

17 April 2020

BENCHMARK INTEREST RATES AND YIELD CURVE

US Treasury Rates-

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE		
	4/16/20	3/16/20	12/31/19	4/16/19	This Yr	Last Yr	Down Cycle
Fed Funds	0.05%	0.25%	1.55%	2.41%	-1.50%	-2.36%	-2.40%
3mo	0.14%	0.24%	1.55%	2.43%	-1.41%	-2.29%	-2.21%
6mo	0.18%	0.29%	1.60%	2.47%	-1.42%	-2.29%	-2.34%
1yr	0.17%	0.29%	1.59%	2.45%	-1.42%	-2.28%	-2.57%
2yr	0.20%	0.36%	1.58%	2.41%	-1.38%	-2.21%	-2.78%
3yr	0.25%	0.43%	1.62%	2.38%	-1.37%	-2.13%	-2.80%
5yr	0.35%	0.49%	1.69%	2.41%	-1.34%	-2.06%	-2.74%
7yr	0.50%	0.67%	1.83%	2.50%	-1.33%	-2.00%	-2.67%
10yr	0.61%	0.73%	1.92%	2.60%	-1.31%	-1.99%	-2.63%
30yr	1.21%	1.34%	2.39%	2.99%	-1.18%	-1.78%	-0.97%

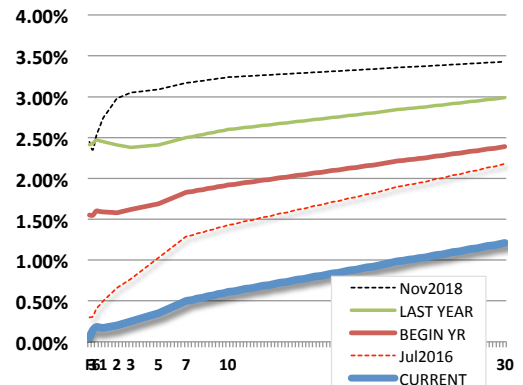
Slope of the Yield Curve-

2yr-3mo	0.06%	0.12%	0.03%	-0.02%	0.03%	0.08%	-0.57%
5yr-2yr	0.15%	0.13%	0.11%	0.00%	0.04%	0.15%	0.04%
10yr-5yr	0.26%	0.24%	0.23%	0.19%	0.03%	0.07%	0.11%
10yr-3mo	0.47%	0.49%	0.37%	0.17%	0.10%	0.30%	-0.42%

Other Interest Rates-

Prime	3.25%	4.25%	4.75%	5.50%	-1.50%	-2.25%	-2.25%
1mo LIBOR	0.72%	0.61%	1.76%	2.38%	-1.04%	-1.66%	-1.80%
6mo LIBOR	1.13%	0.84%	1.91%	2.63%	-0.79%	-1.51%	-1.79%
12mo LIBOR	0.98%	0.82%	2.00%	2.76%	-1.02%	-1.78%	-2.15%

YIELD CURVE ASSESSMENT



CYCLICAL CHANGES SUMMARY

	Jul16 Low-Nov18 High	Nov18 High-Current
Fed Funds	2.15%	-2.40%
1year	2.24%	-2.57%
2years	2.32%	-2.78%
3years	2.28%	-2.80%
5years	2.06%	-2.74%
10years	1.81%	-2.63%

ECONOMIC UPDATE AND ANALYSIS

FED BEIGE BOOK SHOWS ECONOMIC ACTIVITY CONTRACTED ACROSS ALL REGIONS

Economic activity has showed a deep decline due to measures taken during the coronavirus scare, with leisure and hospitality as well as retail the hardest-hit so far, according to the Federal Reserve's latest Beige Book report.

The report released Wednesday also said most areas saw manufacturing declines that varied among industries. Food and medical product producers saw strong demand but faced obstacles in production and supply chains.

"Economic activity contracted sharply and abruptly across all regions in the United States as a result of the COVID-19 pandemic," the report said. "All Districts reported highly uncertain outlooks among business contacts, with most expecting conditions to worsen in the next several months."

Released periodically through the year, the Beige Book surveys the Fed's 12 districts for activity across sectors.

On employment, business contacts said cuts "were widespread, including the manufacturing and energy sectors." While many said they hoped to reverse the reductions once activity resumed, they largely said more furloughs were likely in the near term.

