

08 November 2019

BENCHMARK INTEREST RATES AND YIELD CURVE

US Treasury Rates-

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE		
	11/7/19	10/7/19	12/31/18	11/7/18	This Yr	Last Yr	Down Cycle
Fed Funds	1.55%	1.82%	2.40%	2.20%	-0.85%	-0.65%	-0.90%
3mo	1.56%	1.75%	2.45%	2.37%	-0.89%	-0.81%	-0.79%
6mo	1.58%	1.73%	2.56%	2.51%	-0.98%	-0.93%	-0.94%
1yr	1.58%	1.64%	2.63%	2.74%	-1.05%	-1.16%	-1.16%
2yr	1.68%	1.46%	2.48%	2.96%	-0.80%	-1.28%	-1.30%
3yr	1.70%	1.41%	2.46%	3.03%	-0.76%	-1.33%	-1.35%
5yr	1.74%	1.38%	2.51%	3.07%	-0.77%	-1.33%	-1.35%
7yr	1.84%	1.47%	2.59%	3.15%	-0.75%	-1.31%	-1.33%
10yr	1.92%	1.56%	2.69%	3.22%	-0.77%	-1.30%	-1.32%
30yr	2.40%	2.05%	3.02%	3.43%	-0.62%	-1.03%	0.22%

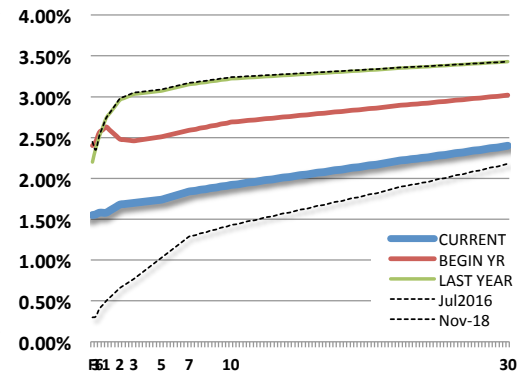
Slope of the Yield Curve-

	THIS WK	LAST MO	YR END	LAST YR	THIS YR	LAST YR	DOWN CYCLE
2yr-3mo	0.12%	-0.29%	0.03%	0.59%	0.09%	-0.47%	-0.51%
5yr-2yr	0.06%	-0.08%	0.03%	0.11%	0.03%	-0.05%	-0.05%
10yr-5yr	0.18%	0.18%	0.18%	0.15%	0.00%	0.03%	0.03%
10yr-3mo	0.36%	-0.19%	0.24%	0.85%	0.12%	-0.49%	-0.53%

Other Interest Rates-

	THIS WK	LAST MO	YR END	LAST YR	THIS YR	LAST YR	DOWN CYCLE
Prime	4.75%	5.00%	5.50%	5.25%	-0.75%	-0.50%	-0.75%
1mo LIBOR	1.76%	1.94%	2.52%	2.31%	-0.76%	-0.55%	-0.76%
6mo LIBOR	1.92%	1.96%	2.87%	2.84%	-0.95%	-0.92%	-0.99%
12mo LIBOR	1.98%	1.87%	3.01%	3.13%	-1.03%	-1.15%	-1.15%

YIELD CURVE ASSESSMENT



CYCLICAL CHANGES SUMMARY

	Jul16 Low	Nov18 High	Nov18 High-Current
Fed Funds	2.15%		-0.90%
1year	2.24%		-1.16%
2years	2.32%		-1.30%
3years	2.28%		-1.35%
5years	2.06%		-1.35%
10years	1.81%		-1.32%

ECONOMIC UPDATE AND ANALYSIS

PACE OF CONSUMER CREDIT GROWTH SLOWS TO 2.8% IN SEPTEMBER

According to the Federal Reserve, U.S. consumer borrowing grew in September at the slowest rate in 15 months. Total consumer credit increased \$9.5 billion, down from \$17.8 billion in August.

The September gain was well below the monthly average growth for the first eight months of the year of around \$16 billion. It translates into an annual growth rate of 2.8%, the slowest since June 2018.

Revolving credit, namely credit cards, fell for the second straight month in September. That's the first time this has happened since the summer of 2012. Borrowing fell 1.2% after falling 2.5% in August. It is the third decline in revolving credit in the past four months.

Non-revolving credit, typically auto and student loans, rose 4.2% in September, the slowest rate in four months.

