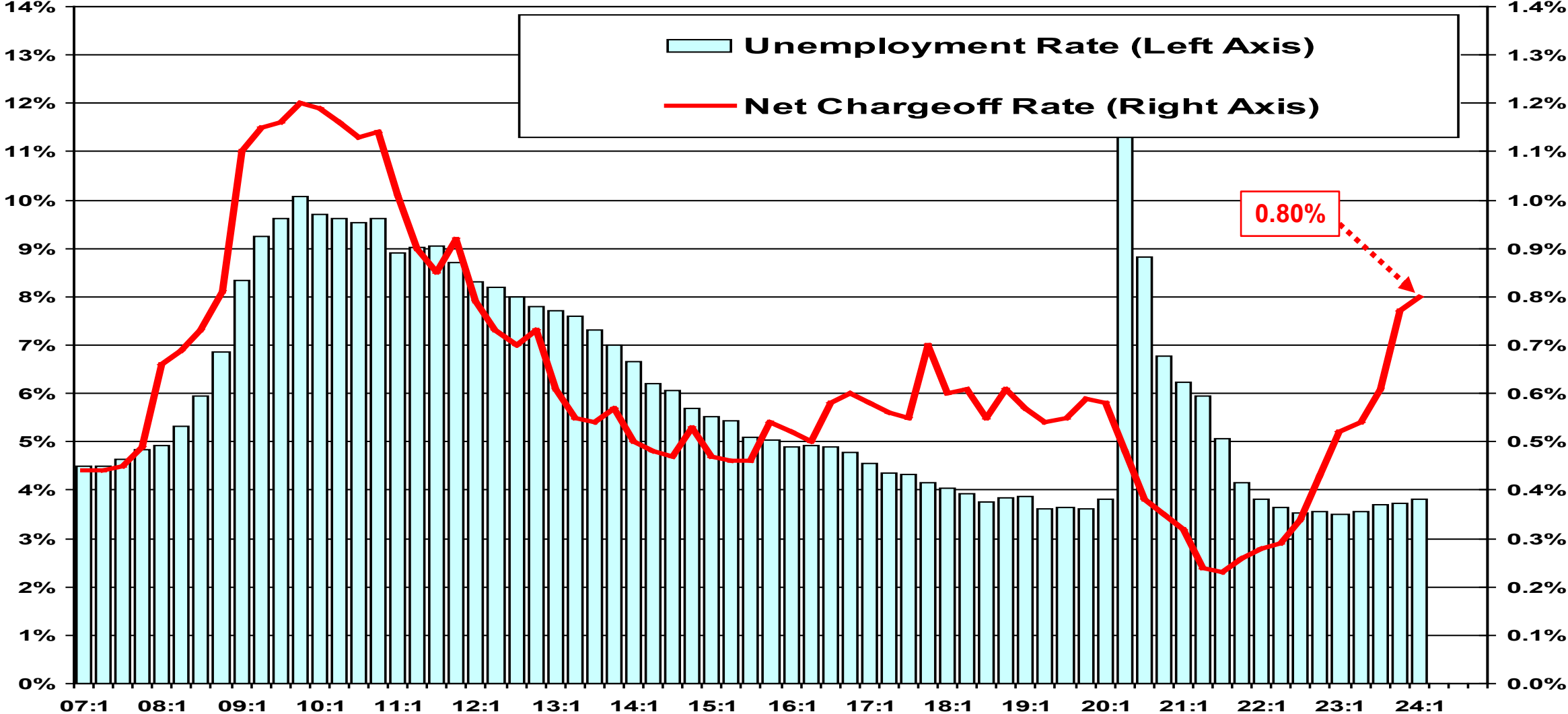


CU Net Chargeoff Rate Versus Unemployment Rate



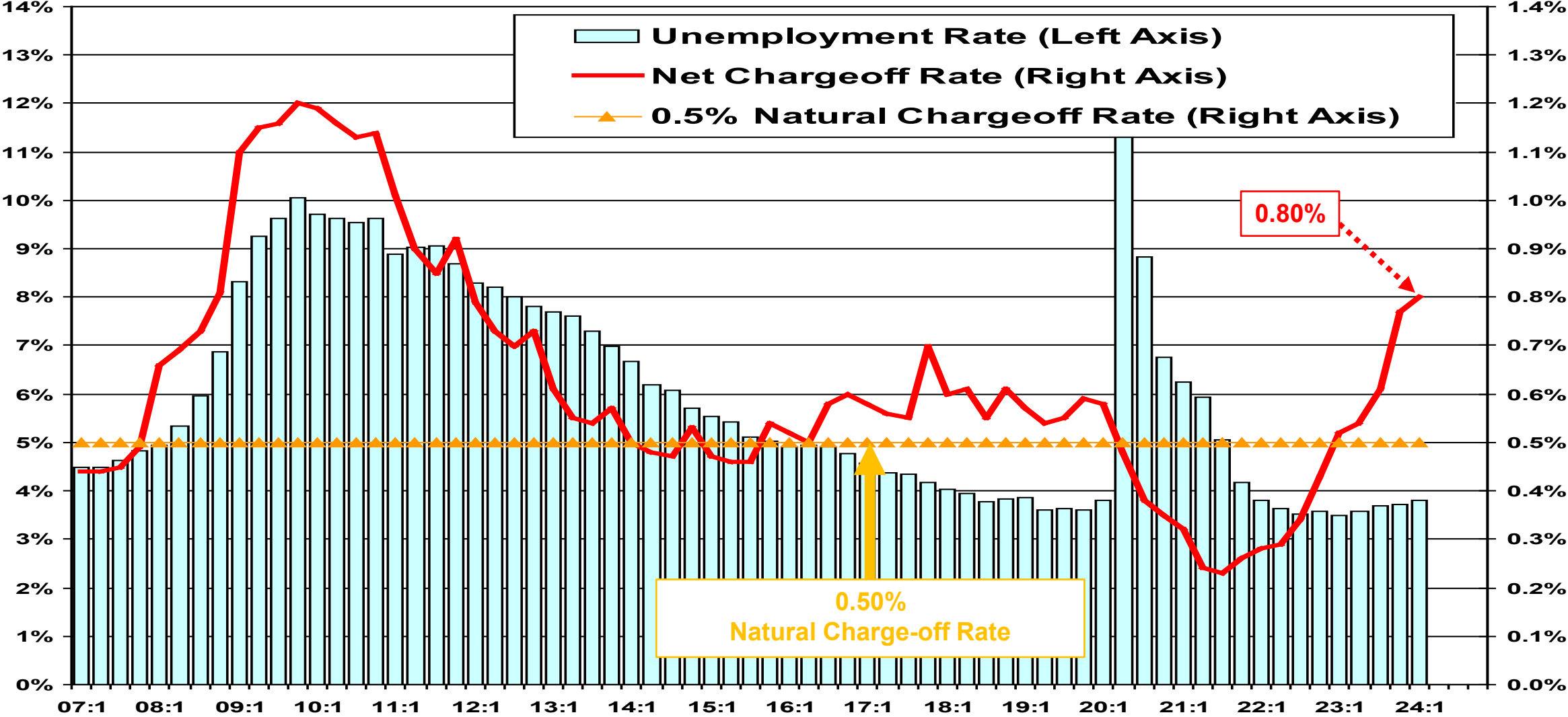
Source: Department of Labor, NCUA, CUNA

CU Net Chargeoff Rate Versus Unemployment Rate



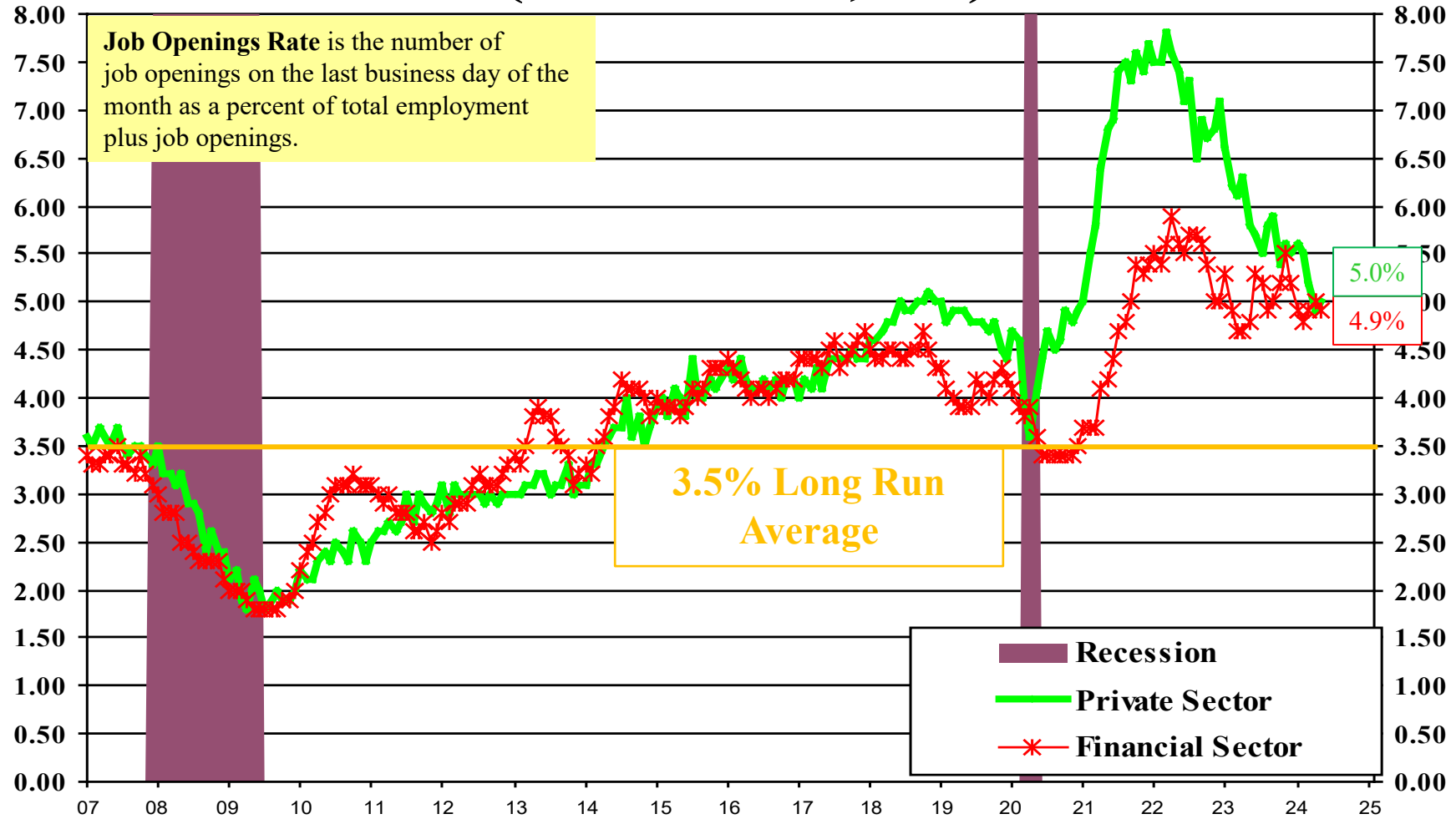
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CU Net Chargeoff Rate Versus Unemployment Rate

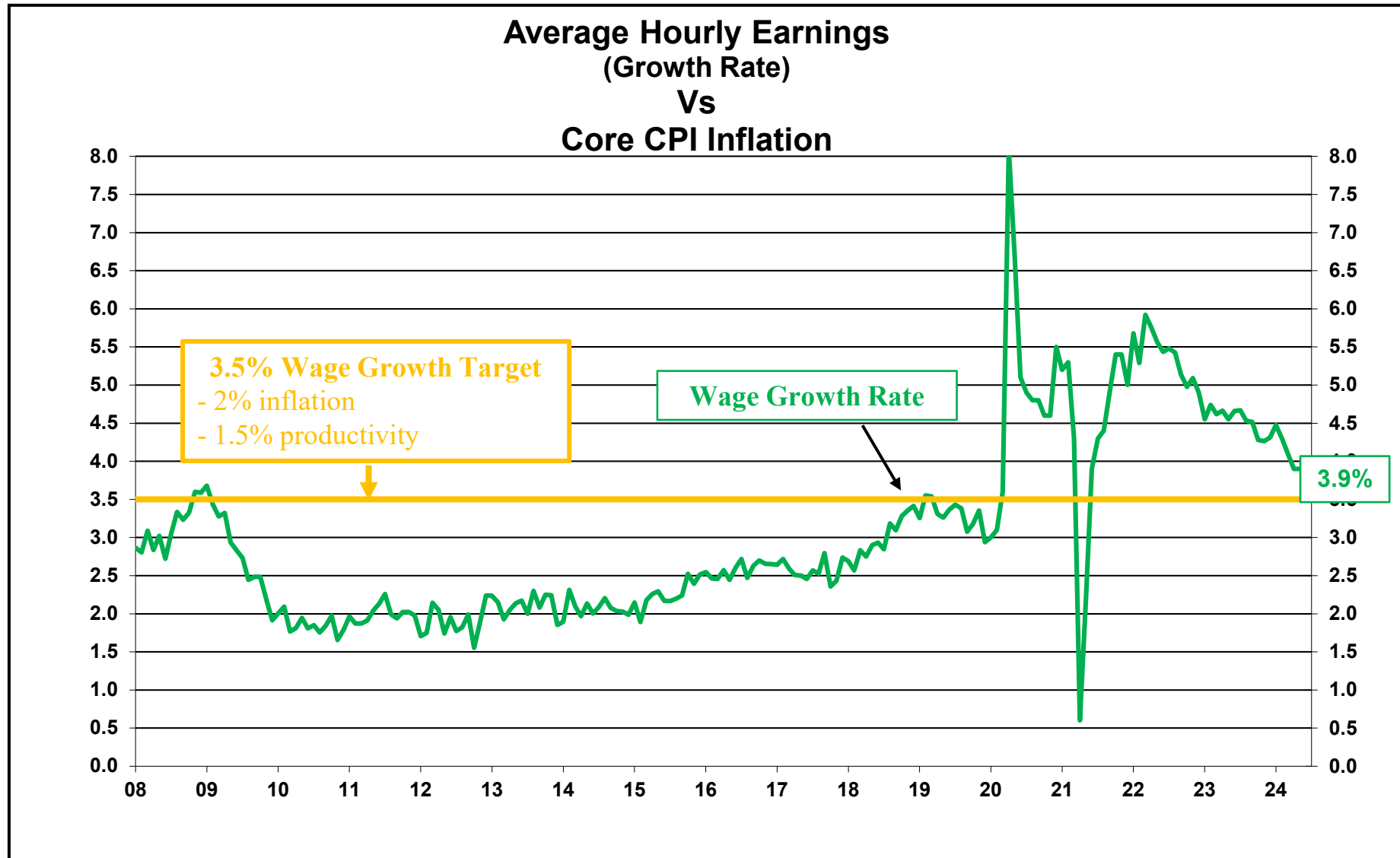


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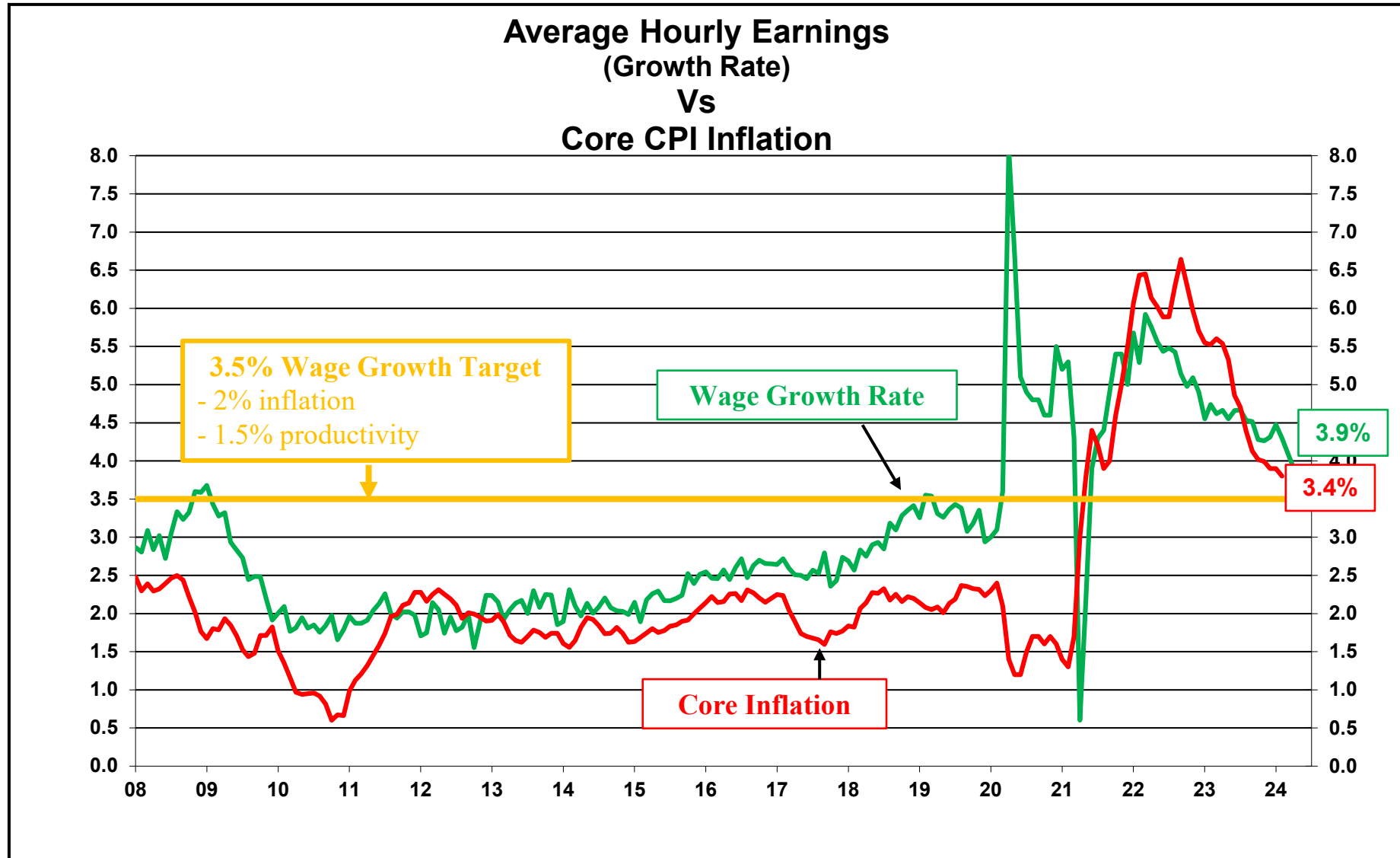
Job Openings Rate (Thousands, SA)



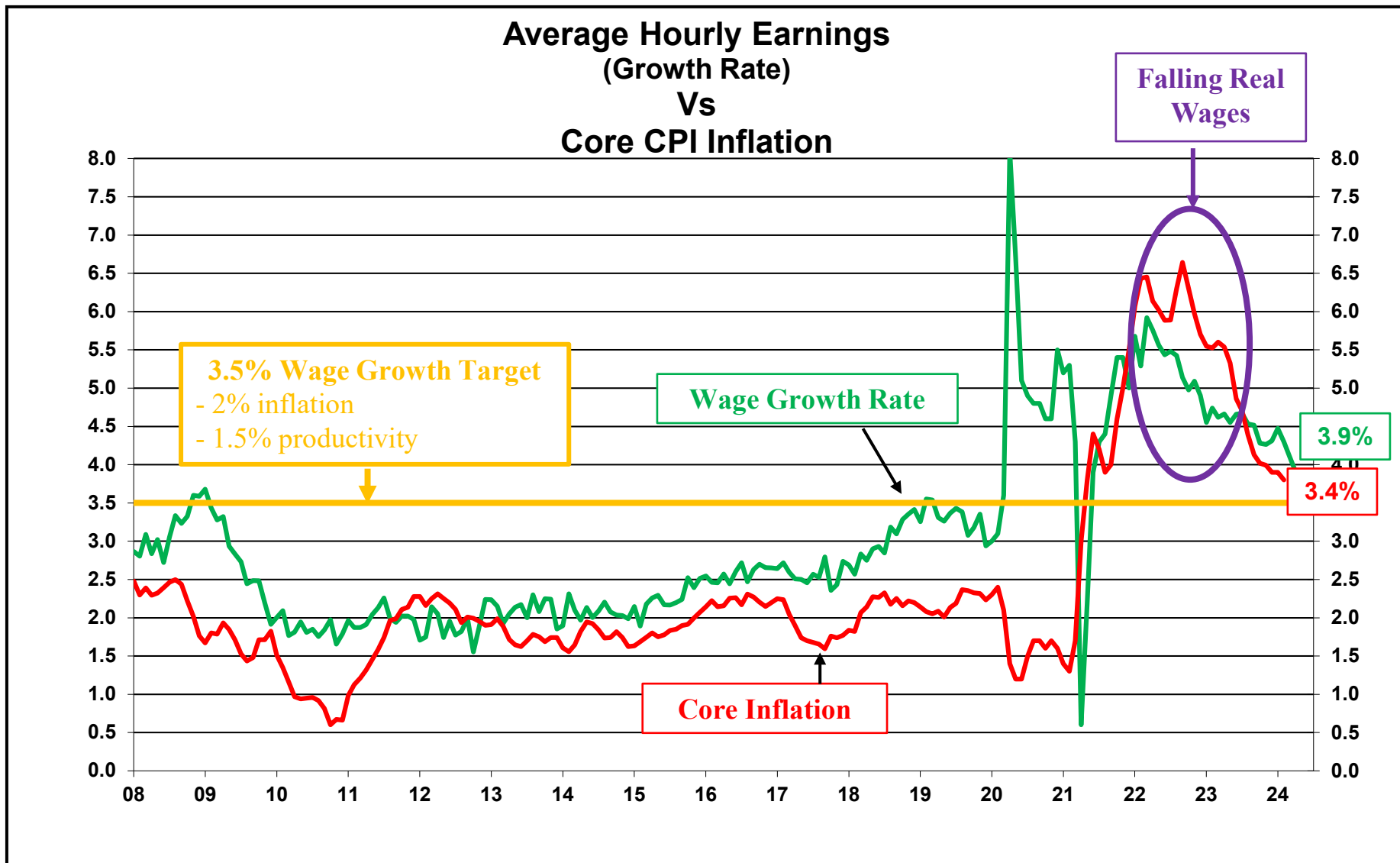
Wage Growth Slowing as Core Inflation Falls