Key Economic Indicators for Banks, Thrifts & Credit Unions-

		LATEST	CURRENT	PREV
GDP	QoQ	Q4-Final	2.1%	2.1%
GDP - YTD	AnnI	Q4-Final	2.3%	2.4%
Consumer Spending	QoQ	Q4-Final	1.8%	3.2%
Consumer Spending	AnnI	Q4-Final	2.7%	3.0%
Unemployment	Mo	Mar	4.4%	3.5%
Consumer Inflation	YoY	Mar	1.5%	2.3%
Core Inflation	YoY	Mar	2.1%	2.4%
Consumer Credit	Annual	Feb	6.4%	3.5%
Retail Sales	YoY	Mar	1.7%	6.5%
Vehicle Sales	AnnI (Mil)	Mar	11.7	17.3
Home Sales	AnnI (Mil)	Feb	6.534	6.154
Home Prices	YoY	Jan	3.1%	2.9%

Key Consumer Market Data-

	THIS WK	YR END	PCT CHANGES	
	4/16/20	12/31/19	YTD	12Mos
DJIA	23,538	28,538	-17.5%	-10.2%
S&P 500	2,800	3,231	-13.4%	-2.2%
NASDAQ	8,532	8,973	-4.9%	7.4%
Crude Oil	19.87	61.06	-67.5%	-71.8%
Avg Gasoline	1.85	2.57	-27.9%	-2.8%
Gold	1,731.7	1,523.1	13.7%	33.4%

AVERAGE CREDIT UNION RATES AND RATE SENSITIVITY

	THIS WK 4/16/20	YTD Change		Chg in Current Cycle*		Rate Sensitivity	
		Rate	Benchmark	Rate	Benchmark	YTD	Cycle
Classic CC	11.04%	-0.41%	-1.50%	-0.65%	-2.25%	27%	29%
Platinum CC	9.36%	-0.56%	-1.50%	-0.91%	-2.25%	37%	40%
48mo Veh	3.24%	-0.23%	-1.38%	-0.42%	-2.78%	17%	15%
60mo Veh	3.35%	-0.24%	-1.37%	-0.42%	-2.80%	18%	15%
72mo Veh	3.67%	-0.24%	-1.36%	-0.45%	-2.77%	18%	16%
HE LOC	4.23%	-0.77%	-1.50%	-1.33%	-2.25%	51%	59%
10yr HE	5.10%	-0.18%	-1.34%	-0.42%	-2.79%	13%	15%
15yr FRM	3.32%	-0.25%	-1.33%	-1.26%	-2.73%	19%	46%
30yr FRM	3.71%	-0.30%	-1.31%	-1.35%	-2.63%	23%	51%
Sh Drafts	0.12%	-0.02%	-1.50%	-0.02%	-2.40%	1%	1%
Reg Svgs	0.15%	-0.04%	-1.50%	-0.04%	-2.40%	3%	2%
MMkt-10k	0.32%	-0.13%	-1.50%	-0.16%	-2.40%	9%	7%
MMkt-50k	0.45%	-0.17%	-1.50%	-0.20%	-2.40%	11%	8%
6mo CD	0.59%	-0.40%	-1.42%	-0.44%	-2.34%	28%	19%
1yr CD	0.85%	-0.55%	-1.42%	-0.66%	-2.57%	39%	26%
2yr CD	1.04%	-0.60%	-1.38%	-0.81%	-2.78%	43%	29%
3yr CD	1.17%	-0.62%	-1.37%	-0.89%	-2.80%	45%	32%

*Since Nov 2018

STRATEGICALLY FOR CREDIT UNIONS

Though no district reported upward pressure on wages, some noted that grocery workers were getting temporary raises as appreciation for doing hazardous work.

The downward push on wages came amid a similar decrease for prices overall, particularly in the energy sector.

The report comes the same day as historic declines were reported on both retail sales and New York-area manufacturing. The national economy has been brought to a standstill due to social distancing measures aimed at stemming the coronavirus spread. The economic stimulus package will help to sustain us (consumer and institutional) during the darkest part of the crisis but will also position us and the economy's recovery to accelerate once recovery has commenced.