Still, total consumer credit increased an annualized 4.9% during the third quarter, the most since the final three months of 2018. The rate of revolving credit slowed to 2.2%, from 5.2% in the second quarter, while non-revolving debt increased an annualized 5.9%, the fastest in a year.

Key Economic Indicators for Banks, Thrifts & Credit Unions-

		LATEST	CURRENT	PREV
GDP	QoQ	Q2-Final	1.9%	2.0%
GDP - YTD	Annl	Q2-Final	2.3%	2.6%
Consumer Spending	QoQ	Q2-Final	2.0%	4.6%
Consumer Spending	Annl	Q2-Final	2.9%	2.9%
Unemployment	Mo	Oct	3.6%	3.5%
Consumer Inflation	YoY	Sep	1.7%	1.7%
Core Inflation	YoY	Sep	2.4%	2.4%
Consumer Credit	Annual	Sep	2.8%	5.2%
Retail Sales	YoY	Sep	3.4%	3.3%
Vehicle Sales	Annl (Mil)	Sep	17.7	17.5
Home Sales	Annl (Mil)	Sep	6.103	6.066
Home Prices	YoY	Aug	2.0%	2.0%

Key Consumer Market Data-

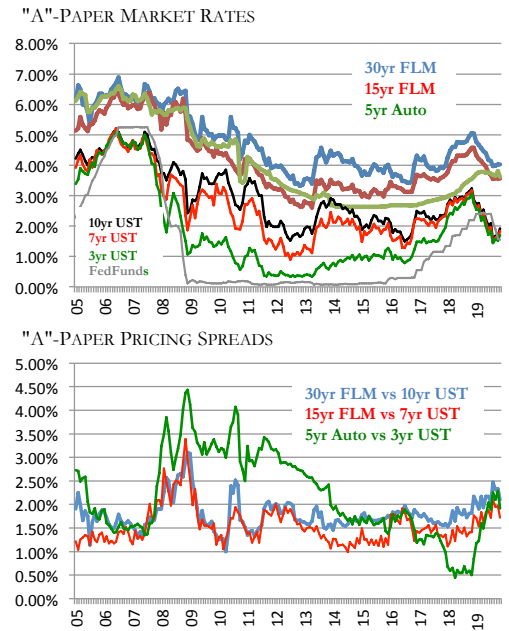
	THIS WK	YR END	PCT CHANGES	
	11/7/19	12/31/18	YTD	12Mos
DJIA	27,675	23,327	18.6%	6.3%
S&P 500	3,085	2,506	23.1%	10.9%
NASDAQ	8,434	6,635	27.1%	14.0%
Crude Oil	57.15	45.41	25.9%	-5.5%
Avg Gasoline	2.60	2.27	14.6%	-6.5%
Gold	1,466.4	1,281.3	14.4%	21.2%

**AVERAGE CREDIT UNION RATES AND RATE SENSITIVITY**

	THIS WK 11/7/19	YTD Change		Chg in Current Cycle*		Rate Sensitivity	
		Rate	Benchmark	Rate	Benchmark	YTD	Cycle
Classic CC	11.51%	-0.10%	-0.75%	-0.18%	-0.75%	13%	24%
Platinum CC	10.02%	-0.15%	-0.75%	-0.25%	-0.75%	20%	33%
48mo Veh	3.51%	-0.03%	-0.80%	-0.15%	-1.30%	4%	12%
60mo Veh	3.62%	-0.04%	-0.76%	-0.15%	-1.35%	5%	11%
72mo Veh	3.95%	-0.06%	-0.77%	-0.17%	-1.35%	8%	13%
HE LOC	5.20%	-0.21%	-0.75%	-0.36%	-0.75%	28%	48%
10yr HE	5.32%	-0.15%	-0.77%	-0.20%	-1.37%	19%	15%
15yr FRM	3.56%	-0.87%	-0.77%	-1.02%	-1.38%	113%	74%
30yr FRM	4.02%	-0.84%	-0.77%	-1.04%	-1.32%	109%	79%
Sh Drafts	0.14%	0.01%	-0.85%	0.00%	-0.90%	-1%	0%
Reg Svgs	0.18%	0.00%	-0.85%	-0.01%	-0.90%	0%	1%
MMkt-10k	0.46%	0.02%	-0.85%	-0.02%	-0.90%	-2%	2%
MMkt-50k	0.63%	0.02%	-0.85%	-0.02%	-0.90%	-2%	2%
6mo CD	1.00%	0.07%	-0.98%	-0.03%	-0.94%	-7%	3%
1yr CD	1.43%	0.01%	-1.05%	-0.08%	-1.16%	-1%	7%
2yr CD	1.68%	-0.08%	-0.80%	-0.17%	-1.30%	10%	13%
3yr CD	1.84%	-0.15%	-0.76%	-0.22%	-1.35%	20%	16%

