

28 February 2020

BENCHMARK INTEREST RATES AND YIELD CURVE

**US Treasury Rates-**

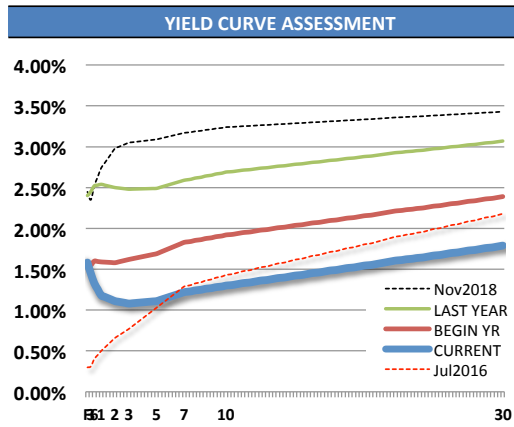
	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE		
	2/27/20	1/27/20	12/31/19	2/27/18	This Yr	Last Yr	Down Cycle
Fed Funds	1.58%	1.55%	1.55%	2.40%	0.03%	-0.82%	-0.87%
3mo	1.45%	1.55%	1.55%	2.45%	-0.10%	-1.00%	-0.90%
6mo	1.33%	1.57%	1.60%	2.52%	-0.27%	-1.19%	-1.19%
1yr	1.18%	1.53%	1.59%	2.54%	-0.41%	-1.36%	-1.56%
2yr	1.11%	1.44%	1.58%	2.50%	-0.47%	-1.39%	-1.87%
3yr	1.08%	1.41%	1.62%	2.48%	-0.54%	-1.40%	-1.97%
5yr	1.11%	1.44%	1.69%	2.49%	-0.58%	-1.38%	-1.98%
7yr	1.22%	1.52%	1.83%	2.59%	-0.61%	-1.37%	-1.95%
10yr	1.30%	1.61%	1.92%	2.69%	-0.62%	-1.39%	-1.94%
30yr	1.79%	2.05%	2.39%	3.07%	-0.60%	-1.28%	-0.39%

**Slope of the Yield Curve-**

	THIS WK	LAST MO	YR END	LAST YR	This Yr	Last Yr	Down Cycle
2yr-3mo	-0.34%	-0.11%	0.03%	0.05%	-0.37%	-0.39%	-0.97%
5yr-2yr	0.00%	0.00%	0.11%	-0.01%	-0.11%	0.01%	-0.11%
10yr-5yr	0.19%	0.17%	0.23%	0.20%	-0.04%	-0.01%	0.04%
10yr-3mo	-0.15%	0.06%	0.37%	0.24%	-0.52%	-0.39%	-1.04%

**Other Interest Rates-**

	THIS WK	LAST MO	YR END	LAST YR	This Yr	Last Yr	Down Cycle
Prime	4.75%	4.75%	4.75%	5.50%	0.00%	-0.75%	-0.75%
1mo LIBOR	1.58%	1.65%	1.76%	2.49%	-0.18%	-0.91%	-0.94%
6mo LIBOR	1.53%	1.78%	1.91%	2.69%	-0.38%	-1.16%	-1.38%
12mo LIBOR	1.54%	1.84%	2.00%	2.87%	-0.46%	-1.33%	-1.59%



**CYCLICAL CHANGES SUMMARY**

	Jul16 Low	Nov18 High	Nov18 High-Current
Fed Funds	2.15%		-0.87%
1year	2.24%		-1.56%
2years	2.32%		-1.87%
3years	2.28%		-1.97%
5years	2.06%		-1.98%
10years	1.81%		-1.94%

ECONOMIC UPDATE AND ANALYSIS

**ECONOMIC GROWTH AT 2.1% DURING Q2; CONSUMER SPENDING EXPANDS 1.7%**

Underlying demand in the U.S. economy was slower than initially reported at the end of last year, putting growth on a weaker footing ahead of risks from the coronavirus in 2020.

Upwardly revised contributions from trade and inventories kept gross domestic product expanding at a solid 2.1% annualized rate in the fourth quarter. But consumer spending, which makes up about two-thirds of the economy, was revised downward to a 1.7% increase from 1.8%. Nonresidential fixed investment was revised lower to a 2.3% drop, representing the third straight decrease and matching the biggest decline since 2015.

