

25 October 2019

BENCHMARK INTEREST RATES AND YIELD CURVE

US Treasury Rates-

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE		
	10/24/19	9/24/19	12/31/18	10/24/18	This Yr	Last Yr	Down Cycle
Fed Funds	1.85%	1.90%	2.40%	2.20%	-0.55%	-0.35%	-0.60%
3mo	1.67%	1.92%	2.45%	2.34%	-0.78%	-0.67%	-0.68%
6mo	1.65%	1.91%	2.56%	2.47%	-0.91%	-0.82%	-0.87%
1yr	1.59%	1.78%	2.63%	2.64%	-1.04%	-1.05%	-1.15%
2yr	1.58%	1.60%	2.48%	2.84%	-0.90%	-1.26%	-1.40%
3yr	1.58%	1.53%	2.46%	2.89%	-0.88%	-1.31%	-1.47%
5yr	1.58%	1.52%	2.51%	2.94%	-0.93%	-1.36%	-1.51%
7yr	1.67%	1.58%	2.59%	3.02%	-0.92%	-1.35%	-1.50%
10yr	1.77%	1.64%	2.69%	3.10%	-0.92%	-1.33%	-1.47%
30yr	2.26%	2.09%	3.02%	3.33%	-0.76%	-1.07%	0.08%

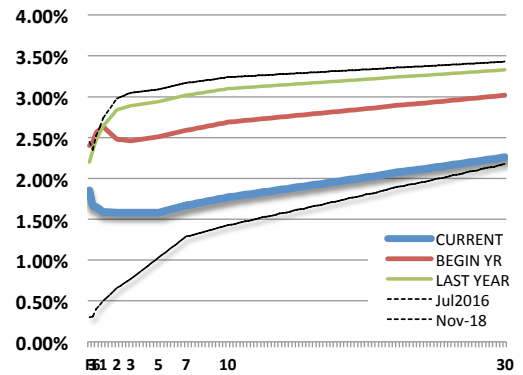
Slope of the Yield Curve-

	THIS WK	LAST MO	YR END	LAST YR	This Yr	Last Yr	Down Cycle
2yr-3mo	-0.09%	-0.32%	0.03%	0.50%	-0.12%	-0.59%	-0.72%
5yr-2yr	0.00%	-0.08%	0.03%	0.10%	-0.03%	-0.10%	-0.11%
10yr-5yr	0.19%	0.12%	0.18%	0.16%	0.01%	0.03%	0.04%
10yr-3mo	0.10%	-0.28%	0.24%	0.76%	-0.14%	-0.66%	-0.79%

Other Interest Rates-

	THIS WK	LAST MO	YR END	LAST YR	This Yr	Last Yr	Down Cycle
Prime	5.00%	5.25%	5.50%	5.25%	-0.50%	-0.25%	-0.50%
1mo LIBOR	1.89%	2.04%	2.52%	2.36%	-0.63%	-0.47%	-0.63%
6mo LIBOR	1.93%	2.06%	2.87%	2.76%	-0.94%	-0.83%	-0.98%
12mo LIBOR	1.96%	2.03%	3.01%	3.04%	-1.05%	-1.08%	-1.17%

YIELD CURVE ASSESSMENT



CYCLICAL CHANGES SUMMARY

	Jul16 Low-Nov18 High	Nov18 High-Current
Fed Funds	2.15%	-0.60%
1year	2.24%	-1.15%
2years	2.32%	-1.40%
3years	2.28%	-1.47%
5years	2.06%	-1.51%
10years	1.81%	-1.47%

ECONOMIC UPDATE AND ANALYSIS

EXISTING HOME SALES DAMPENED BY LACK OF INVENTORY IN SEPTEMBER

After rising for two consecutive months, the nation's existing home sales declined 2.2% in September, according to the National Association of Realtors.

Total existing home sales – completed transactions that include single-family homes, townhomes, condominiums, and co-ops – decreased to a seasonally adjusted annualized rate of 5.38 million. That being said, sales are now 3.9% above September 2018's rate.

In September, the median price for an existing home was \$272,100, a gain of 5.9% from last year's rate of \$256,900. This marks the 91st straight month of year-over-year gains.

According to NAR, total homes available for sale remained on par with August's 1.83 million but fell 2.7% from last year's rate of 1.88 million.

There was a 4.1-month supply of unsold inventory at the current sales pace, up from 4 in August, but down from 4.4 a year ago. Properties stayed on the market an average of 32 days in September, rising from 31 days in August but remaining the same as last year. The report states that 49% of homes stayed on the market for less than a month.