\*Since Nov 2018

**RELATIVE VALUE**



**STRATEGICALLY FOR CREDIT UNIONS**

Credit card spending trends appear to show that while consumers remain willing and able to spend, they are doing so only cautiously and are still reluctant to take on substantial debt.

With business investment sagging, all eyes are on the consumer to keep the expansion on track. Fed Chairman Jerome Powell told reporters last week that the Fed hasn't seen the weakness from business spending "getting into the consumer side of the economy."

For now, low unemployment and solid wage growth has consumers on a solid footing. Underwriting has been tightening on credit cards all year despite delinquencies being near historic lows.

In addition, the Consumer Financial Protection Bureau and FRBoard have posted the dollar thresholds in Truth-in-Lending and Consumer Leasing that will apply when determining exempt consumer credit and lease transactions in 2020. Based on the annual percentage increase in the CPI-W as of June 1, 2019, the exemptions will apply on consumer credit transactions and consumer leases of \$58,300 or less in 2020.

However, private education loans and loans secured by real property—including mortgages—are subject to the Truth-in-Lending Act regardless of the amount of the loan.

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

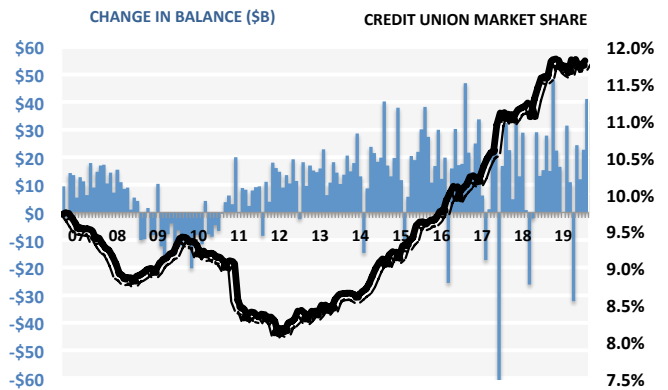
**ECONOMIC RELEASES**

RELEASES THIS WEEK:	Current	Previous
Consumer Credit (Sep)	2.8%	5.2%

RELEASES FOR UPCOMING WEEK:	Projected	Previous
Consumer Inflation (Oct, YoY)	1.7%	1.7%
Wholesale Inflation (Oct, YoY)	1.5%	1.4%

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Trusted Insight, Effective Solutions

**CHANGE IN CONSUMER CREDIT**



ECONOMIC CALENDAR

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
<p><b>Oct 14</b> COLUMBUS DAY HOLIDAY</p>	<p><b>15</b></p>	<p><b>16</b> Retail Sales 3.4% FRB Beige Book</p>	<p><b>17</b> Jobless Claims 214k Industrial Prod -0.4%</p>	<p><b>18</b> Leading Indicators -0.1%</p>	<p><b>19</b></p>
<p><b>21</b></p>	<p><b>22</b> Ex Home Sales 5.38M</p>	<p><b>23</b></p>	<p><b>24</b> Jobless Claims 212k New Home Sales 713k</p>	<p><b>25</b> Consumer Sentiment 95.5</p>	<p><b>26</b></p>
<p><b>28</b></p>	<p><b>29</b> Home Prices +2.0%</p>	<p><b>30</b> GDP (Q3-1st) 1.9% FOMC Announcement</p>	<p><b>31</b> Jobless Claims 219k</p>	<p><b>Nov 1</b> Employment Data 3.6%</p>	<p><b>2</b></p>
<p><b>4</b></p>	<p><b>5</b></p>	<p><b>6</b></p>	<p><b>7</b> Jobless Claims 211k Consumer Credit 2.8%</p>	<p><b>8</b></p>	<p><b>9</b></p>
<p><b>11</b> VETERAN'S DAY</p>	<p><b>12</b></p>	<p><b>13</b> Consumer Inflation</p>	<p><b>14</b> Jobless Claims Wholesale Inflation</p>	<p><b>15</b> Retail Sales</p>	<p><b>16</b></p>
<p><b>18</b></p>	<p><b>19</b></p>	<p><b>20</b> FOMC Minutes</p>	<p><b>21</b> Jobless Claims Existing Home Sales</p>	<p><b>22</b></p>	<p><b>23</b></p>
<p><b>25</b></p>	<p><b>26</b> Home Prices New Home Sales</p>	<p><b>27</b> GDP (Q3-2nd) FRB Beige Book Jobless Claims</p>	<p><b>28</b> THANKSGIVING</p>	<p><b>29</b></p>	<p><b>30</b></p>
<p><b>2</b></p>	<p><b>3</b> Motor Vehicle Sales</p>	<p><b>4</b></p>	<p><b>5</b> Jobless Claims Factory Orders</p>	<p><b>6</b> Unemployment Consumer Credit</p>	<p><b>7</b></p>

