

CUNA Economic Update

August 2019

Mike Schenk
Chief Economist

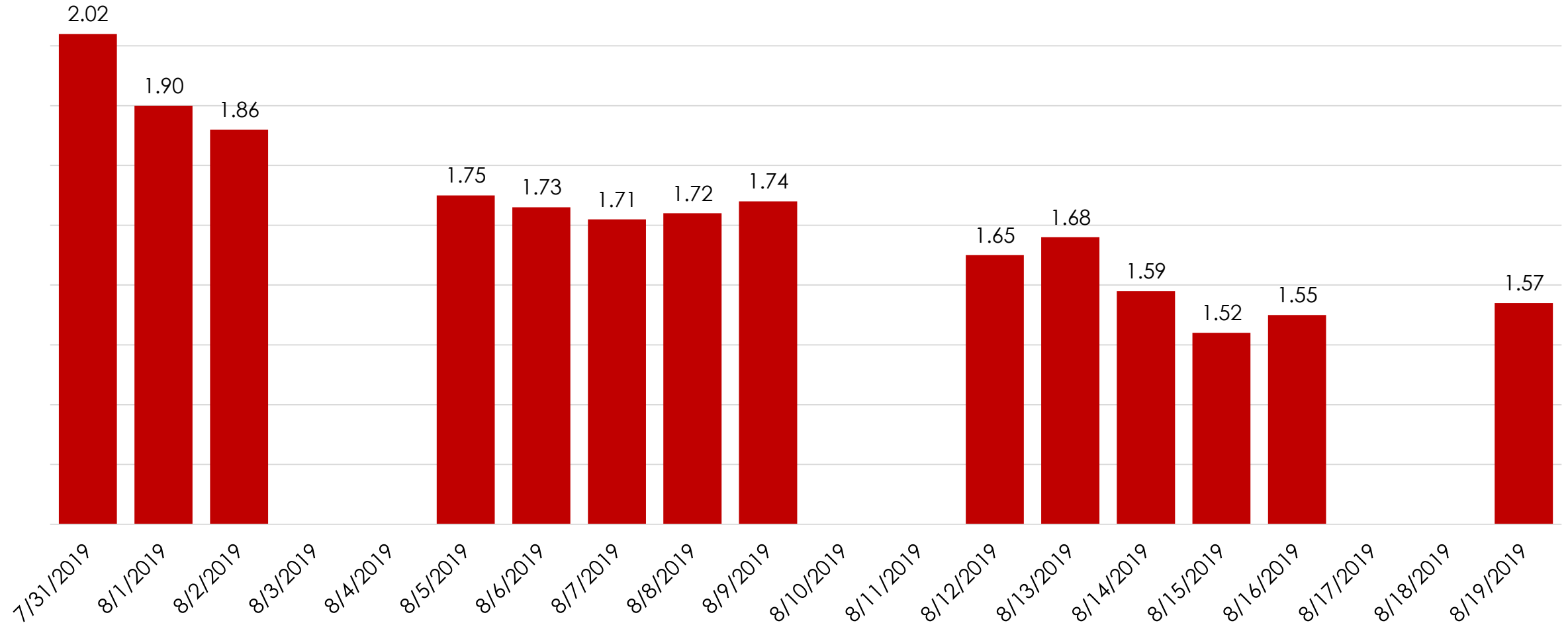
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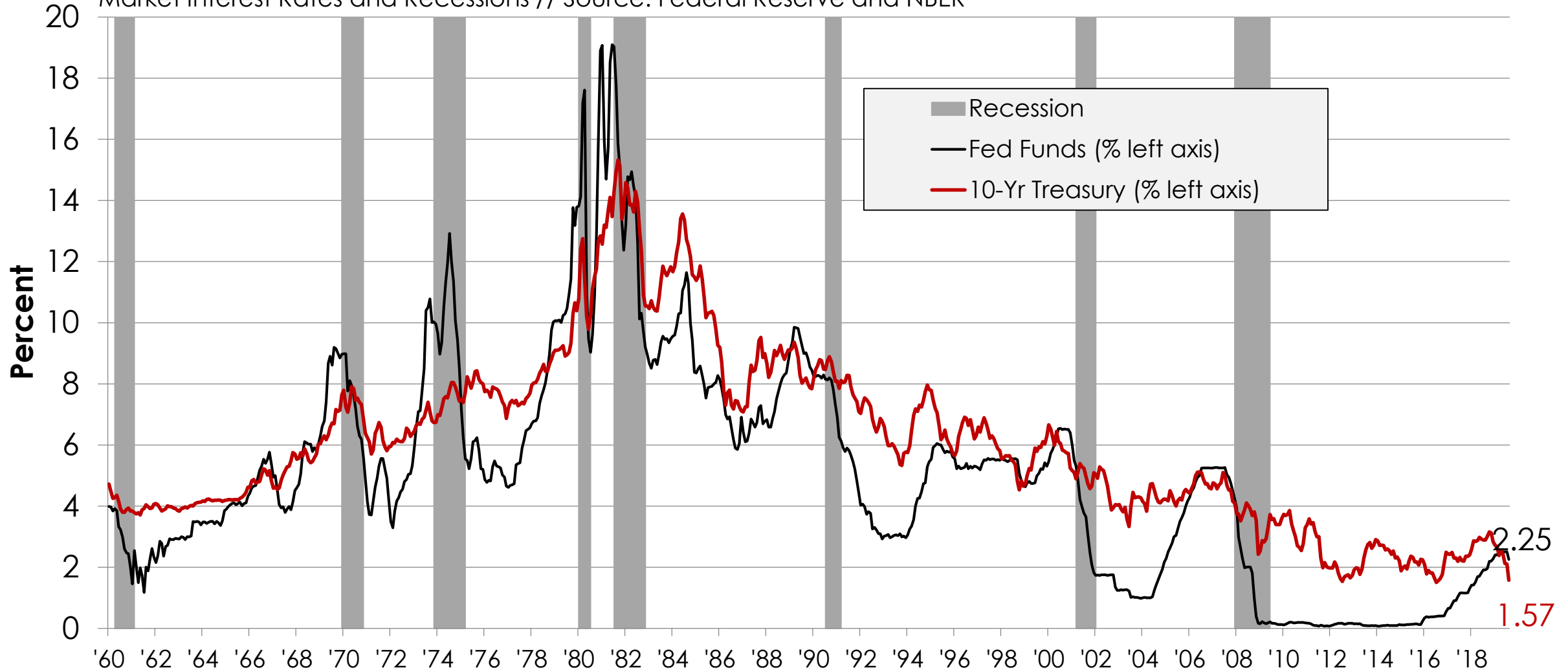
Flight to safety pushing yields down!

