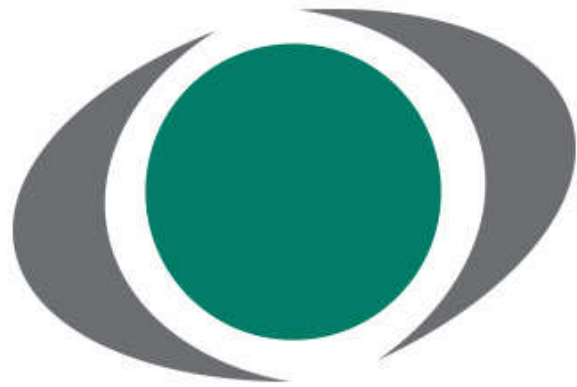


# CUNA Economic Update

October 2018

Samira Salem, Ph.D.  
Senior Policy Analyst

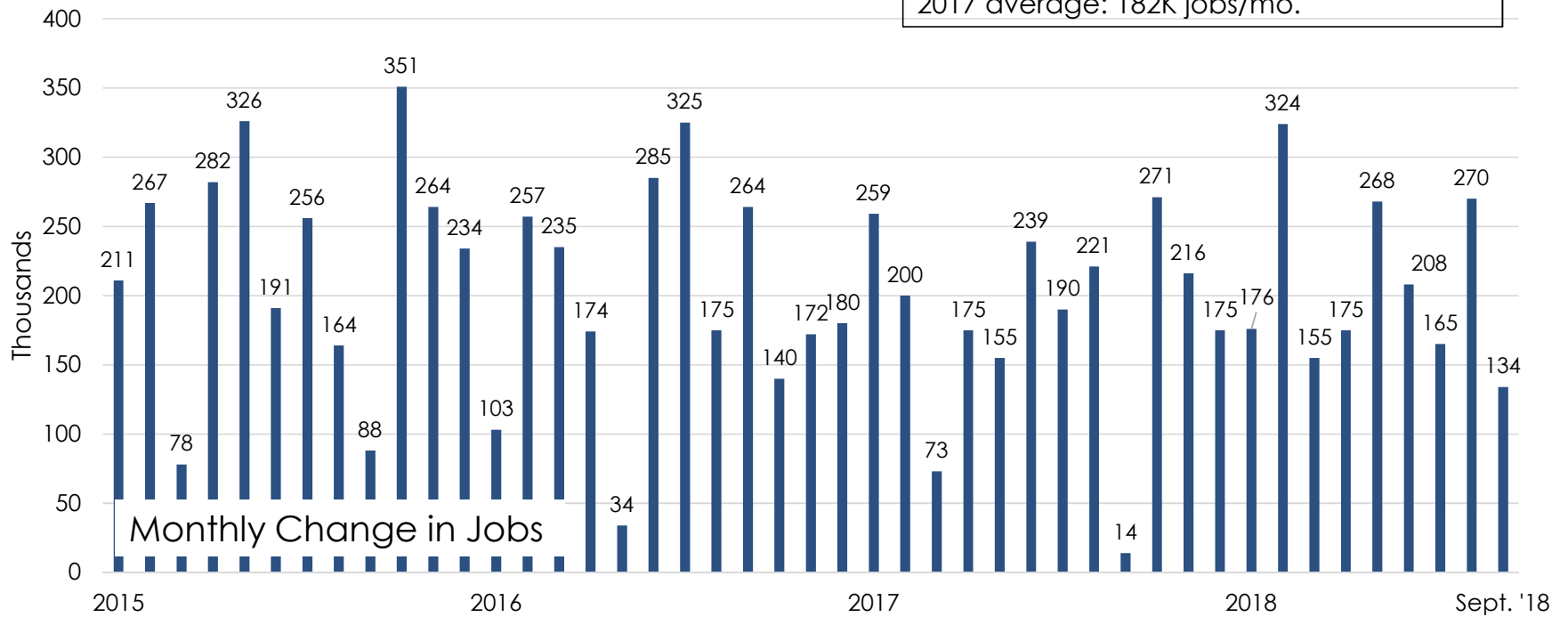
CUNA Economic Update is  
sponsored by



