

14 February 2020

BENCHMARK INTEREST RATES AND YIELD CURVE

**US Treasury Rates-**

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE		
	2/13/20	1/13/20	12/31/19	2/13/19	This Yr	Last Yr	Down Cycle
Fed Funds	1.58%	1.54%	1.55%	2.40%	0.03%	-0.82%	-0.87%
3mo	1.59%	1.57%	1.55%	2.44%	0.04%	-0.85%	-0.76%
6mo	1.56%	1.57%	1.60%	2.51%	-0.04%	-0.95%	-0.96%
1yr	1.48%	1.53%	1.59%	2.55%	-0.11%	-1.07%	-1.26%
2yr	1.44%	1.58%	1.58%	2.53%	-0.14%	-1.09%	-1.54%
3yr	1.42%	1.60%	1.62%	2.52%	-0.20%	-1.10%	-1.63%
5yr	1.43%	1.65%	1.69%	2.53%	-0.26%	-1.10%	-1.66%
7yr	1.53%	1.76%	1.83%	2.61%	-0.30%	-1.08%	-1.64%
10yr	1.61%	1.85%	1.92%	2.71%	-0.31%	-1.10%	-1.63%
30yr	2.07%	2.30%	2.39%	3.04%	-0.32%	-0.97%	-0.11%

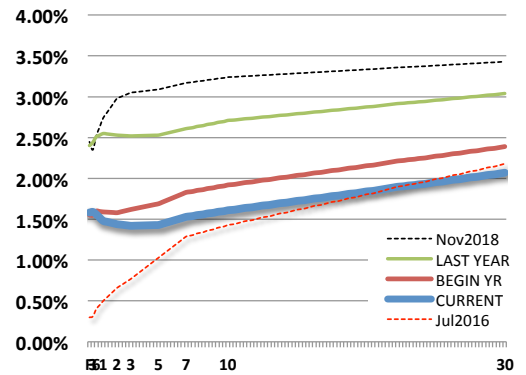
**Slope of the Yield Curve-**

2yr-3mo	-0.15%	0.01%	0.03%	0.09%	-0.18%	-0.24%	-0.78%
5yr-2yr	-0.01%	0.07%	0.11%	0.00%	-0.12%	-0.01%	-0.12%
10yr-5yr	0.18%	0.20%	0.23%	0.18%	-0.05%	0.00%	0.03%
10yr-3mo	0.02%	0.28%	0.37%	0.27%	-0.35%	-0.25%	-0.87%

**Other Interest Rates-**

Prime	4.75%	4.75%	4.75%	5.50%	0.00%	-0.75%	-0.75%
1mo LIBOR	1.66%	1.67%	1.76%	2.48%	-0.10%	-0.82%	-0.86%
6mo LIBOR	1.71%	1.86%	1.91%	2.74%	-0.20%	-1.03%	-1.20%
12mo LIBOR	1.80%	1.96%	2.00%	2.92%	-0.20%	-1.12%	-1.33%

**YIELD CURVE ASSESSMENT**



**CYCLICAL CHANGES SUMMARY**

	Jul16 Low-Nov18 High	Nov18 High-Current
Fed Funds	2.15%	-0.87%
1year	2.24%	-1.26%
2years	2.32%	-1.54%
3years	2.28%	-1.63%
5years	2.06%	-1.66%
10years	1.81%	-1.63%

ECONOMIC UPDATE AND ANALYSIS

**CONSUMER PRICES RISE 2.5% YEAR-OVER-YEAR IN JANUARY; CORE AT 2.3%**

U.S. underlying consumer prices picked up in January as households paid more for rents and clothing, supporting the Federal Reserve's contention that inflation would gradually rise toward its 2% target.

The Labor Department said on Thursday its consumer price index excluding the volatile food and energy components rose 0.2% last month after edging up 0.1% in December. The so-called core CPI was up by an unrounded 0.2423% last month.

Underlying inflation in January was also lifted by increases in the prices of airline tickets, health care, recreation and education.

In the 12 months through January, the core CPI increased 2.3%, rising by the same margin for four straight months. The Fed tracks the core personal consumption expenditures (PCE) price index for its 2% inflation target. The core PCE price index rose 1.6% on a year-on-year basis in December. It undershot its target in 2019. January PCE price data will be published later this month.

In the 12 months through January, the CPI rose 2.5%, the biggest gain since October 2018, after advancing 2.3% in December.