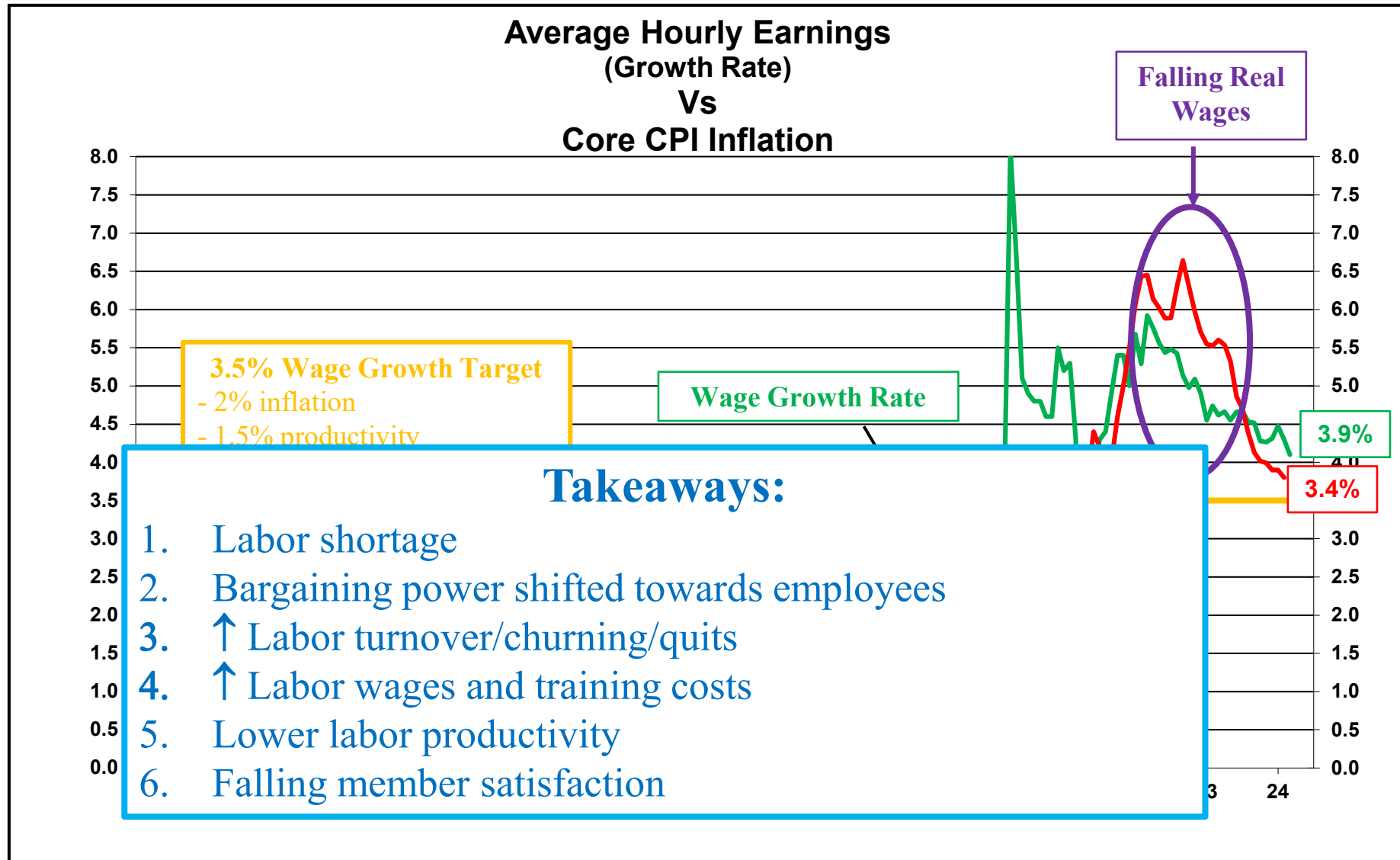
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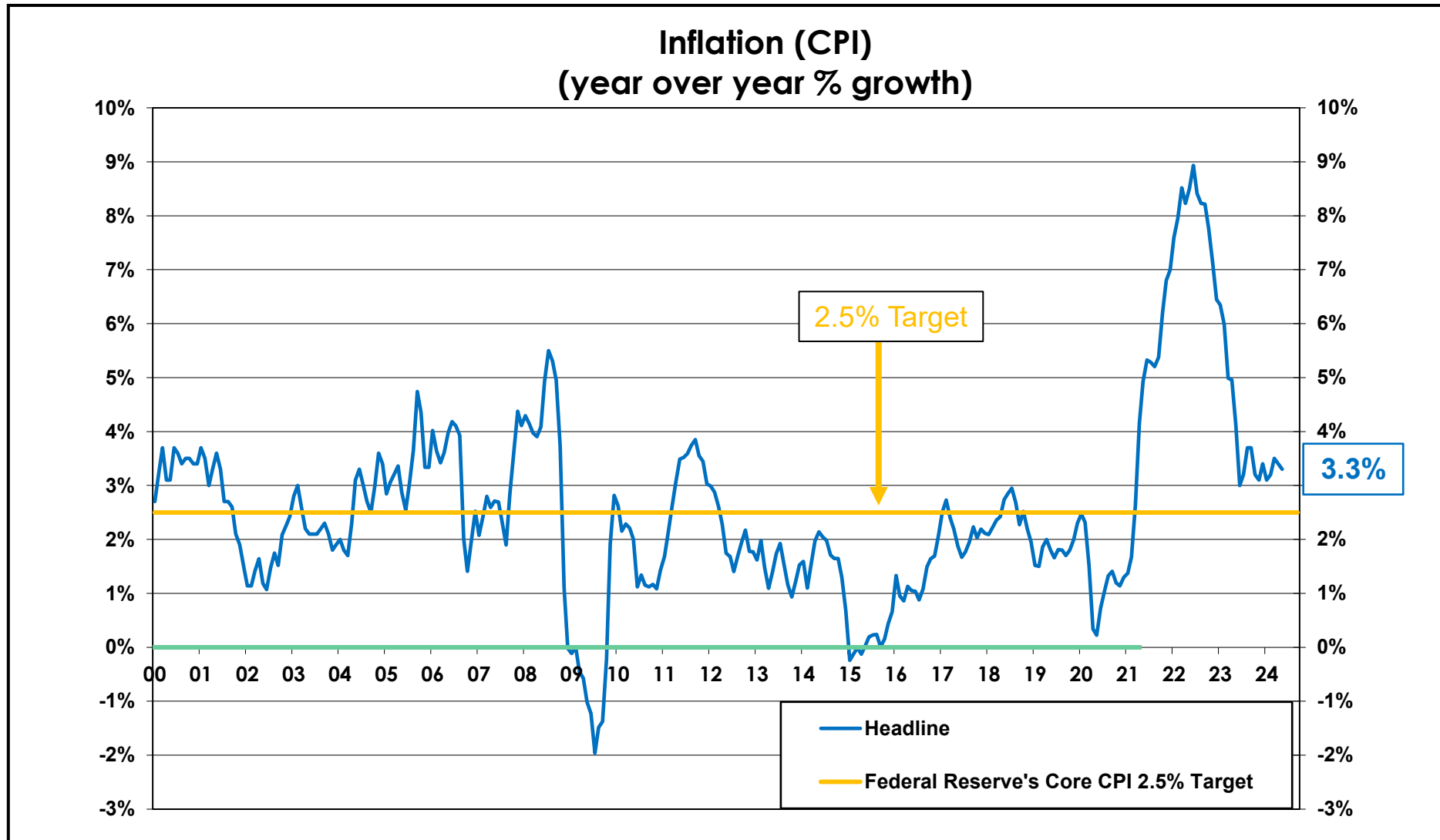
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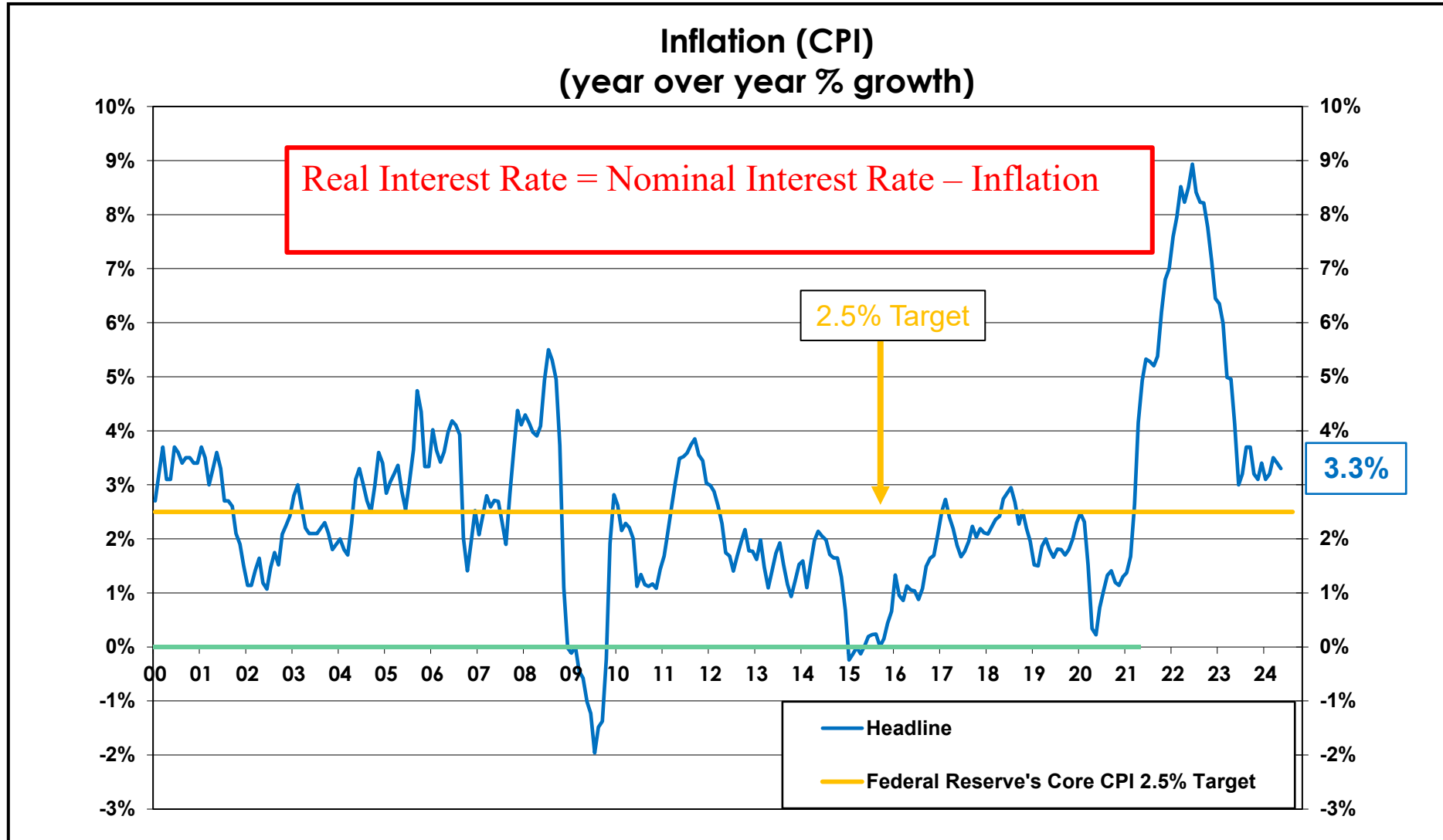
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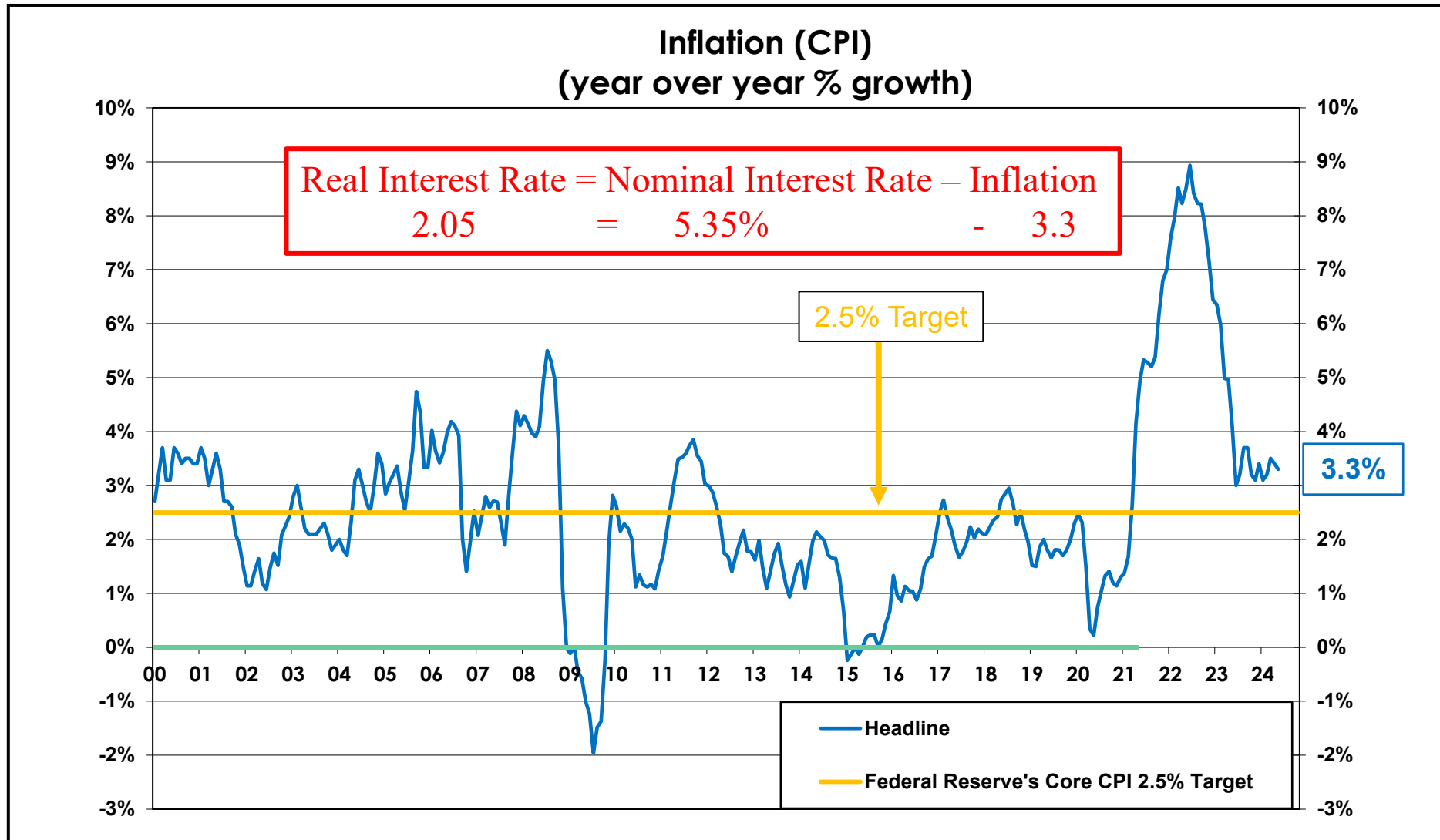
High Inflation for the Next Year



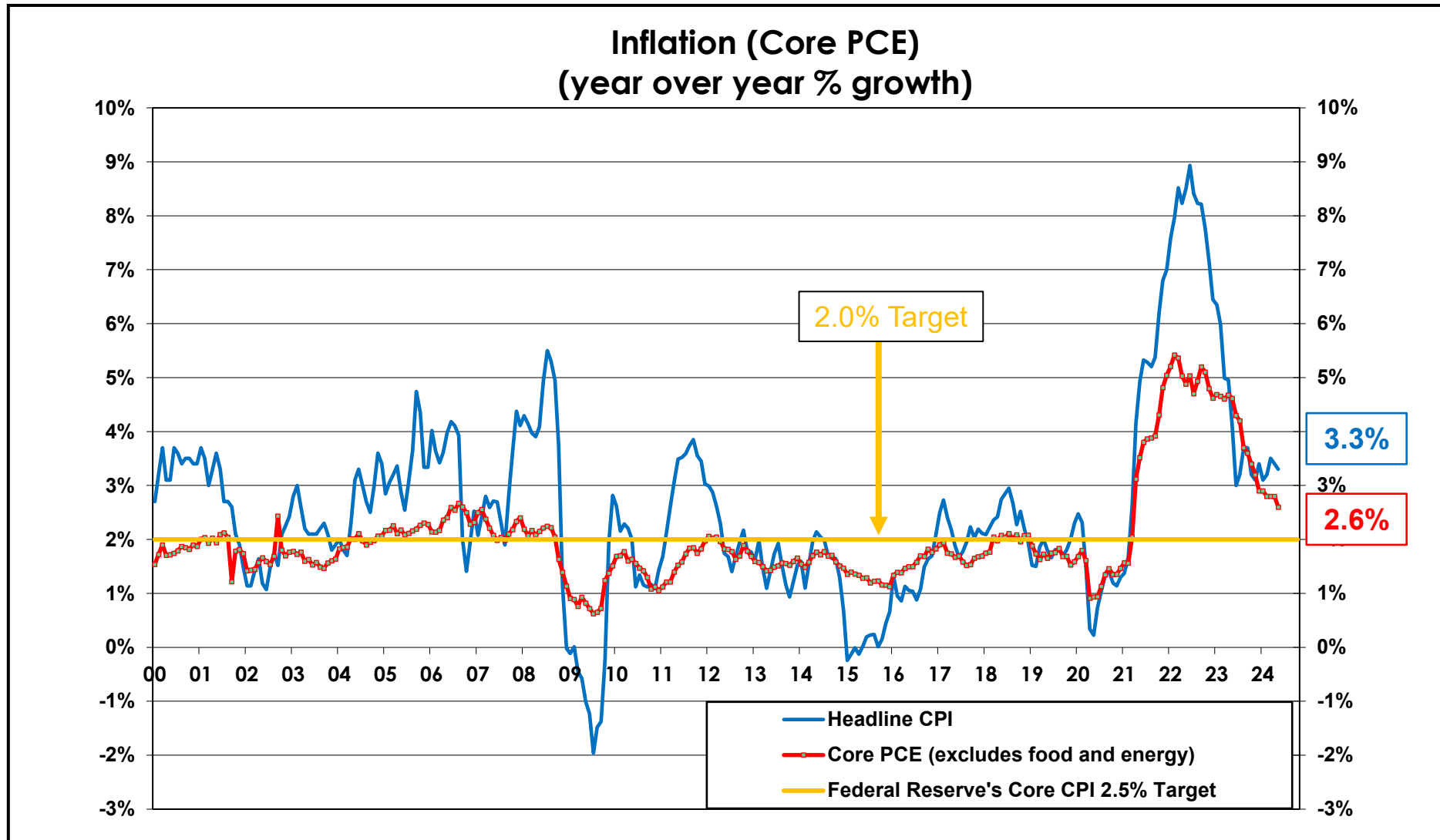
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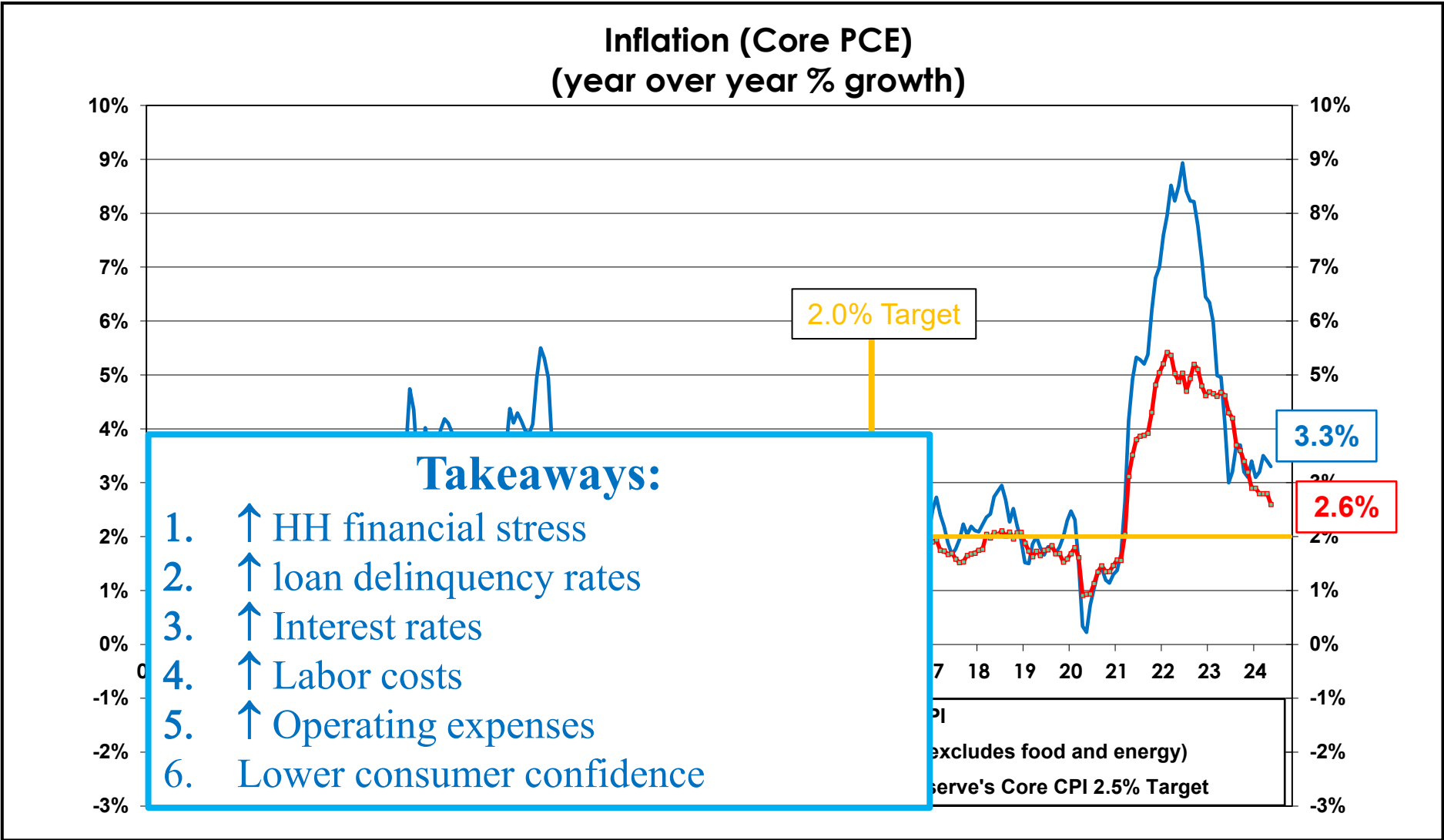
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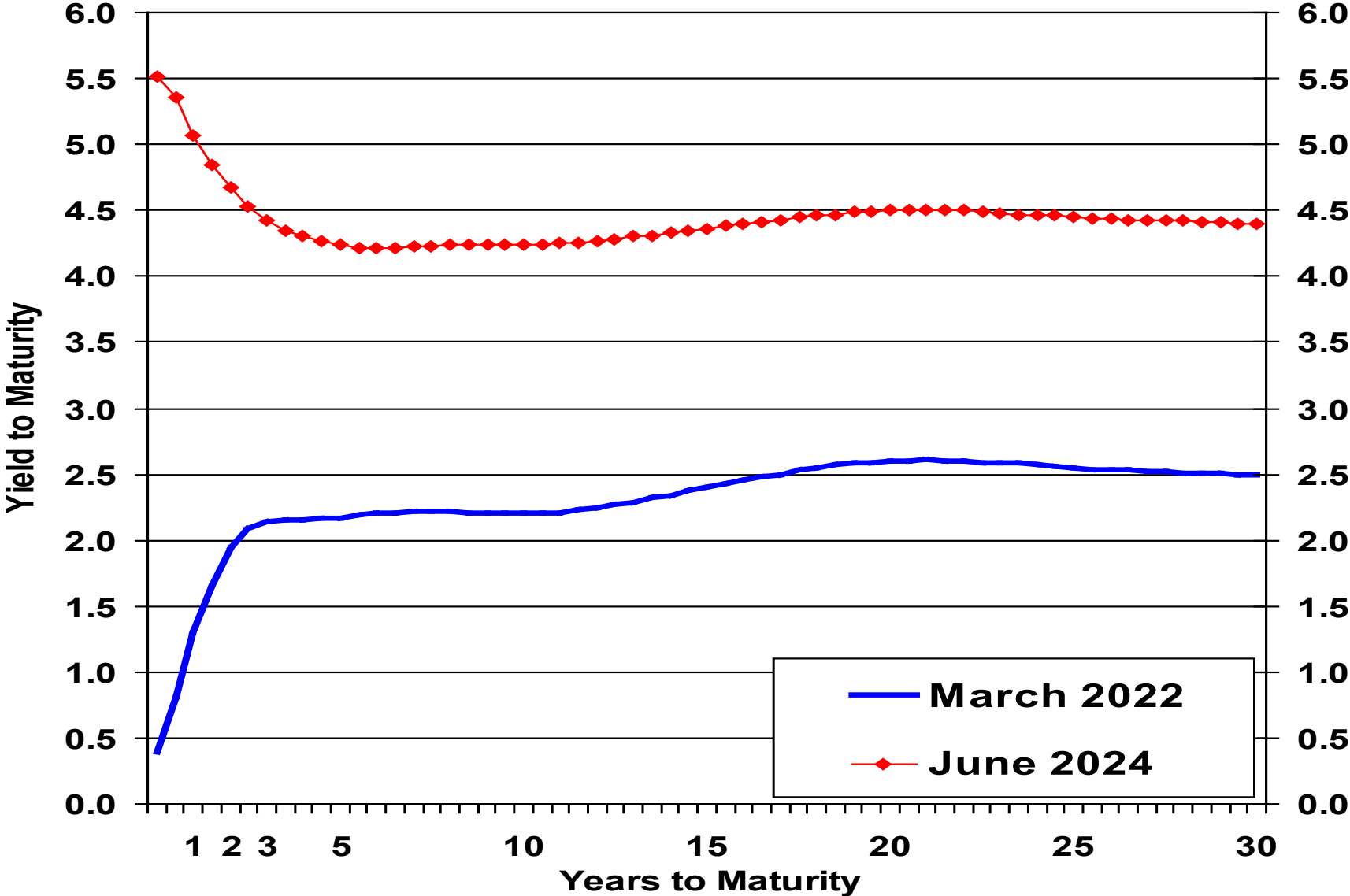
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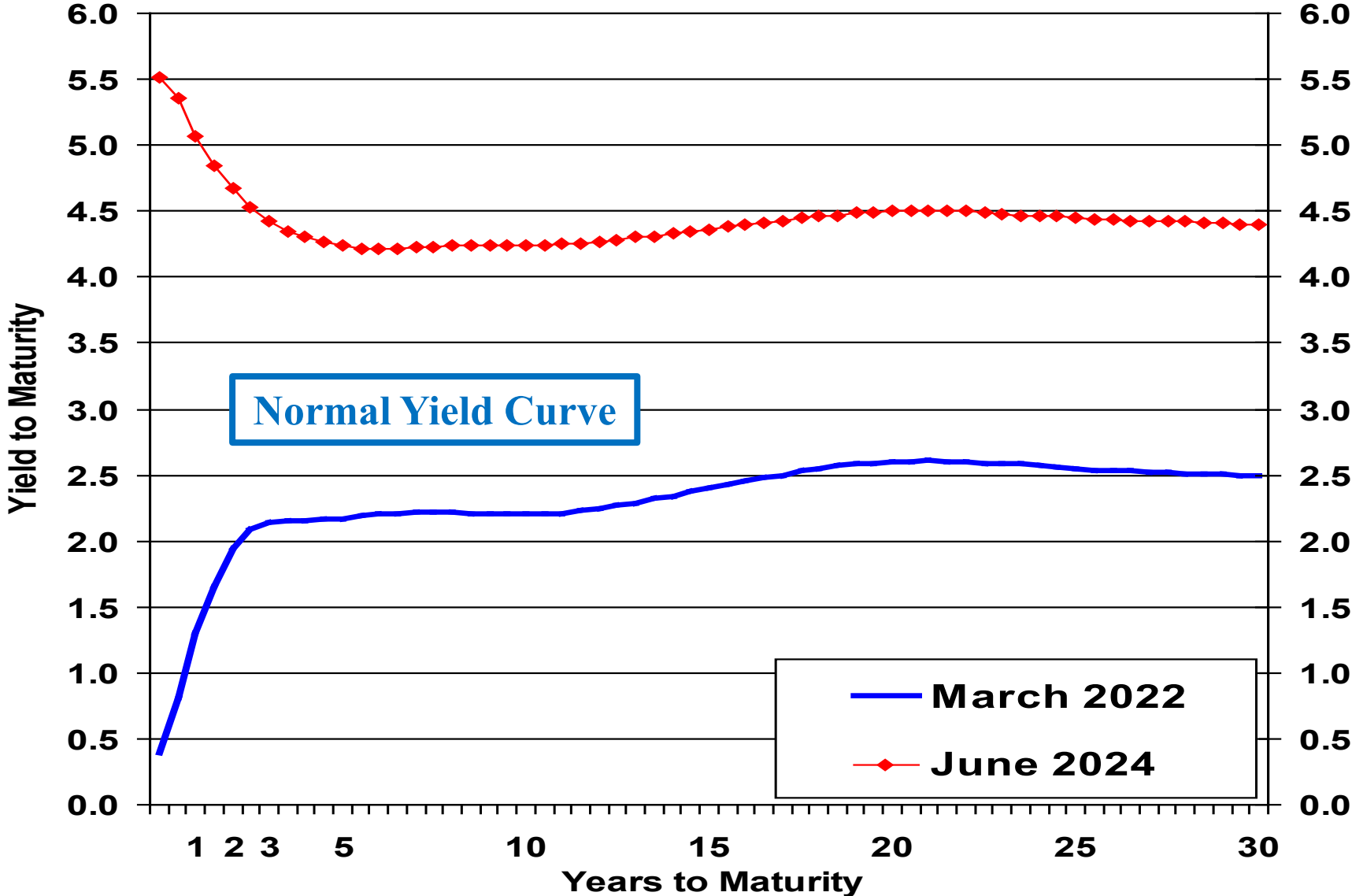
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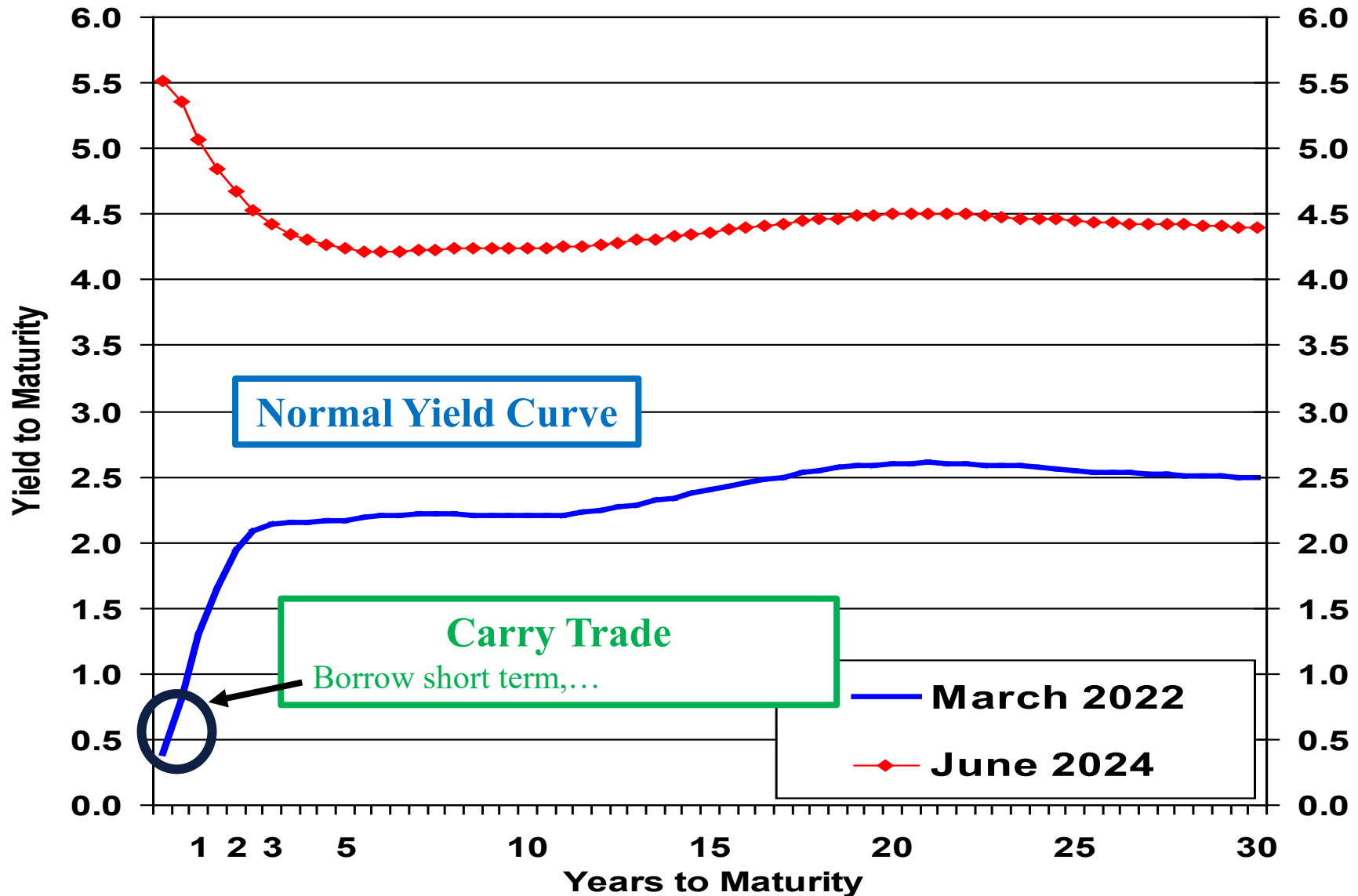
Treasury Yield Curves