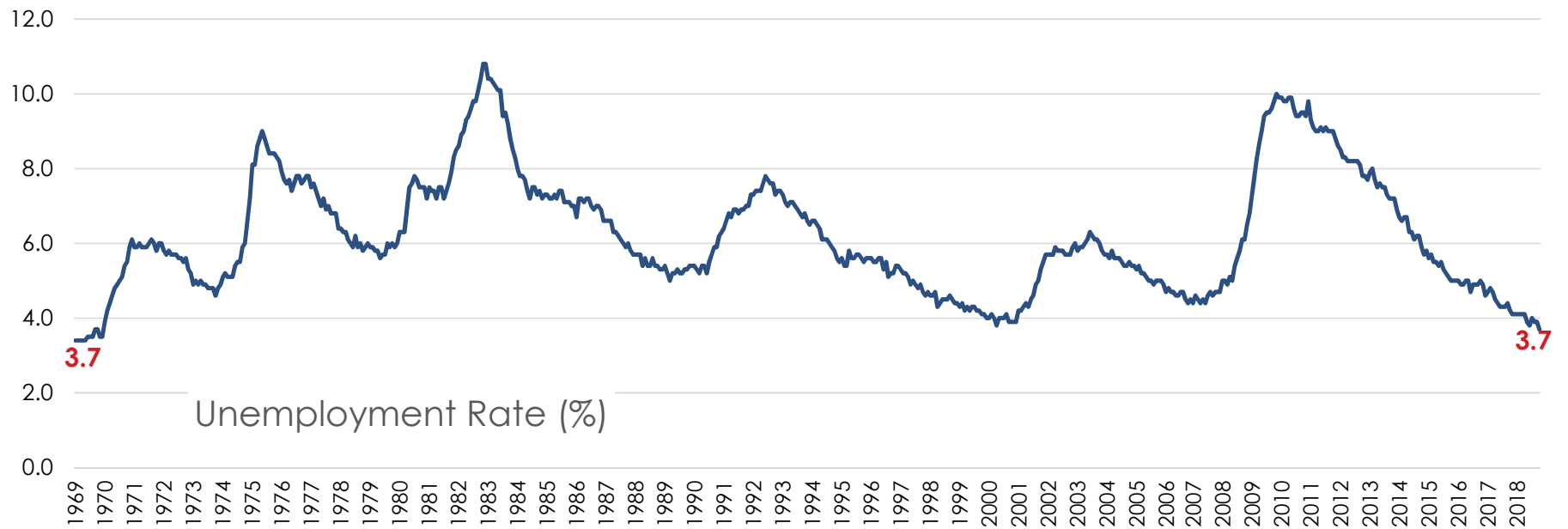
**CUNA**  
**FINANCE COUNCIL**

# U.S. job growth is strong...

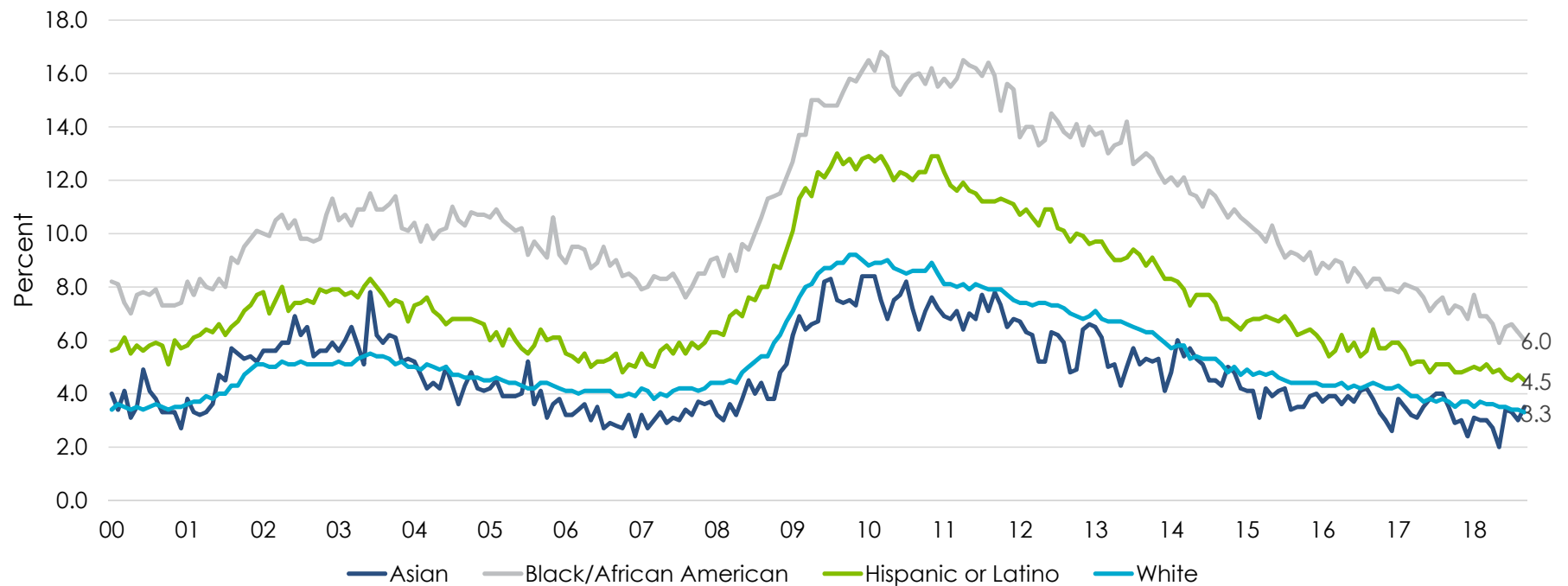
2018 average through Aug.: 208K jobs/mo.  
2017 average: 182K jobs/mo.