Ten-Year U.S. Treasury Yields (Percent) // Source: Federal Reserve



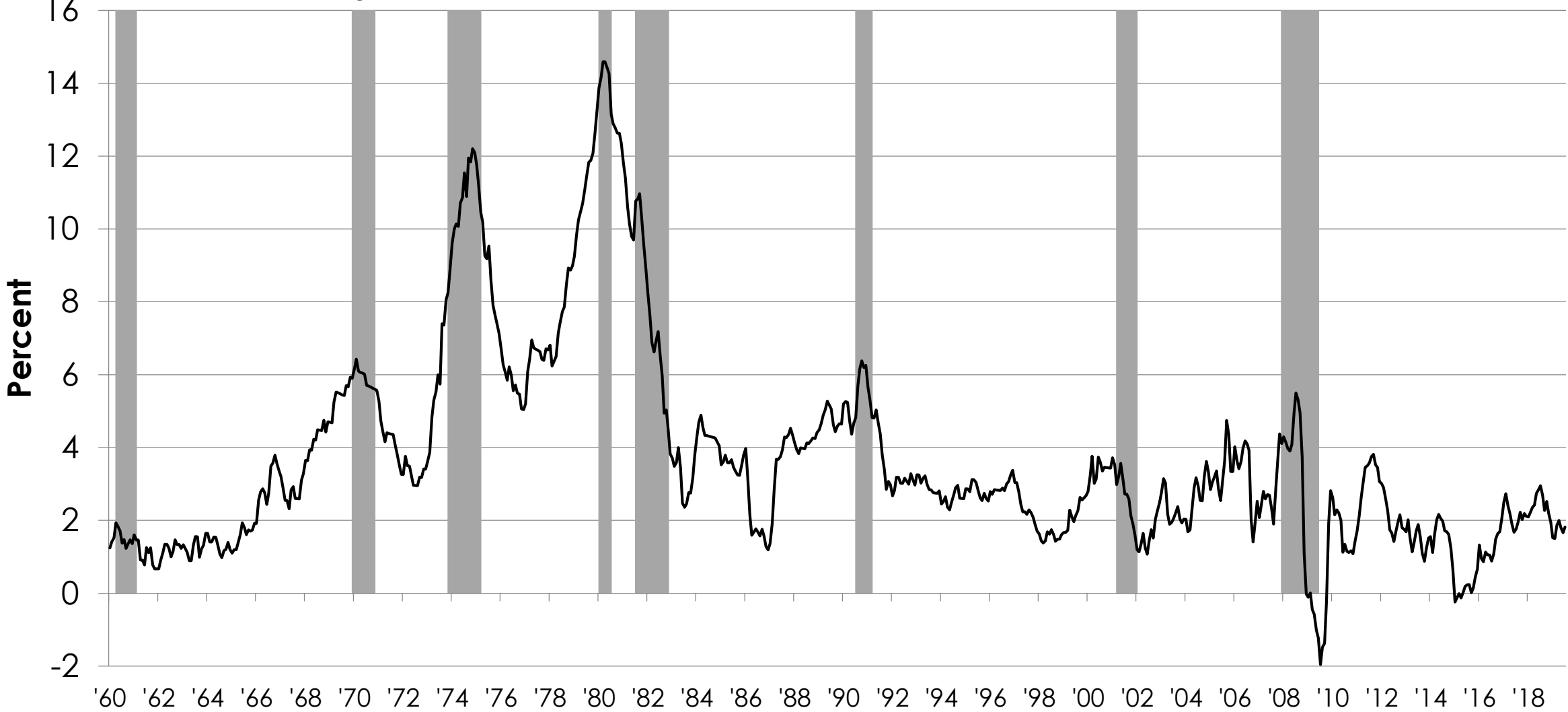
Recession Looming?

