

20 March 2020

BENCHMARK INTEREST RATES AND YIELD CURVE

**US Treasury Rates-**

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE		
	3/19/20	2/19/20	12/31/19	3/19/19	This Yr	Last Yr	Down Cycle
Fed Funds	0.20%	1.59%	1.55%	2.40%	-1.35%	-2.20%	-2.25%
3mo	0.04%	1.58%	1.55%	2.46%	-1.51%	-2.42%	-2.31%
6mo	0.06%	1.56%	1.60%	2.52%	-1.54%	-2.46%	-2.46%
1yr	0.20%	1.47%	1.59%	2.50%	-1.39%	-2.30%	-2.54%
2yr	0.44%	1.42%	1.58%	2.46%	-1.14%	-2.02%	-2.54%
3yr	0.53%	1.39%	1.62%	2.42%	-1.09%	-1.89%	-2.52%
5yr	0.66%	1.41%	1.69%	2.42%	-1.03%	-1.76%	-2.43%
7yr	1.00%	1.50%	1.83%	2.51%	-0.83%	-1.51%	-2.17%
10yr	1.12%	1.56%	1.92%	2.61%	-0.80%	-1.49%	-2.12%
30yr	1.78%	2.01%	2.39%	3.02%	-0.61%	-1.24%	-0.40%

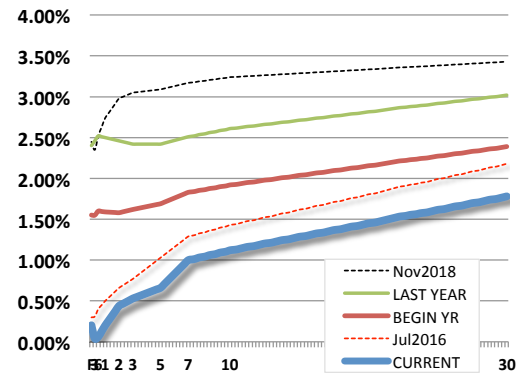
**Slope of the Yield Curve-**

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE	CHANGES SINCE	CHANGES SINCE
	3/19/20	2/19/20	12/31/19	3/19/19	This Yr	Last Yr	Down Cycle
2yr-3mo	0.40%	-0.16%	0.03%	0.00%	0.37%	0.40%	-0.23%
5yr-2yr	0.22%	-0.01%	0.11%	-0.04%	0.11%	0.26%	0.11%
10yr-5yr	0.46%	0.15%	0.23%	0.19%	0.23%	0.27%	0.31%
10yr-3mo	1.08%	-0.02%	0.37%	0.15%	0.71%	0.93%	0.19%

**Other Interest Rates-**

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE	CHANGES SINCE	CHANGES SINCE
	3/19/20	2/19/20	12/31/19	3/19/19	This Yr	Last Yr	Down Cycle
Prime	3.25%	4.25%	4.75%	5.50%	-1.50%	-2.25%	-2.25%
1mo LIBOR	0.92%	1.64%	1.76%	2.49%	-0.84%	-1.56%	-1.60%
6mo LIBOR	0.98%	1.70%	1.91%	2.67%	-0.93%	-1.69%	-1.93%
12mo LIBOR	0.92%	1.77%	2.00%	2.81%	-1.07%	-1.89%	-2.21%

**YIELD CURVE ASSESSMENT**



**CYCLICAL CHANGES SUMMARY**

	Jul16 Low	Nov18 High	Nov18 High-Current
Fed Funds	2.15%		-2.25%
1year	2.24%		-2.54%
2years	2.32%		-2.54%
3years	2.28%		-2.52%
5years	2.06%		-2.43%
10years	1.81%		-2.12%

ECONOMIC UPDATE AND ANALYSIS

**RETAIL SALES ROSE IN JANUARY; EXISTING HOME SALES INCREASE IN FEBRUARY**

U.S. retail sales rose a modest 0.3% in January, a slight improvement over December, as unseasonably warm weather boosted sales at hardware stores and furniture stores. The Commerce Department said Friday that the January advance followed a 0.2% rise in sales in December.

Consumer spending accounts for about two-thirds of economic growth and economists are counting on consumers to remain strong to offset weakness in other areas of the economy such as trade and business investment.