Key Economic Indicators for Banks, Thrifts & Credit Unions-

		LATEST	CURRENT	PREV
GDP	QoQ	Q2-Final	2.0%	3.1%
GDP - YTD	Ann1	Q2-Final	2.6%	3.1%
Consumer Spending	QoQ	Q2-Final	4.6%	0.9%
Consumer Spending	Ann1	Q2-Final	2.9%	1.1%
Unemployment	Mo	Sep	3.5%	3.7%
Consumer Inflation	YoY	Sep	1.7%	1.7%
Core Inflation	YoY	Sep	2.4%	2.4%
Consumer Credit	Annual	Aug	5.2%	6.7%
Retail Sales	YoY	Sep	3.4%	3.3%
Vehicle Sales	Ann1 (Mil)	Sep	17.7	17.5
Home Sales	Ann1 (Mil)	Aug	6.125	6.066
Home Prices	YoY	July	2.0%	2.0%

Key Consumer Market Data-

	THIS WK	YR END	PCT CHANGES	
	10/24/19	12/31/18	YTD	12Mos
DJIA	26,805	23,327	14.9%	9.3%
S&P 500	3,010	2,506	20.1%	13.8%
NASDAQ	8,185	6,635	23.4%	15.0%
Crude Oil	56.23	45.41	23.8%	-16.6%
Avg Gasoline	1.64	2.27	-27.7%	-8.8%
Gold	1,504.7	1,281.3	17.4%	22.3%

AVERAGE CREDIT UNION RATES AND RATE SENSITIVITY

	THIS WK 10/24/19	YTD Change		Chg in Current Cycle*		Rate Sensitivity	
		Rate	Benchmark	Rate	Benchmark	YTD	Cycle
Classic CC	11.57%	-0.04%	-0.50%	-0.12%	-0.50%	8%	24%
Platinum CC	10.08%	-0.09%	-0.50%	-0.19%	-0.50%	18%	38%
48mo Veh	3.52%	-0.02%	-0.90%	-0.14%	-1.40%	2%	10%
60mo Veh	3.82%	0.16%	-0.88%	0.05%	-1.47%	-18%	-3%
72mo Veh	3.96%	-0.05%	-0.91%	-0.16%	-1.49%	6%	11%
HE LOC	5.25%	-0.16%	-0.50%	-0.31%	-0.50%	32%	62%
10yr HE	5.35%	-0.12%	-0.93%	-0.17%	-1.51%	13%	11%
15yr FRM	3.56%	-0.87%	-0.93%	-1.02%	-1.53%	94%	67%
30yr FRM	4.00%	-0.86%	-0.92%	-1.06%	-1.47%	93%	72%
Sh Drafts	0.14%	0.01%	-0.55%	0.00%	-0.60%	-2%	0%
Reg Svgs	0.18%	0.00%	-0.55%	-0.01%	-0.60%	0%	2%
MMkt-10k	0.47%	0.03%	-0.55%	-0.01%	-0.60%	-5%	2%
MMkt-50k	0.64%	0.03%	-0.55%	-0.01%	-0.60%	-5%	2%
6mo CD	1.02%	0.09%	-0.91%	-0.01%	-0.87%	-10%	1%
1yr CD	1.44%	0.02%	-1.04%	-0.07%	-1.15%	-2%	6%
2yr CD	1.70%	-0.06%	-0.90%	-0.15%	-1.40%	7%	11%
3yr CD	1.87%	-0.12%	-0.88%	-0.19%	-1.47%	14%	13%

*Since Nov 2018

STRATEGICALLY FOR CREDIT UNIONS

The average commitment rate for a 30-year, conventional, fixed-rate mortgage fell from 3.62% in August to 3.61% in September and the average commitment rate for all of 2018 was 4.54%, according to Freddie Mac.

For families on the sidelines thinking about buying a home, current rates are making the climate extremely favorable in markets across the country. These traditionally low rates make it that much easier to qualify for a mortgage, and they also open up various housing selections to buyers everywhere.

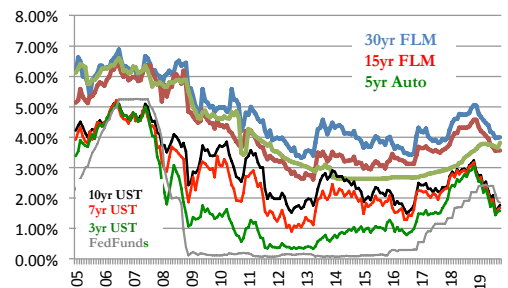
First-time buyers comprised 33% of sales in September, up from August's rate of 31% and September 2018's rate of 32%. NAR revealed that the annual share of first-time buyers held steady at 33%.