Market Interest Rates and Recessions // Source: Federal Reserve and NBER



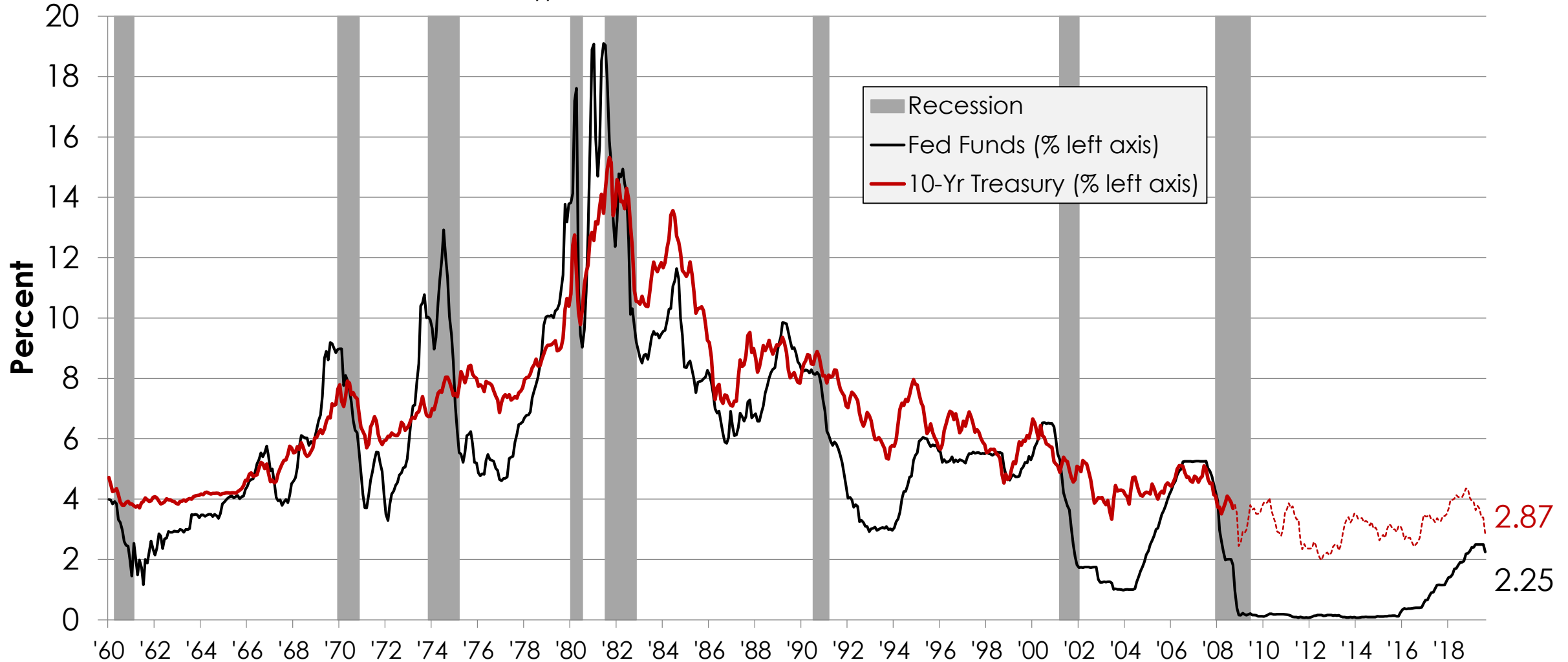
Tame U.S. Inflation

Year-over-year changes in CPI – All Urban Consumers SA // Source: Federal Reserve and NBER



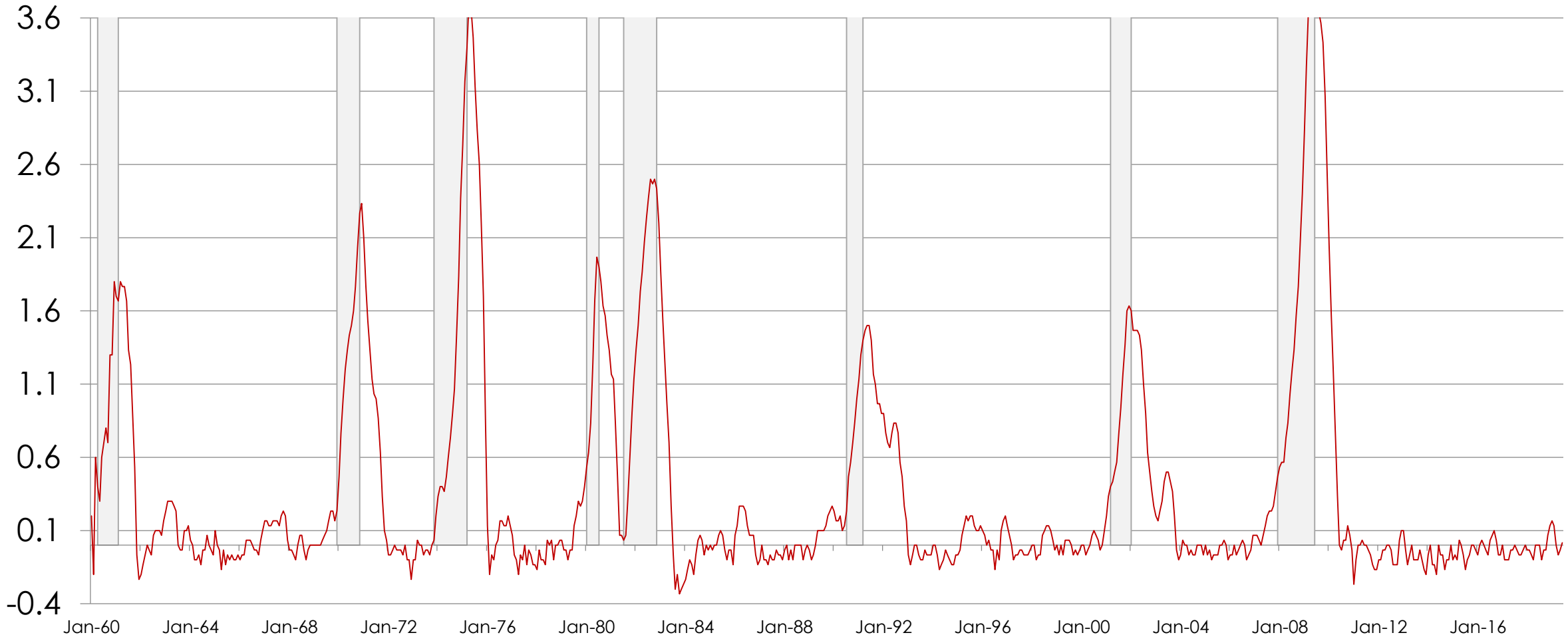
Adjusted for Fed Quantitative Easing?