The overall economy grew at a 2.1% rate in the fourth quarter but consumer spending slowed sharply to a 1.8% growth rate, down from gains of 3.2% in the third quarter and a sizzling 4.8% rise in the second quarter.

Sales of existing homes in February jumped 6.5% month-to-month to a seasonally adjusted annualized rate of 5.77 million units, according to the National Association of Realtors. That is the highest monthly pace in 13 years. Sales were up 7.2% year over year. The Northeast was the only region to see a decline, with sales down 4.1%, but in the West, where prices are highest, sales soared nearly 19%.

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

		LATEST	CURRENT	PREV
GDP	QoQ	Q4-2nd	2.1%	2.1%
GDP - YTD	AnnI	Q4-2nd	2.3%	2.4%
Consumer Spending	QoQ	Q4-2nd	1.7%	3.2%
Consumer Spending	AnnI	Q4-2nd	2.7%	3.0%
Unemployment	Mo	Feb	3.5%	3.6%
Consumer Inflation	YoY	Feb	2.3%	2.5%
Core Inflation	YoY	Feb	2.4%	2.3%
Consumer Credit	Annual	Jan	3.4%	5.8%
Retail Sales	YoY	Feb	6.5%	4.6%
Vehicle Sales	AnnI (Mil)	Feb	17.3	17.3
Home Sales	AnnI (Mil)	Feb	6.535	6.154
Home Prices	YoY	Dec	2.9%	2.6%

**Key Consumer Market Data-**

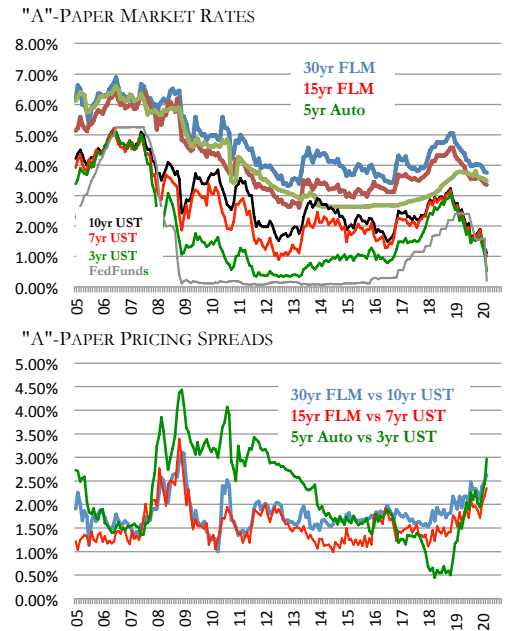
	THIS WK	YR END	PCT CHANGES	
	3/19/20	12/31/19	YTD	12Mos
DJIA	20,087	28,538	-29.6%	-22.4%
S&P 500	2,409	3,231	-25.4%	-14.9%
NASDAQ	7,151	8,973	-20.3%	-7.4%
Crude Oil	25.22	61.06	-58.7%	-57.3%
Avg Gasoline	2.25	2.57	-12.6%	-11.7%
Gold	1,479.3	1,523.1	-2.9%	13.1%