Single-family home sales retreated from a seasonally adjusted annual rate of 4.91 million in August to 4.78 million in September, which is 3.9% above a year ago. The median existing single-family home price was \$275,100 in August, increasing 6.1% from September 2018.

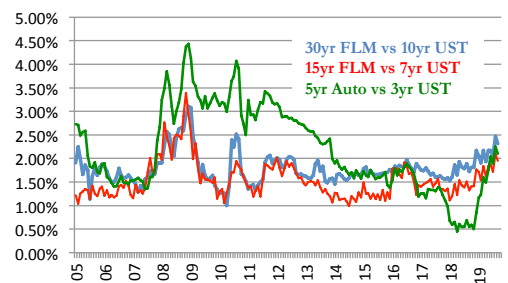
Additional information and other market-related reports can be viewed at
www.Meridian-ally.com

RELATIVE VALUE

"A"-PAPER MARKET RATES



"A"-PAPER PRICING SPREADS



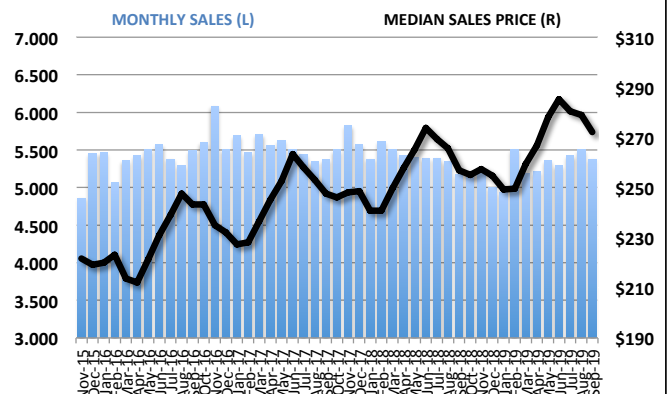
ECONOMIC RELEASES

RELEASES THIS WEEK:	Current	Previous
Existing Homes Sales (Sep, Annl, Mils)	5.380	5.490
New Home Sales (Sep, Annl, Thousands)	713	713

RELEASES FOR UPCOMING WEEK:	Projected	Previous
FOMC Meeting	Moderate Growth; Chg in O/N Target -0.25%	
Home Prices (Ayg, YoY)	2.0%	2.0%
GDP (Q3, 1st)	1.8%	2.0%
Unemployment (Oct)	3.6%	3.5%

MERIDIAN ECONOMICS
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EXISTING HOME SALES



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ECONOMIC CALENDAR

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Sep 30	Oct 1	2	3 Jobless Claims 219k	4 Employment Data 3.5%	5
7 Consumer Credit 5.2%	8 Whls Inflation 1.4%	9 FOMC Minutes	10 Jobless Claims 210k Cons Inflation 1.7%	11	12
14 COLUMBUS DAY HOLIDAY	15	16 Retail Sales 3.4% FRB Beige Book	17 Jobless Claims 214k Industrial Prod -0.4%	18 Leading Indicators -0.1%	19
21	22 Ex Home Sales 5.38M	23	24 Jobless Claims 212k New Home Sales 713k	25 Consumer Sentiment 95.5	26
28	29 Home Prices Consumer Confidence	30 GDP (Q3-1st) FOMC Announcement	31 Jobless Claims	Nov 1 Employment Data	2
4	5	6	7 Jobless Claims Consumer Credit	8	9
11 VERTERAN'S DAY	12	13 Consumer Inflation	14 Jobless Claims Wholesale Inflation	15 Retail Sales	16
18	19	20 FOMC Minutes	21 Jobless Claims Existing Home Sales	22	23

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
DEMOGRAPHICS											
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%
GROWTH RATES (YTD)											
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%
BALANCE SHEET ALLOCATION											
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%
LOAN QUALITY											
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%
EARNINGS											
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%
Net Operating Return	-0.40%	0.23%	0.57%	0.63%	0.69%	0.97%	0.90%	0.19%	0.52%	0.57%	0.66%
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%
Net Income	-0.27%	0.30%	0.59%	0.64%	0.71%	1.01%	0.94%	0.26%	0.55%	0.59%	0.68%
Return on Net Worth	-0.7%	2.4%	4.7%	5.4%	6.5%	9.1%	8.4%	2.1%	4.4%	4.9%	6.0%

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
OPERATING EFFICIENCIES:											
Loans & Shares-											
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%
Net Operating Profitability-											
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%
Operating Revenue-											
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
Operating Expenses-											
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
Average Margin per Account-											
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
Staffing-											
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
Membership Outreach-											
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