Market Interest Rates and Recessions // Source: Federal Reserve and NBER



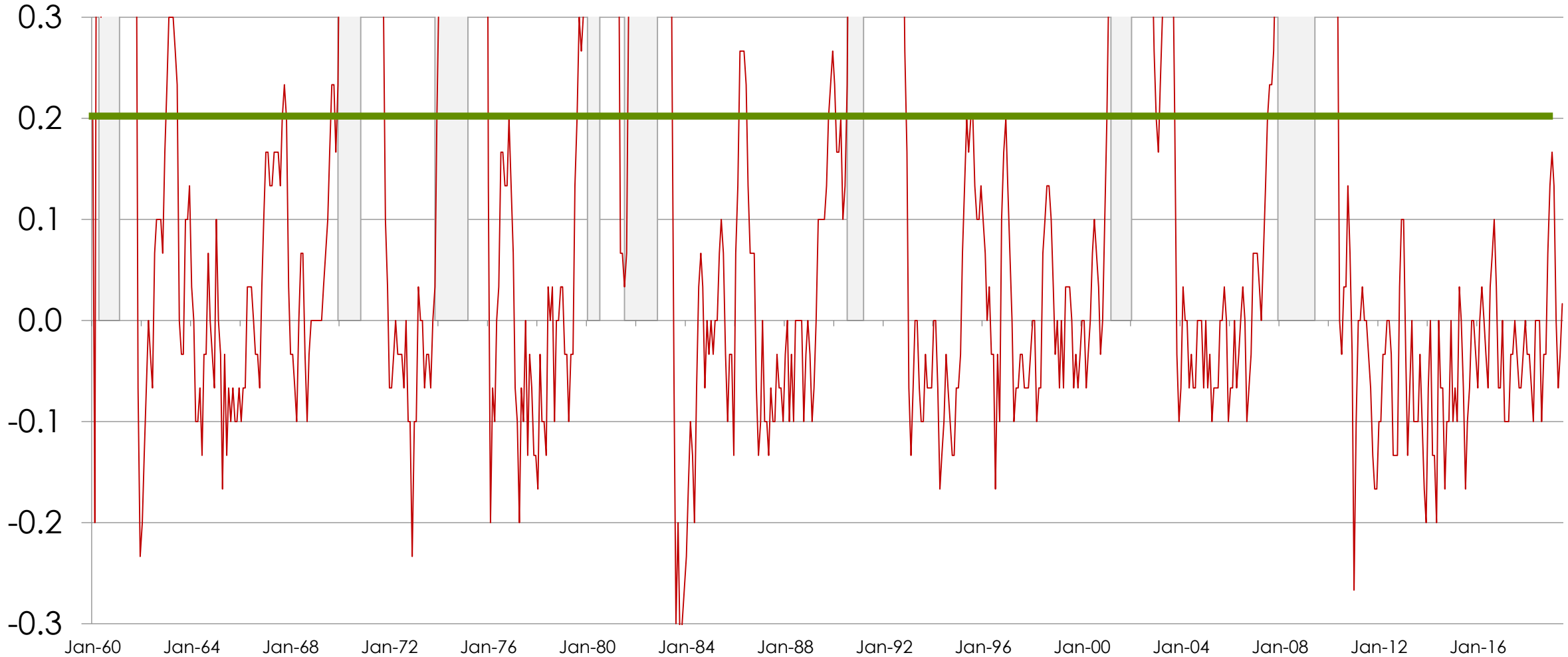
Unemployment Rate Gap

Percentage point difference between current unemployment rate and the low reading of the 3-month centered moving average over the past 12 months // Source: BLS and NBER