# Unemployment is at lowest level since 1969!



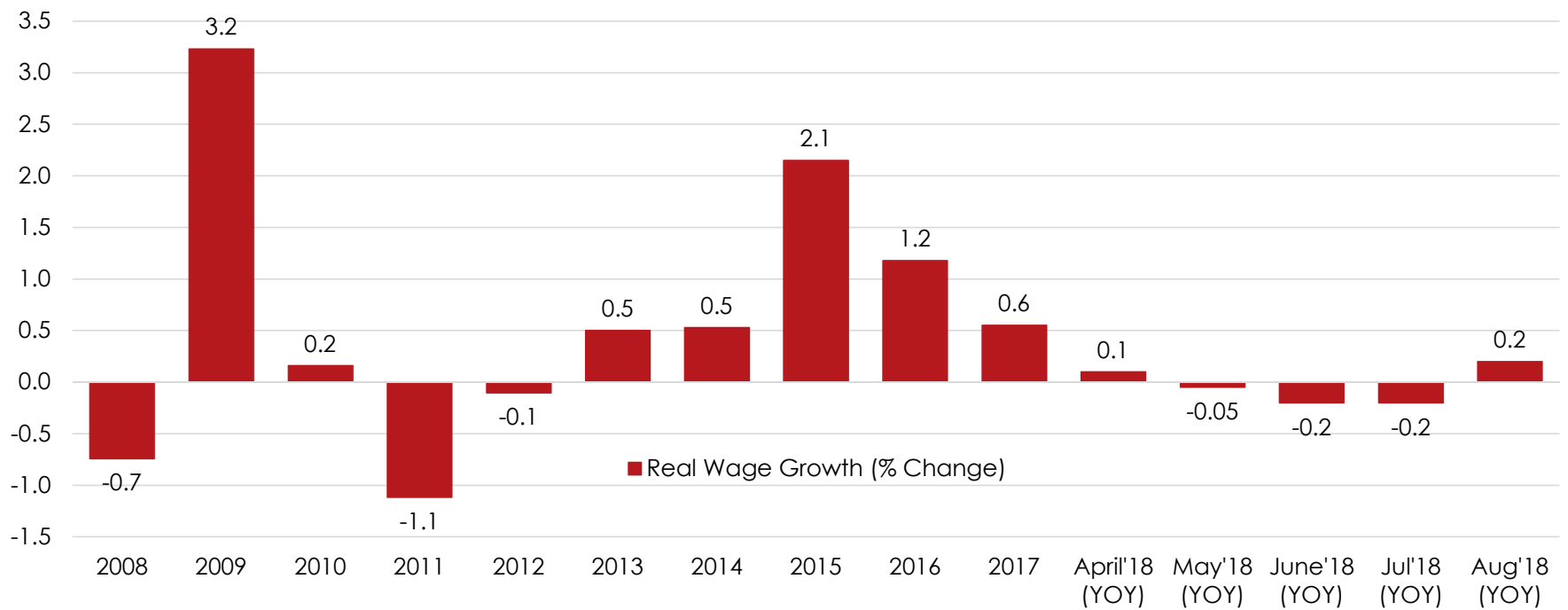
# Disparities persist, but unemployment rates are decreasing for racial and ethnic groups