**AVERAGE CREDIT UNION RATES AND RATE SENSITIVITY**

	THIS WK 3/19/20	YTD Change		Chg in Current Cycle*		Rate Sensitivity	
		Rate	Benchmark	Rate	Benchmark	YTD	Cycle
Classic CC	11.30%	-0.15%	-1.50%	-0.39%	-2.25%	10%	17%
Platinum CC	9.83%	-0.09%	-1.50%	-0.44%	-2.25%	6%	20%
48mo Veh	3.38%	-0.09%	-1.14%	-0.28%	-2.54%	8%	11%
60mo Veh	3.50%	-0.09%	-1.09%	-0.27%	-2.52%	8%	11%
72mo Veh	3.81%	-0.10%	-1.06%	-0.31%	-2.48%	9%	13%
HE LOC	4.76%	-0.24%	-1.50%	-0.80%	-2.25%	16%	36%
10yr HE	5.19%	-0.09%	-1.03%	-0.33%	-2.50%	9%	13%
15yr FRM	3.35%	-0.22%	-0.92%	-1.23%	-2.32%	24%	53%
30yr FRM	3.75%	-0.26%	-0.80%	-1.31%	-2.12%	33%	62%
Sh Drafts	0.13%	-0.01%	-1.35%	-0.01%	-2.25%	1%	0%
Reg Svgs	0.18%	-0.01%	-1.35%	-0.01%	-2.25%	1%	0%
MMkt-10k	0.41%	-0.04%	-1.35%	-0.07%	-2.25%	3%	3%
MMkt-50k	0.56%	-0.06%	-1.35%	-0.09%	-2.25%	4%	4%
6mo CD	0.80%	-0.19%	-1.54%	-0.23%	-2.46%	12%	9%
1yr CD	1.14%	-0.26%	-1.39%	-0.37%	-2.54%	19%	15%
2yr CD	1.35%	-0.29%	-1.14%	-0.50%	-2.54%	25%	20%
3yr CD	1.49%	-0.30%	-1.09%	-0.57%	-2.52%	28%	23%

\*Since Nov 2018

**RELATIVE VALUE**



**STRATEGICALLY FOR CREDIT UNIONS**

Obviously, the prevailing coronavirus outbreak has had a stranglehold on the nation's economy. The government has already signed into law a \$100 billion-plus bill to boost testing for the coronavirus and guarantee paid sick leave for millions of workers hit by it. Earlier, the President signed an initial \$8.3 billion package from Congress.

Negotiators from Congress and the White House resumed top-level talks this weekend on a ballooning \$1 trillion-plus economic rescue package. The sweeping aid package of paychecks for suddenly jobless Americans, money for hospitals and aid to industry is all but certain to swell far beyond the initial \$1 trillion price tag. Combined with other actions by the Federal Reserve, it could be a \$2 trillion pump to the economy.

In the meantime, consumers have been stockpiling household goods and food storage in anticipation of government restrictions deemed to curtailed the communal spread of the virus, helping to minimize the peak of infections and putting an end to the outbreak as soon as possible.

China's health ministry has already reported a drop in new cases, 50 days after reporting its first case. If the US follows suit, especially with its more rapid intervention, the current tide should run to the first part of May. This may be too optimistic though, so keep washing your hands.

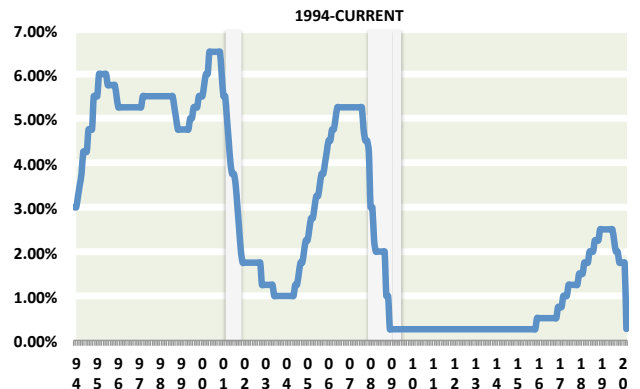
Additional information and other market-related reports can be viewed at [www.Meridian-ally.com](http://www.Meridian-ally.com)

**ECONOMIC RELEASES**

RELEASES THIS WEEK:	Current	Previous
Retail Sales (Feb, YoY)	6.5%	4.4%
FOMC Announcement	0.25%	1.25%
Existing Home Sales (Feb, Annl, Mil)	5.77	5.46
RELEASES FOR UPCOMING WEEK:	Projected	Previous
New Home Sales (Feb, YoY, Mil)	0.736	0.764
GDP (Q4, Final, QoQ)	2.1%	2.1%

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**FEDERAL FUNDS TARGET RATE**