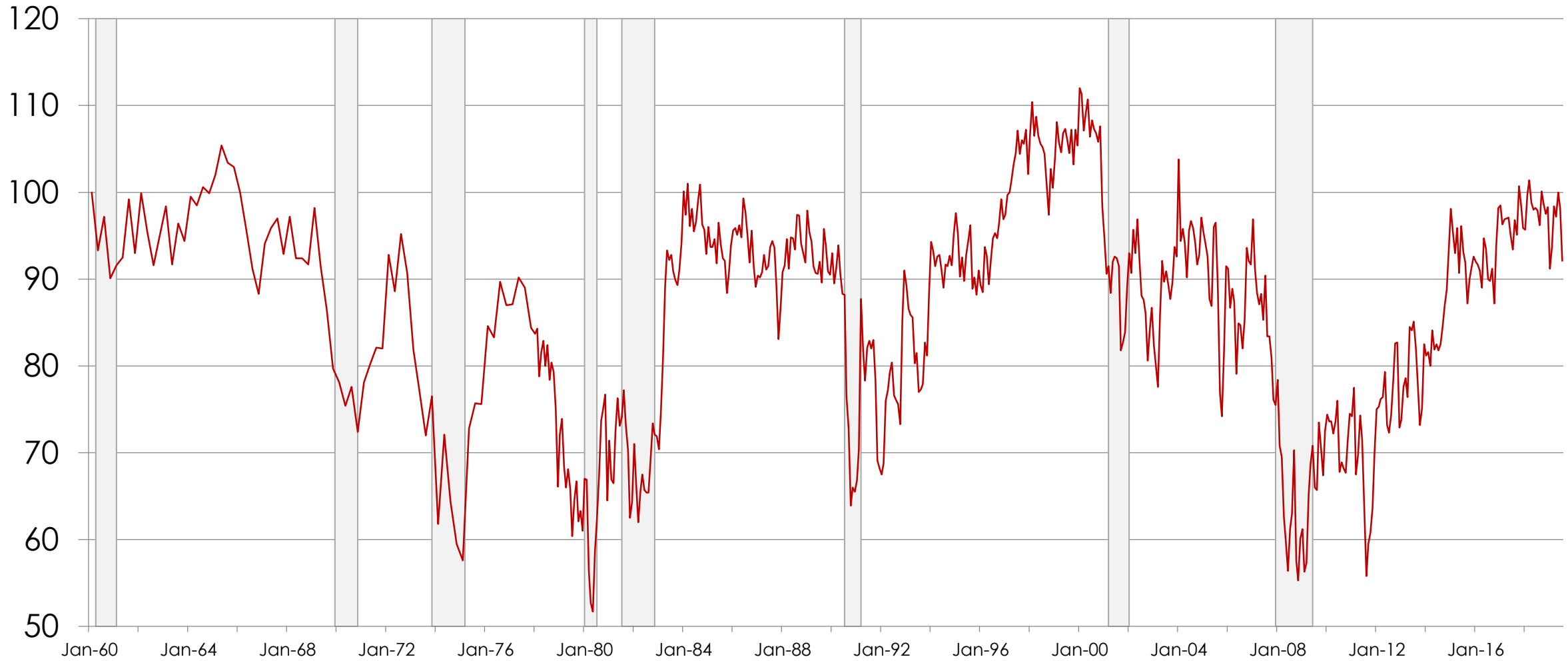
Unemployment Rate Gap - A Closer View

Percentage point difference between current unemployment rate and the low reading of the 3-month centered moving average over the past 12 months // Source: BLS and NBER