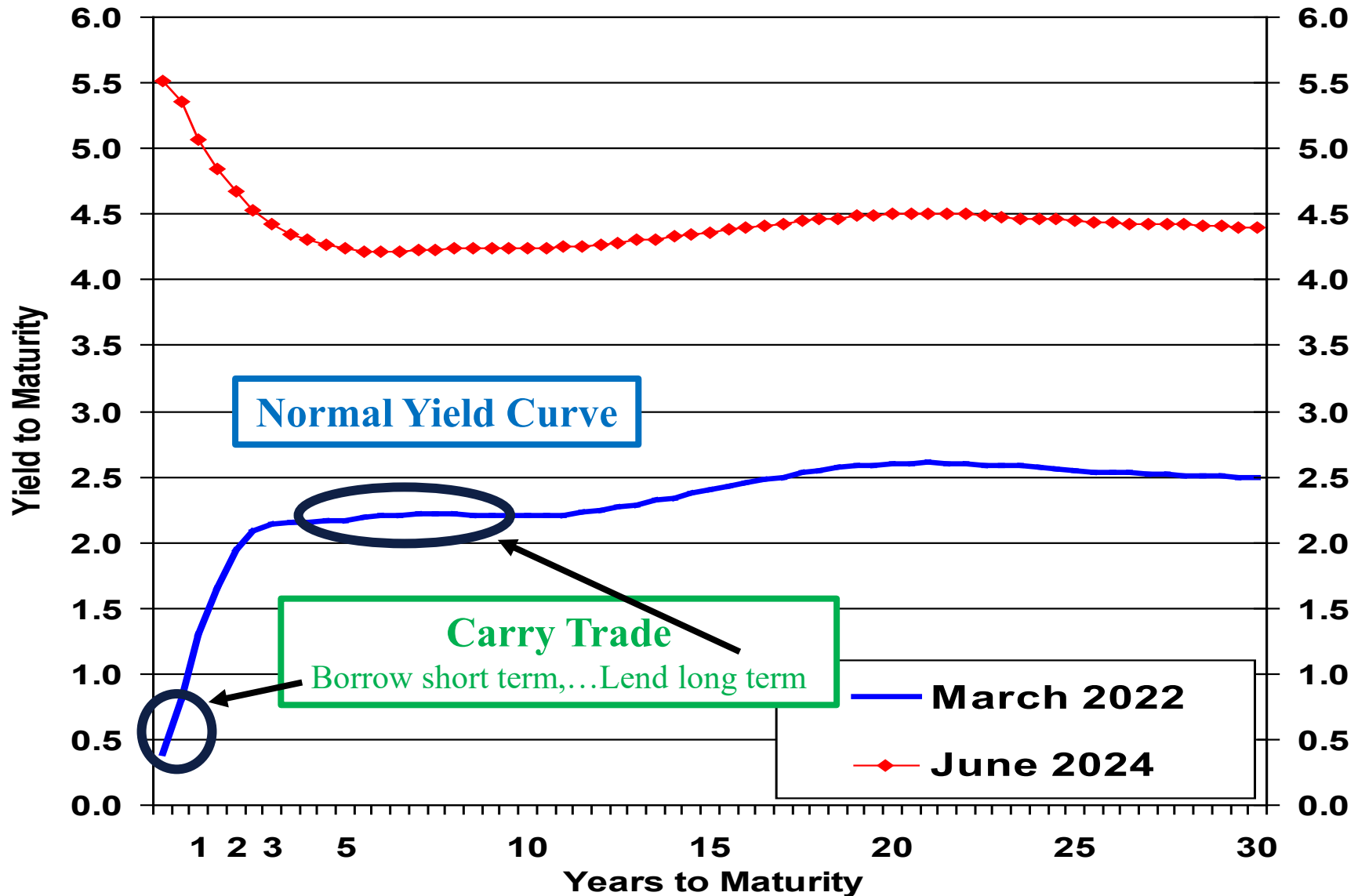
Treasury Yield Curves



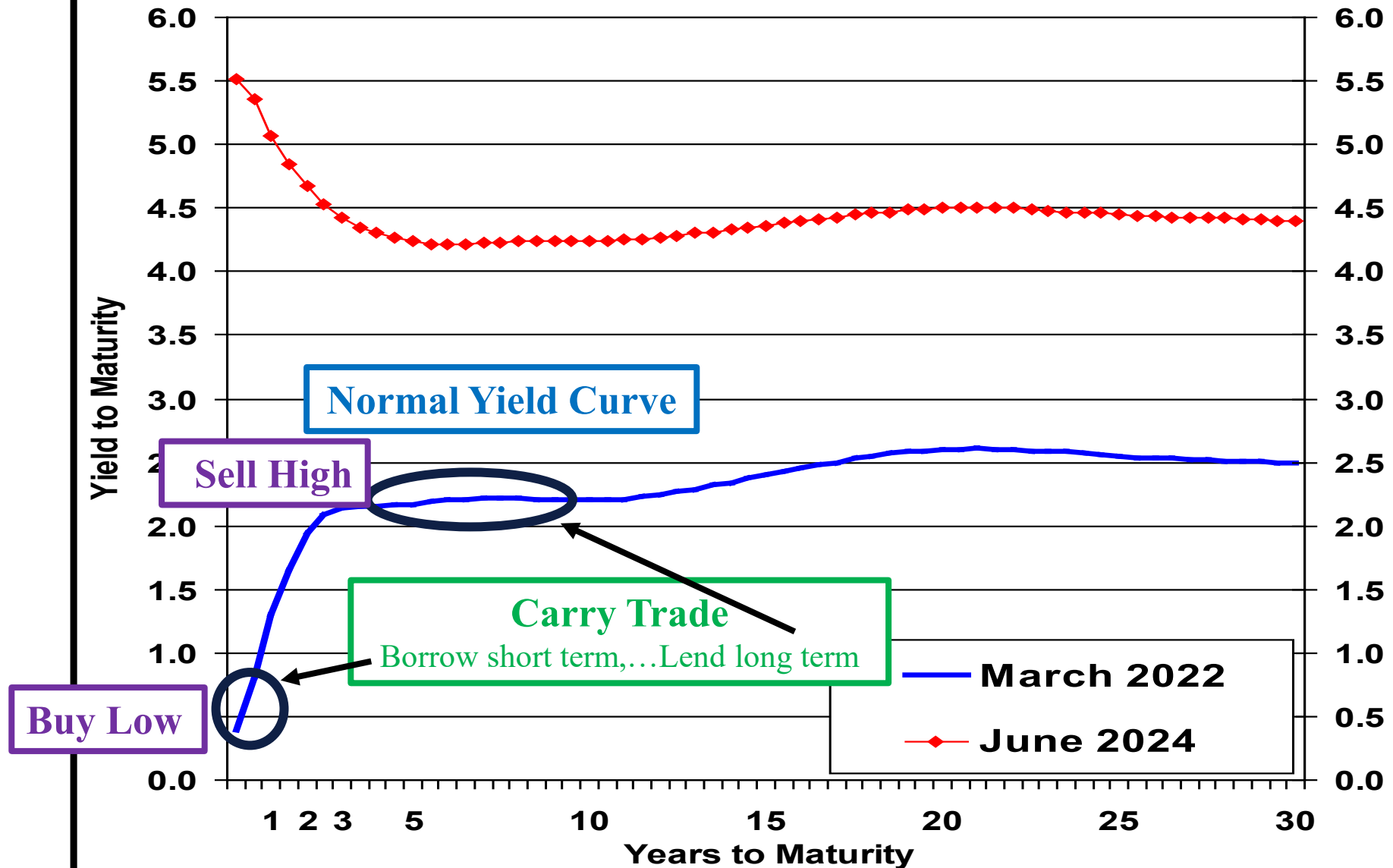
Treasury Yield Curves



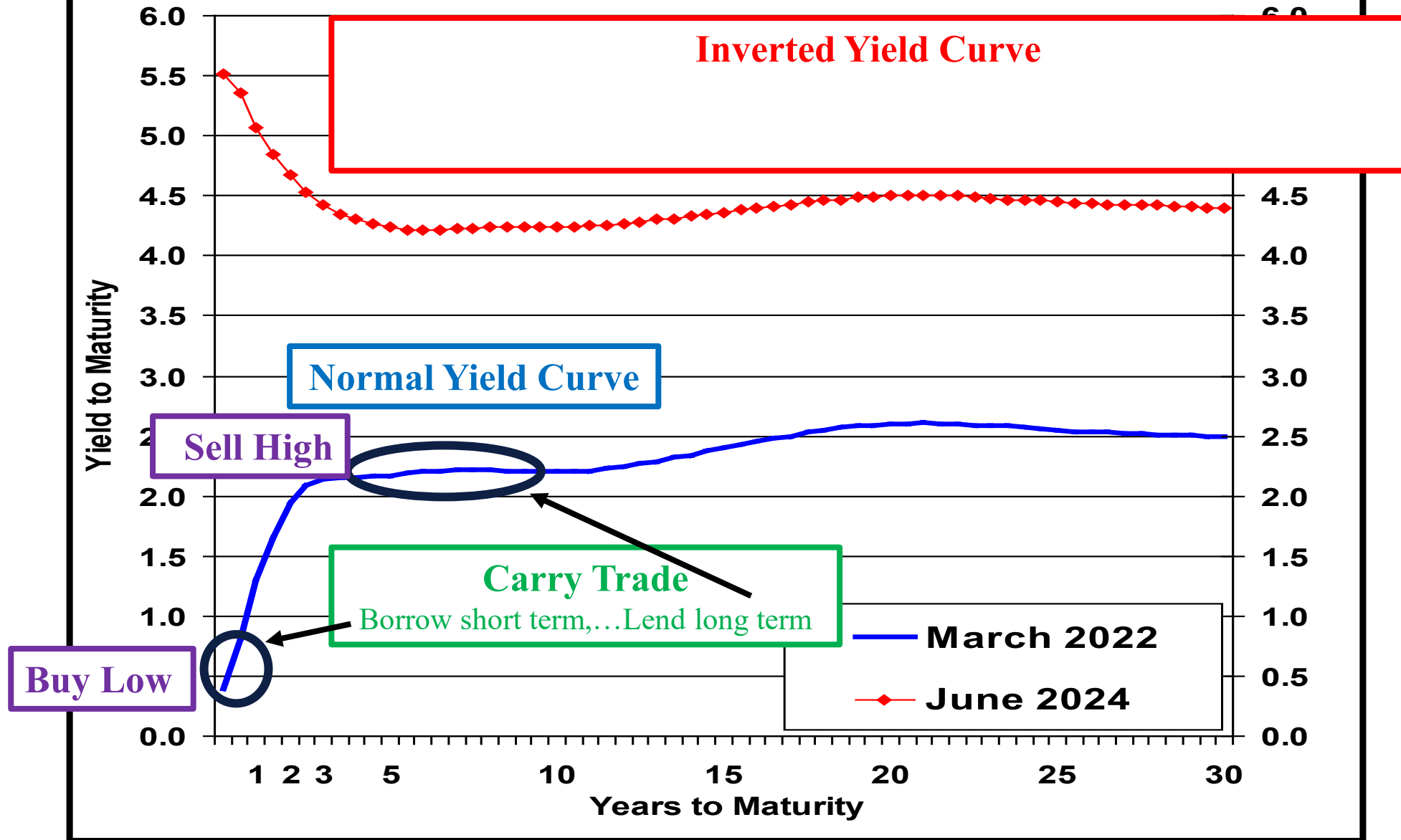
Treasury Yield Curves



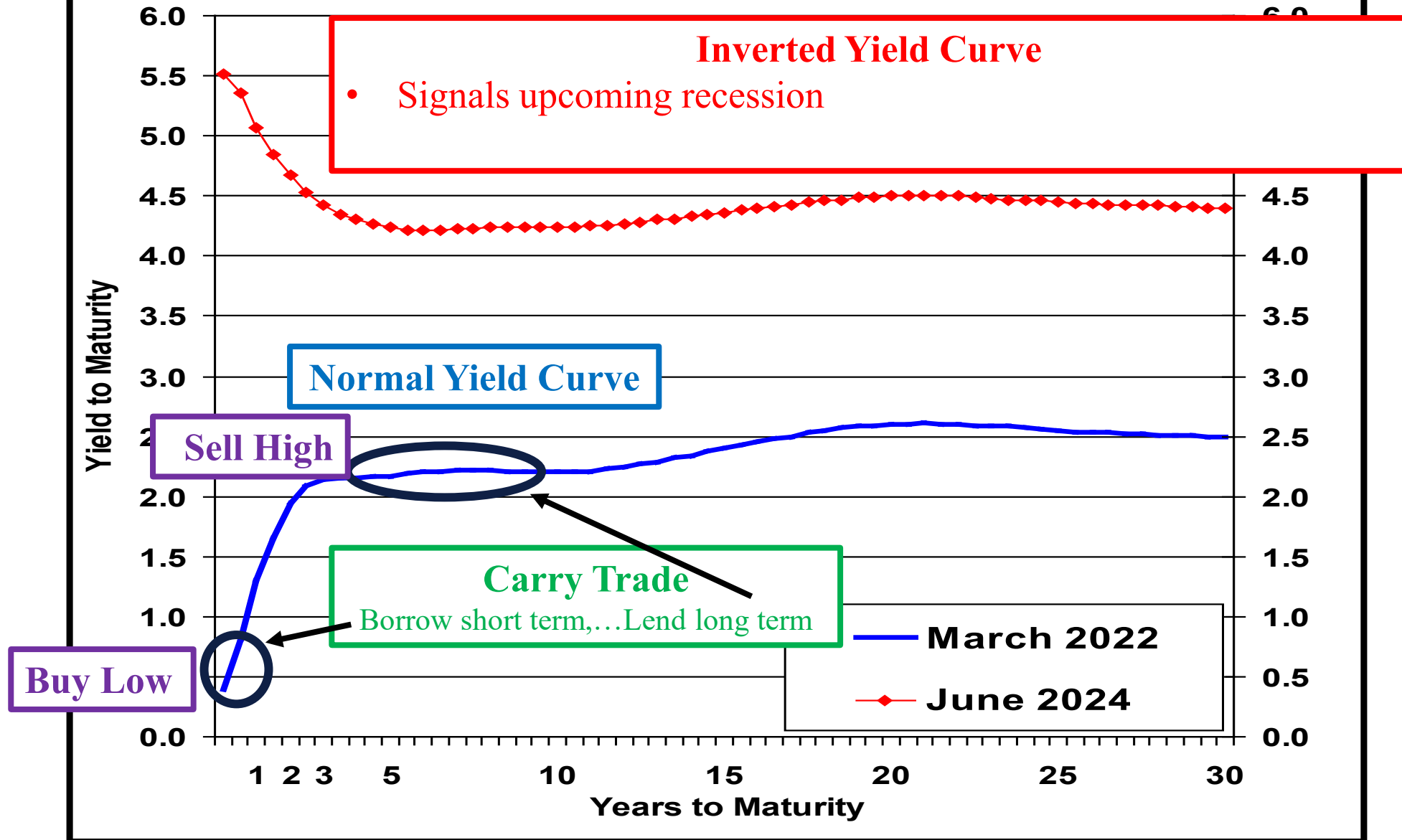
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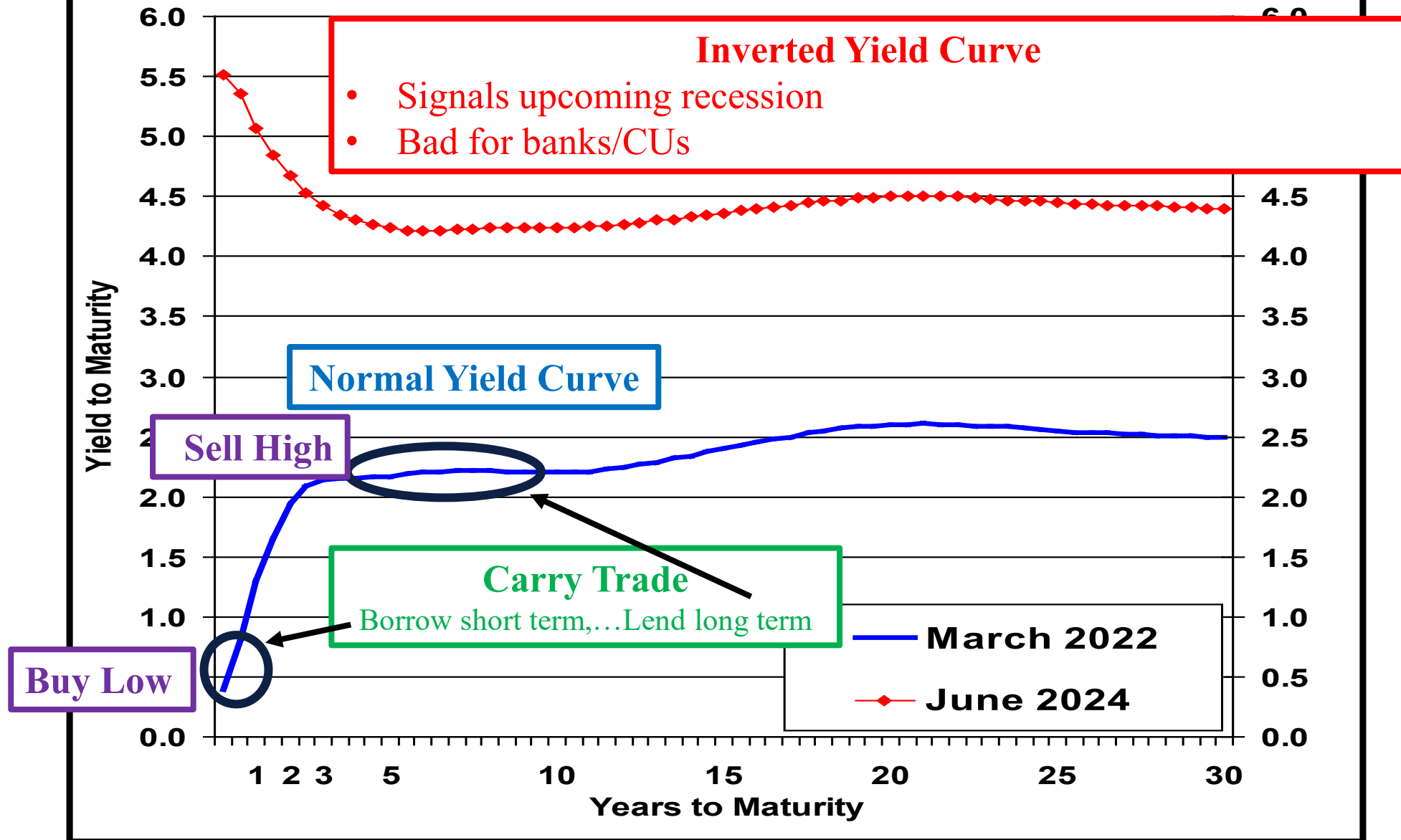
Treasury Yield Curves