We now forecast U.S. growth will slow to 1.5% during the first quarter, amid weaker gains in government spending and only a slight increase in private investment. The record-long expansion is reliant on consumers continuing to open their wallets, particularly as businesses already whipsawed by the U.S.-China trade war start to contend with the coronavirus.

The fourth-quarter GDP figures will be revised for a third and final time in March as additional data is compiled. GDP for the January-to-March period will be released in April.

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

		LATEST	CURRENT	PREV
GDP	QoQ	Q4-2nd	2.1%	2.1%
GDP - YTD	Annl	Q4-2nd	2.3%	2.4%
Consumer Spending	QoQ	Q4-2nd	1.7%	3.2%
Consumer Spending	Annl	Q4-2nd	2.7%	3.0%
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	Jan	4.6%	4.6%
Vehicle Sales	Annl (Mil)	Jan	17.3	17.2
Home Sales	Annl (Mil)	Jan	6.224	6.234
Home Prices	YoY	Dec	2.9%	2.6%

**Key Consumer Market Data-**

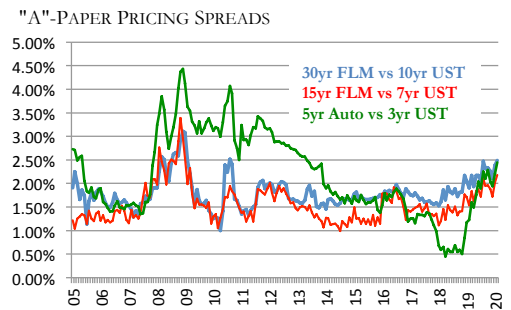
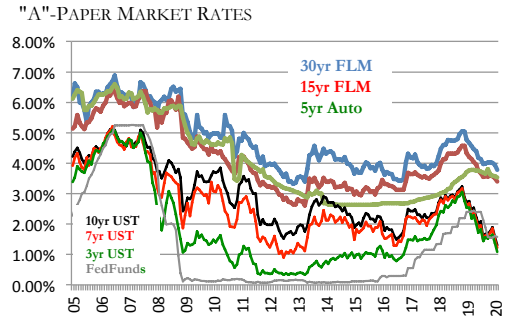
	THIS WK	YR END	PCT CHANGES	
	2/27/20	12/31/19	YTD	12Mos
DJIA	25,767	28,538	-9.7%	-3.4%
S&P 500	2,979	3,231	-7.8%	3.4%
NASDAQ	8,566	8,973	-4.5%	10.0%
Crude Oil	47.09	61.06	-22.9%	-18.9%
Avg Gasoline	2.47	2.57	-4.1%	3.0%
Gold	1,642.5	1,523.1	7.8%	24.8%

AVERAGE CREDIT UNION RATES AND RATE SENSITIVITY

	THIS WK 2/27/20	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	3.41%	-0.06%	-0.47%	-0.25%	-1.87%	13%	13%
60mo Veh	3.53%	-0.06%	-0.54%	-0.24%	-1.97%	11%	12%
72mo Veh	3.84%	-0.07%	-0.56%	-0.28%	-1.98%	13%	14%
HE LOC	4.91%	-0.09%	0.00%	-0.65%	-0.75%	0%	87%
10yr HE	5.23%	-0.05%	-0.58%	-0.29%	-2.00%	9%	15%
15yr FRM	3.40%	-0.17%	-0.60%	-1.18%	-2.00%	29%	59%
30yr FRM	3.79%	-0.22%	-0.62%	-1.27%	-1.94%	36%	66%
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	0.44%	-0.01%	0.03%	-0.04%	-0.87%	-33%	5%
MMkt-50k	0.61%	-0.01%	0.03%	-0.04%	-0.87%	-33%	5%
6mo CD	0.96%	-0.03%	-0.27%	-0.07%	-1.19%	11%	6%
1yr CD	1.36%	-0.04%	-0.41%	-0.15%	-1.56%	10%	10%
2yr CD	1.59%	-0.05%	-0.47%	-0.26%	-1.87%	11%	14%
3yr CD	1.74%	-0.05%	-0.54%	-0.32%	-1.97%	9%	16%

\*Since Nov 2018

RELATIVE VALUE



STRATEGICALLY FOR CREDIT UNIONS

The spiraling health and other risks from the coronavirus have created a shadow over what had seemed to be a sunny U.S. economy. So far the harm has been limited, but the viral outbreak could do more damage in the near future and even raise the odds of the first recession in almost 11 years if it's not contained.

