CUNA Economic Update

May 2018

Samira Salem,
Senior Policy Analyst
CUNA Economic Update is sponsored by CUNA CFO COUNCIL
Recent Economic Developments

• U.S. economic growth is solid at 2.3% in 2018 Q1
• Core inflation increased by 1.9% in April
• Interest rate on the 10-year Treasury Note increased to 3%
• Continued uncertainty due to trade war risk
• The labor market is near full employment, but wage growth is lagging
Non-Farm Employment Monthly Change
(thousands)

Most recent two months are preliminary.
Source: BLS, CES and CPI, author’s calculation. CPI base year is chained 1982-1984 =100.

*April 2018 represents preliminary figures.
Six Possible Factors of Weak Wage Growth

1. Increasing use of noncompete clauses in employment contracts
2. Low and decreasing levels of unionization
3. Demographic changes
4. Stagnant and low federal minimum wage
5. Rising corporate concentration
6. Contract employment is more prevalent
High-wage earners have continued to pull away from everyone else since 2000
Cumulative percent change in real hourly wages, by wage percentile, 2000–2017

Notes: Sample based on all workers ages 18–64. The xth-percentile wage is the wage at which x% of wage earners earn less and (100 – x)% earn more.

Source: EPI Analysis of Current Population Survey
Expected Lifetime Earnings Ratio
Full-time Earnings Relative to High School Graduates
By Education Level
(Source: NAICU)
U.S. Unemployment and CU Loan Growth Rates (%)
(Source: BLS and CUNA)
U.S. Unemployment and CU Delinquency Rates (%)
(Source: BLS and CUNA)
Credit Union Employee Expenses -- % Average Assets
(Source: NCUA and CUNA)
# March Monthly Credit Union Estimates

Sources: NCUA and CUNA

<table>
<thead>
<tr>
<th></th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Savings</strong></td>
<td></td>
</tr>
<tr>
<td>Share Draft</td>
<td>6.4</td>
</tr>
<tr>
<td>Regular Shares</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td></td>
</tr>
<tr>
<td>Credit Card</td>
<td>-2.5</td>
</tr>
<tr>
<td>Unsecured</td>
<td>-0.7</td>
</tr>
<tr>
<td>New Auto</td>
<td>1.7</td>
</tr>
<tr>
<td>Used Auto</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Loan-to-Share Ratio</strong></td>
<td><strong>81.50%</strong></td>
</tr>
</tbody>
</table>
CUNA Economic Update is sponsored by CUNA CFO COUNCIL