ECONOMIC CALENDAR

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Feb 24	25 Home Prices 2.9%	26	27 Jobless Claims 219k GDP (Q4-2nd) 2.1% Durable Goods -0.2%	28 Personal Income +0.6% Personal Spending +0.2%	29
Mar 2 Constr Spending 1.8%	3	4 Fed Beige Book	5 Jobless Claims 216k Factory Orders -0.5%	6 Unemployment 3.5% Consumer Credit	7
9	10	11 Cons Inflation +2.3%	12 Jobless Claims 222k Wh Inflation +1.3%	13 Consumer Sentiment	14
16	17 Retail Sales 6.5% Ind Production 1.0%	18 FOMC Announcement	19 Jobless Claims 281k	20 Exist Home Sales 5.77M	21
23	24 New Home Sales	25 Durable Goods Orders	26 Jobless Claims GDP Q4-Final	27 Personal Income Personal Spending	28
30	31 Home Prices	Apr 1 Construction Spending	2 Jobless Claims Factory Orders	3 Unemployment Rate	4
6	7 Consumer Credit	8	9 Jobless Claims Wholesale Inflation	10 Consumer Inflation	11
13	14	15 Retail Sales Industrial Production FOMC Beige Book	16 Jobless Claims	17	18

Q4-2019	<\$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	402	927	1,635	677	1,018	577	5,236	1,329	2,964	3,641	4,659
Average Assets (\$Mil)	\$1.0	\$6.0	\$26.1	\$72.8	\$226.8	\$1,949.0	\$277.6	\$4.5	\$16.4	\$26.9	\$70.6
Pct of Credit Unions	8%	18%	31%	13%	19%	11%	100%	25%	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	-9.6%	-7.2%	-3.3%	-1.5%	-1.4%	10.6%	7.8%	-7.4%	-3.8%	-2.7%	-1.7%
Total Loans	-8.1%	-7.0%	-3.0%	-2.4%	-3.0%	8.5%	6.2%	-7.0%	-3.5%	-2.9%	-3.0%
Total Shares	-8.0%	-6.4%	-3.1%	-1.6%	-1.2%	9.4%	6.9%	-6.5%	-3.6%	-2.6%	-1.6%
Net Worth	-7.7%	-4.4%	-1.1%	1.1%	0.5%	11.0%	8.5%	-4.7%	-1.6%	-0.3%	0.3%
<b>BALANCE SHEET ALLOCATION</b>											
Net Worth-to-Total Assets	19.1%	16.3%	13.2%	12.3%	11.6%	11.2%	11.4%	16.5%	13.6%	12.9%	12.0%
Cash & Inv-to-Total Assets	50%	46%	43%	37%	27%	23%	25%	46%	43%	40%	31%
Loans-to-Total Assets	50%	52%	54%	59%	68%	72%	71%	52%	54%	56%	64%
Vehicle-to-Total Loans	60%	63%	49%	43%	39%	32%	34%	62%	50%	46%	41%
REL-to-Total Loans	1%	8%	30%	39%	45%	52%	50%	8%	28%	34%	42%
REL-to-Net Worth	2%	27%	123%	185%	262%	337%	313%	25%	109%	146%	225%
Indirect-to-Total Loans	0%	0%	5%	12%	19%	22%	21%	0%	4%	8%	16%
Loans-to-Total Shares	62%	63%	63%	68%	78%	87%	84%	63%	63%	65%	74%
Nonterm-to-Total Shares	92%	85%	80%	77%	74%	69%	70%	85%	81%	79%	75%