Q2-2019	<\$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	423	940	1,677	680	1,012	576	5,308	1,363	3,040	3,720	4,732
Average Assets (\$Mil)	\$0.9	\$5.9	\$25.4	\$72.5	\$228.2	\$1,952.4	\$273.8	\$4.4	\$16.0	\$26.3	\$69.5
Pct of Credit Unions	8%	18%	32%	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	-6.1%	-11.4%	-1.6%	-1.3%	-5.9%	13.3%	9.2%	-11.0%	-2.8%	-2.0%	-4.7%
Total Loans	-11.8%	-11.5%	-3.4%	-5.0%	-10.7%	7.9%	4.4%	-11.6%	-4.3%	-4.7%	-9.2%
Total Shares	-5.1%	-9.5%	-1.7%	-1.3%	-5.0%	11.9%	8.3%	-9.2%	-2.6%	-2.0%	-4.1%
Net Worth	-3.6%	-11.2%	-0.5%	-1.5%	-5.6%	12.6%	8.7%	-10.6%	-2.0%	-1.8%	-4.4%
<b>BALANCE SHEET ALLOCATION</b>											
Net Worth-to-Total Assets	19.0%	15.9%	13.0%	12.0%	11.4%	11.1%	11.3%	16.1%	13.3%	12.7%	11.8%
Cash & Inv-to-Total Assets	52%	46%	43%	37%	28%	24%	25%	47%	44%	41%	32%
Loans-to-Total Assets	47%	52%	53%	58%	67%	72%	70%	52%	53%	56%	64%
Vehicle-to-Total Loans	59%	62%	49%	43%	40%	33%	35%	62%	50%	46%	41%
REL-to-Total Loans	1%	8%	32%	38%	44%	51%	50%	8%	29%	34%	42%
REL-to-Net Worth	4%	28%	130%	186%	261%	332%	308%	26%	115%	149%	225%
Indirect-to-Total Loans	0%	1%	5%	12%	19%	22%	21%	0%	4%	9%	17%
Loans-to-Total Shares	59%	62%	62%	67%	77%	86%	83%	62%	62%	64%	73%
Nonterm-to-Total Shares	91%	85%	81%	78%	75%	70%	71%	85%	81%	80%	76%
Short-term Funding Ratio	40.5%	29.9%	23.8%	19.9%	15.0%	12.0%	13.1%	24.5%	22.2%	17.1%	13.1%
Net Long-term Asset Ratio	3.5%	7.8%	18.7%	24.0%	29.9%	34.7%	33.1%	17.4%	20.8%	27.2%	33.0%
<b>LOAN QUALITY</b>											
Loan Delinquency Ratio	3.36%	1.68%	0.94%	0.81%	0.68%	0.61%	0.63%	1.02%	0.91%	0.74%	0.64%
Net Charge-off Ratio	0.99%	0.67%	0.46%	0.45%	0.47%	0.58%	0.56%	0.48%	0.47%	0.47%	0.56%
"Misery" Index	4.35%	2.35%	1.40%	1.26%	1.15%	1.19%	1.19%	1.51%	1.38%	1.21%	1.19%