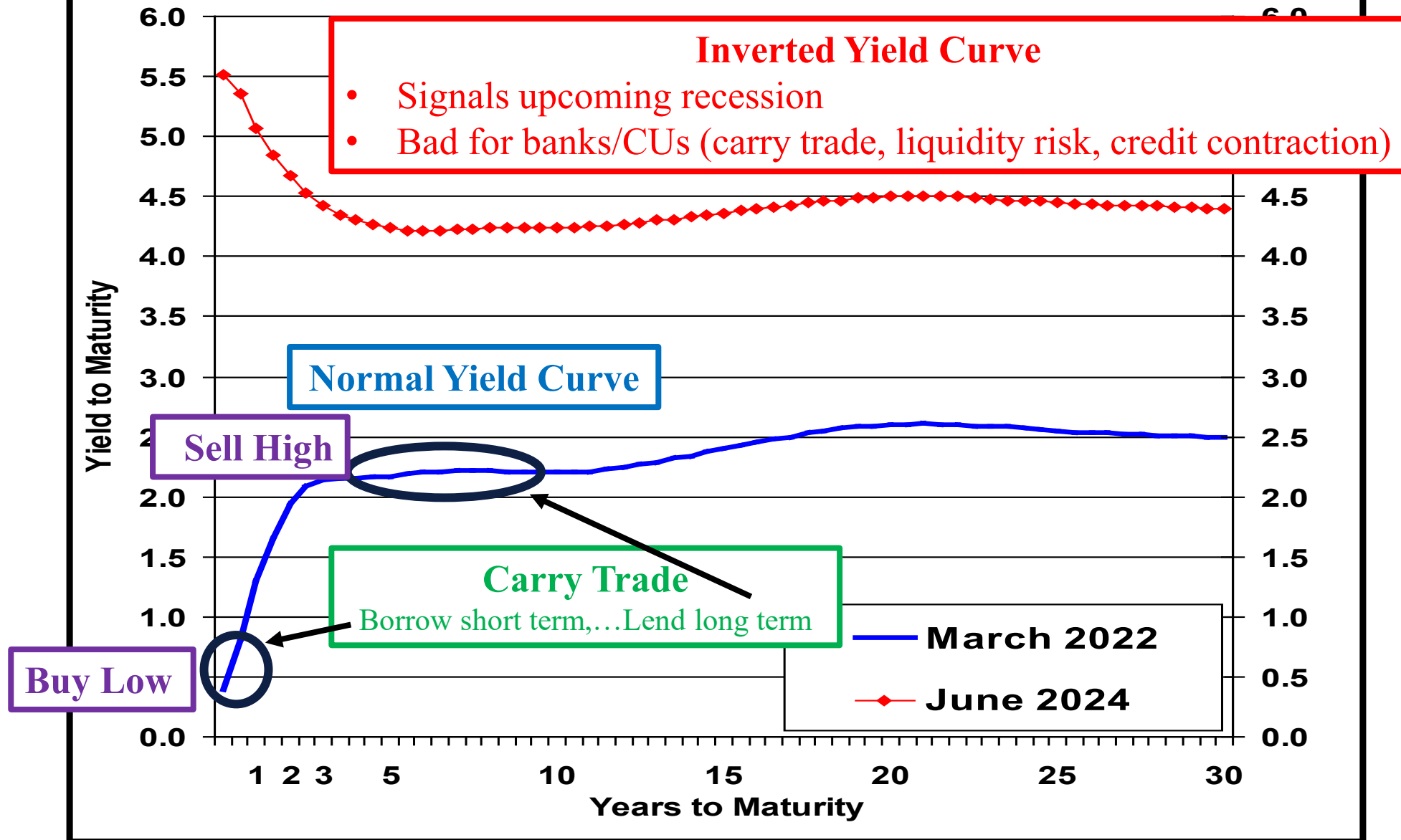
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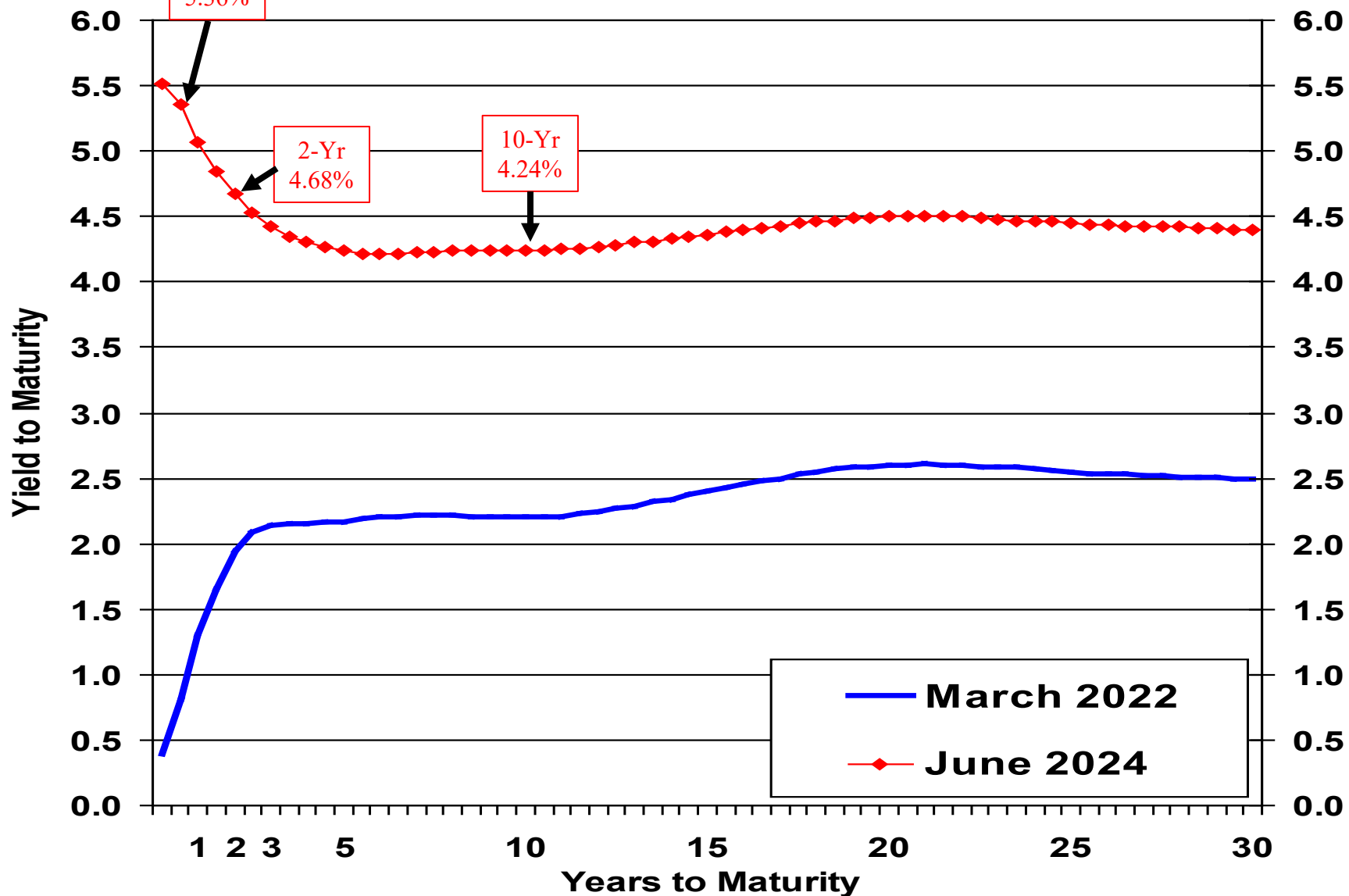
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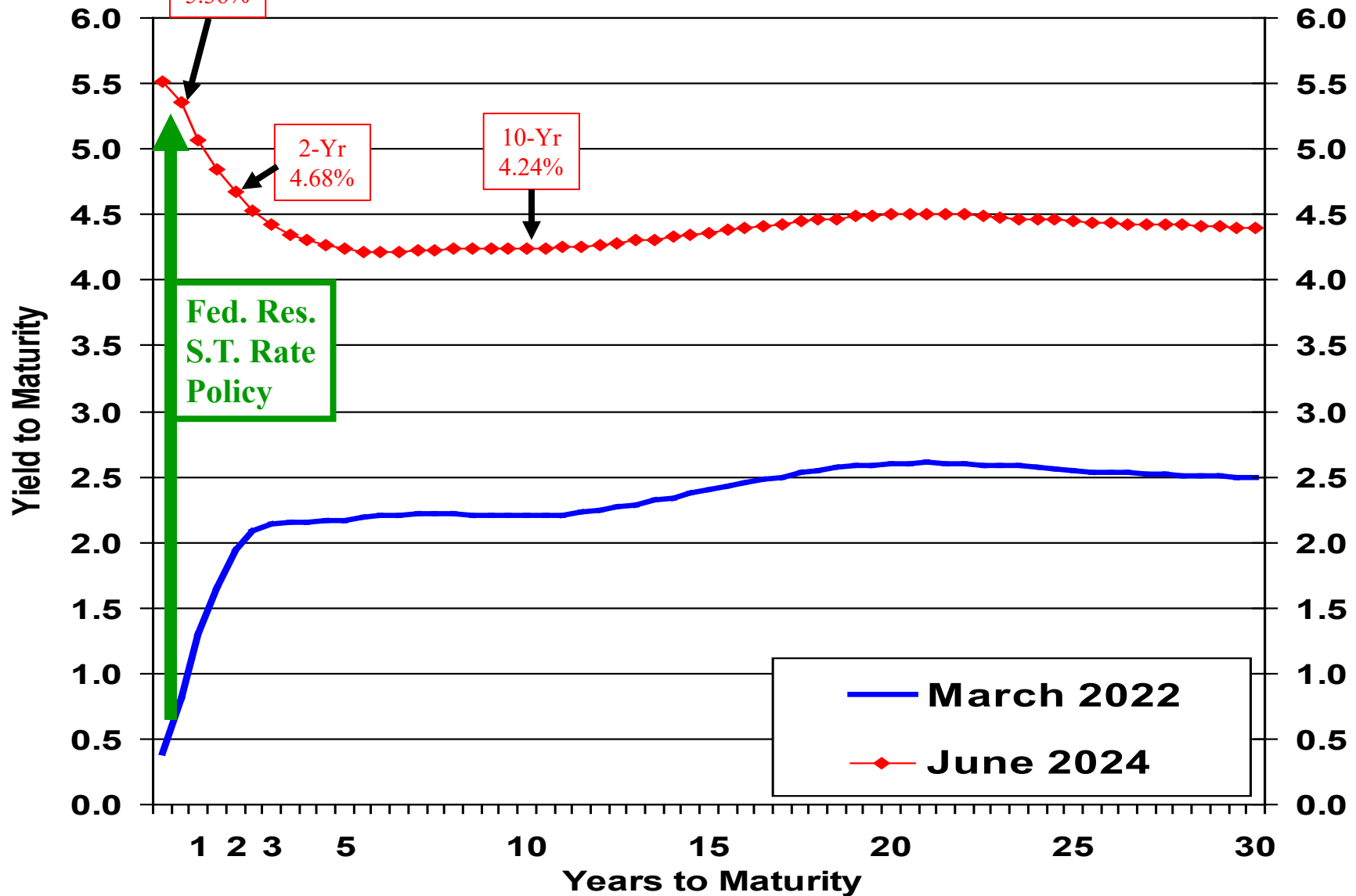
Treasury Yield Curves



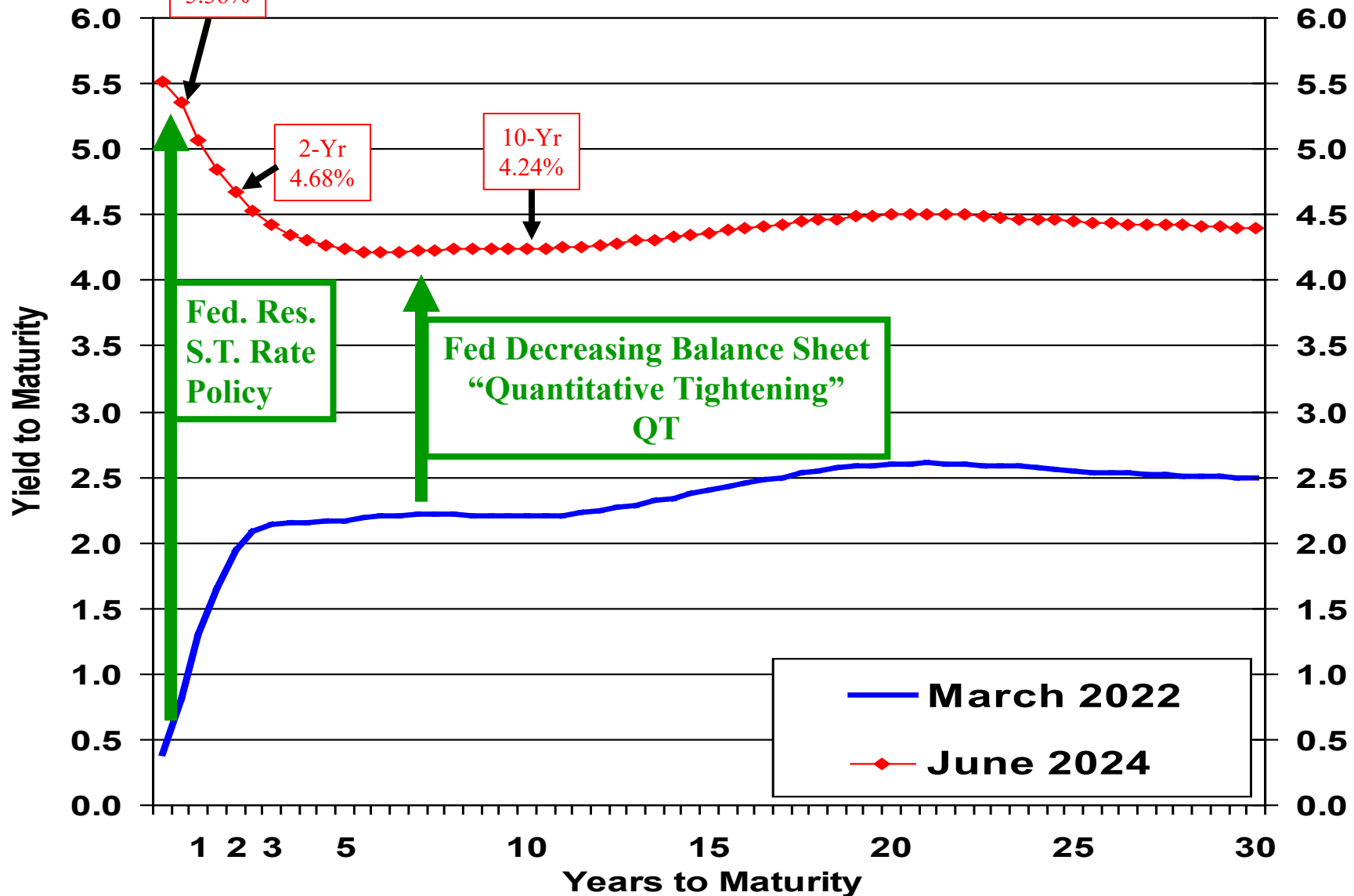
Treasury Yield Curves



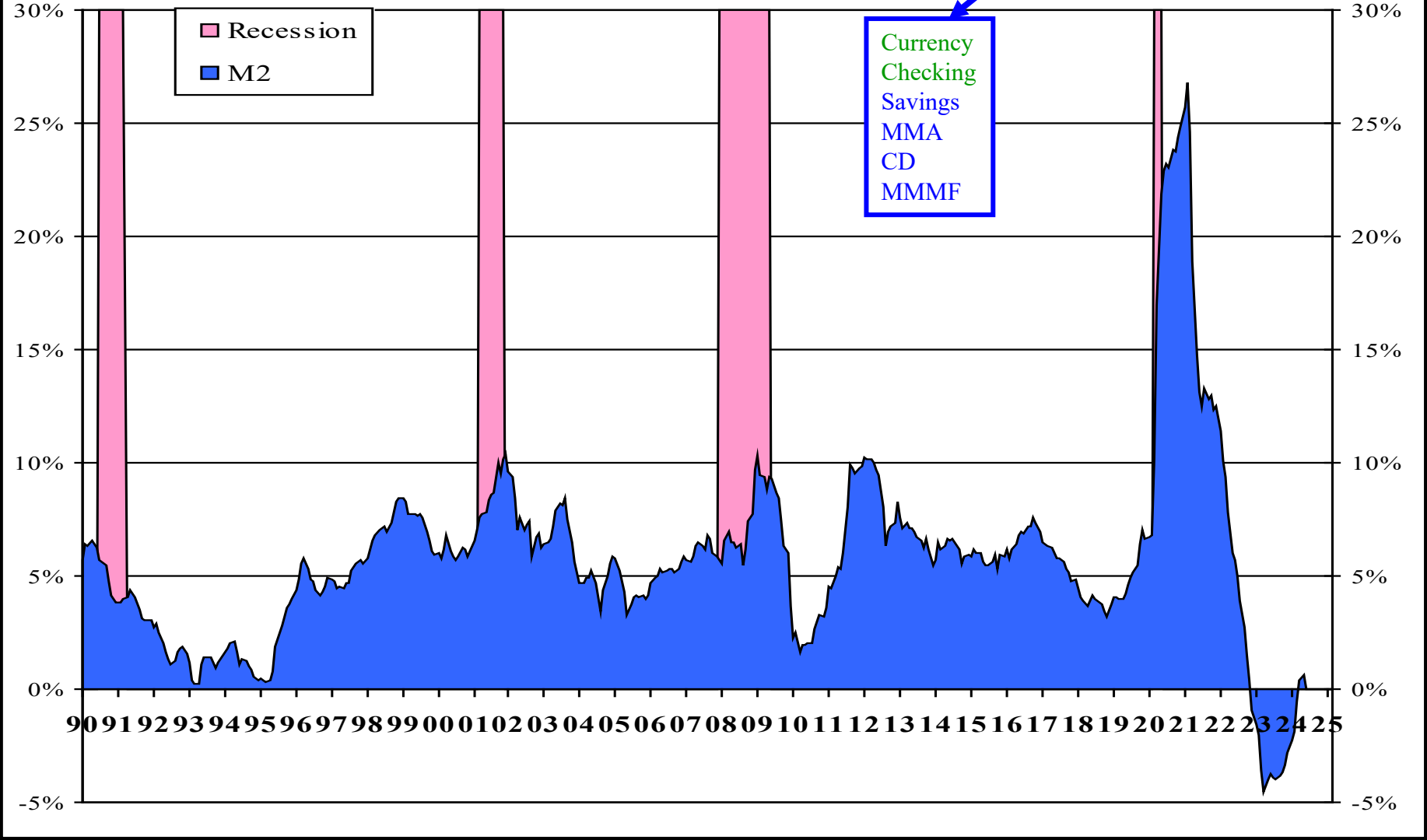
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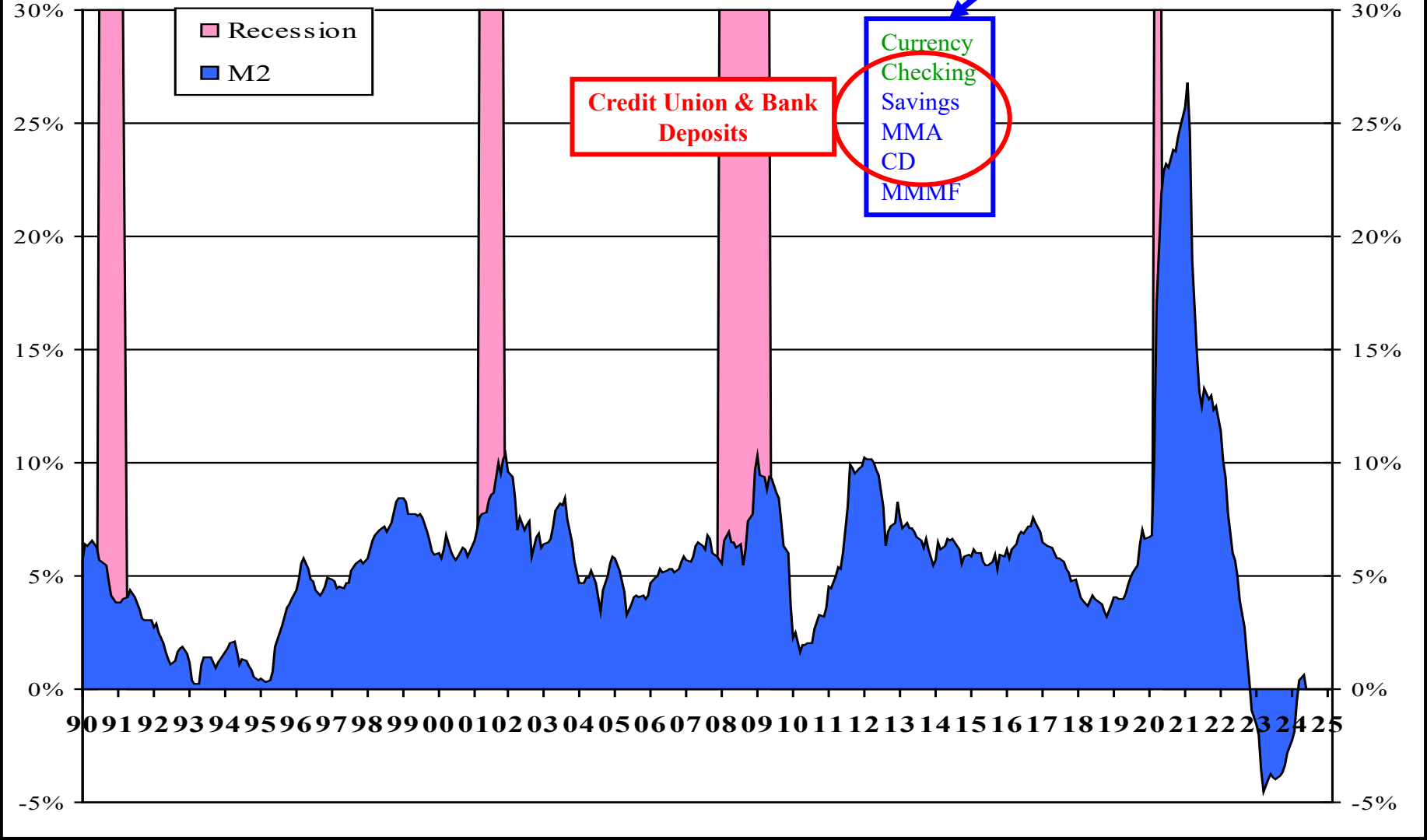
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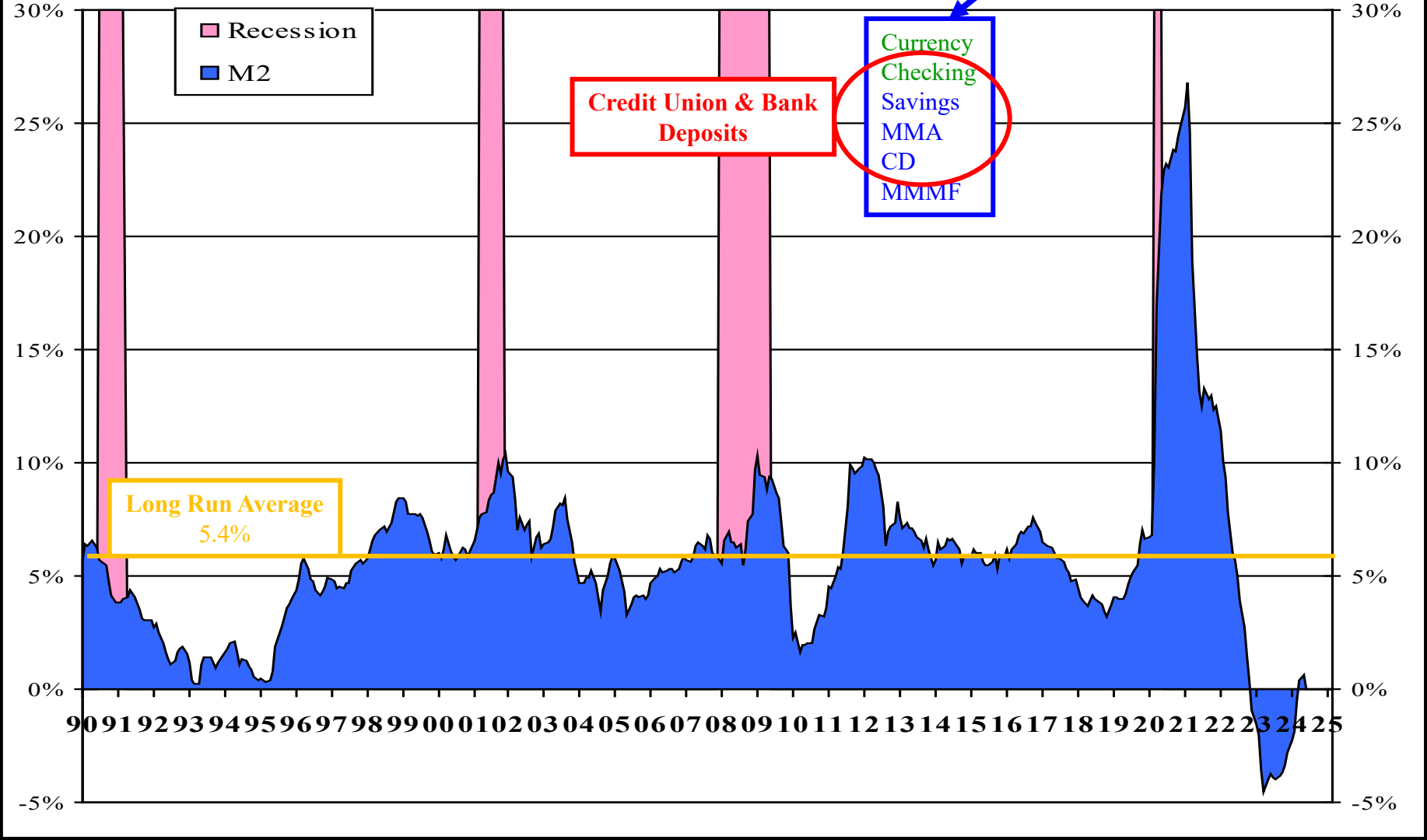
Money Supply Growth, M2