# No matter how you look at it, unemployment is falling



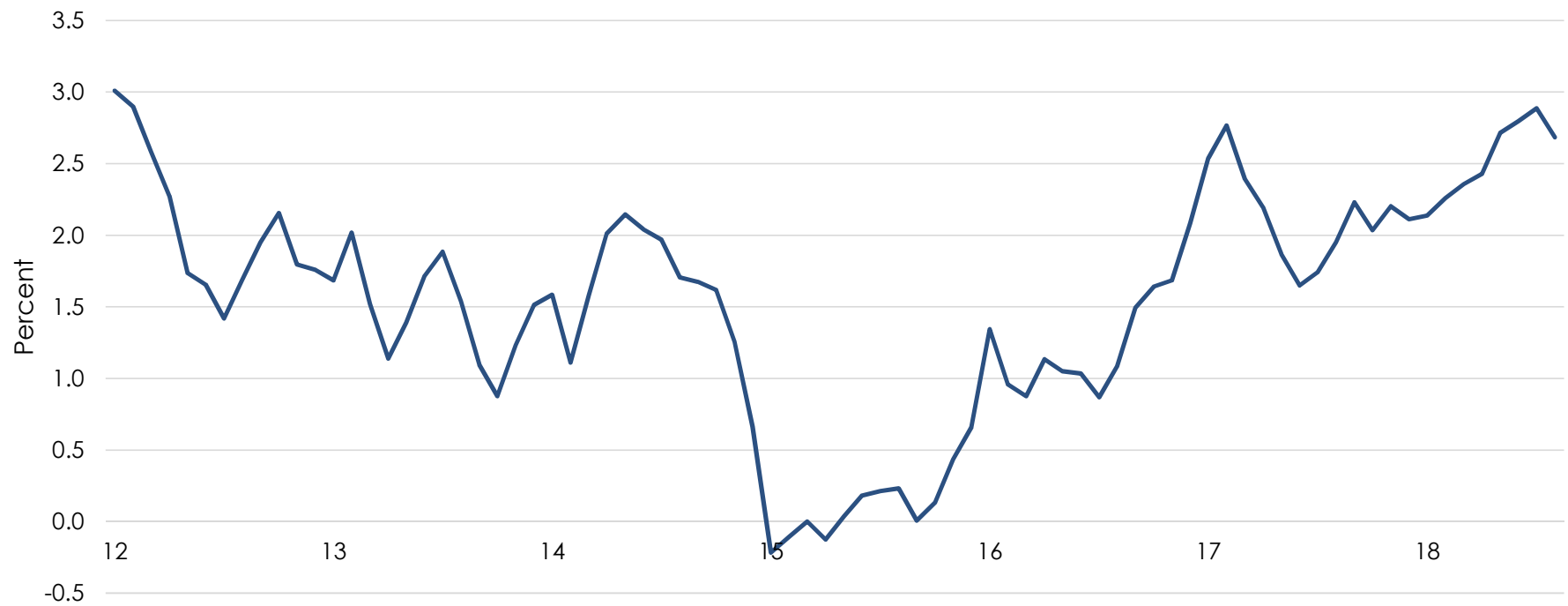
# Wage growth remains weak



Source: BLS

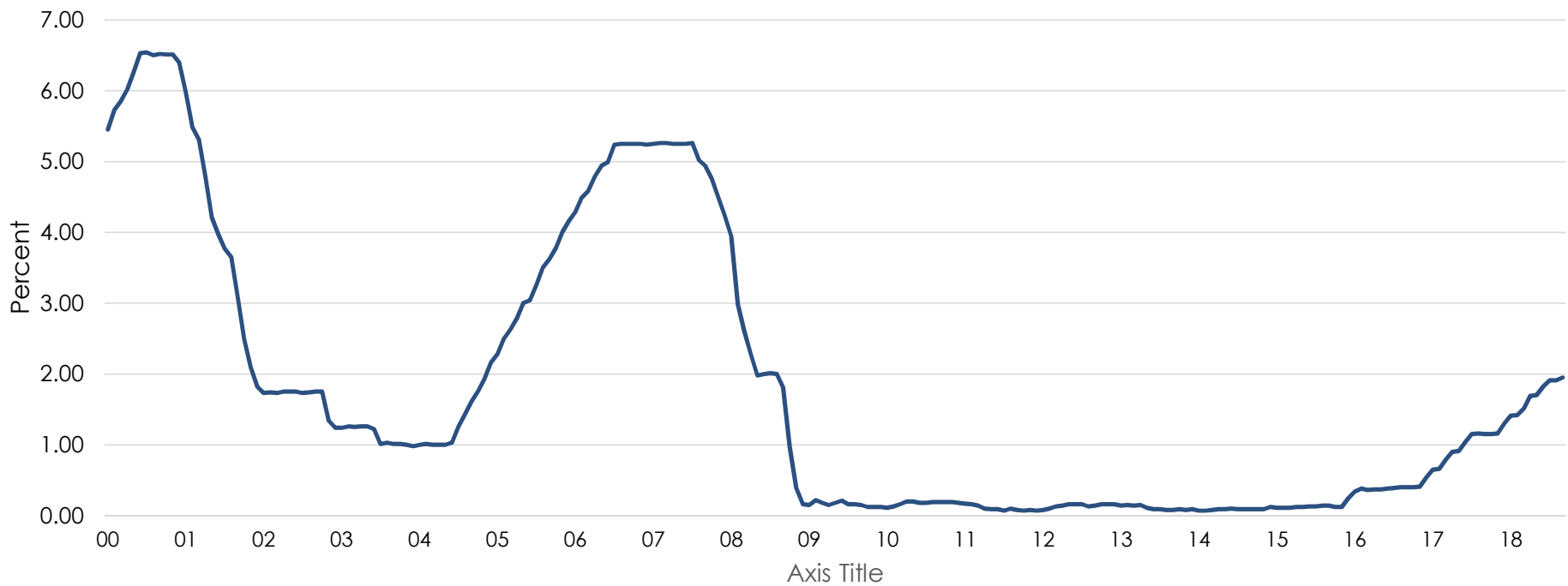