**Key Economic Indicators for Banks, Thrifts & Credit Unions-**

		LATEST	CURRENT	PREV
GDP	QoQ	Q4-1st	2.1%	2.1%
GDP - YTD	Ann	Q4-1st	2.1%	2.3%
Consumer Spending	QoQ	Q4-1st	1.8%	3.2%
Consumer Spending	Ann	Q4-1st	1.8%	2.7%
Unemployment	Mo	Jan	3.6%	3.5%
Consumer Inflation	YoY	Jan	2.5%	2.3%
Core Inflation	YoY	Jan	2.3%	2.3%
Consumer Credit	Annual	Dec	6.3%	3.4%
Retail Sales	YoY	Dec	4.6%	3.6%
Vehicle Sales	Ann (Mil)	Jan	17.3	17.2
Home Sales	Ann (Mil)	Dec	6.259	6.083
Home Prices	YoY	Nov	2.6%	2.6%

**Key Consumer Market Data-**

	THIS WK	YR END	PCT CHANGES	
	2/13/20	12/31/19	YTD	12Mos
DJIA	23,828	28,538	-16.5%	13.3%
S&P 500	3,374	3,231	4.4%	21.8%
NASDAQ	9,712	8,973	8.2%	30.2%
Crude Oil	51.42	61.06	-15.8%	-6.4%
Avg Gasoline	2.42	2.57	-5.9%	5.6%
Gold	1,578.8	1,523.1	3.7%	19.8%

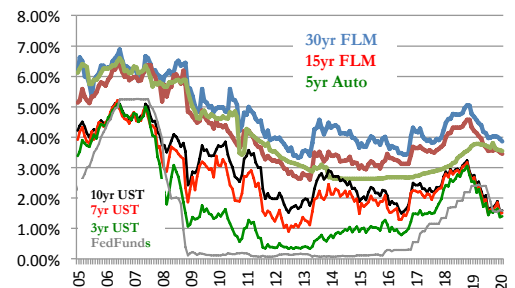
### AVERAGE CREDIT UNION RATES AND RATE SENSITIVITY

	THIS WK 2/13/20	YTD Change		Chg in Current Cycle*		Rate Sensitivity	
		Rate	Benchmark	Rate	Benchmark	YTD	Cycle
Classic CC	11.37%	-0.08%	0.00%	-0.32%	-0.75%	0%	43%
Platinum CC	9.86%	-0.06%	0.00%	-0.41%	-0.75%	0%	55%
48mo Veh	3.43%	-0.04%	-0.14%	-0.23%	-1.54%	29%	15%
60mo Veh	3.55%	-0.04%	-0.20%	-0.22%	-1.63%	20%	13%
72mo Veh	3.86%	-0.05%	-0.23%	-0.26%	-1.65%	22%	16%
HE LOC	4.91%	-0.09%	0.00%	-0.65%	-0.75%	0%	87%
10yr HE	5.24%	-0.04%	-0.26%	-0.28%	-1.67%	15%	17%
15yr FRM	3.45%	-0.12%	-0.29%	-1.13%	-1.69%	42%	67%
30yr FRM	3.86%	-0.15%	-0.31%	-1.20%	-1.63%	48%	74%
Sh Drafts	0.14%	0.00%	0.03%	0.00%	-0.87%	0%	0%
Reg Svgs	0.18%	-0.01%	0.03%	-0.01%	-0.87%	-33%	1%
MMkt-10k	0.45%	0.00%	0.03%	-0.03%	-0.87%	0%	3%
MMkt-50k	0.61%	-0.01%	0.03%	-0.04%	-0.87%	-33%	5%
6mo CD	0.97%	-0.02%	-0.04%	-0.06%	-0.96%	50%	6%
1yr CD	1.36%	-0.04%	-0.11%	-0.15%	-1.26%	36%	12%
2yr CD	1.59%	-0.05%	-0.14%	-0.26%	-1.54%	36%	17%
3yr CD	1.75%	-0.04%	-0.20%	-0.31%	-1.63%	20%	19%

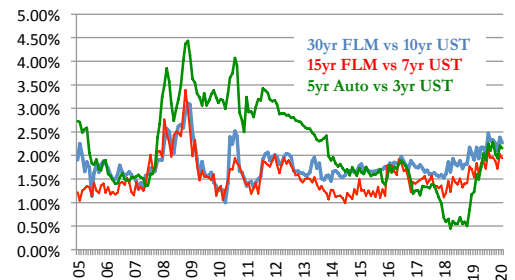
\*Since Nov 2018

### RELATIVE VALUE

"A"-PAPER MARKET RATES



"A"-PAPER PRICING SPREADS



### STRATEGICALLY FOR CREDIT UNIONS

The economy is performing well and over the next few months, the Fed's inflation PCE reading of 1.6% is expected to move closer to 2%, as unusually low readings from early 2019 drop out of the 12-month calculation.