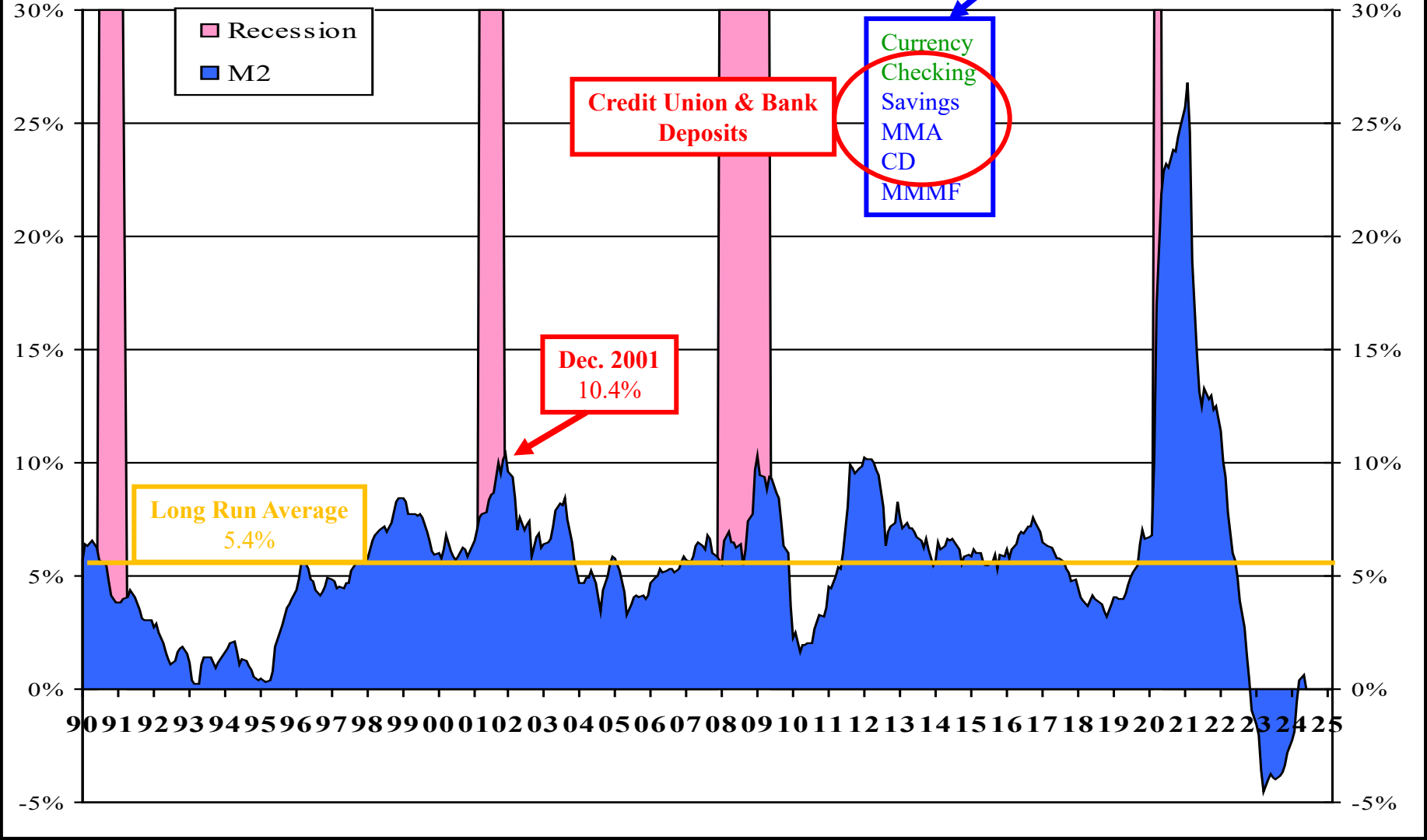
Money Supply Growth, M2



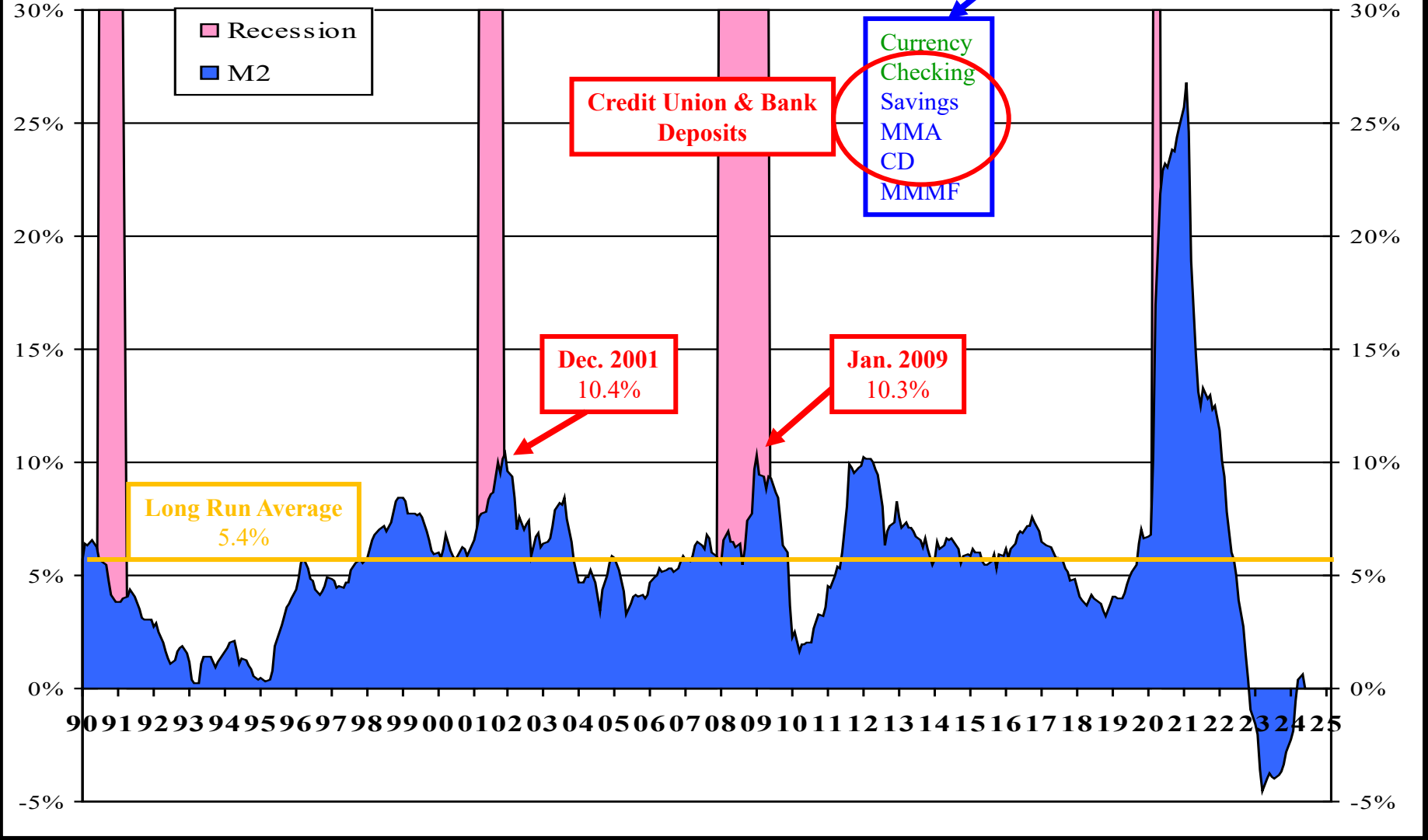
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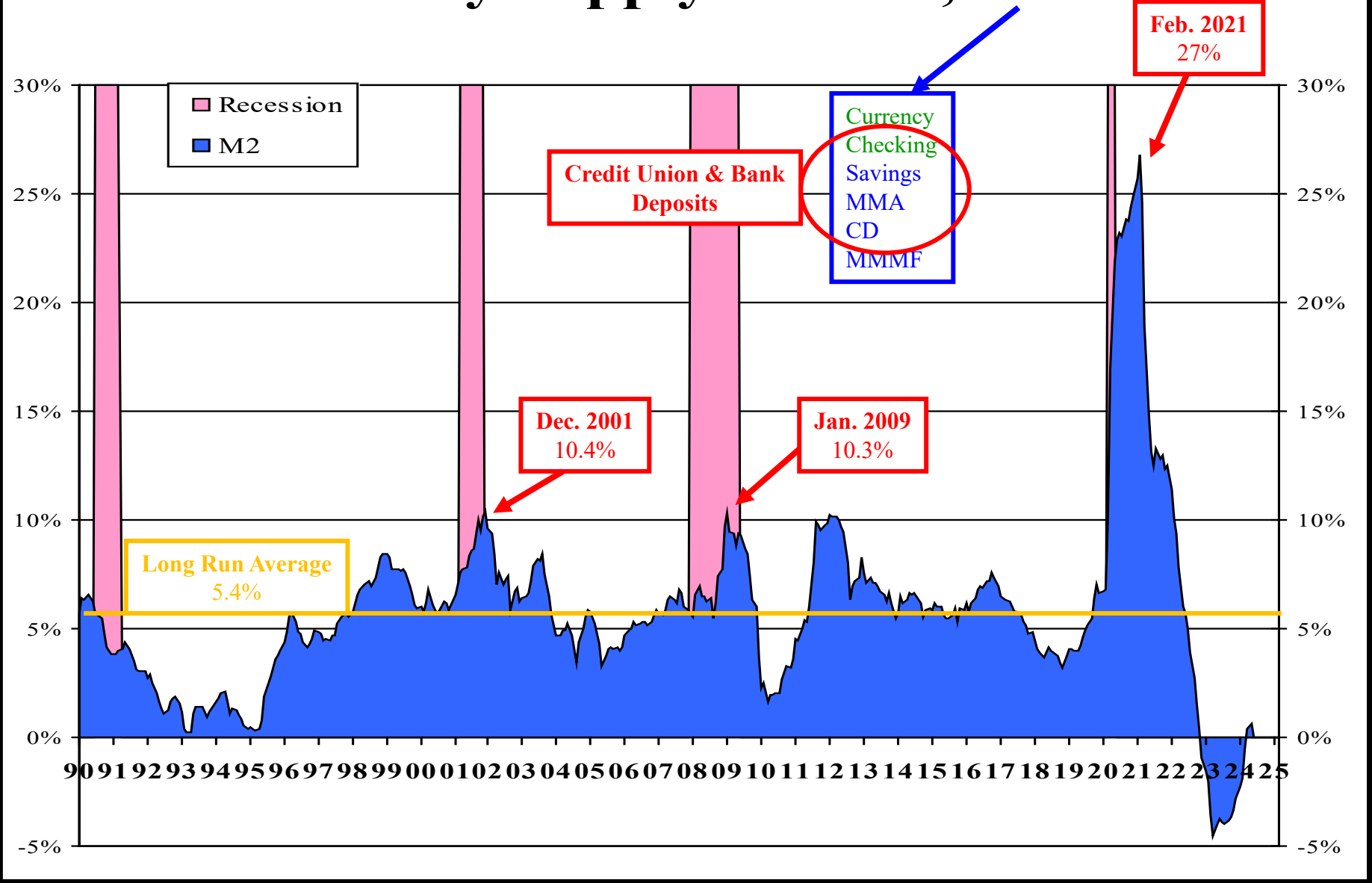
Money Supply Growth, M2



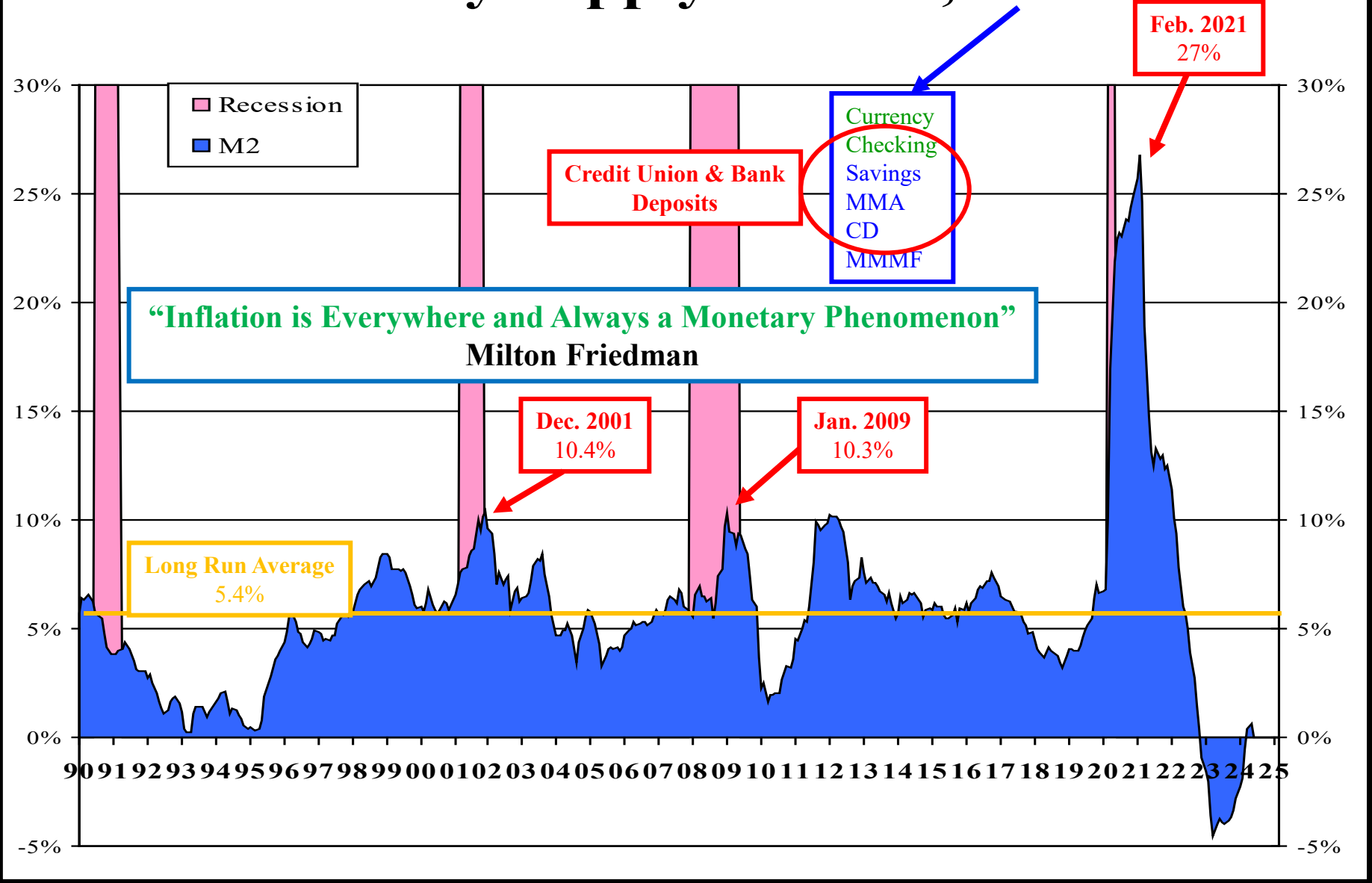
Money Supply Growth, M2



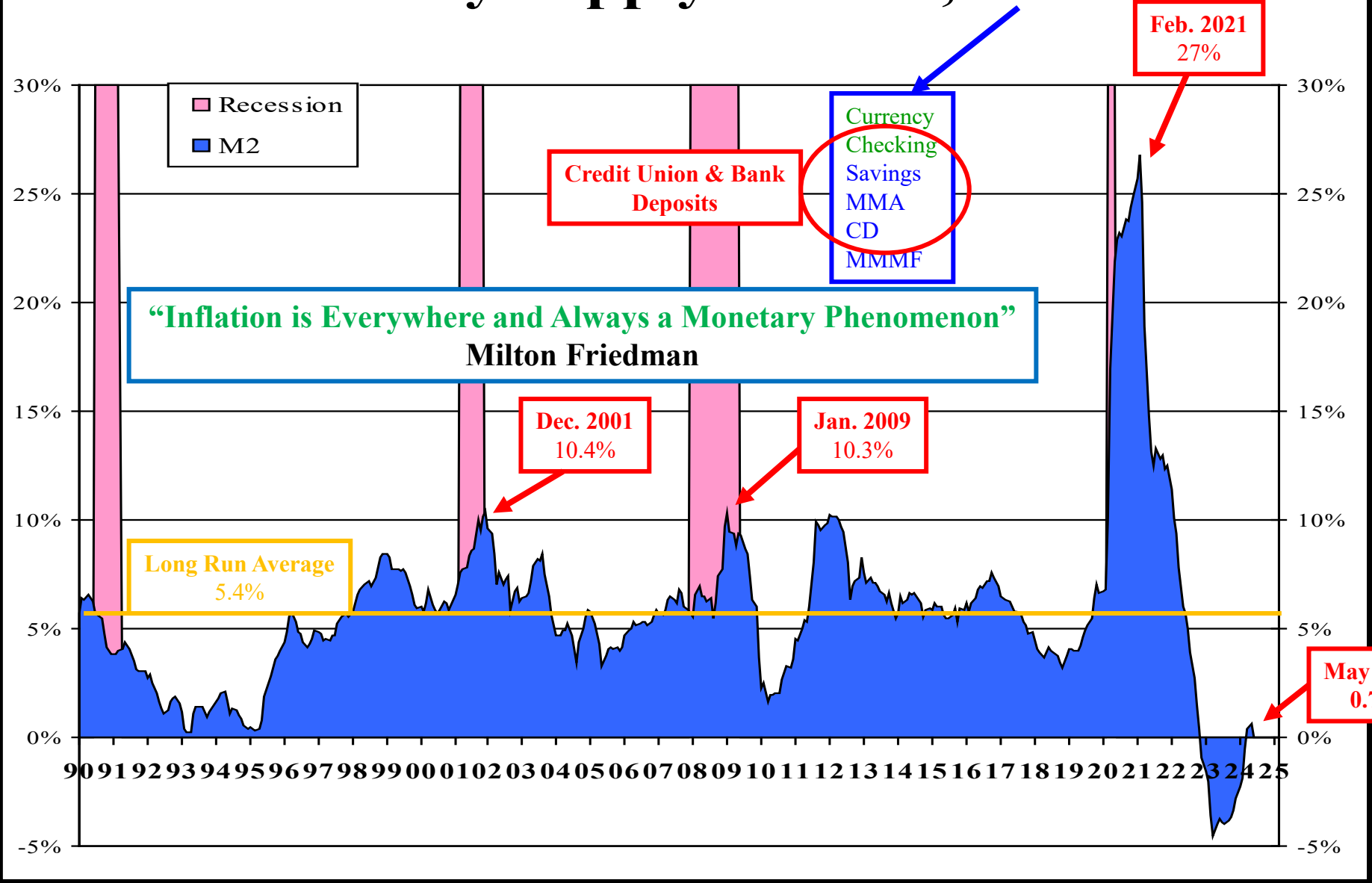
Money Supply Growth, M2



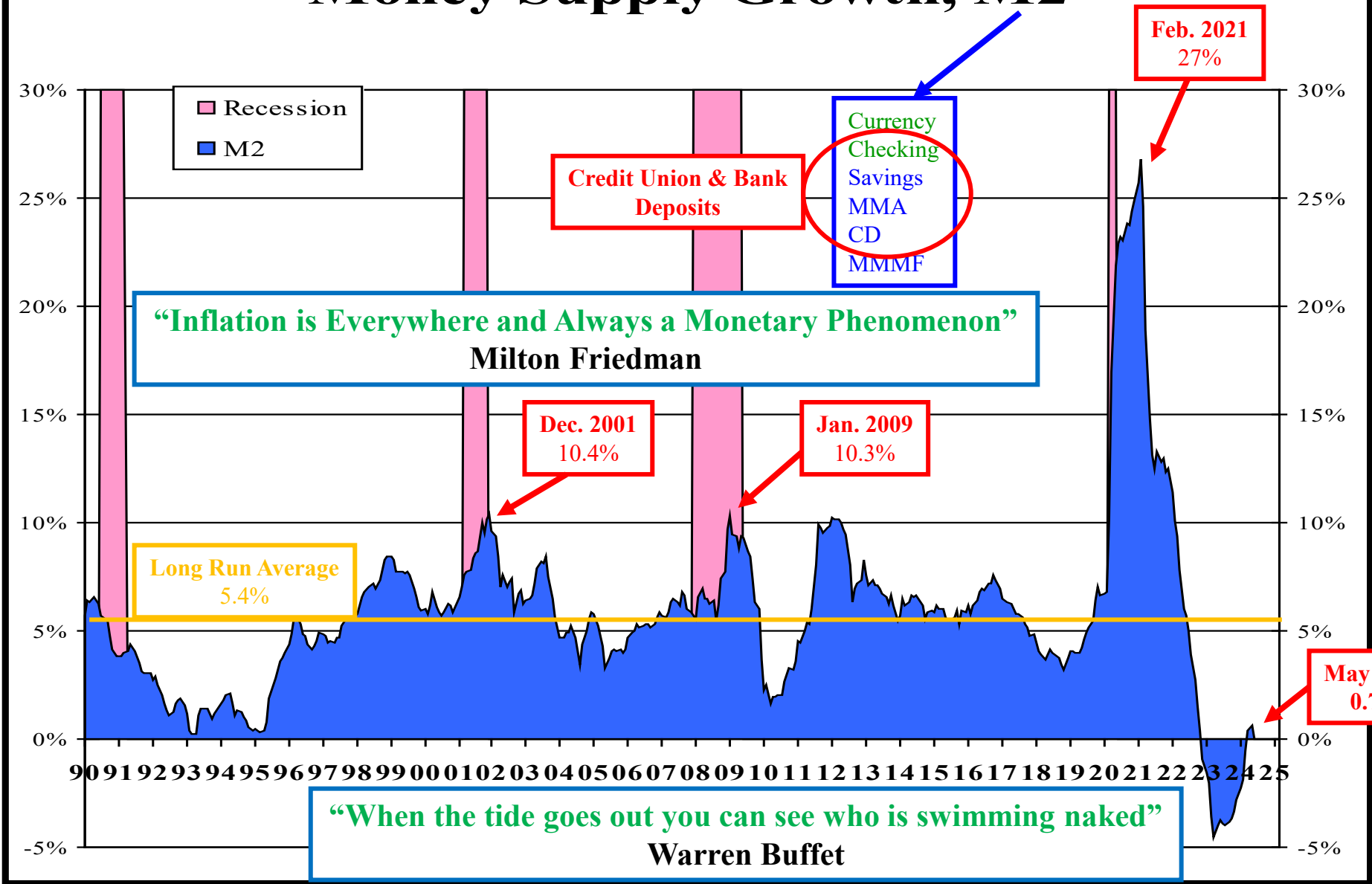
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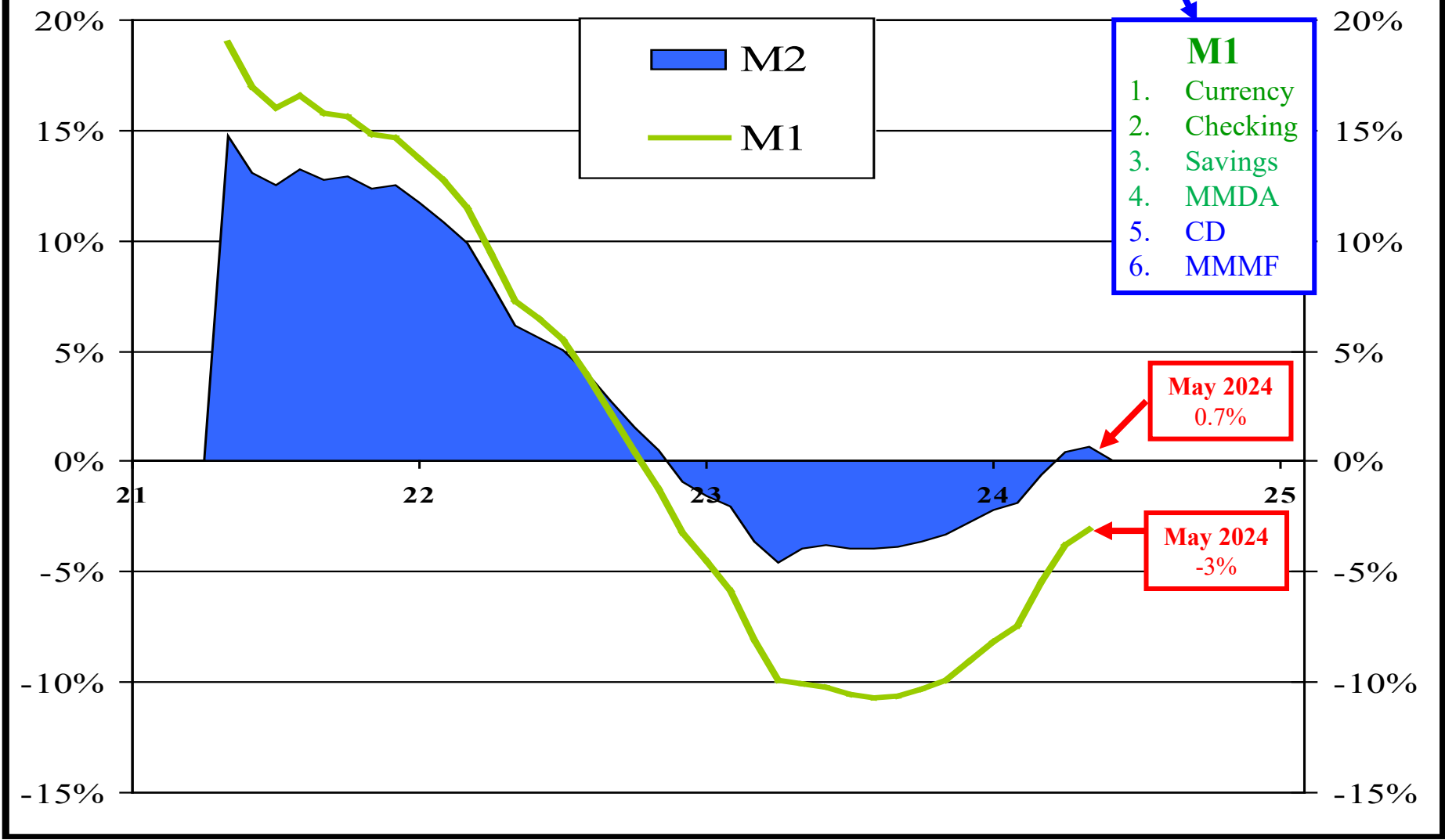
Money Supply Growth, M2



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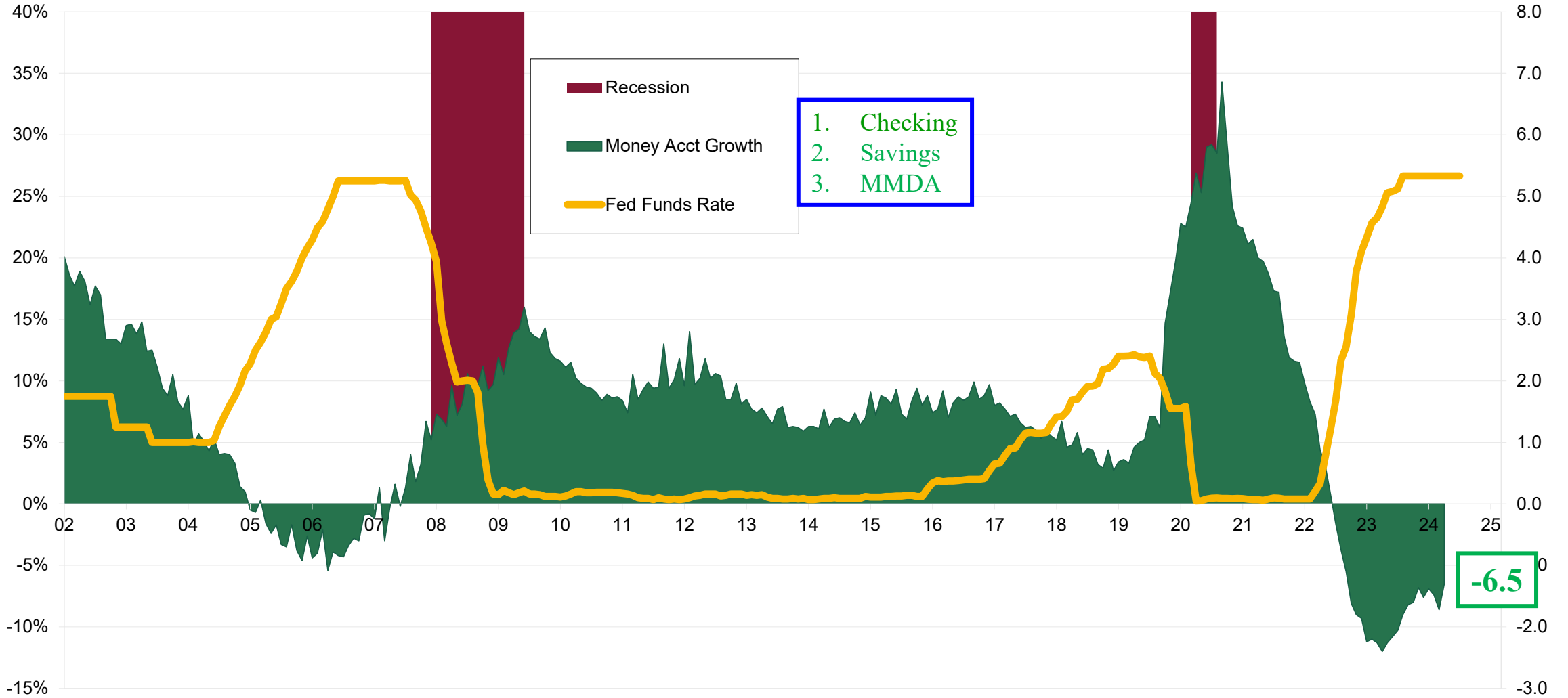
Money Supply Growth, M1&M2 (% change year ago)