The Dow Jones Industrial Average (DJIA) sank again in Thursday trades. Stocks have lost about 3,000 points in the past week owing to the rapid spread outside of China of the new strain of coronavirus. The 10-year Treasury yield slipped to 1.26% as investors sought the perceived safety of government bonds. The yield has fallen to a record low.

Still, the rate of inflation in the fourth quarter was lowered to 1.3% from 1.6%. Inflation has been running low for years and shows little sign of rising and the change in the value of unsold goods was revised up to \$13 billion from \$6.5 billion.

The report showed upward revisions to private inventory investment, exports and imports, federal government spending, and residential fixed investment and downward revisions to non-residential fixed investment, consumer spending, state and local government spending.

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

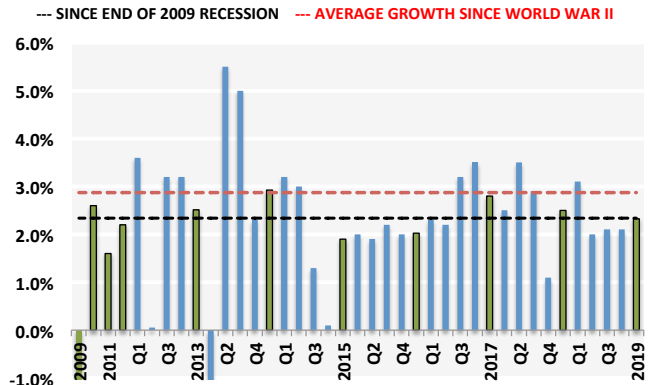
ECONOMIC RELEASES

RELEASES THIS WEEK:	Current	Previous
Home Prices (Dec, YoY)	2.9%	2.6%
New Home Sales (Jan, Annlzd, Mil Units)	0.764	0.694
GDP (Q4-2nd)	2.1%	2.1%

RELEASES FOR UPCOMING WEEK:	Projected	Previous
Construction Spending (Jan, MoM)	0.5%	-0.2%
FRB Beige Book	Broadbased Economic Slowdown	
Unemployment (Feb)	3.6%	3.6%

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ECONOMIC CALENDAR

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
<b>Feb 3</b> Const Spending -0.2%	<b>4</b> Factory Orders 1.8% M Veh 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> Wh Inflation 2.1% FOMC Minutes	<b>20</b> Jobless Claims 210k Leading Ind +0.8%	<b>21</b> Existing Home Sales	<b>22</b>
<b>24</b>	<b>25</b> Home Prices 2.9%	<b>26</b>	<b>27</b> Jobless Claims 219k GDP (Q4-2nd) 2.1% Durable Goods -0.2%	<b>28</b> Personal Income +0.6% Personal Spending +0.2%	<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>
<b>16</b>	<b>17</b> Retail Sales Industrial Production	<b>18</b> FOMC Announcement	<b>19</b> Jobless Claims	<b>20</b> Existing Home Sales	<b>21</b>
<b>23</b>	<b>24</b> New Home Sales	<b>25</b> Durable Goods Orders	<b>26</b> Jobless Claims GDP Q4-Final	<b>27</b> Personal Income Personal Spending	<b>28</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%
<b>Net Operating Return</b>	<b>-0.32%</b>	<b>0.27%</b>	<b>0.57%</b>	<b>0.65%</b>	<b>0.72%</b>	<b>0.99%</b>	<b>0.92%</b>	<b>0.23%</b>	<b>0.53%</b>	<b>0.59%</b>	<b>0.68%</b>
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%
<b>Net Income</b>	<b>0.03%</b>	<b>0.37%</b>	<b>0.60%</b>	<b>0.66%</b>	<b>0.76%</b>	<b>1.04%</b>	<b>0.97%</b>	<b>0.35%</b>	<b>0.57%</b>	<b>0.62%</b>	<b>0.72%</b>
<b>Return on Net Worth</b>	<b>0.8%</b>	<b>2.6%</b>	<b>4.7%</b>	<b>5.5%</b>	<b>6.7%</b>	<b>9.0%</b>	<b>8.4%</b>	<b>2.5%</b>	<b>4.4%</b>	<b>4.9%</b>	<b>6.1%</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>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