# Inflation is moving up

(CPI, YOY)





# And so is the fed funds rate



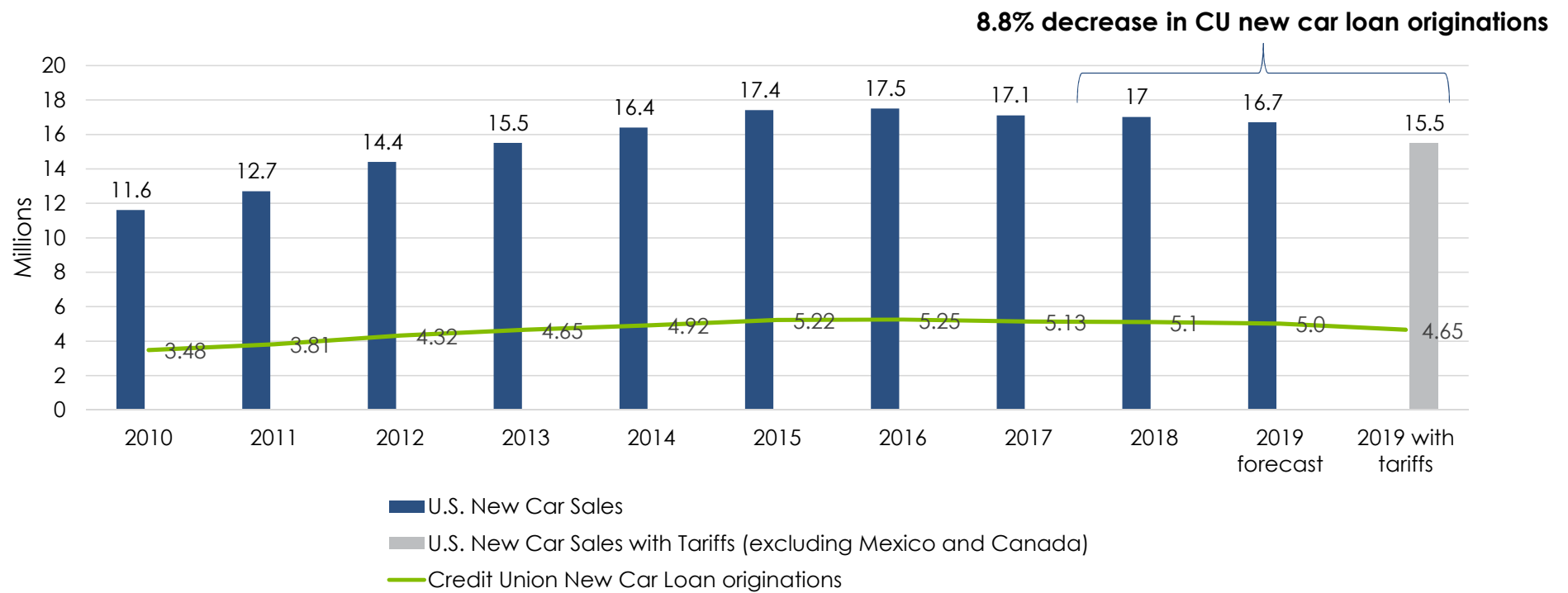
Source: Federal Reserve Board of Governors

