

# CUNA Economic Update

July 2019

Samira Salem, Ph.D.  
Senior Policy Analyst

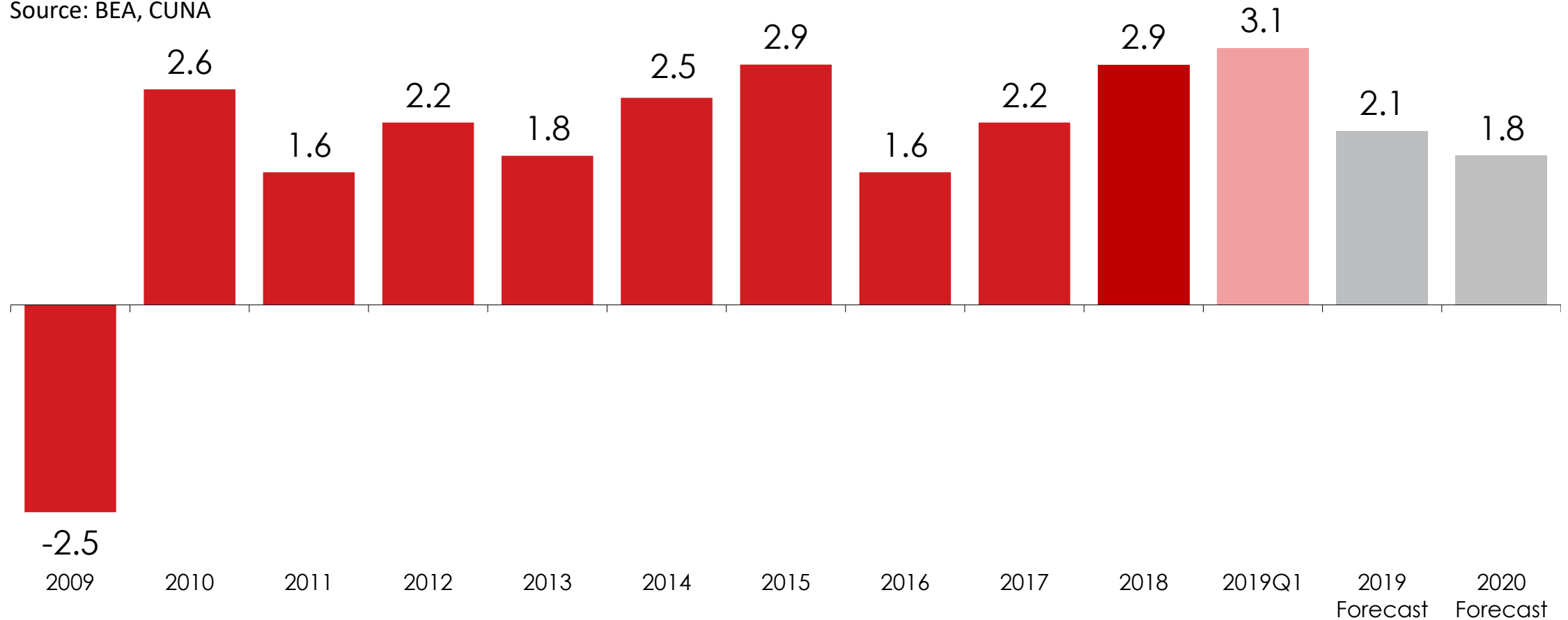