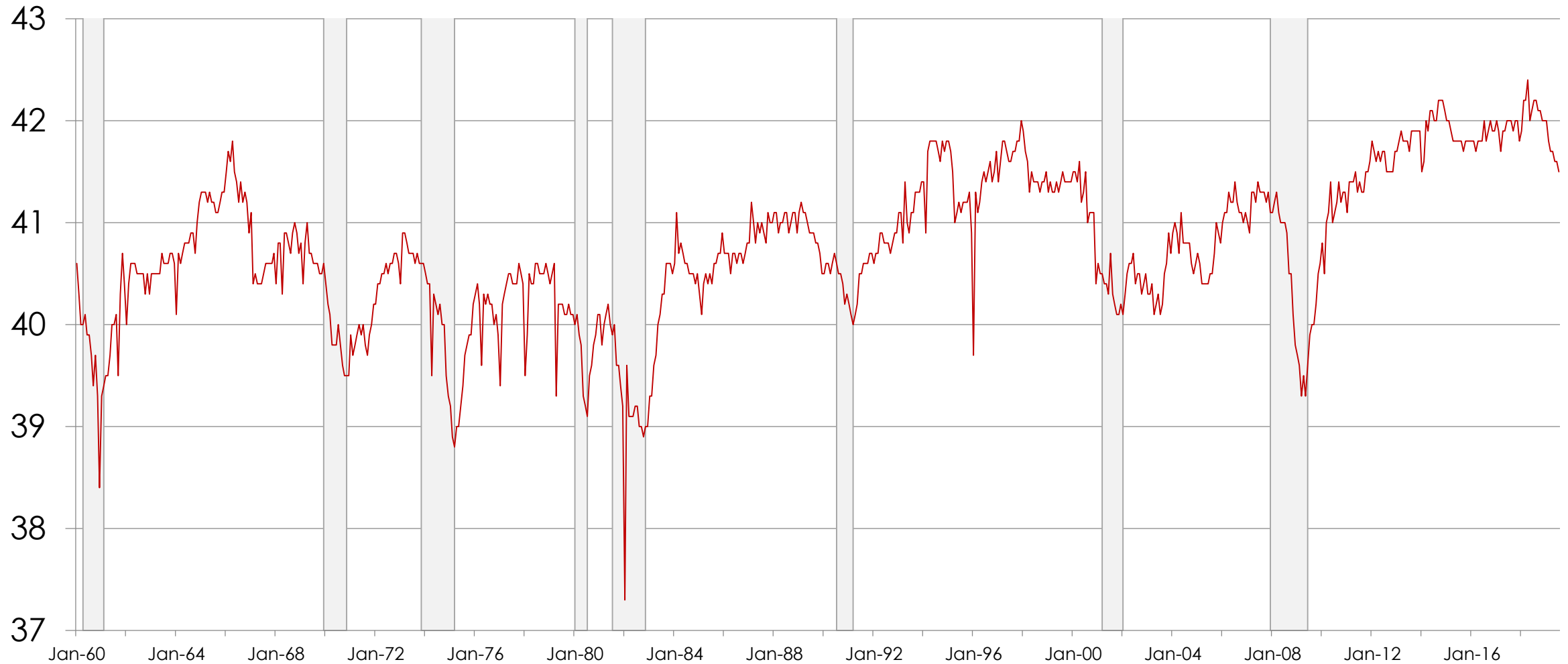
Consumer Sentiment

1966 Q1 = 100 // Source: University of Michigan and NBER



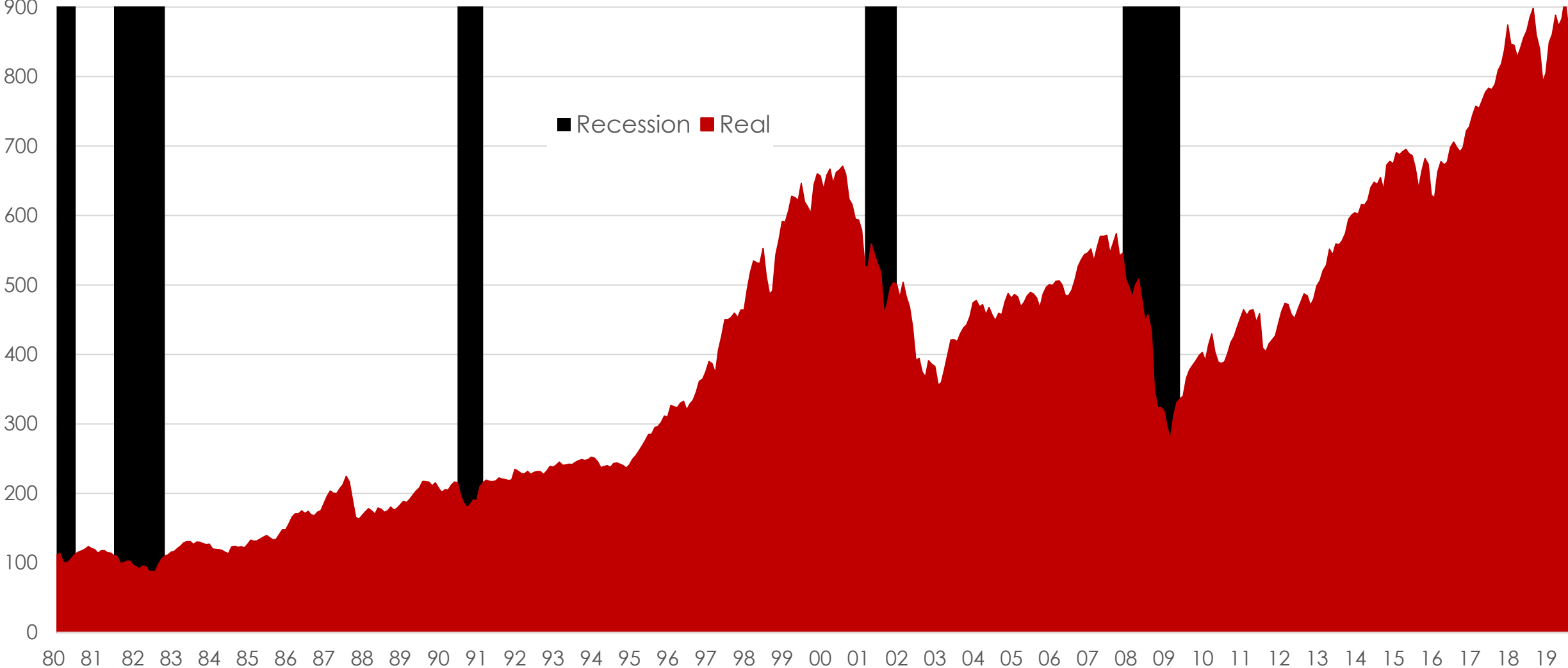