# Median income is up and poverty rates are down

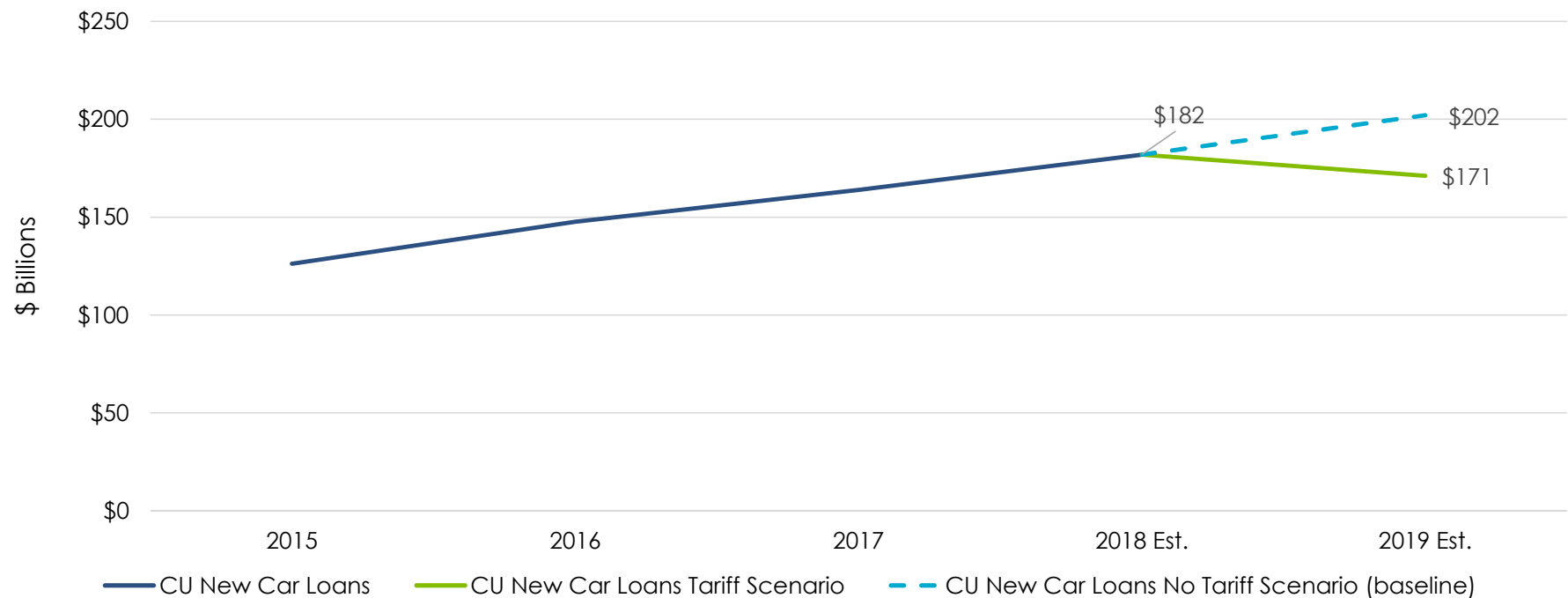
	2015	2016	2017
Median household income (in 2016 inflation-adjusted dollars)	\$57,230	\$59,039	\$61,372
Percentage of people in poverty	13.5%	12.7%	12.3%