RE Loan Delinquency	3.00%	2.18%	0.90%	0.75%	0.62%	0.49%	0.52%	2.19%	0.94%	0.83%	0.66%
Vehicle Loan Delinquency	2.83%	1.52%	0.85%	0.73%	0.61%	0.51%	0.55%	1.60%	0.96%	0.85%	0.68%
Direct Loans	2.83%	1.52%	0.82%	0.70%	0.56%	0.47%	0.55%	1.60%	0.94%	0.84%	0.67%
Indirect Loans	0.00%	1.37%	1.13%	0.81%	0.66%	0.53%	0.55%	1.37%	1.13%	0.89%	0.69%
Loss Allow as % of Loans	2.78%	1.27%	0.90%	0.82%	0.82%	0.89%	0.88%	1.36%	0.95%	0.88%	0.84%
Current Loss Exposure	1.51%	0.83%	0.52%	0.49%	0.43%	0.36%	0.38%	0.87%	0.56%	0.52%	0.45%
<b>EARNINGS</b>											
Gross Asset Yield	4.11%	3.99%	3.77%	3.79%	3.82%	4.10%	4.03%	4.00%	3.80%	3.79%	3.81%
Cost of Funds	0.35%	0.42%	0.41%	0.46%	0.58%	0.94%	0.85%	0.41%	0.41%	0.43%	0.54%
Gross Interest Margin	3.76%	3.57%	3.37%	3.33%	3.24%	3.15%	3.18%	3.58%	3.39%	3.36%	3.28%
Provision Expense	0.39%	0.34%	0.23%	0.27%	0.31%	0.47%	0.43%	0.35%	0.25%	0.26%	0.29%
Net Interest Margin	3.37%	3.23%	3.13%	3.06%	2.93%	2.68%	2.75%	3.24%	3.14%	3.10%	2.98%
Non-Interest Income	0.52%	0.65%	1.01%	1.25%	1.39%	1.32%	1.32%	0.64%	0.97%	1.11%	1.31%
Non-Interest Expense	4.29%	3.65%	3.58%	3.68%	3.64%	3.03%	3.16%	3.69%	3.59%	3.64%	3.64%
Net Operating Expense	3.77%	3.00%	2.57%	2.44%	2.24%	1.71%	1.85%	3.05%	2.62%	2.53%	2.33%
<b>Net Operating Return</b>	<b>-0.40%</b>	<b>0.23%</b>	<b>0.57%</b>	<b>0.63%</b>	<b>0.69%</b>	<b>0.97%</b>	<b>0.90%</b>	<b>0.19%</b>	<b>0.52%</b>	<b>0.57%</b>	<b>0.66%</b>
Non-recurring Inc(Exp)	0.13%	0.07%	0.02%	0.01%	0.02%	0.04%	0.03%	0.07%	0.03%	0.02%	0.02%
<b>Net Income</b>	<b>-0.27%</b>	<b>0.30%</b>	<b>0.59%</b>	<b>0.64%</b>	<b>0.71%</b>	<b>1.01%</b>	<b>0.94%</b>	<b>0.26%</b>	<b>0.55%</b>	<b>0.59%</b>	<b>0.68%</b>
<b>Return on Net Worth</b>	<b>-0.7%</b>	<b>2.4%</b>	<b>4.7%</b>	<b>5.4%</b>	<b>6.5%</b>	<b>9.1%</b>	<b>8.4%</b>	<b>2.1%</b>	<b>4.4%</b>	<b>4.9%</b>	<b>6.0%</b>