Short-term Funding Ratio	39.8%	30.7%	24.4%	20.5%	14.9%	11.7%	12.8%	25.1%	22.8%	17.3%	12.9%
Net Long-term Asset Ratio	3.5%	7.8%	18.2%	24.1%	30.5%	35.6%	34.0%	17.0%	20.6%	27.6%	33.8%
<b>LOAN QUALITY</b>											
Loan Delinquency Ratio	3.35%	1.80%	1.06%	0.84%	0.75%	0.68%	0.70%	1.14%	0.98%	0.81%	0.71%
Net Charge-off Ratio	0.86%	0.57%	0.46%	0.46%	0.47%	0.59%	0.57%	0.47%	0.47%	0.47%	0.57%
"Misery" Index	4.21%	2.37%	1.52%	1.30%	1.22%	1.27%	1.27%	1.62%	1.45%	1.28%	1.27%
RE Loan Delinquency	1.63%	1.62%	0.99%	0.72%	0.65%	0.52%	0.55%	1.62%	1.01%	0.83%	0.69%
Vehicle Loan Delinquency	2.80%	1.75%	1.00%	0.82%	0.71%	0.61%	0.65%	1.81%	1.12%	0.97%	0.79%
Direct Loans	2.80%	1.75%	0.98%	0.78%	0.66%	0.55%	0.63%	1.81%	1.11%	0.96%	0.78%
Indirect Loans	0.00%	1.46%	1.22%	0.93%	0.76%	0.64%	0.66%	1.46%	1.22%	1.00%	0.79%
Loss Allow as % of Loans	2.75%	1.33%	0.89%	0.82%	0.79%	0.88%	0.86%	1.42%	0.95%	0.88%	0.81%
Current Loss Exposure	1.53%	0.92%	0.65%	0.55%	0.54%	0.48%	0.49%	0.96%	0.68%	0.61%	0.56%
<b>EARNINGS</b>											
Gross Asset Yield	4.11%	4.01%	3.78%	3.81%	3.85%	4.12%	4.06%	4.02%	3.81%	3.81%	3.84%
Cost of Funds	0.55%	0.44%	0.43%	0.48%	0.61%	0.99%	0.90%	0.45%	0.43%	0.45%	0.56%
Gross Interest Margin	3.55%	3.57%	3.36%	3.33%	3.24%	3.13%	3.16%	3.57%	3.38%	3.36%	3.27%
Provision Expense	0.38%	0.33%	0.25%	0.27%	0.31%	0.47%	0.43%	0.34%	0.26%	0.27%	0.30%
Net Interest Margin	3.17%	3.23%	3.11%	3.05%	2.93%	2.67%	2.73%	3.23%	3.12%	3.09%	2.98%
Non-Interest Income	0.55%	0.73%	1.02%	1.28%	1.44%	1.36%	1.36%	0.72%	0.98%	1.13%	1.35%
Non-Interest Expense	4.19%	3.67%	3.62%	3.72%	3.69%	3.07%	3.20%	3.70%	3.63%	3.67%	3.69%
Net Operating Expense	3.65%	2.94%	2.60%	2.44%	2.25%	1.71%	1.85%	2.99%	2.64%	2.54%	2.34%
<b>Net Operating Return</b>	<b>-0.48%</b>	<b>0.29%</b>	<b>0.51%</b>	<b>0.61%</b>	<b>0.68%</b>	<b>0.95%</b>	<b>0.89%</b>	<b>0.24%</b>	<b>0.48%</b>	<b>0.55%</b>	<b>0.64%</b>
Non-recurring Inc(Exp)	0.41%	0.03%	0.05%	0.02%	0.04%	0.05%	0.05%	0.05%	0.05%	0.03%	0.04%
<b>Net Income</b>	<b>-0.06%</b>	<b>0.32%</b>	<b>0.56%</b>	<b>0.63%</b>	<b>0.72%</b>	<b>1.01%</b>	<b>0.94%</b>	<b>0.29%</b>	<b>0.53%</b>	<b>0.58%</b>	<b>0.68%</b>
<b>Return on Net Worth</b>	<b>-0.4%</b>	<b>2.0%</b>	<b>4.3%</b>	<b>5.2%</b>	<b>6.2%</b>	<b>8.5%</b>	<b>7.9%</b>	<b>1.9%</b>	<b>4.0%</b>	<b>4.6%</b>	<b>5.7%</b>