Last month, the FOMC left interest rates steady. It is widely expected to keep monetary policy on hold this year after it reduced borrowing costs three times in 2019. Inflation is likely to remain tame amid moderate wage growth as the labor market works through slack that still remains. But falling gasoline prices restrained the overall CPI in January, which edged up 0.1% after increasing 0.2% for three straight months.

In January, gasoline prices fell 1.6% after jumping 3.1% in December. Food prices gained 0.2%, matching December's increase. Food consumed at home ticked up 0.1%.

Labor market strength is helping to sustain consumer spending, and supporting the longest economic expansion on record, now in its 11th year. Primary residence costs increase 0.3% and healthcare costs rose 0.2%. Gasoline prices fell 1.6% and food costs ticked up 0.1% in January. There were decreases in the costs of motor vehicle insurance, household furnishings and prescription medication.

Additional information and other market-related reports can be viewed at  
[www.Meridian-ally.com](http://www.Meridian-ally.com)

### ECONOMIC RELEASES

#### RELEASES THIS WEEK:

	Current	Previous
Consumer Inflation (Jan, YoY)	2.5%	2.3%
Core Consumer Inflation (Jan, YoY)	2.3%	2.3%
Retail Sales (Dec, Annlzd)	4.6%	3.6%

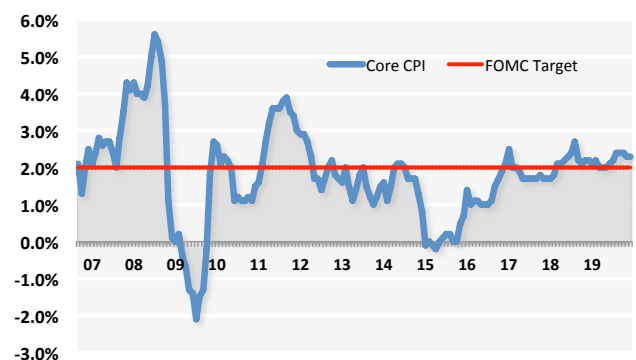
#### RELEASES FOR UPCOMING WEEK:

	Projected	Previous
Wholesale Inflation (Jan, YoY)	1.5%	1.3%
FOMC Minutes	Broad economic slowdown	
Leading Indicators	0.0%	-0.3%

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### CORE CONSUMER INFLATION

CORE INFLATION versus FOMC TARGET, Monthly Year-over-Year



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ECONOMIC CALENDAR

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
<b>Jan 20</b> MLK HOLIDAY	<b>21</b>	<b>22</b> Ex Home Sales 5.54M	<b>23</b> Jobless Claims 211k Leading Ind -0.3%	<b>24</b>	<b>25</b>
<b>27</b> New Home Sales 694k	<b>28</b> Durable Goods 2.4% Home Prices +2.6% Cons Confidence 131.6	<b>29</b> FOMC Announcement No Change	<b>30</b> Jobless Claims 216k GDP (Q4-1st) 2.1%	<b>31</b> PCE Price Index 1.6% Personal Inc (M) 0.2% Personal Spd (M) .3%	<b>Feb 1</b>
<b>3</b> Const Spending -0.2%	<b>4</b> Factory Orders 1.8% MVeh Sales 16.8M	<b>5</b>	<b>6</b> Jobless Claims 203k	<b>7</b> Unemployment 2.6% Consumer Credit 6.3%	<b>8</b>
<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b> Jobless Claims 205k Cons Inflation 2.5%	<b>14</b> Retail Sales 4.6% Ind Production -0.3%	<b>15</b>
<b>17</b> PRESIDENTS DAY	<b>18</b>	<b>19</b> Wholesale Inflation FOMC Minutes	<b>20</b> Jobless Claims Leading Indicators	<b>21</b> Existing Home Sales	<b>22</b>
<b>24</b>	<b>25</b> Home Prices	<b>26</b>	<b>27</b> Jobless Claims GDP (Q4-2nd) Durable Goods	<b>28</b> Personal Income Personal Spending	<b>29</b>
<b>2</b> Construction Spending	<b>3</b>	<b>4</b> Fed Beige Book	<b>5</b> Jobless Claims Factory Orders	<b>6</b> Unemployment Rate Consumer Credit	<b>7</b>
<b>9</b> Consumer Inflation	<b>10</b>	<b>11</b> Consumer Inflation	<b>12</b> Jobless Claims Wholesale Inflation	<b>13</b> Consumer Sentiment	<b>14</b>