Q2-2019	<\$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	\$4,579	\$7,480	\$8,648	\$10,300	\$13,310	\$16,604	\$15,457	\$7,305	\$8,488	\$9,445	\$12,313
Avg Loan Rate	7%	6%	5%	5%	5%	5%	5%	6%	5%	5%	5%
Avg Loan Yield, net	7%	6%	5%	5%	4%	4%	4%	6%	5%	5%	5%
Avg Share Balance	\$2,238	\$4,767	\$7,285	\$8,280	\$9,430	\$11,580	\$10,817	\$4,447	\$6,791	\$7,473	\$8,740
Avg Share Rate	0.44%	0.50%	0.47%	0.52%	0.67%	1.13%	1.02%	0.49%	0.47%	0.50%	0.62%
NM Deposit Ratio	1.9%	1.1%	1.0%	0.9%	1.1%	0.9%	1.0%	1.2%	1.0%	0.9%	1.1%
<b>Net Operating Profitability-</b>											
Earning Asset/Funding	124%	118%	112%	109%	108%	109%	109%	118%	112%	111%	109%
Avg Revenue per FTE	\$48,115	\$109,745	\$163,984	\$177,942	\$195,786	\$290,899	\$260,141	\$101,300	\$152,928	\$164,932	\$185,808
Avg OpExpense per FTE	\$44,582	\$86,359	\$122,665	\$130,200	\$136,528	\$162,825	\$153,794	\$80,635	\$115,252	\$122,425	\$131,967
Avg Int & Prov Exp per FTE	\$7,720	\$17,963	\$21,923	\$25,555	\$33,315	\$75,887	\$62,468	\$16,559	\$20,977	\$23,174	\$30,035
Avg OpReturn per FTE	-\$4,187	\$5,423	\$19,396	\$22,187	\$25,944	\$52,186	\$43,879	\$4,106	\$16,699	\$19,332	\$23,806
Net OpExp-to-Total Exp	88%	82%	72%	66%	62%	56%	58%	83%	73%	70%	64%
<b>Operating Revenue-</b>											
Non-Int Inc-to-Total Rev	11%	14%	21%	25%	27%	24%	25%	14%	20%	23%	26%
Interest Inc per FTE	\$35,016	\$76,432	\$107,299	\$108,330	\$110,172	\$144,081	\$133,614	\$70,757	\$100,854	\$104,441	\$108,319
Non-Int Inc per FTE	\$5,379	\$15,350	\$34,762	\$44,057	\$52,300	\$70,931	\$64,059	\$13,984	\$31,097	\$37,316	\$47,454
<b>Operating Expenses-</b>											
C&B Expense Ratio	2.11%	1.90%	1.71%	1.76%	1.83%	1.59%	1.63%	1.91%	1.74%	1.75%	1.80%
Pct of Total Op Exp	49%	52%	48%	48%	50%	52%	52%	52%	48%	48%	50%
Avg C&B per FTE	\$21,951	\$44,929	\$58,737	\$62,351	\$68,577	\$85,153	\$79,387	\$41,781	\$55,746	\$58,916	\$65,453
Occ & Ops Exp Ratio	1.29%	0.97%	0.95%	0.93%	0.93%	0.74%	0.79%	0.99%	0.96%	0.94%	0.94%
Pct of Total Op Exp	30%	27%	27%	25%	26%	25%	25%	27%	27%	26%	26%
Avg O&O per FTE	\$13,412	\$22,944	\$32,698	\$32,759	\$35,012	\$39,993	\$38,223	\$21,638	\$30,747	\$31,712	\$33,945
All Other Exp Ratio	0.31%	0.32%	0.43%	0.49%	0.42%	0.32%	0.34%	0.32%	0.42%	0.45%	0.43%
Pct of Total Op Exp	15%	18%	24%	27%	23%	21%	21%	18%	23%	25%	24%
Avg AOE per FTE	\$9,220	\$18,485	\$31,231	\$35,090	\$32,939	\$37,679	\$36,184	\$17,216	\$28,759	\$31,797	\$32,569
<b>Average Margin per Account-</b>											
Avg Int Inc per Loan	\$304	\$424	\$447	\$501	\$594	\$731	\$687	\$418	\$444	\$476	\$568
Avg Int Exp per Share	\$10	\$24	\$34	\$43	\$63	\$131	\$110	\$22	\$32	\$37	\$54
Avg Return	\$295	\$400	\$413	\$458	\$531	\$600	\$578	\$396	\$412	\$439	\$514
<b>Staffing-</b>											
Full-time Equivalents	364	2,293	12,405	13,896	60,586	216,403	305,945	2,657	15,061	28,957	89,542
Pct PT Employees	78%	41%	16%	12%	8%	6%	8%	48%	22%	17%	11%
FTE-to-Ops (Staffing)	2.04	0.75	0.44	0.38	0.32	0.22	0.24	0.82	0.48	0.43	0.35
<b>Membership Outreach-</b>											
Members-to-Potential	8.6%	7.7%	2.9%	2.7%	2.7%	3.1%	3.0%	7.8%	3.3%	3.0%	2.8%
Members-to-FTEs	368	403	404	370	340	400	387	398	403	387	355
Branches	414	971	2,463	1,782	5,135	10,246	21,011	1,385	3,848	5,630	10,765
Members per Branch	323	952	2,036	2,885	4,007	8,444	5,631	764	1,578	1,992	2,953