Q4-2019	<\$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	\$4,312	\$7,450	\$8,344	\$10,252	\$13,299	\$16,896	\$15,668	\$7,260	\$8,215	\$9,291	\$12,265
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	\$2,268	\$4,741	\$7,270	\$8,360	\$9,463	\$11,743	\$10,963	\$4,447	\$6,778	\$7,505	\$8,788
Avg Share Rate	0.69%	0.53%	0.49%	0.55%	0.71%	1.18%	1.06%	0.54%	0.50%	0.53%	0.65%
NM Deposit Ratio	1.7%	1.2%	1.0%	0.9%	1.1%	0.9%	1.0%	1.2%	1.0%	1.0%	1.1%
<b>Net Operating Profitability-</b>											
Earning Asset/Funding	124%	118%	112%	109%	108%	109%	109%	119%	113%	111%	109%
Avg Revenue per FTE	\$47,525	\$111,845	\$166,194	\$180,185	\$196,430	\$292,787	\$262,191	\$103,118	\$154,925	\$167,133	\$187,159
Avg OpExpense per FTE	\$42,841	\$86,654	\$125,116	\$131,750	\$137,099	\$164,109	\$155,105	\$80,709	\$117,183	\$124,223	\$133,025
Avg Int & Prov Exp per FTE	\$9,553	\$18,329	\$23,389	\$26,690	\$34,188	\$77,693	\$64,194	\$17,139	\$22,272	\$24,408	\$31,093
Avg OpReturn per FTE	-\$4,869	\$6,861	\$17,688	\$21,744	\$25,143	\$50,986	\$42,892	\$5,270	\$15,470	\$18,502	\$23,042
Net OpExp-to-Total Exp	87%	80%	72%	66%	61%	56%	58%	81%	73%	69%	63%
<b>Operating Revenue-</b>											
Non-Int Inc-to-Total Rev	12%	15%	21%	25%	27%	25%	25%	15%	21%	23%	26%
Interest Inc per FTE	\$32,397	\$76,330	\$107,482	\$108,195	\$108,808	\$142,485	\$132,326	\$70,369	\$100,851	\$104,400	\$107,413
Non-Int Inc per FTE	\$5,575	\$17,186	\$35,323	\$45,300	\$53,434	\$72,609	\$65,671	\$15,610	\$31,801	\$38,325	\$48,653
<b>Operating Expenses-</b>											
C&B Expense Ratio	2.05%	1.92%	1.73%	1.79%	1.86%	1.60%	1.65%	1.93%	1.75%	1.77%	1.83%
Pct of Total Op Exp	49%	52%	48%	48%	50%	52%	51%	52%	48%	48%	50%
Avg C&B per FTE	\$20,964	\$45,436	\$59,838	\$63,226	\$69,020	\$85,319	\$79,757	\$42,115	\$56,671	\$59,839	\$66,115
Occ & Ops Exp Ratio	1.32%	0.98%	0.96%	0.93%	0.94%	0.75%	0.79%	1.01%	0.97%	0.95%	0.95%
Pct of Total Op Exp	31%	27%	27%	25%	26%	25%	25%	27%	27%	26%	26%
Avg O&O per FTE	\$13,453	\$23,243	\$33,258	\$32,887	\$35,092	\$40,258	\$38,481	\$21,914	\$31,231	\$32,031	\$34,123
All Other Exp Ratio	0.41%	0.73%	0.87%	0.99%	0.85%	0.67%	0.71%	0.71%	0.85%	0.92%	0.87%
Pct of Total Op Exp	10%	20%	24%	27%	23%	22%	22%	19%	24%	25%	24%
Avg AOE per FTE	\$8,425	\$17,976	\$32,021	\$35,638	\$32,987	\$38,531	\$36,867	\$16,680	\$29,280	\$32,353	\$32,787
<b>Average Margin per Account-</b>											
Avg Int Inc per Loan	\$283	\$422	\$430	\$502	\$599	\$751	\$703	\$415	\$429	\$469	\$570
Avg Int Exp per Share	\$16	\$25	\$36	\$46	\$67	\$139	\$117	\$24	\$34	\$39	\$57
Avg Return	\$267	\$397	\$394	\$455	\$532	\$612	\$586	\$391	\$395	\$429	\$512
<b>Staffing-</b>											
Full-time Equivalents	358	2,281	12,130	13,814	61,743	221,494	311,819	2,639	14,768	28,582	90,325
Pct PT Employees	78%	42%	15%	11%	8%	6%	7%	48%	22%	17%	11%
FTE-to-Ops (Staffing)	2.06	0.76	0.44	0.38	0.32	0.21	0.24	0.83	0.48	0.43	0.35
<b>Membership Outreach-</b>											
Members-to-Potential	8.5%	7.8%	2.9%	2.6%	2.7%	3.1%	3.0%	7.9%	3.3%	2.9%	2.7%
Members-to-FTEs	343	399	403	365	337	400	386	391	401	383	352
Branches	391	956	2,417	1,755	5,215	10,396	21,130	1,347	3,764	5,519	10,734
Members per Branch	314	952	2,024	2,869	3,993	8,523	5,697	766	1,574	1,986	2,961