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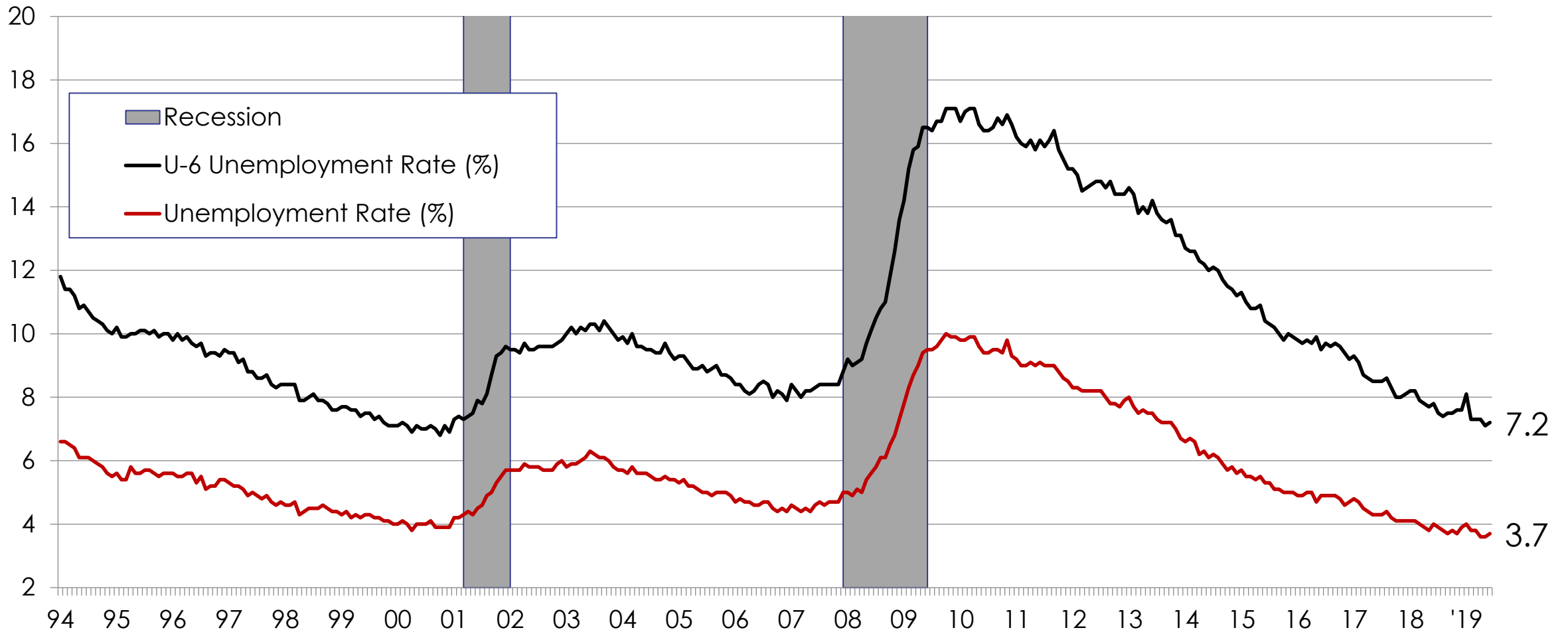
# U.S. economic growth