Source: U.S. Census

# The impact of auto tariffs on U.S. new car sales and credit union originations



# Auto tariffs will negatively impact CU new car lending



Source: CUNA, NCUA, NADA

Note: We used the Federal Reserve, Consumer Credit, G19, 2018Q1 on average loan size (\$30,472) to estimate the size a new car loan.

# CUNA Economic Forecast

September 2018

	Actual Results		Quarterly Results/Forecasts				Annual Forecasts	
	5 Yr Avg	2017	2018:1	2018:2	2018:3	2018:4	2018	2019
<b>Growth rates:</b>								
Economic Growth (% chg GDP)*	2.37%	2.20%	2.20%	4.20%	3.00%	3.00%	3.00%	2.25%
Inflation (% chg CPI)*	1.30%	2.10%	2.50%	2.90%	2.90%	2.90%	2.80%	2.25%
Unemployment Rate	5.60%	4.10%	4.10%	4.00%	3.90%	3.80%	3.80%	4.00%
Federal Funds Rate (effective)	0.36%	1.33%	1.68%	1.82%	2.15%	2.40%	2.40%	2.90%
10-Year Treasury Rate	2.26%	2.40%	2.74%	2.80%	3.00%	3.25%	3.25%	3.50%
10-Year-Fed Funds Spread	1.90%	1.07%	1.06%	0.98%	0.85%	0.85%	0.85%	0.40%

\*Percent change, annual rate. All other numbers are end-of-period values.

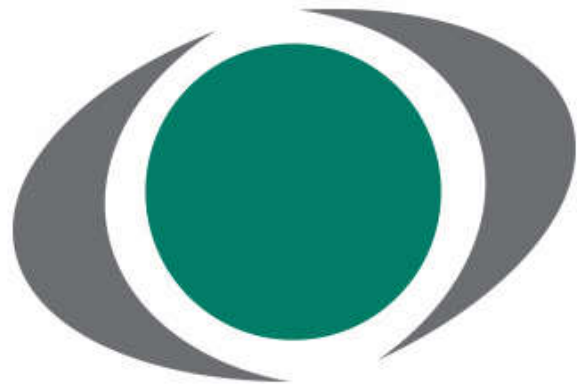
# CUNA Credit Union Forecast

September 2018

	Actual Results		Quarterly Results/Forecasts				Annual Forecasts	
	5 Yr Avg	2017	2018:1	2018:2	2018:3	2018:4	2018	2019
<b>Growth rates:</b>								
Savings growth	5.7%	6.0%	3.9%	0.4%	0.8%	0.8%	6.0%	7.0%
Loan growth	9.8%	10.0%	1.6%	3.2%	2.4%	2.4%	9.5%	8.0%
Asset growth	6.2%	6.6%	2.7%	0.9%	1.2%	1.2%	6.5%	7.5%
Membership growth	3.5%	4.1%	1.4%	1.3%	0.7%	0.7%	4.1%	3.5%
<b>Liquidity:</b>								
Loan-to-share ratio**	77.3%	82.8%	81.0%	83.2%	84.7%	85.9%	85.9%	86.7%
<b>Asset quality:</b>								
Delinquency rate**	0.86%	0.81%	0.66%	0.67%	0.70%	0.75%	0.75%	0.85%
Net charge-off rate*	0.54%	0.59%	0.60%	0.61%	0.60%	0.60%	0.60%	0.65%
<b>Earnings:</b>								
Return on average assets (ROA)*	0.77%	0.77%	0.90%	0.89%	0.80%	0.80%	0.85%	0.75%
<b>Capital adequacy:</b>								
Net worth ratio**	10.9%	11.0%	10.9%	11.1%	11.1%	11.2%	11.2%	11.1%

\*Quarterly data, annualized. \*\*End of period ratio. Additional information and updates available on our MCUE website.

CUNA Economic Update is  
sponsored by



**CUNA**  
**FINANCE COUNCIL**