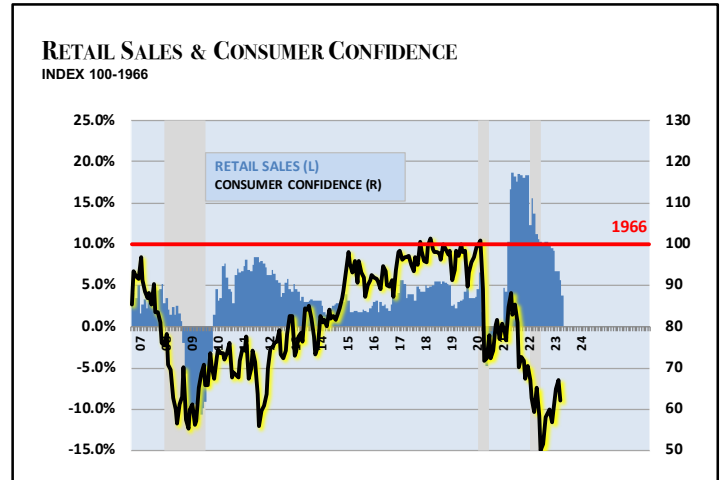
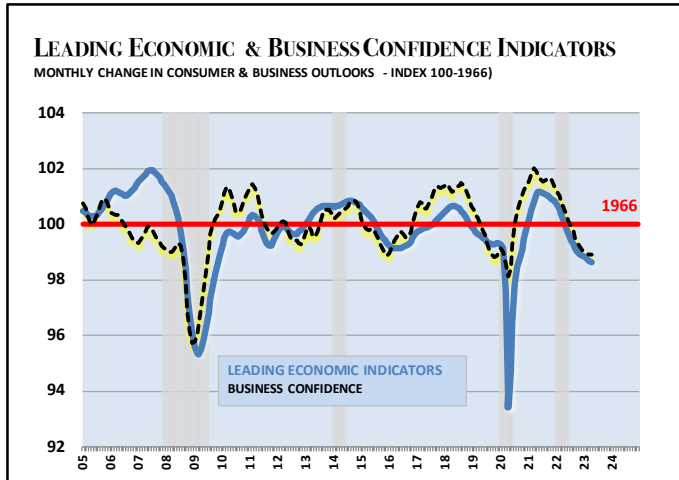




LEADING ECONOMIC INDICATORS AND CONSUMER CONFIDENCE



	2022									2023				
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
Economic Indicators (100=1966)														
Leading Economic Index	100.16	99.89	99.64	99.42	99.25	99.12	99.01	98.92	98.86	98.81	98.76	98.69	98.62	
Business Confidence Index	100.61	100.40	100.12	99.92	99.74	99.52	99.32	99.17	99.06	98.98	98.94	98.90	98.90	
Consumer Confidence Index	65.20	58.40	50.00	51.50	58.20	58.60	59.90	56.80	59.70	64.90	67.00	62.00	-	
Consumer Spending Behavior														
Change in Retail Sales	11.3%	10.6%	10.3%	10.2%	10.3%	10.3%	9.9%	9.6%	9.2%	6.7%	6.8%	5.6%	3.8%	
Change in Consumer Credit	10.1%	6.2%	10.2%	6.2%	7.8%	6.4%	12.7%	12.7%	15.6%	7.3%	5.9%	3.7%	6.6%	
Purchasing Power														
Consumer Inflation (YoY)	8.3%	8.6%	9.1%	8.5%	8.3%	8.2%	7.7%	7.1%	6.5%	6.4%	6.0%	5.0%	4.9%	
Producer Inflation (YoY)	10.9%	10.8%	11.3%	9.8%	8.7%	8.5%	8.2%	7.4%	6.6%	5.9%	4.9%	2.7%	2.3%	

INDICATORS REPORT AND CU STRATEGY

(May 2023)..... The US leading economic index slipped again in April, suggesting the US business cycle remains on a weak growth trajectory in 2023. The LEI's growth has slowed, suggesting the economy may be facing capacity constraints and increasingly tight labor markets. The economy experience a modest 1.1% growth during Q1-2023, despite a 3.7% increase in personal spending.

Strategically... The indices, consumer confidence and retail sales figures point to continued brisk transactional volume at the retail level. With consumer spending accounting for about two-thirds of the nation's GDP, current metrics suggest the economy continues to show some stability, yet at level that are not sustainable. Share growth will continue to be very volatile as more members are living a paycheck-to-paycheck existence due to elevated inflation and require greater need for both checking and savings accounts to meet everyday requirements. Currently, average wage growth of 4.0% is being diluted by a 4.9% inflation rate.

Credit unions are encouraged to retain strong underwriting standards and keep marginal loan origination quality held in portfolio where B- or higher applications constituting at least 85% of holdings. Moreover, they must properly managed their surplus liquidity profile by minimizing the mismatch between loan and share growth.