Money Accounts Growth Rate

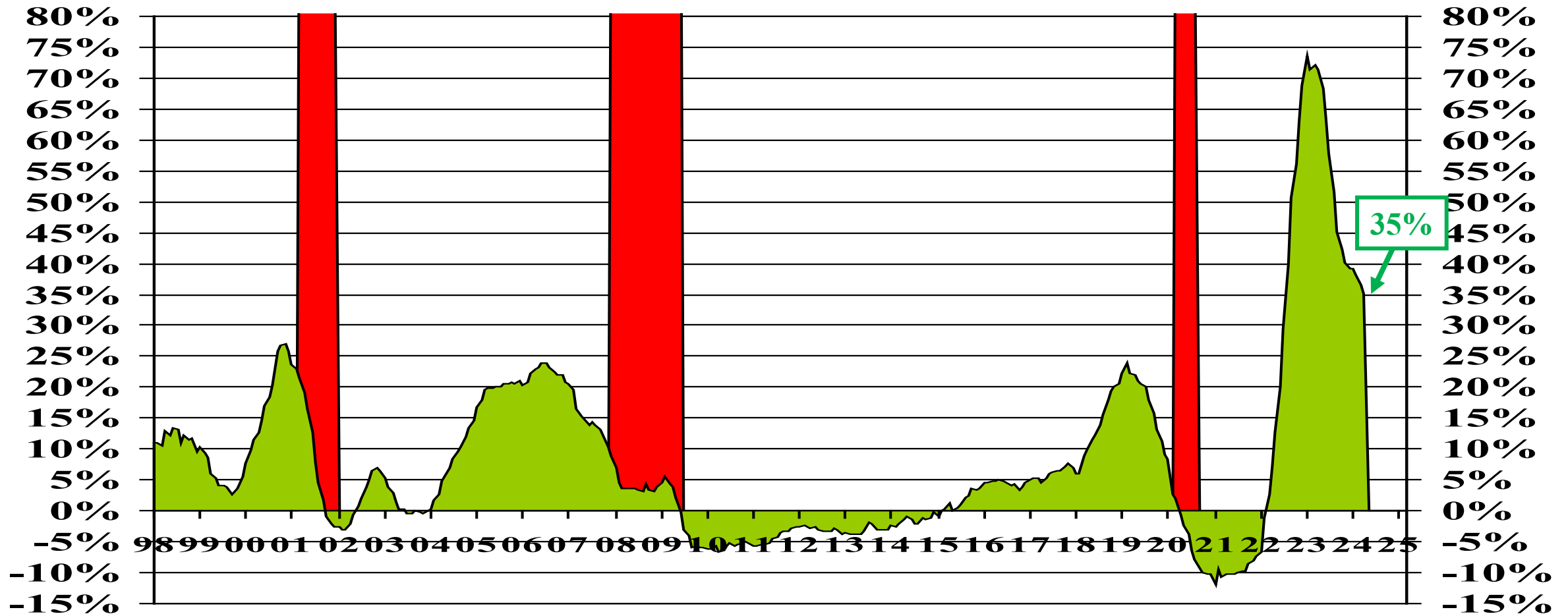
Annual Growth

Interest Rate

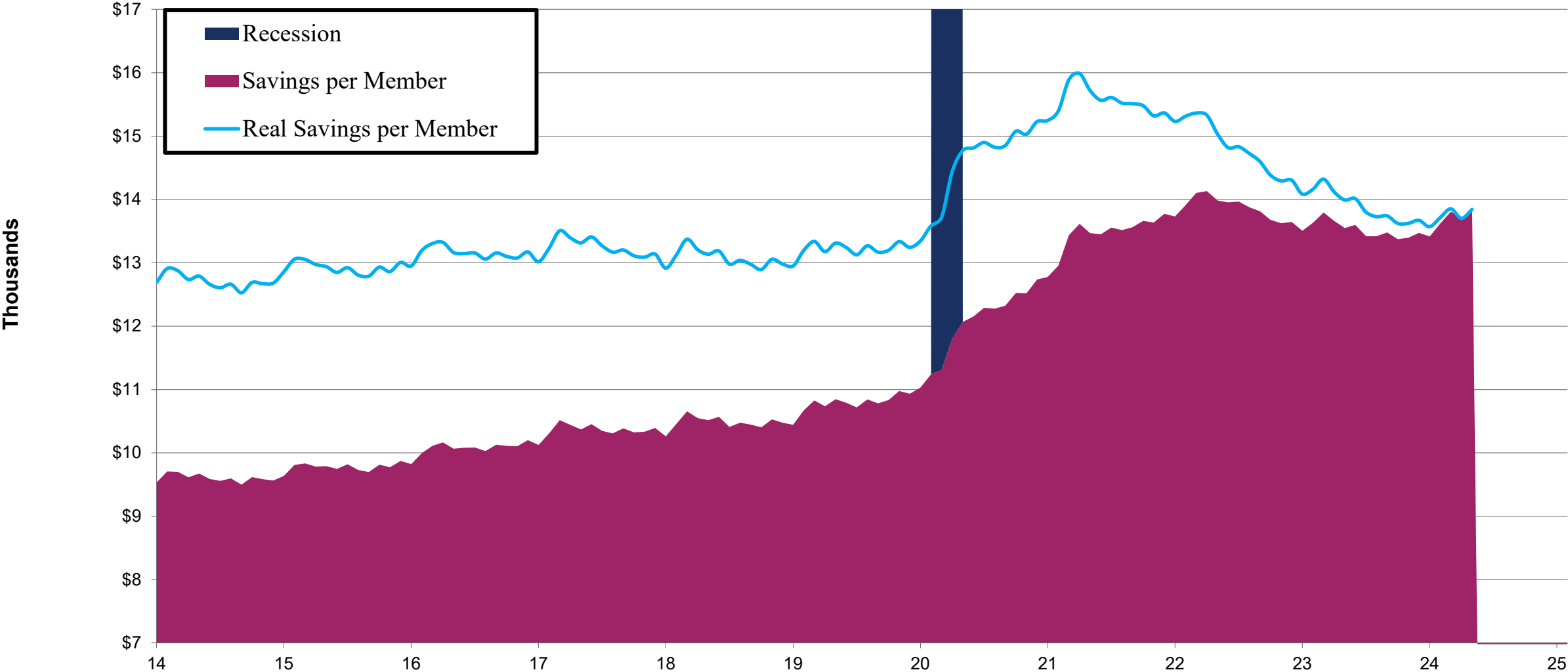


CU Share Certificate Growth

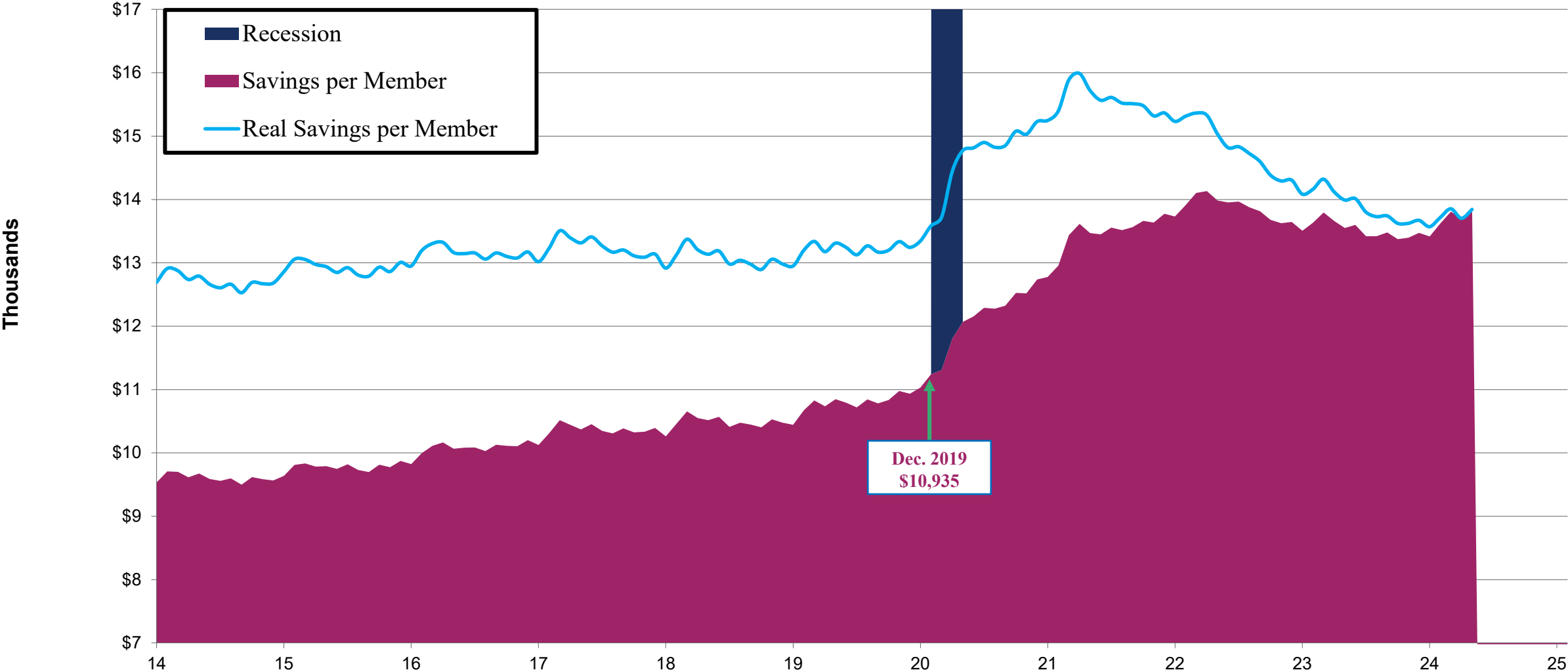
Seasonally Adjusted Annualized Growth Rate