Q3-2019	<\$2 Million	\$2-10 Million	\$10-50 <Million	\$50-100 Million	\$100-500 Million	\$500+ Million	TOTAL	<\$10 Million	<\$50 Million	<\$100 Million	<\$500 Million
<b>DEMOGRAPHICS</b>											
Number of Credit Unions	416	936	1,661	682	1,012	574	5,281	1,352	3,013	3,695	4,707
Average Assets (\$Mil)	\$0.9	\$6.0	\$25.7	\$72.3	\$228.2	\$1,959.2	\$275.2	\$4.4	\$16.1	\$26.5	\$69.9
Pct of Credit Unions	8%	18%	31%	13%	19%	11%	100%	26%	57%	70%	89%
Pct of Industry Assets	0%	0%	3%	3%	15%	79%	100%	0%	3%	6%	21%
<b>GROWTH RATES (YTD)</b>											
Total Assets	-6.2%	-8.7%	-3.0%	-1.1%	-3.3%	11.0%	7.8%	-8.5%	-3.7%	-2.4%	-3.1%
Total Loans	-6.3%	-7.5%	-2.1%	-1.5%	-5.1%	8.1%	5.5%	-7.4%	-2.7%	-2.0%	-4.3%
Total Shares	-5.0%	-7.6%	-3.0%	-1.3%	-3.1%	9.4%	6.7%	-7.4%	-3.6%	-2.4%	-2.9%
Net Worth	-4.3%	-6.3%	-0.2%	1.6%	-1.0%	11.8%	8.9%	-6.2%	-1.1%	0.2%	-0.6%
<b>BALANCE SHEET ALLOCATION</b>											
Net Worth-to-Total Assets	19.0%	16.1%	13.2%	12.2%	11.6%	11.2%	11.4%	16.3%	13.6%	12.9%	12.0%
Cash & Inv-to-Total Assets	51%	46%	42%	36%	27%	23%	25%	46%	43%	40%	31%
Loans-to-Total Assets	49%	53%	54%	59%	68%	72%	71%	52%	54%	56%	64%
Vehicle-to-Total Loans	60%	62%	49%	43%	39%	33%	34%	62%	50%	46%	41%
REL-to-Total Loans	1%	9%	30%	38%	45%	52%	50%	8%	28%	33%	42%
REL-to-Net Worth	3%	28%	124%	185%	262%	332%	309%	26%	110%	146%	225%
Indirect-to-Total Loans	0%	1%	5%	12%	19%	22%	21%	0%	4%	9%	16%
Loans-to-Total Shares	61%	63%	63%	68%	79%	87%	84%	63%	63%	65%	75%
Nonterm-to-Total Shares	91%	84%	80%	78%	74%	69%	70%	85%	81%	79%	76%
Short-term Funding Ratio	40.2%	29.8%	23.6%	19.6%	14.5%	11.6%	12.6%	24.3%	21.9%	16.7%	12.7%
Net Long-term Asset Ratio	3.5%	8.0%	18.6%	24.1%	30.2%	34.9%	33.3%	17.4%	20.7%	27.4%	33.2%
<b>LOAN QUALITY</b>											