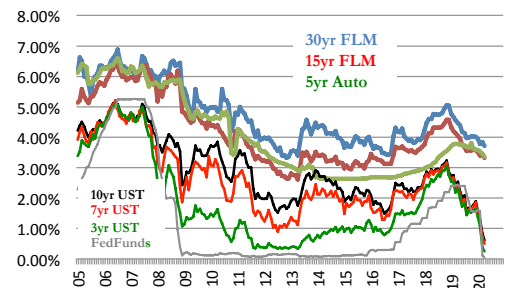
Stubbornly trying to stick to growth budgets established last fall is impractical and, for most of us, would most likely produce lower interim earnings and threaten net worth greater than properly adjusting balance sheets today to enhance what the recovery will provide later.

To some, it means shrinking balance sheets while to others it means curtailing credit extension or even increasing our A-paper initiatives.

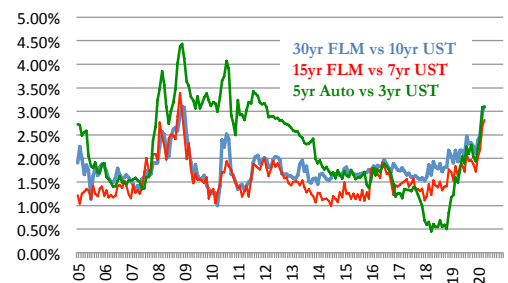
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RELATIVE VALUE

"A"-PAPER MARKET RATES



"A"-PAPER PRICING SPREADS



ECONOMIC RELEASES

RELEASES THIS WEEK:

	Current	Previous
Retail Sales (Mar, YoY)	-6.2%	4.6%
Leading Indicators (Mar, MoM)	-6.7%	-0.2%
Fed Beige Book	Sharp contraction across all regions	

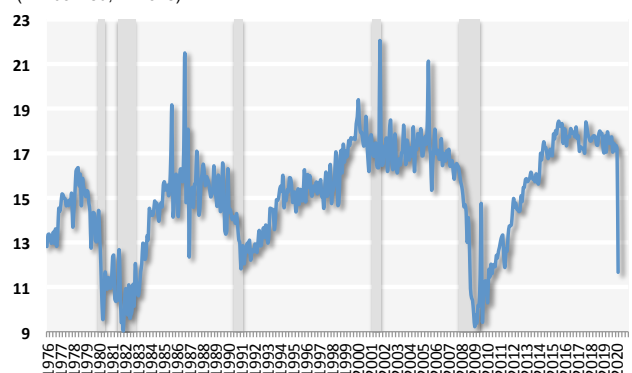
RELEASES FOR UPCOMING WEEK:

	Projected	Previous
Existing Home Sales (Mar, Annlzd, Mils)	5.770	5.300
New Home Sales (Mar, Annlzd, Mils)	0.765	0.650

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(Annualized, Millions)



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ECONOMIC CALENDAR

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Mar 23	24 New Home Sales 765k	25 Durable Goods 1.2%	26 Jobless Claims 3.282M GDP Q4-Final 2.1%	27 Personal Income 0.6% Personal Spending 0.2%	28
30	31 Home Prices 3.1%	Apr 1	2 Jobless Claims 6.648M Factory Orders 0%	3 Unemployment 4.4%	4
6	7 Consumer Credit 6.4%	8	9 Jobless Claims 6.615M Wh Inflation +0.7%	10 Consumer Inflation 1.5%	11
13	14	15 Retail Sales -8.7% Ind Production -5.5% FOMC Beige Book	16 Jobless Claims 5.245M	17	18
20	21 Existing Homes	22	23 Jobless Claims New Homes	24 Durable Goods	25
27	28 Home Prices Consumer Confidence	29 GDP (Q1-1st)	30 Jobless Claims	May 1 Construction Spending	2
3	4	5	6 Jobless Claims	7	8
10	11	12	13 Jobless Claims	14-Jan	15

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
DEMOGRAPHICS											
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%
GROWTH RATES (YTD)											
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%
BALANCE SHEET ALLOCATION											
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%
LOAN QUALITY											
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%
EARNINGS											
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%
Net Operating Return	-0.48%	0.29%	0.51%	0.61%	0.68%	0.95%	0.89%	0.24%	0.48%	0.55%	0.64%
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%
Net Income	-0.06%	0.32%	0.56%	0.63%	0.72%	1.01%	0.94%	0.29%	0.53%	0.58%	0.68%
Return on Net Worth	-0.4%	2.0%	4.3%	5.2%	6.2%	8.5%	7.9%	1.9%	4.0%	4.6%	5.7%

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