Average Hourly Workweek

Production & non-supervisory employees // Source: BLS



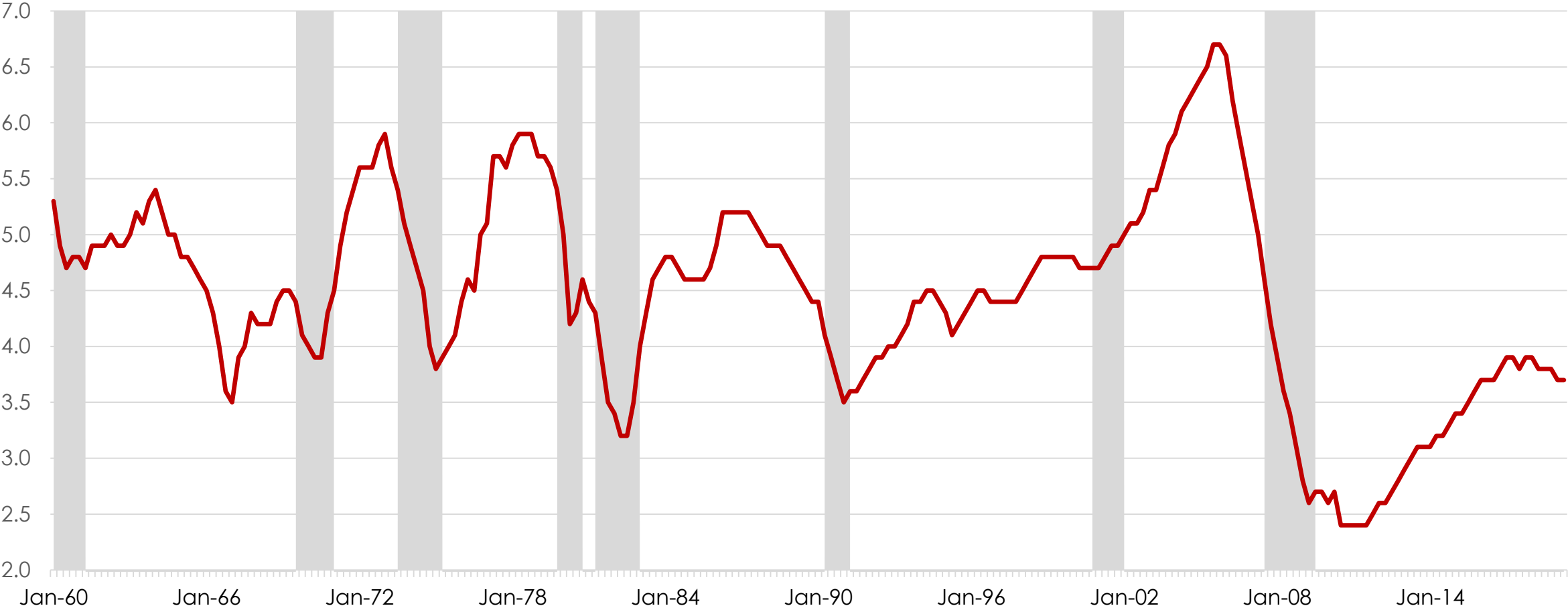
S&P 500 Monthly Average

(Source: S&P)