Percent Changes in GDP  
Source: BEA, CUNA



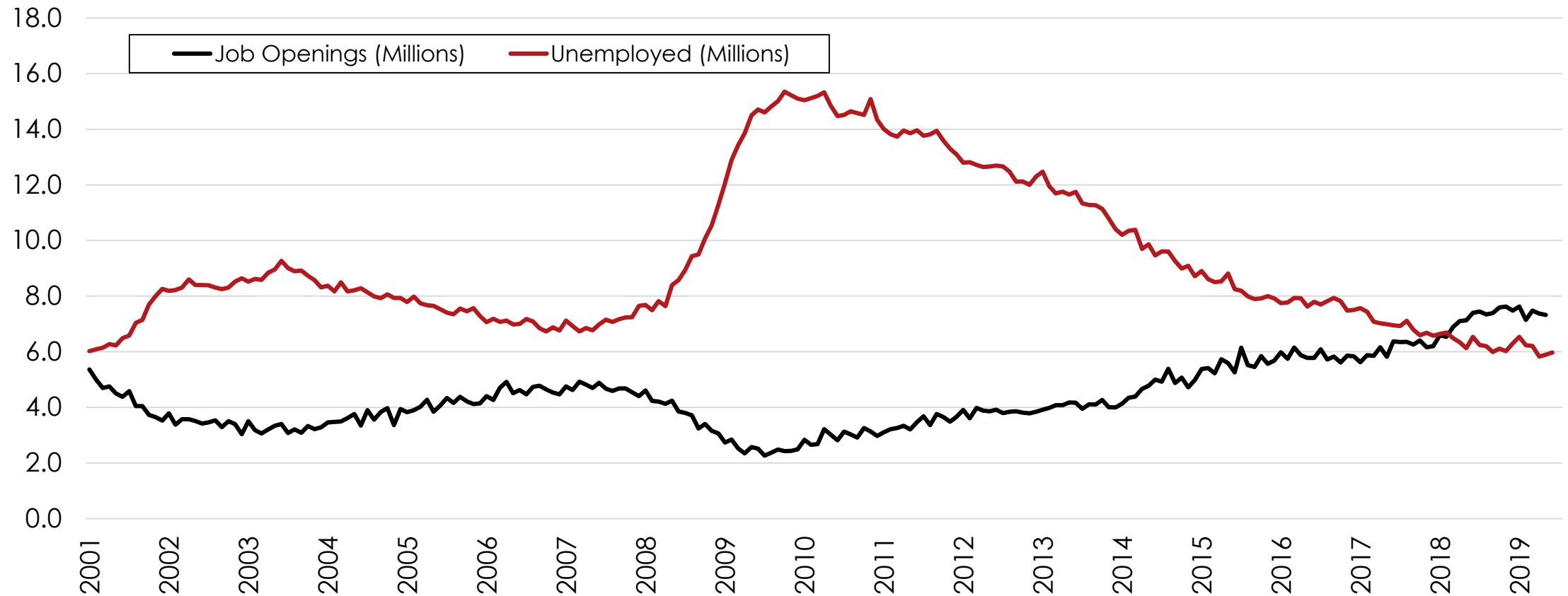
# U.S. unemployment rate is historically low