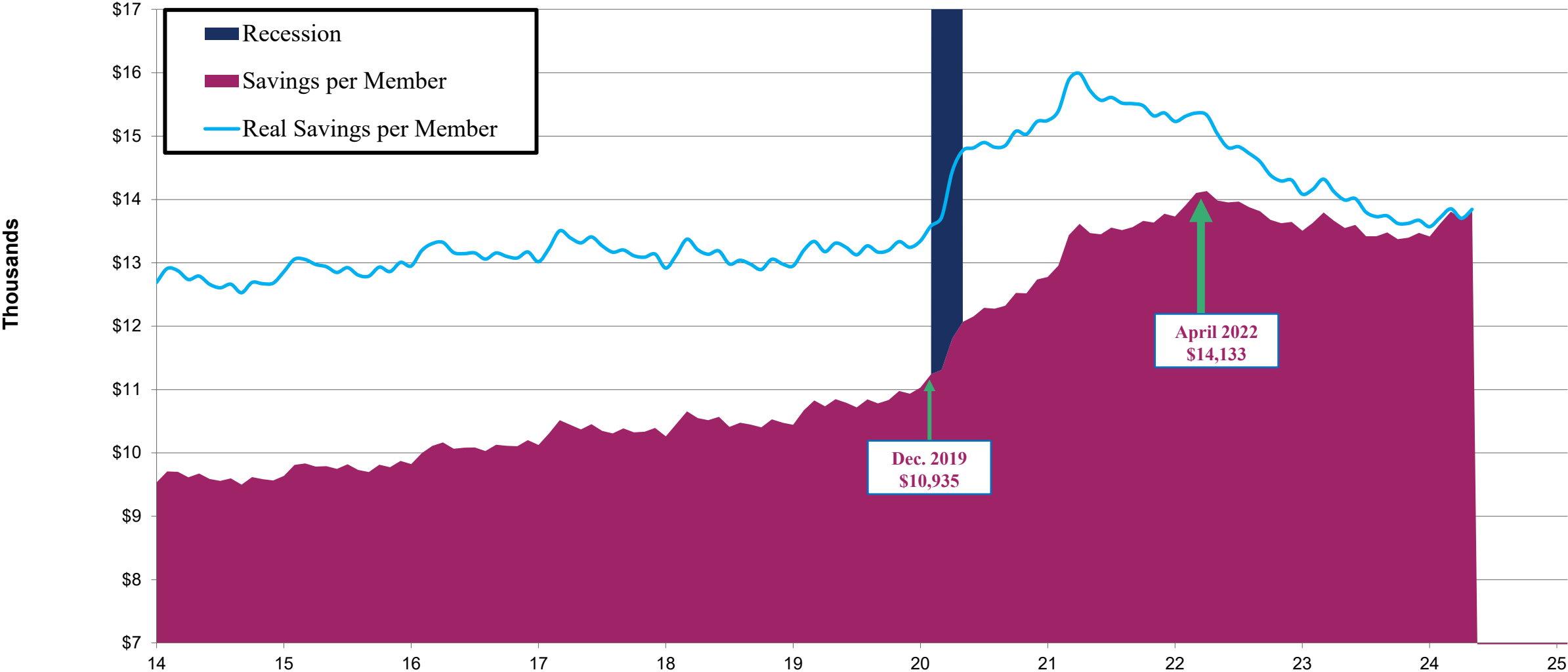
Credit Union Savings per Member



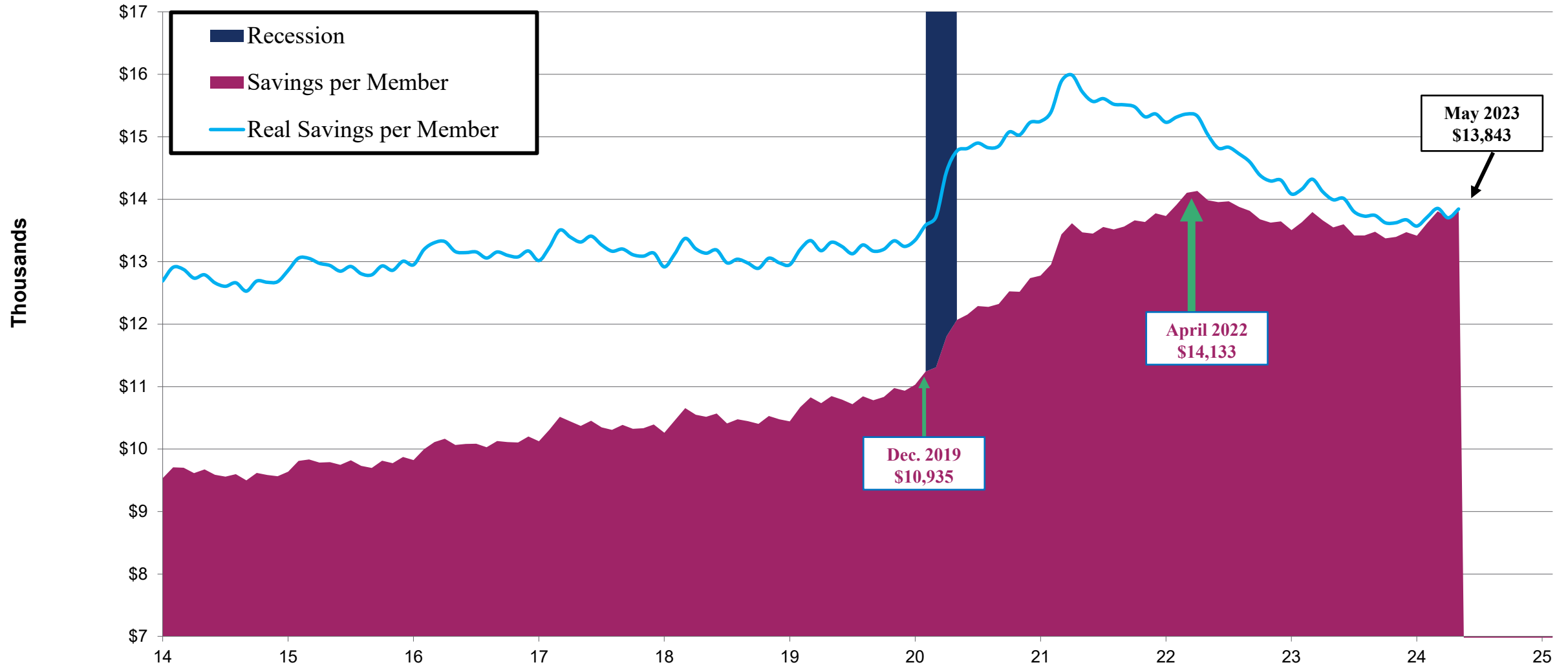
Credit Union Savings per Member



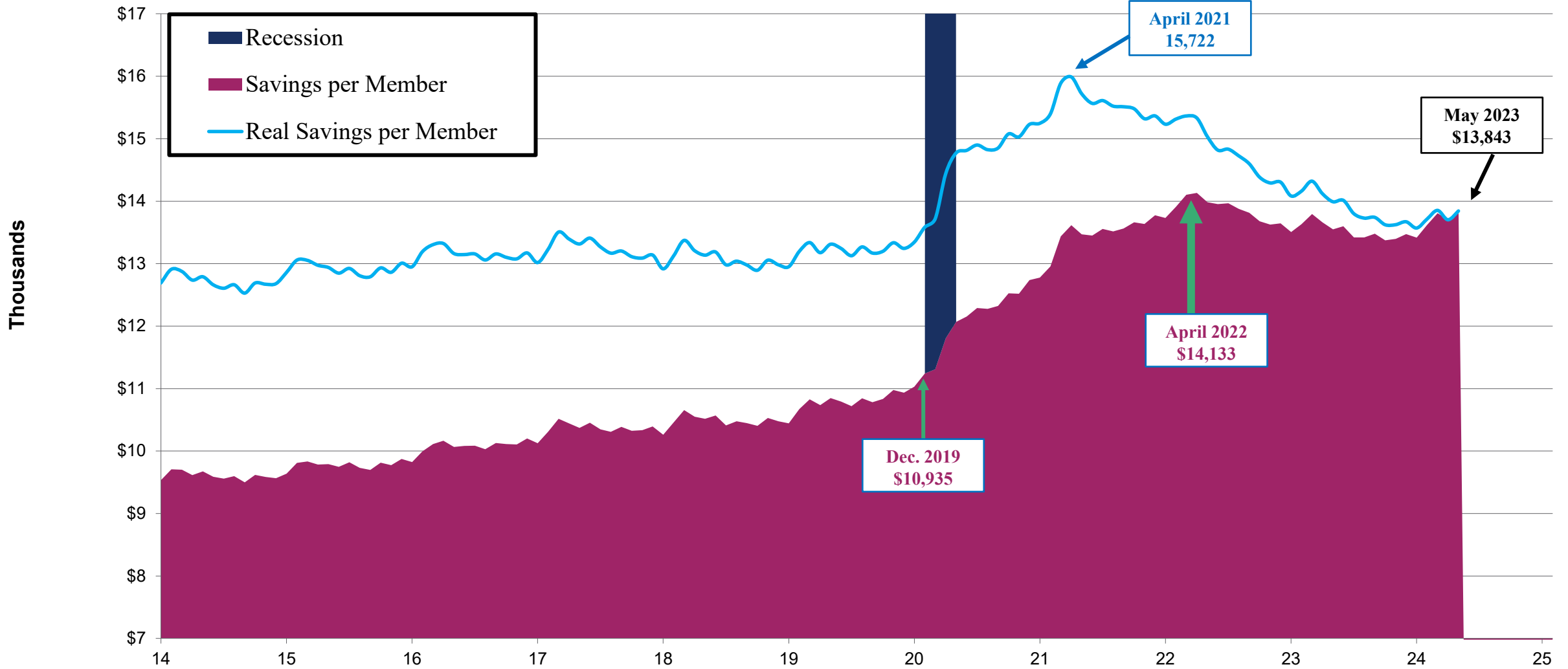
Credit Union Savings per Member



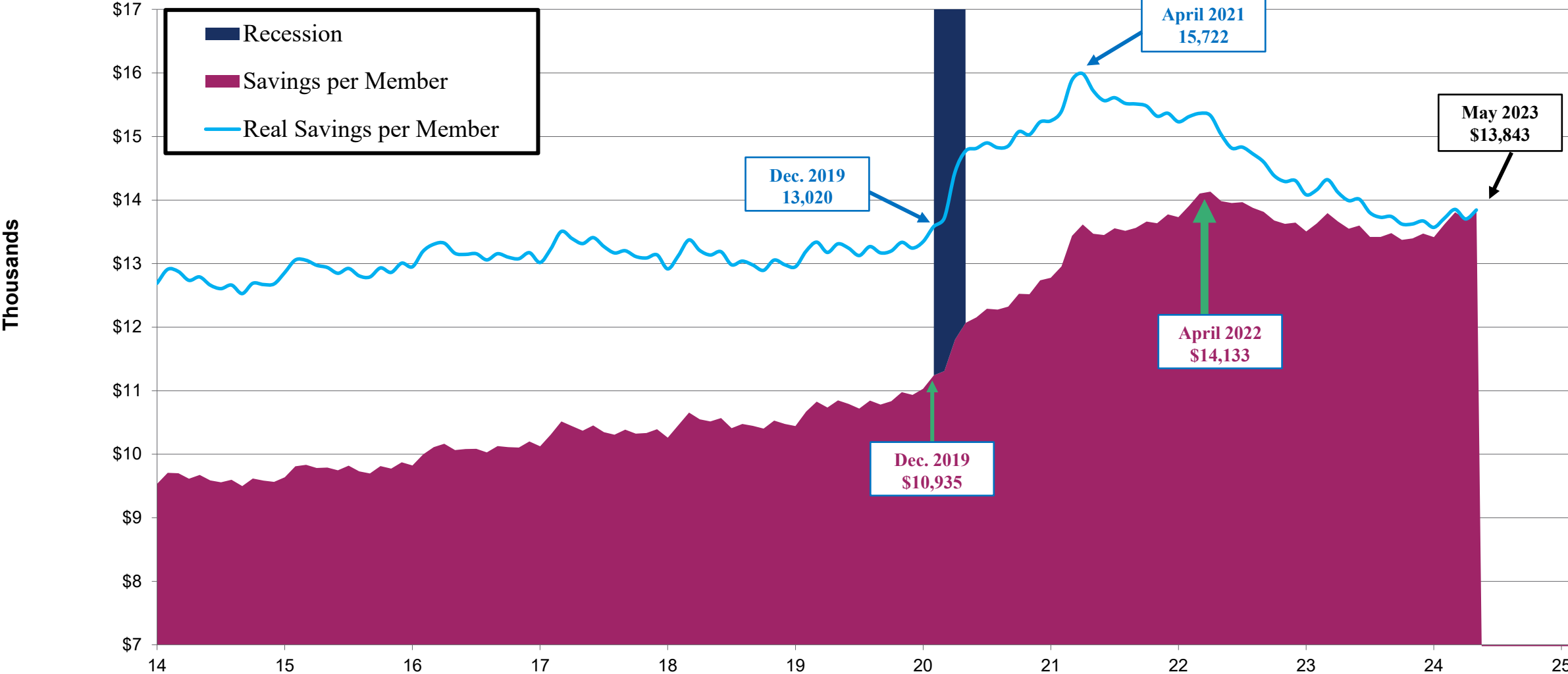
Credit Union Savings per Member



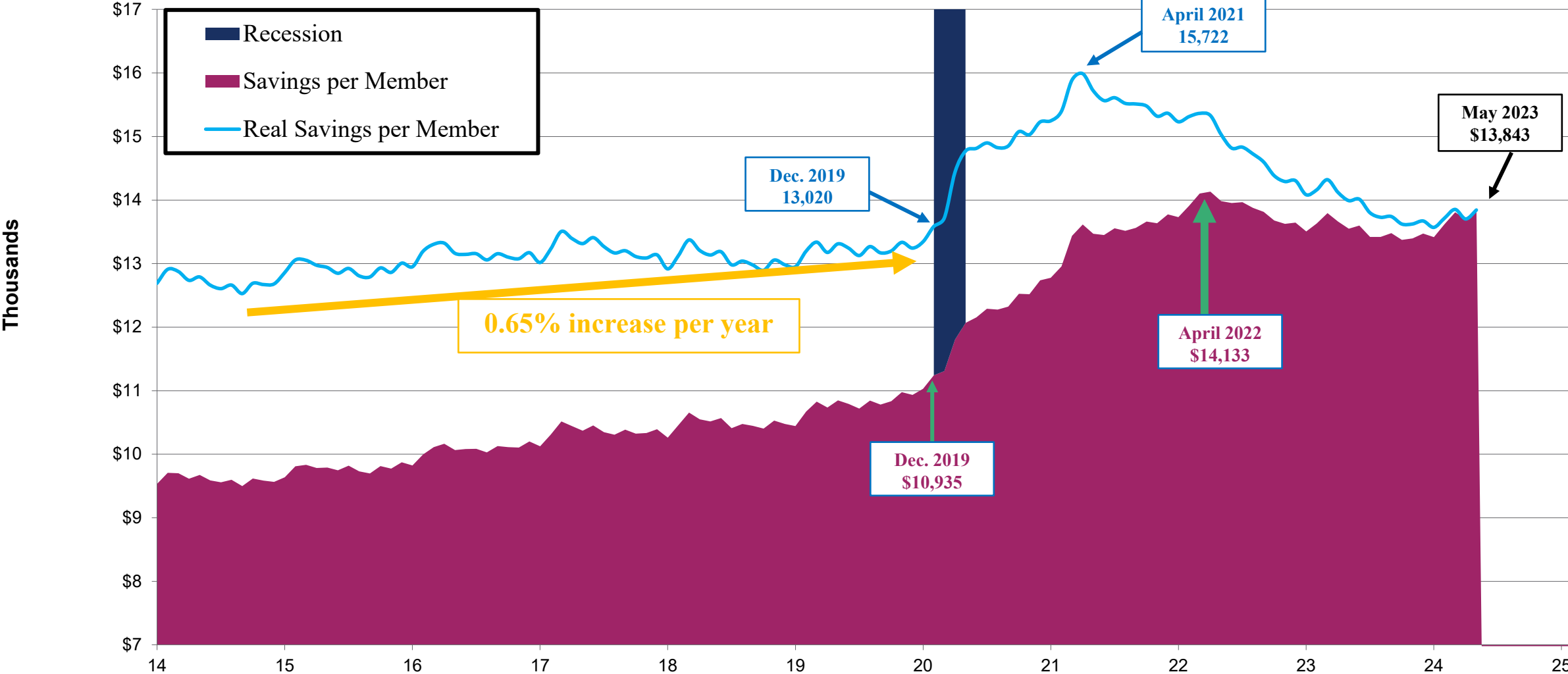
Credit Union Savings per Member



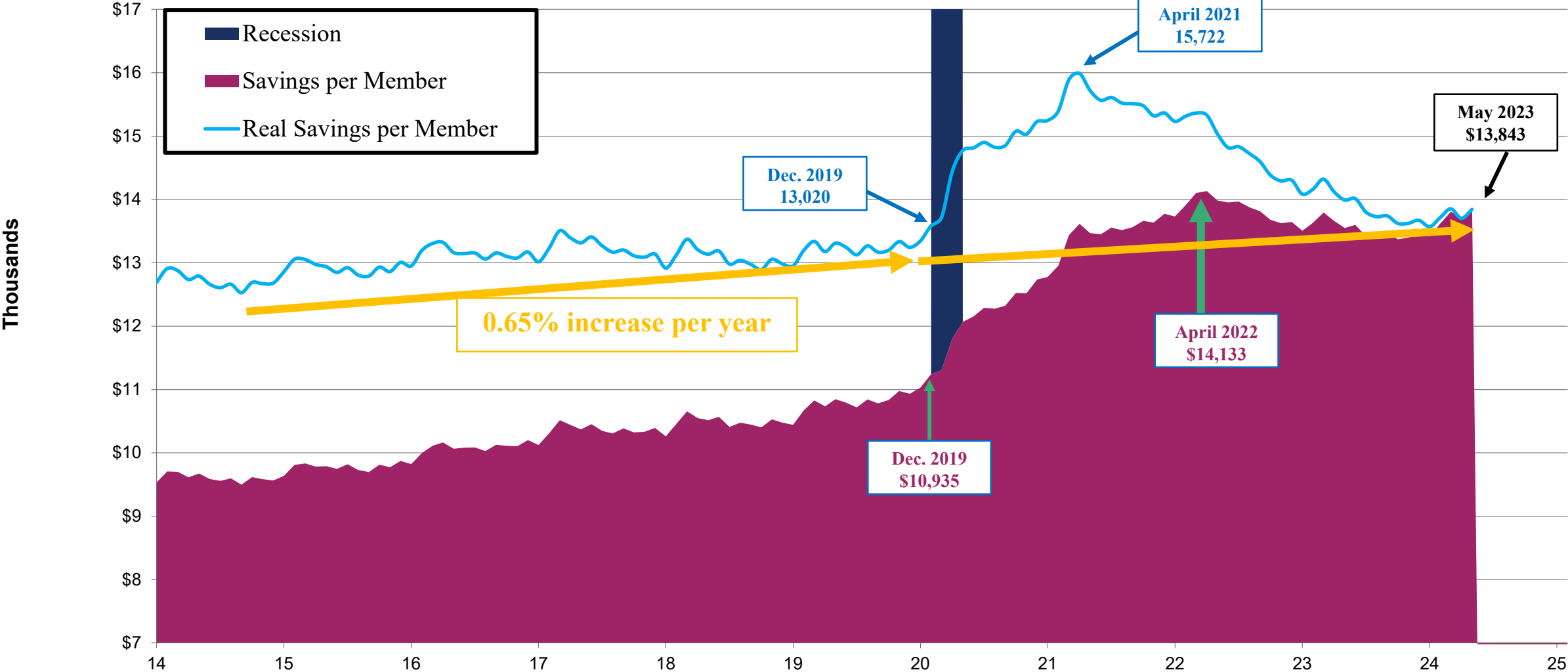
Credit Union Savings per Member



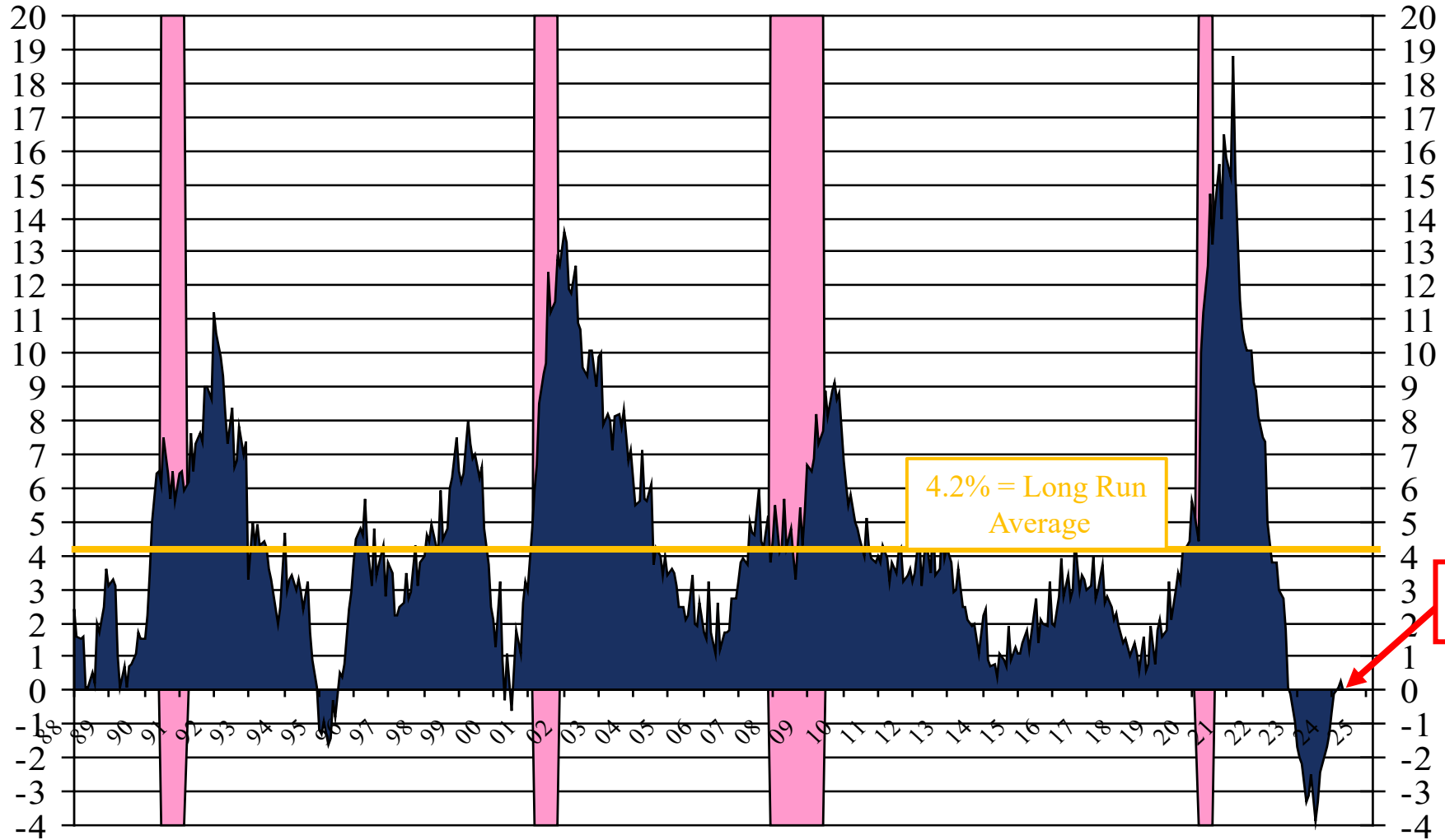
Credit Union Savings per Member



Credit Union Savings per Member



Savings per Member Growth Rate



May 2024
0.3%

Credit Union Balance Sheet

A large T-shaped frame is centered on the page. It consists of a horizontal line at the top and a vertical line extending downwards from the center of the horizontal line. This structure is intended to represent the layout of a balance sheet, with the horizontal line serving as a header for the title and the vertical line separating the two main columns of the account.

Credit Union Balance Sheet

Assets

**Credit Union
Balance Sheet**

Assets

Liabilities + Capital

Credit Union Balance Sheet

Assets

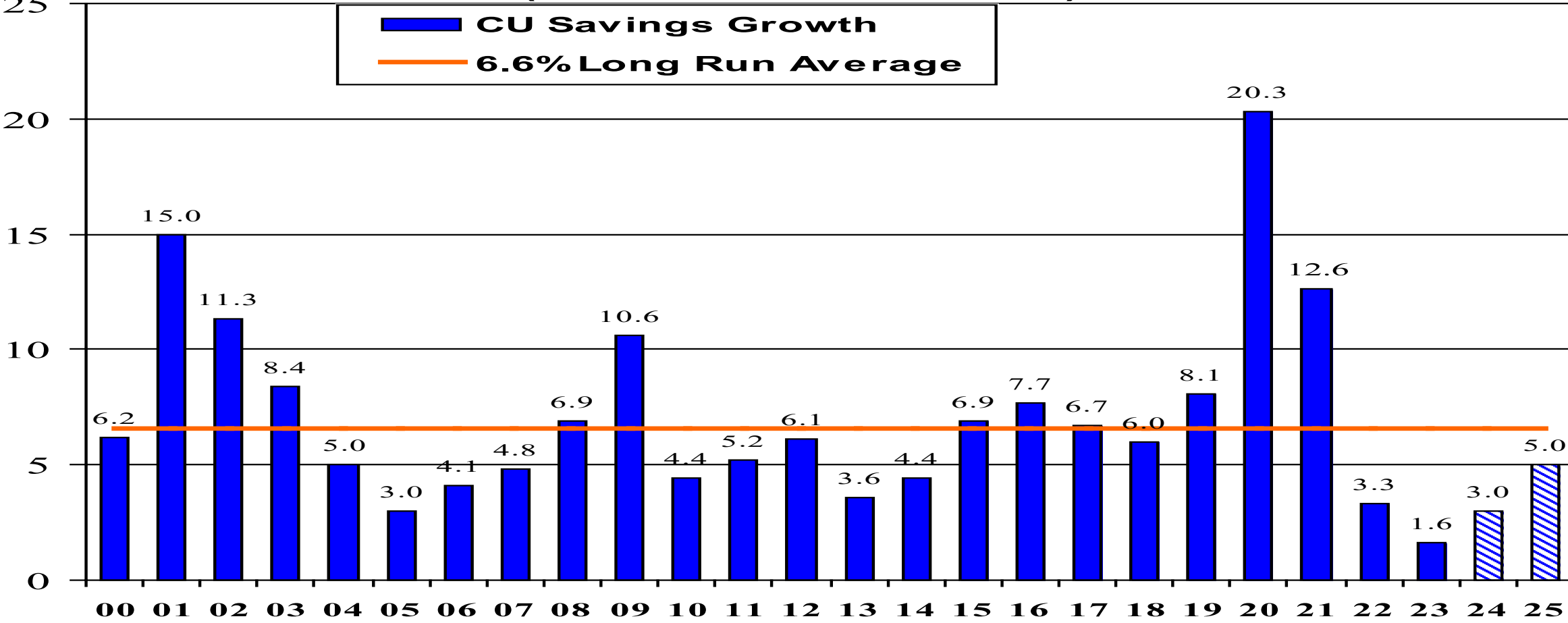
Liabilities + Capital

Deposits

- Checking Accounts
- Savings
- Money Market Deposits
- Certificates of Deposits

Slowing Credit Union Savings Growth

Credit Union Savings Growth (Annual Percent Growth)



Credit Union Balance Sheet

Assets

Liabilities + Capital

Deposits

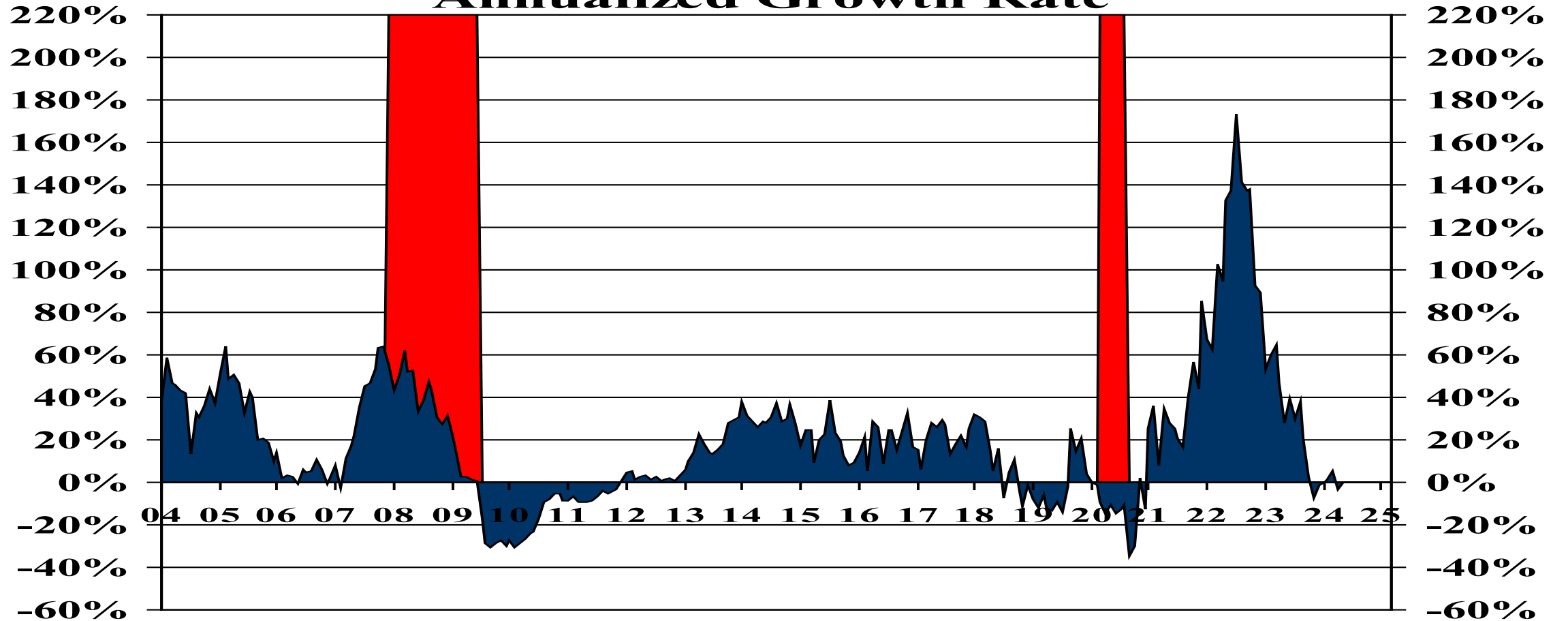
- Checking Accounts
- Savings
- Money Market Deposits
- Certificates of Deposits

Borrowings

- Federal Home Loan Bank
- Corporate Line of Credit
- Fed Funds Purchased
- Bank Term Funding Program

Slowdown in Borrowings

CU Borrowings Growth Seasonally Adjusted Annualized Growth Rate



Credit Union Balance Sheet

Assets

Liabilities + Capital

Deposits

- Checking Accounts
- Savings
- Money Market Deposits
- Certificates of Deposits

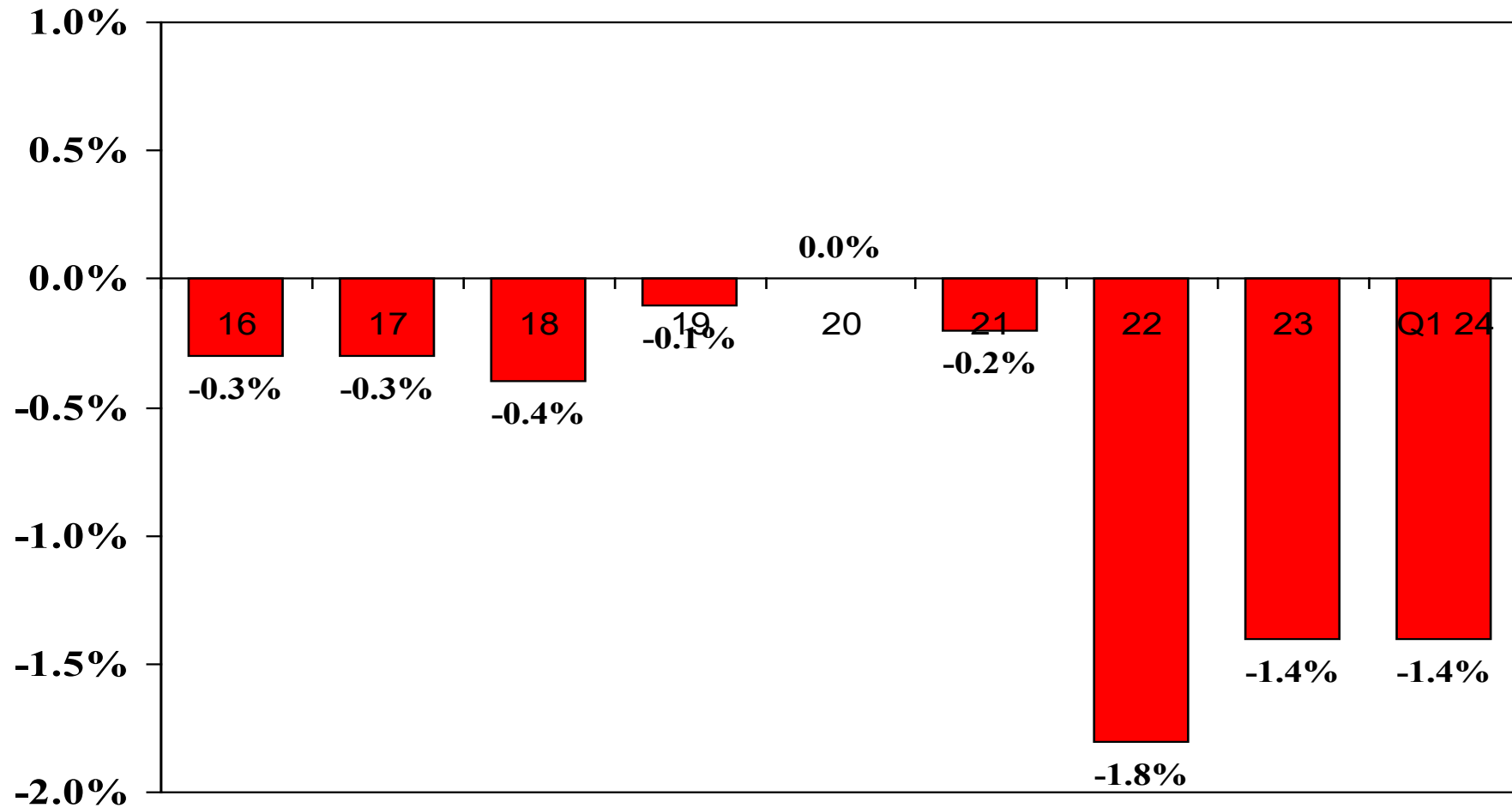
Borrowings

- Federal Home Loan Bank
- Corporate Line of Credit
- Fed Funds Purchased
- Bank Term Funding Program

Equity (Net Capital)

1. Undivided Earnings
2. Regular Reserves
3. Gains (losses) on Available For Sale (AFS) Securities

Accumulated Unrealized Losses on AFS Securities (Percent of Assets)



Credit Union Balance Sheet

Assets

Liabilities + Capital

Deposits

- Checking Accounts
- Savings
- Money Market Deposits
- Certificates of Deposits

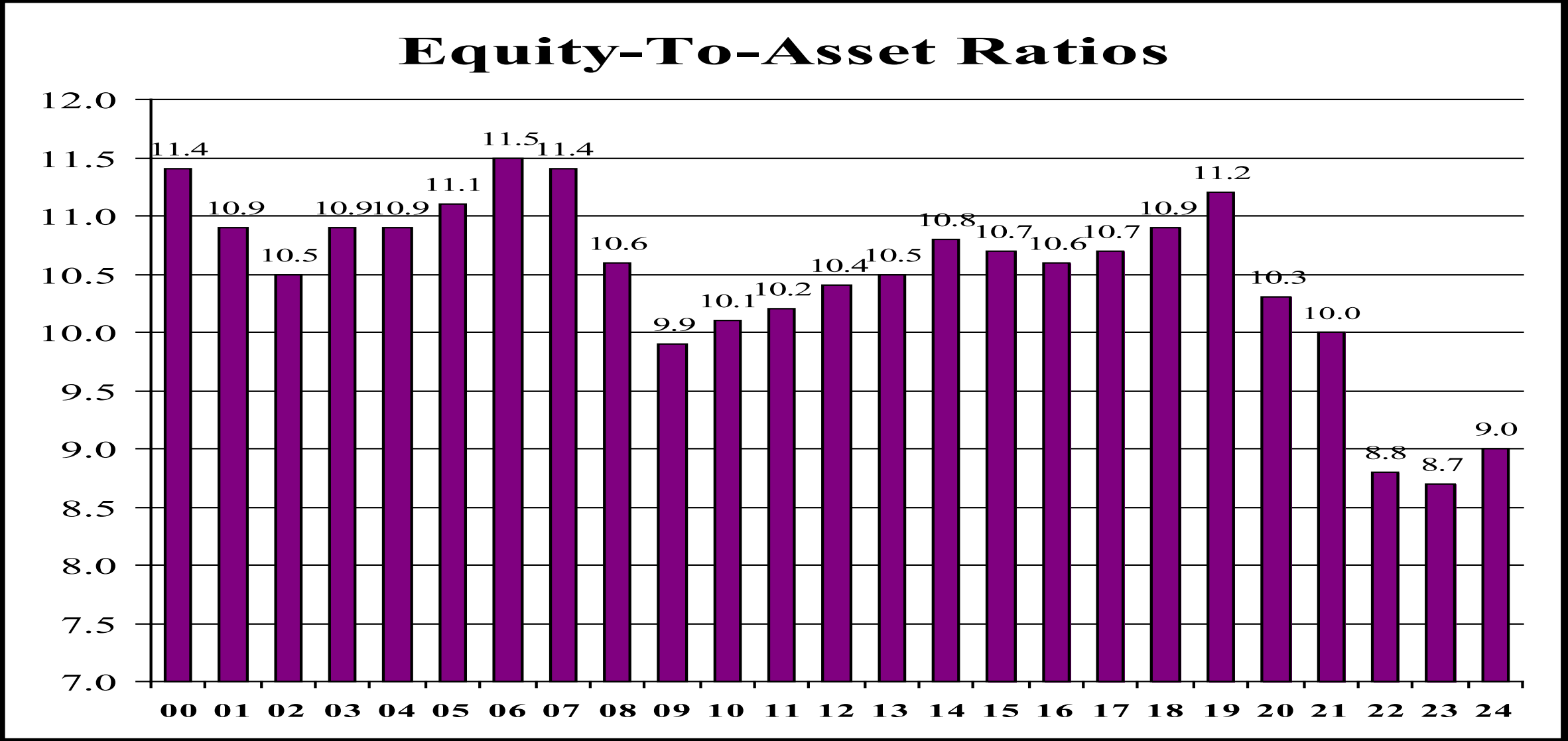
Borrowings

- Federal Home Loan Bank
- Corporate Line of Credit
- Fed Funds Purchased
- Bank Term Funding Program