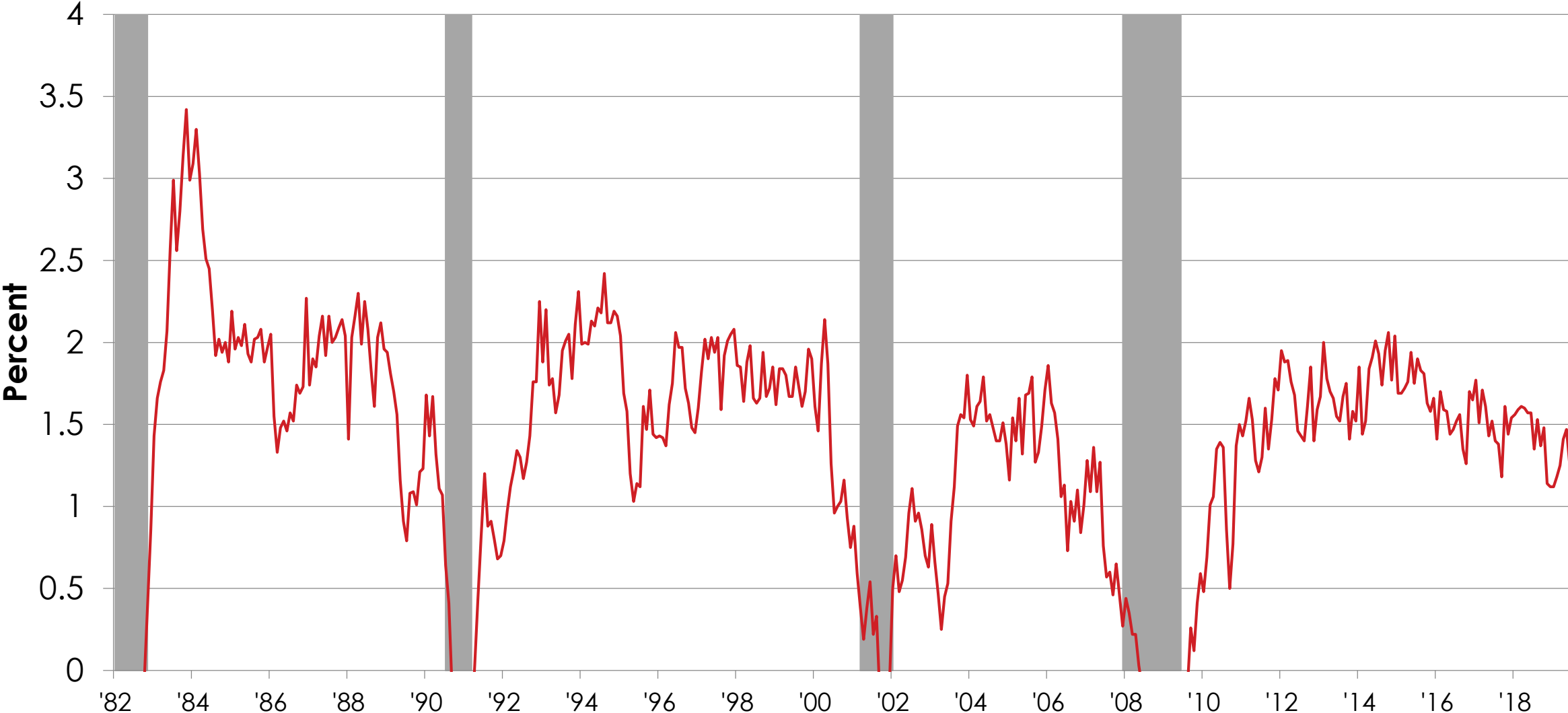
Residential Investment

As a % of GDP // Source: BEA and NBER



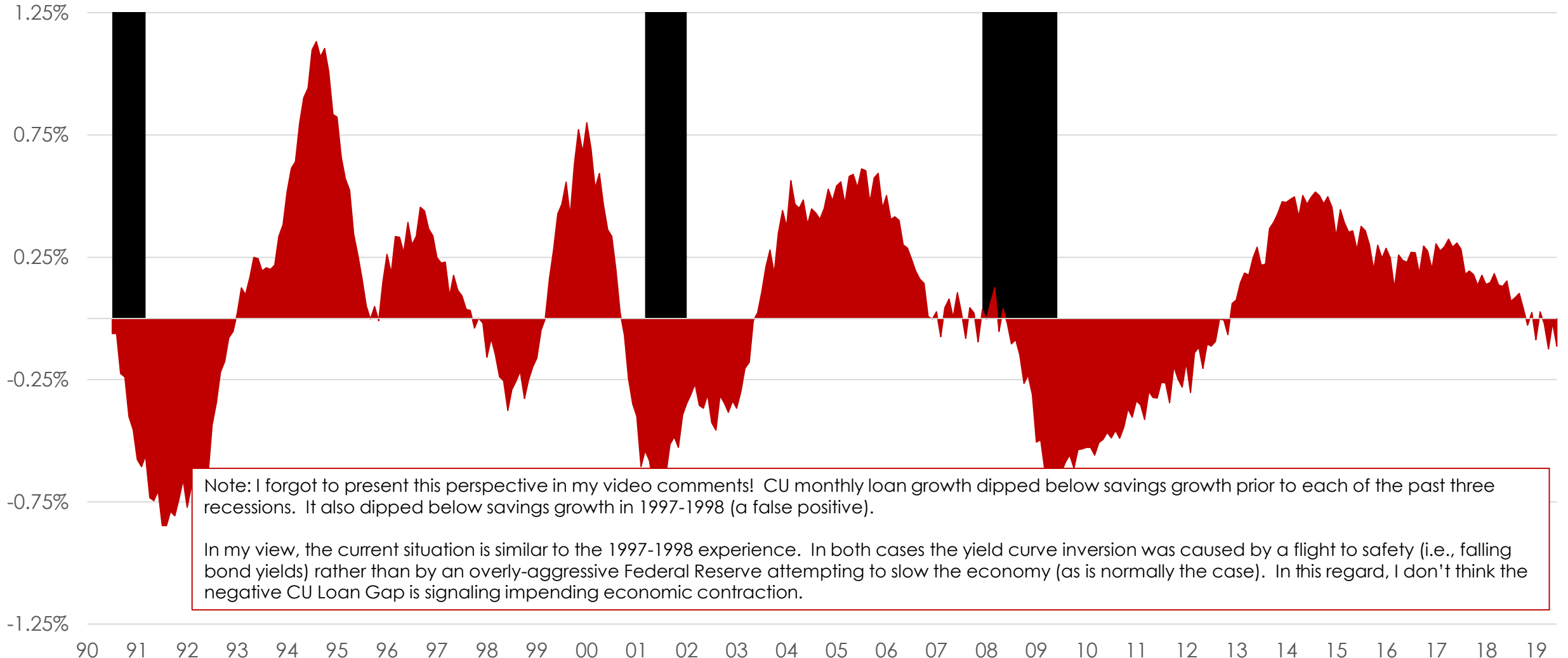
Leading Economic Indicators

Philadelphia Fed Index // Source: Moody's, Federal Reserve Bank of Philadelphia and NBER



Credit Union "Loan Gap"

Monthly loan growth minus savings growth // Source: CUNA Monthly Estimates and NBER



Recession Indicators

Yield curve inverted?	YES!
Yield curve inverted due to Fed rate increases?	NO!
Unemployment Gap > 0.2?	NO!
Consumer Sentiment > 10-point decline recently?	NO!
Avg Hourly Workweek (Manufacturing) declining?	YES
ISM Manufacturing Index Below 43?	NO!
Stock Market Broadly Declining?	NO?
Sharply declining Residential Investment (as a % of GDP)?	NO!
Leading Indicators: ~2% decline over 6 months	NO!
CU Loan Gap (Mo. Loan Growth < Savings Growth)	YES?

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