Loan Delinquency Ratio	3.17%	1.65%	0.99%	0.80%	0.71%	0.65%	0.67%	1.06%	0.92%	0.77%	0.67%
Net Charge-off Ratio	0.68%	0.58%	0.46%	0.46%	0.46%	0.58%	0.55%	0.47%	0.47%	0.46%	0.56%
"Misery" Index	3.85%	2.23%	1.45%	1.26%	1.17%	1.23%	1.22%	1.54%	1.39%	1.23%	1.23%
RE Loan Delinquency	2.09%	1.84%	0.94%	0.73%	0.65%	0.52%	0.54%	1.84%	0.97%	0.82%	0.69%
Vehicle Loan Delinquency	2.51%	1.50%	0.91%	0.76%	0.63%	0.54%	0.58%	1.56%	1.00%	0.88%	0.70%
Direct Loans	2.51%	1.50%	0.88%	0.73%	0.58%	0.50%	0.58%	1.56%	0.99%	0.88%	0.70%
Indirect Loans	0.00%	1.22%	1.15%	0.84%	0.68%	0.56%	0.58%	1.22%	1.15%	0.91%	0.71%
Loss Allow as % of Loans	2.75%	1.30%	0.89%	0.82%	0.81%	0.89%	0.87%	1.39%	0.95%	0.88%	0.83%
Current Loss Exposure	1.54%	0.83%	0.59%	0.57%	0.49%	0.42%	0.44%	0.87%	0.62%	0.60%	0.52%
<b>EARNINGS</b>											
Gross Asset Yield	4.16%	4.03%	3.81%	3.85%	3.87%	4.12%	4.07%	4.04%	3.84%	3.84%	3.86%
Cost of Funds	0.36%	0.44%	0.42%	0.47%	0.60%	0.97%	0.88%	0.44%	0.42%	0.44%	0.55%
Gross Interest Margin	3.80%	3.58%	3.39%	3.38%	3.27%	3.16%	3.19%	3.60%	3.42%	3.40%	3.31%
Provision Expense	0.35%	0.33%	0.24%	0.27%	0.30%	0.47%	0.43%	0.33%	0.25%	0.26%	0.29%
Net Interest Margin	3.45%	3.26%	3.15%	3.11%	2.97%	2.69%	2.76%	3.27%	3.17%	3.14%	3.02%
Non-Interest Income	0.53%	0.64%	1.03%	1.29%	1.42%	1.35%	1.35%	0.64%	0.98%	1.14%	1.34%
Non-Interest Expense	4.30%	3.63%	3.62%	3.75%	3.66%	3.06%	3.19%	3.67%	3.62%	3.69%	3.67%
Net Operating Expense	3.77%	2.99%	2.59%	2.46%	2.24%	1.70%	1.84%	3.04%	2.64%	2.55%	2.33%
Net Operating Return	-0.32%	0.27%	0.57%	0.65%	0.72%	0.99%	0.92%	0.23%	0.53%	0.59%	0.68%
Non-recurring Inc(Exp)	0.35%	0.10%	0.03%	0.01%	0.03%	0.04%	0.04%	0.12%	0.04%	0.03%	0.03%
Net Income	0.03%	0.37%	0.60%	0.66%	0.76%	1.04%	0.97%	0.35%	0.57%	0.62%	0.72%
Return on Net Worth	0.8%	2.6%	4.7%	5.5%	6.7%	9.0%	8.4%	2.5%	4.4%	4.9%	6.1%