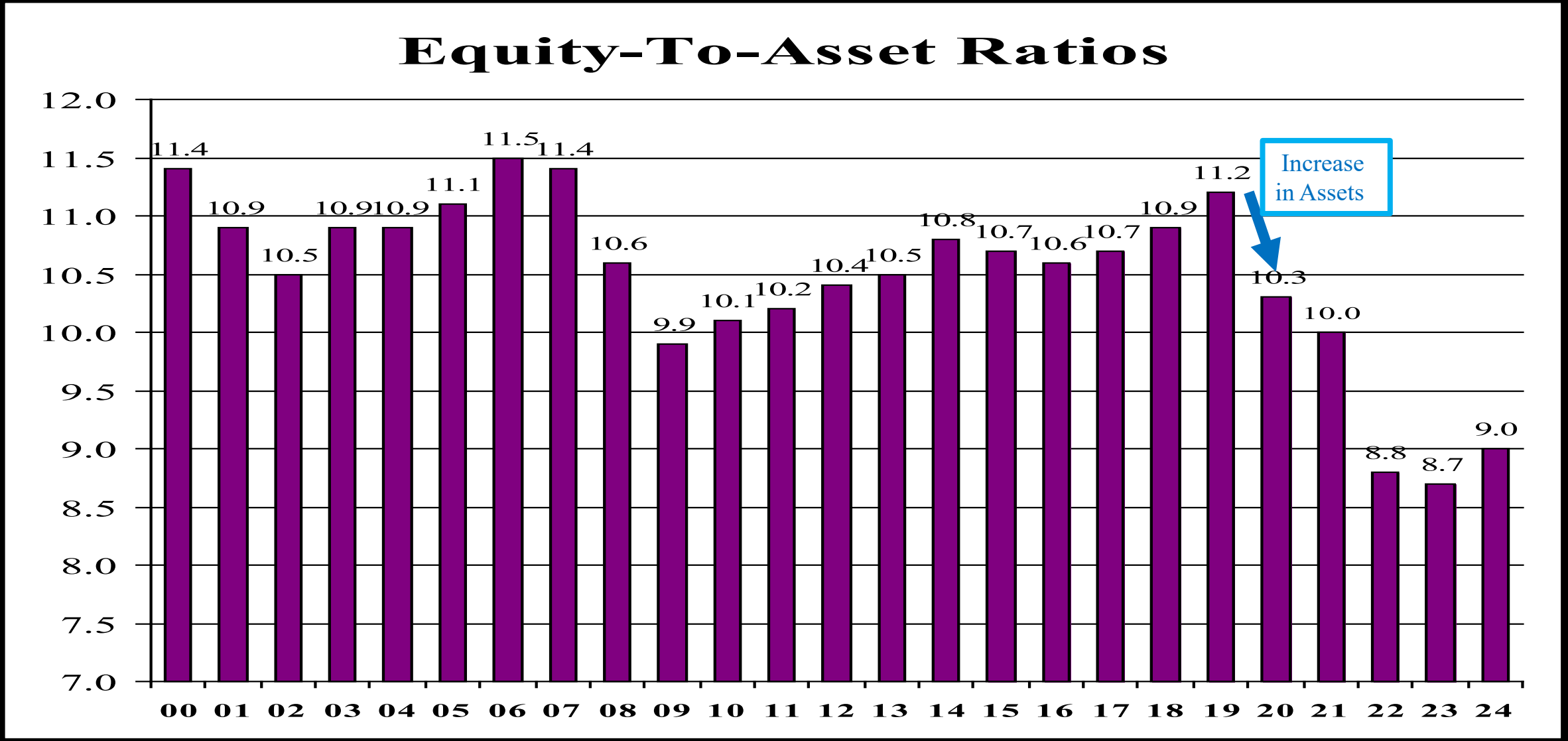
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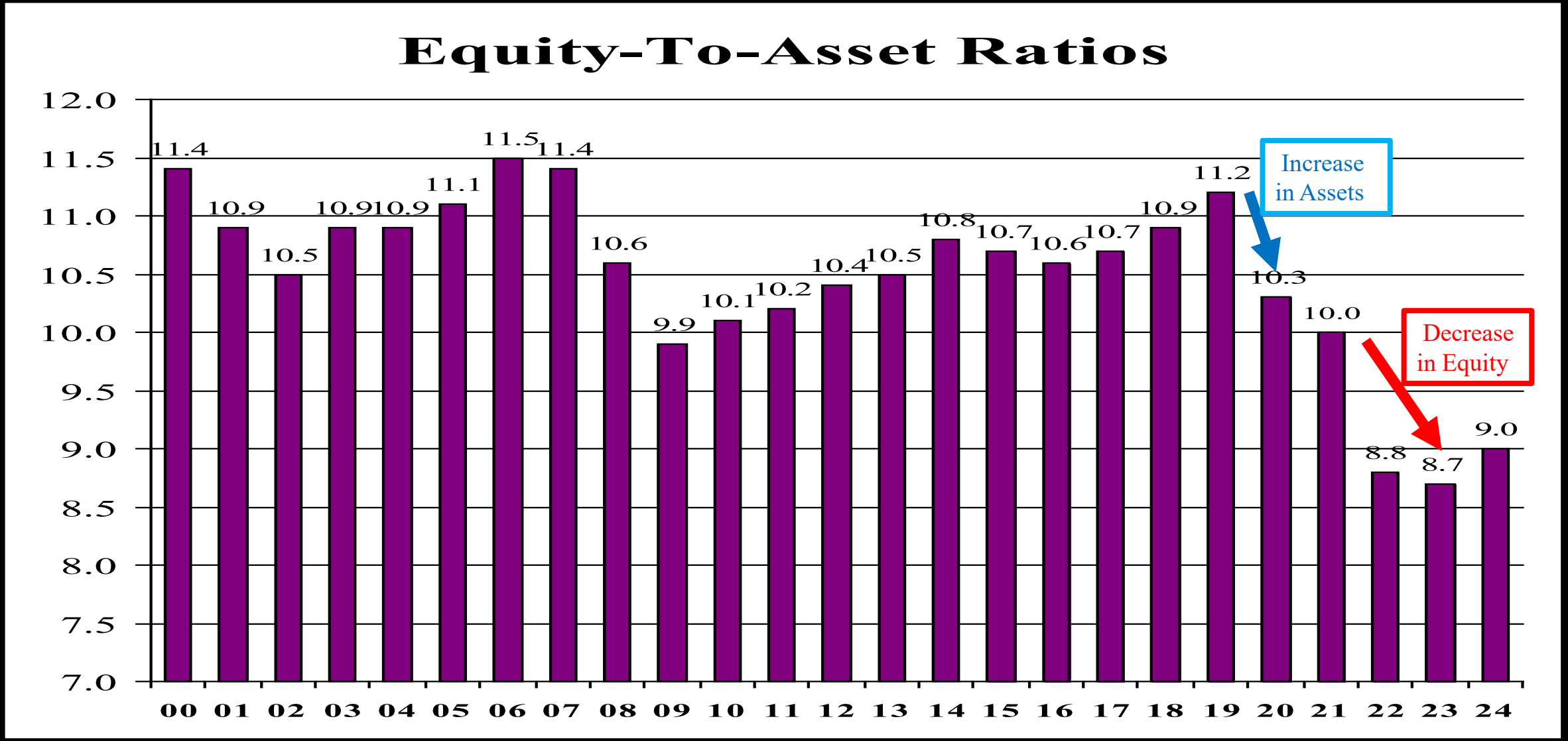
Falling Equity Ratios



Falling Equity Ratios



Falling Equity Ratios



Credit Union Balance Sheet

Assets

Liabilities + Capital

Cash (Reserves)

Deposits

- Checking Accounts
- Savings
- Money Market Deposits
- Certificates of Deposits

Borrowings

- Federal Home Loan Bank
- Corporate Line of Credit
- Fed Funds Purchased
- Bank Term Funding Program

Equity (Net Capital)

1. Undivided Earnings
2. Regular Reserves
3. Gains (losses) on Available For Sale (AFS) Securities

Credit Union Balance Sheet

Assets

Liabilities + Capital

Cash (Reserves)

Fixed Assets

- Land
- Building
- Equipment

Deposits

- Checking Accounts
- Savings
- Money Market Deposits
- Certificates of Deposits

Borrowings

- Federal Home Loan Bank
- Corporate Line of Credit
- Fed Funds Purchased
- Bank Term Funding Program

Equity (Net Capital)

1. Undivided Earnings
2. Regular Reserves
3. Gains (losses) on Available For Sale (AFS) Securities

Credit Union Balance Sheet

Assets

Liabilities + Capital

Cash (Reserves)

Fixed Assets

- Land
- Building
- Equipment

Investments

- < 1 year maturity
- 1–3-year maturity
- > 3-year maturity

Deposits

- Checking Accounts
- Savings
- Money Market Deposits
- Certificates of Deposits

Borrowings

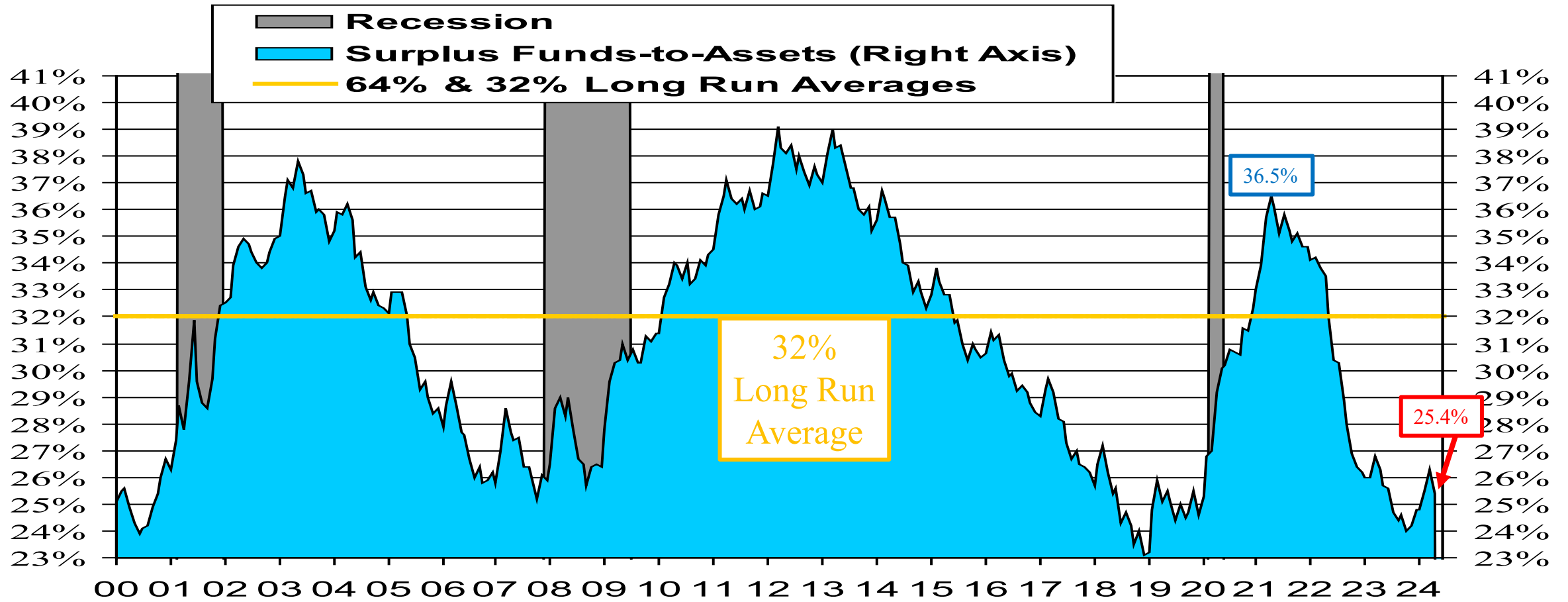
- Federal Home Loan Bank
- Corporate Line of Credit
- Fed Funds Purchased
- Bank Term Funding Program

Equity (Net Capital)

1. Undivided Earnings
2. Regular Reserves
3. Gains (losses) on Available For Sale (AFS) Securities

Investments Are Falling and Yields Are Rising

CU Surplus Funds (Cash + Investments)



Credit Union Balance Sheet

Assets

Liabilities + Capital

Cash (Reserves)

Fixed Assets

- Land
- Building
- Equipment

Investments

- < 1 year maturity
- 1–3-year maturity
- > 3-year maturity

Loans

- Commercial
- Auto
- Home
- Credit Card

Deposits

- Checking Accounts
- Savings
- Money Market Deposits
- Certificates of Deposits

Borrowings

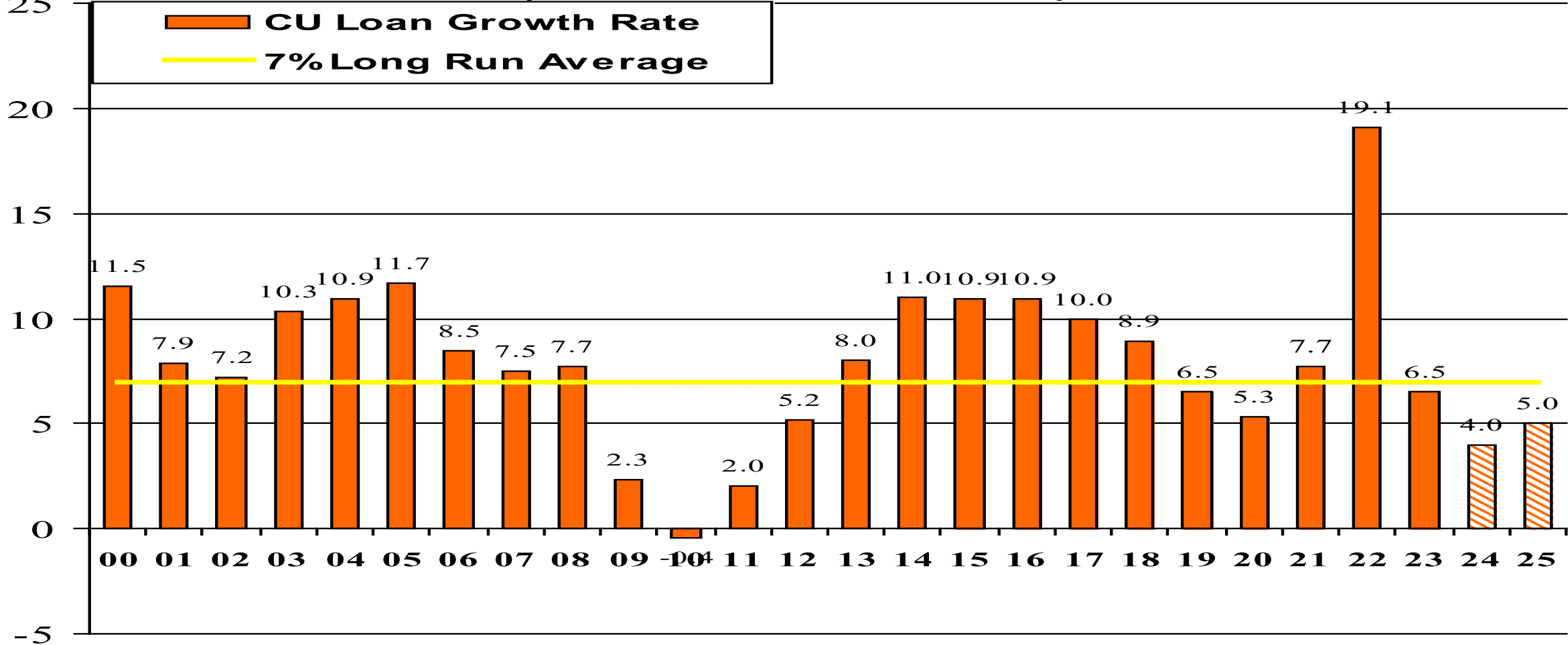
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Equity (Net Capital)

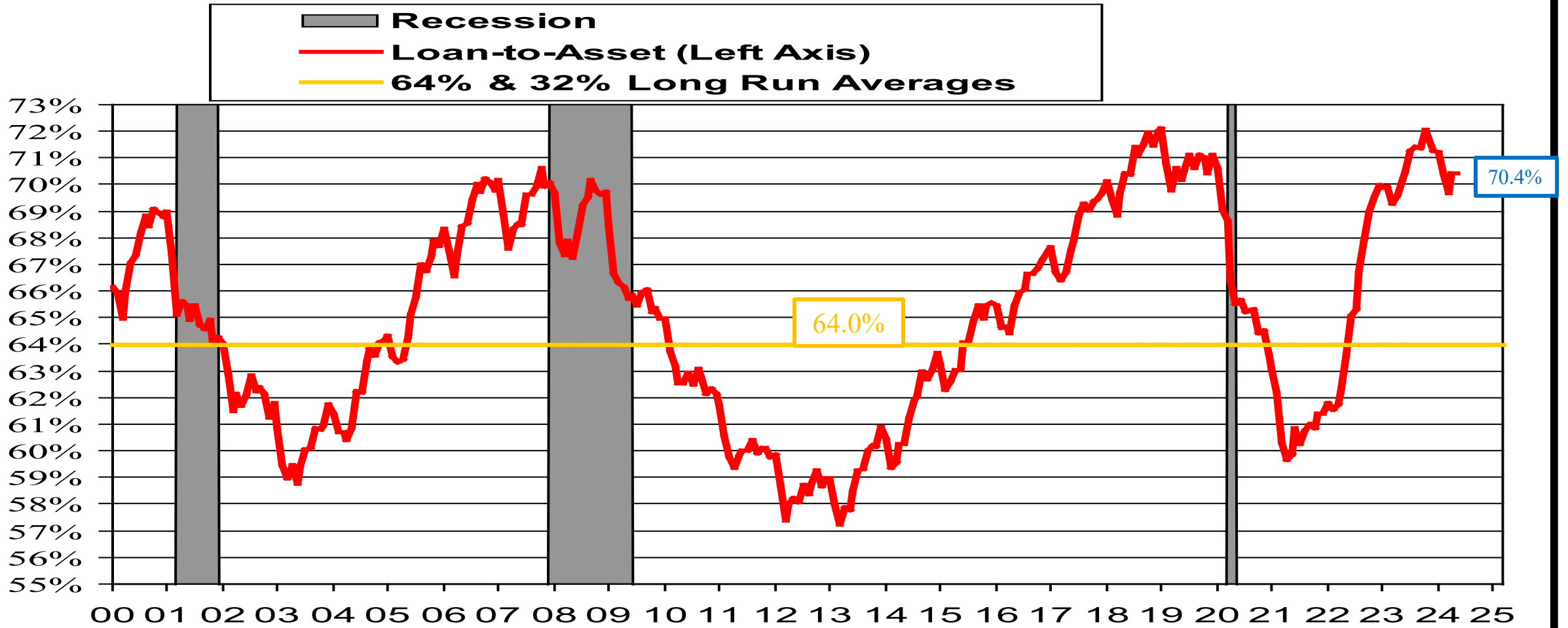
1. Undivided Earnings
2. Regular Reserves
3. Gains (losses) on Available For Sale (AFS) Securities

Slowing Credit Union Loan Growth

Credit Union Loan Growth (Annual Percent Growth)



CU Loan to Asset Ratio



Credit Union Balance Sheet

Assets

Liabilities + Capital

Cash (Reserves)

Fixed Assets

- Land
- Building
- Equipment

Investments

- < 1 year maturity
- 1–3-year maturity
- > 3-year maturity

Loans

- Commercial
- Auto
- Home
- Credit Card

Deposits

- Checking Accounts
- Savings
- Money Market Deposits
- Certificates of Deposits

Borrowings

- Federal Home Loan Bank
- Corporate Line of Credit
- Fed Funds Purchased
- Bank Term Funding Program

Equity (Net Capital)

1. Undivided Earnings
2. Regular Reserves
3. Gains (losses) on Available For Sale (AFS) Securities

Credit Union Balance Sheet

Assets

Liabilities + Capital

Cash (Reserves)

Fixed Assets

- Land
- Building
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Investments

- < 1 year maturity
- 1–3-year maturity
- > 3-year maturity

Loans

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Allowance for Loan Loss

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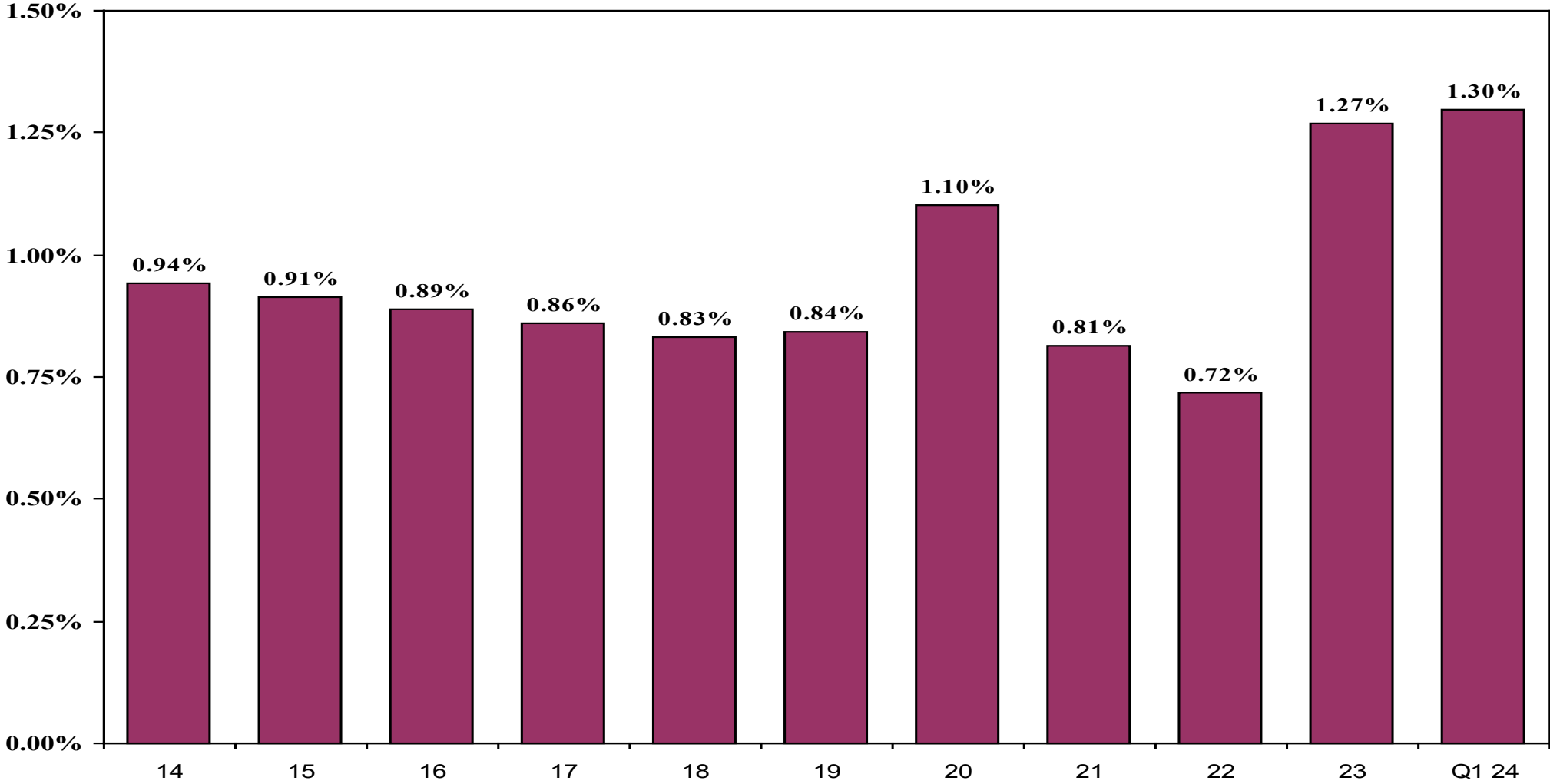
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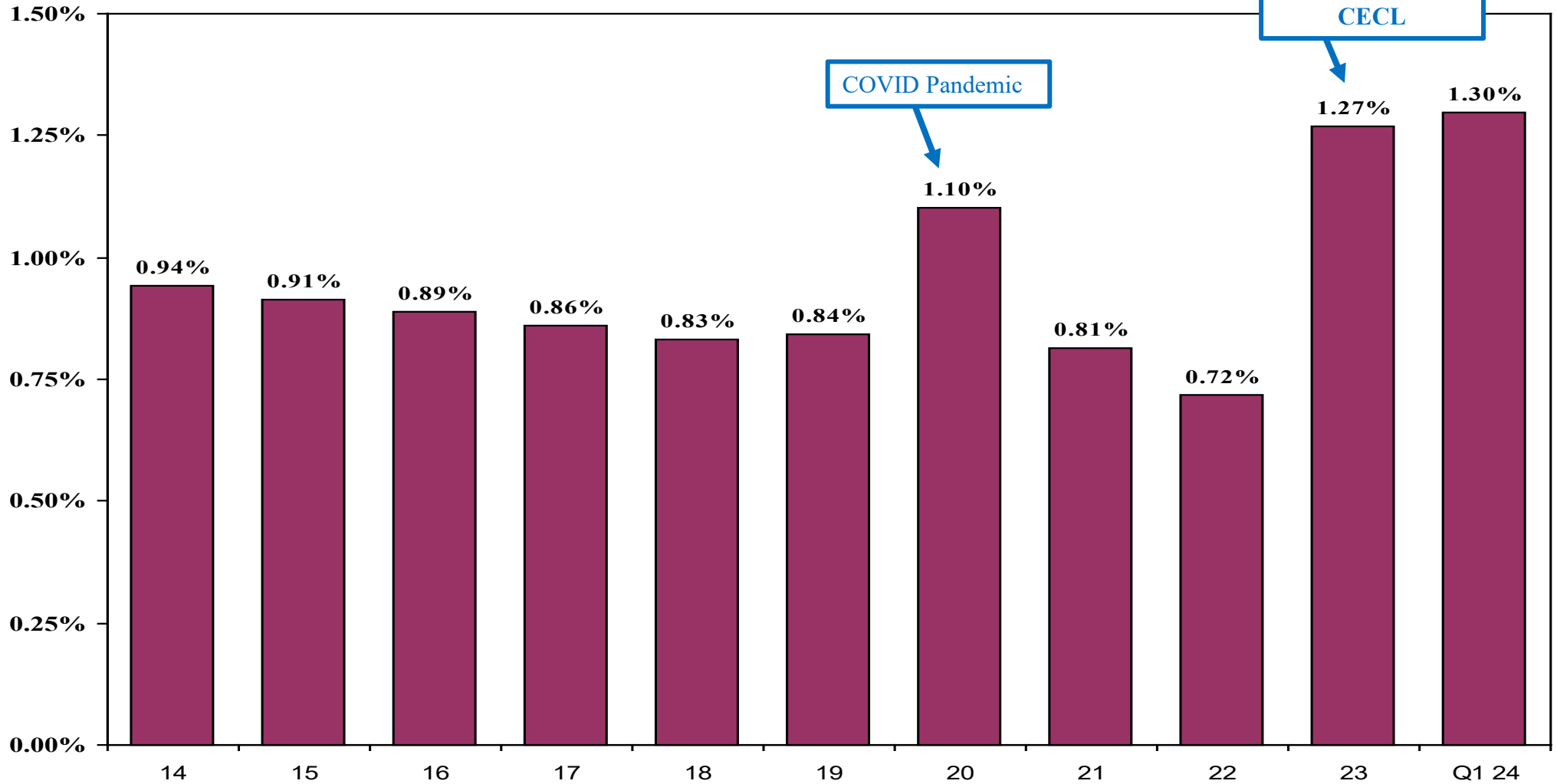
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Allowance for Loan Losses (Percent of loans)



Allowance for Loan Losses (Percent of loans)



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“Non progredi est regredi”

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To not go forward is to go backward

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If you're not growing, you're dying



Economic Update Summary For 2025



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6. Mortgage originations rising 15% as interest rates fall 1 percentage point

Limerick of the Day

There once was a credit union that had quite a scare

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There once was a credit union that had quite a scare
For their liquidity seemed quite rare

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There once was a credit union that had quite a scare
For their liquidity seemed quite rare
But with some quick loans

Limerick of the Day

There once was a credit union that had quite a scare
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And more cash in their bones

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There once was a credit union that had quite a scare
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And more cash in their bones
They managed to keep their head above the despair.