Q3-2019	<\$2 Million	\$2-10 Million	\$10-50 <Million	\$50-100 Million	\$100-500 Million	\$500> Million	TOTAL	<\$10 Million	<\$50 Million	<\$100 Million	<\$500 Million
<b>OPERATING EFFICIENCIES:</b>											
<b>Loans &amp; Shares-</b>											
Avg Loan Balance	\$4,502	\$7,538	\$8,521	\$10,295	\$13,417	\$16,679	\$15,530	\$7,354	\$8,382	\$9,393	\$12,379
Avg Loan Rate	7%	6%	5%	5%	5%	5%	5%	6%	5%	5%	5%
Avg Loan Yield, net	7%	6%	5%	5%	5%	4%	4%	6%	5%	5%	5%
Avg Share Balance	\$2,308	\$4,750	\$7,234	\$8,233	\$9,387	\$11,575	\$10,809	\$4,451	\$6,751	\$7,435	\$8,704
Avg Share Rate	0.44%	0.53%	0.48%	0.54%	0.69%	1.16%	1.04%	0.53%	0.49%	0.51%	0.64%
NM Deposit Ratio	1.9%	1.1%	1.0%	0.9%	1.1%	0.9%	0.9%	1.2%	1.0%	1.0%	1.1%
<b>Net Operating Profitability-</b>											
Earning Asset/Funding	124%	118%	112%	109%	108%	109%	109%	118%	113%	111%	109%
Avg Revenue per FTE	\$31,289	\$110,702	\$166,766	\$179,524	\$197,812	\$293,589	\$262,612	\$94,987	\$153,243	\$165,914	\$187,497
Avg OpExpense per FTE	\$28,681	\$86,023	\$124,574	\$131,008	\$137,031	\$163,790	\$154,634	\$74,676	\$115,173	\$122,807	\$132,431
Avg Int & Prov Exp per FTE	\$4,729	\$18,222	\$22,724	\$25,791	\$33,677	\$76,707	\$63,182	\$15,552	\$21,373	\$23,503	\$30,387
Avg OpReturn per FTE	-\$2,121	\$6,456	\$19,468	\$22,725	\$27,104	\$53,092	\$44,796	\$4,759	\$16,697	\$19,603	\$24,679
Net OpExp-to-Total Exp	88%	82%	72%	66%	61%	56%	58%	83%	73%	69%	64%
<b>Operating Revenue-</b>											
Non-Int Inc-to-Total Rev	11%	14%	21%	25%	27%	25%	25%	14%	20%	23%	26%
Interest Inc per FTE	\$23,004	\$77,216	\$108,600	\$108,719	\$110,943	\$144,334	\$133,981	\$66,488	\$100,667	\$104,549	\$108,876
Non-Int Inc per FTE	\$3,556	\$15,263	\$35,442	\$45,014	\$53,192	\$72,548	\$65,449	\$12,946	\$31,204	\$37,862	\$48,234
<b>Operating Expenses-</b>											
C&B Expense Ratio	2.10%	1.90%	1.71%	1.79%	1.84%	1.59%	1.64%	1.91%	1.74%	1.77%	1.82%
Pct of Total Op Exp	49%	52%	47%	48%	50%	52%	51%	52%	48%	48%	50%
Avg C&B per FTE	\$13,985	\$45,023	\$59,037	\$62,649	\$68,776	\$85,195	\$79,460	\$38,881	\$55,239	\$58,812	\$65,554
Occ & Ops Exp Ratio	1.30%	0.97%	0.96%	0.94%	0.94%	0.75%	0.79%	0.99%	0.97%	0.95%	0.94%
Pct of Total Op Exp	30%	27%	27%	25%	26%	25%	25%	27%	27%	26%	26%
Avg O&O per FTE	\$8,676	\$22,982	\$33,144	\$32,892	\$35,184	\$40,235	\$38,435	\$20,151	\$30,696	\$31,755	\$34,075
All Other Exp Ratio	0.33%	0.47%	0.67%	0.75%	0.63%	0.49%	0.53%	0.46%	0.65%	0.70%	0.65%
Pct of Total Op Exp	10%	17%	25%	27%	23%	21%	22%	17%	24%	25%	24%
Avg AOE per FTE	\$6,021	\$18,018	\$32,393	\$35,466	\$33,071	\$38,360	\$36,739	\$15,644	\$29,237	\$32,240	\$32,803
<b>Average Margin per Account-</b>											
Avg Int Inc per Loan	\$302	\$428	\$441	\$507	\$605	\$740	\$697	\$422	\$439	\$476	\$576
Avg Int Exp per Share	\$10	\$25	\$35	\$44	\$65	\$134	\$113	\$23	\$33	\$38	\$55
Avg Return	\$292	\$403	\$406	\$462	\$540	\$606	\$584	\$399	\$406	\$438	\$521
<b>Staffing-</b>											
Full-time Equivalents	562.5	2,280	12,246	14,046	60,960	218,445	308,539	2,843	15,088	29,134	90,094
Pct PT Employees	57%	42%	16%	11%	8%	6%	8%	45%	22%	17%	11%
FTE-to-Ops (Staffing)	3.11	0.75	0.44	0.39	0.32	0.21	0.24	0.88	0.48	0.43	0.35
<b>Membership Outreach-</b>											
Members-to-Potential	8.2%	7.8%	2.9%	2.8%	2.7%	3.1%	3.0%	7.9%	3.2%	3.0%	2.8%
Members-to-FTEs	227	402	406	367	340	401	387	367	398	383	354
Branches	406	961	2,440	1,781	5,172	10,304	21,064	1,367	3,807	5,588	10,759
Members per Branch	315	953	2,036	2,891	4,006	8,508	5,676	763	1,579	1,997	2,963