Source: Bureau of Labor Statistics



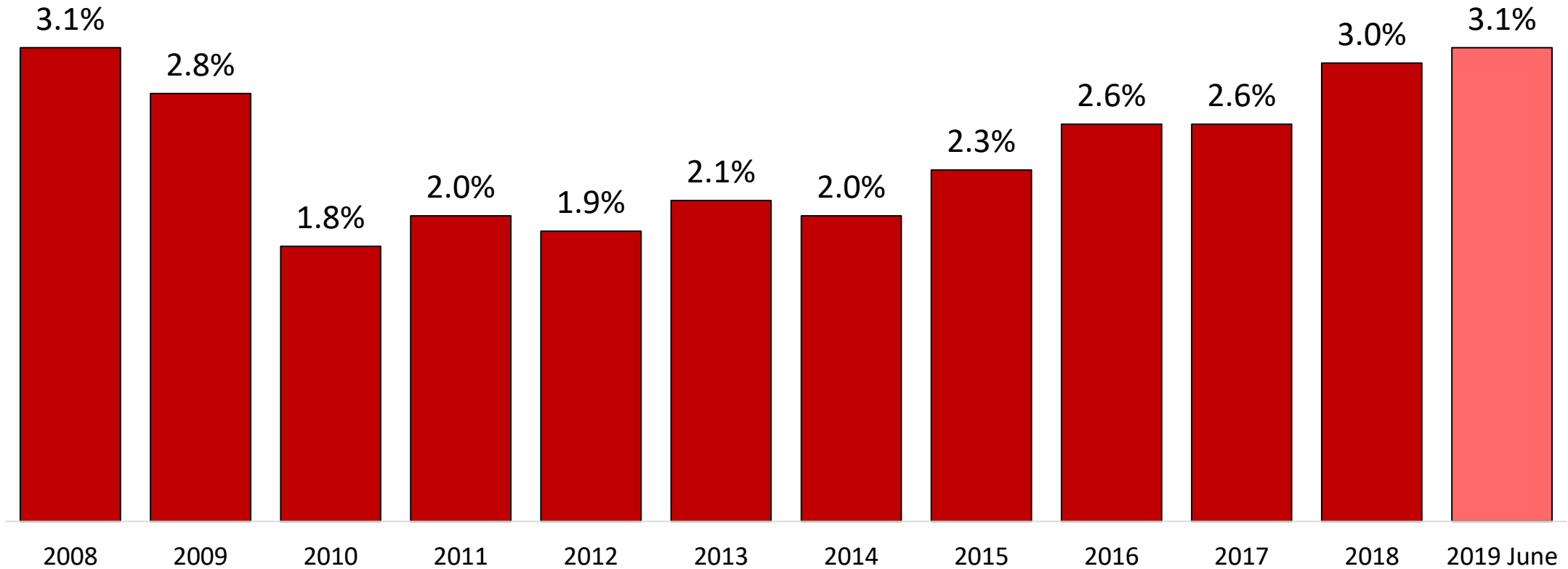
# Jobs, jobs, and more jobs

Source: BLS via FRED



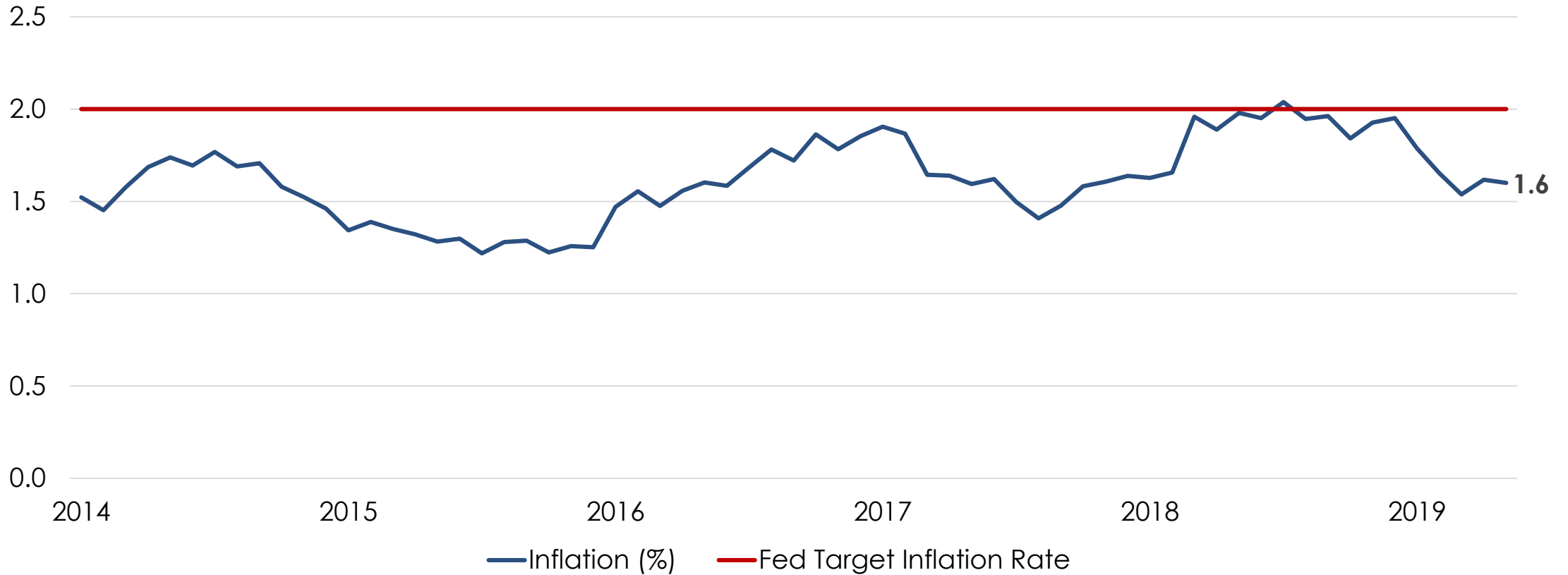
# Wages are starting to pick up

Source: BLS, average hourly earnings YOY growth



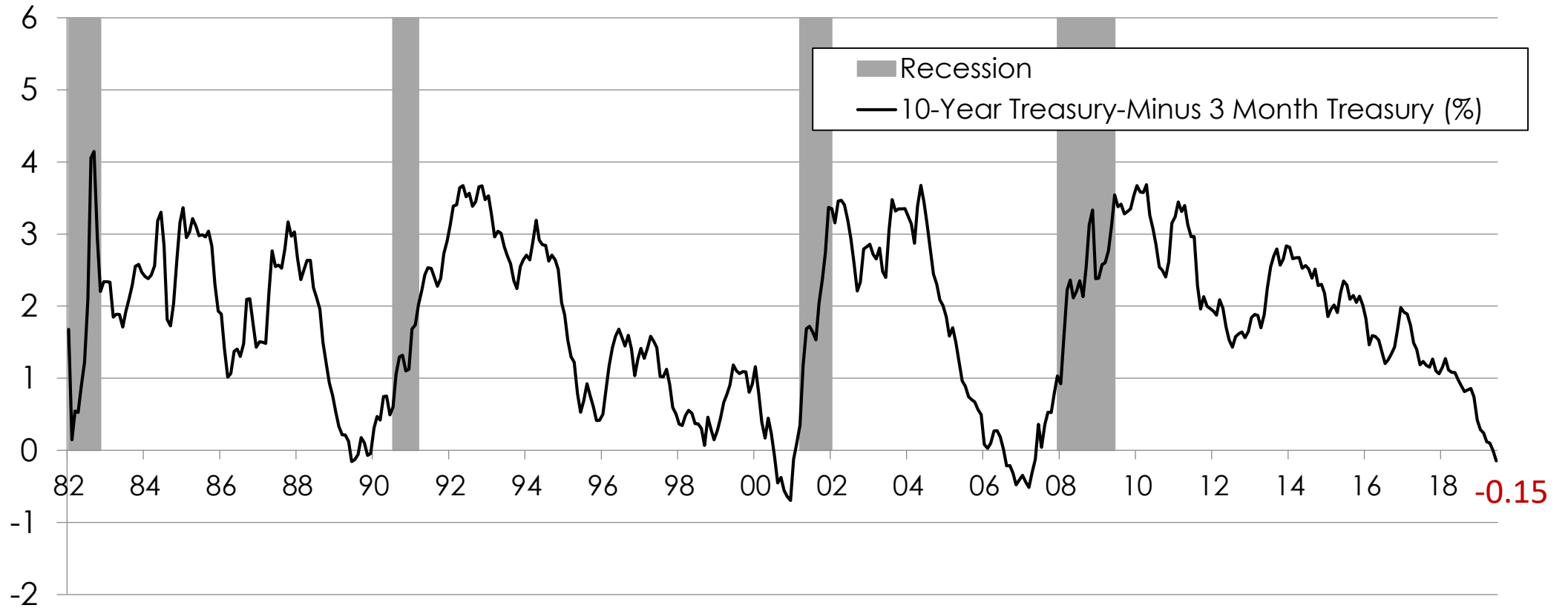
# Era of “Low-flation”?

Core PCE (Percent change from a year ago) // Bureau of Economic Analysis



# The yield curve has inverted

Source: Federal Reserve via FRED





# CUNA Economic Forecast

June 2019

	Actual Results		Quarterly Results/Forecasts				Annual Forecasts	
	5 Yr Avg	2018	2019:1	2019:2	2019:3	2019:4	2019	2020
<b>Growth rates:</b>								
Economic Growth (% chg GDP)*	2.42%	2.90%	3.10%	2.00%	1.80%	1.60%	2.10%	1.80%
Inflation (% chg CPI)*	1.52%	2.44%	1.63%	1.80%	1.90%	1.90%	1.80%	2.00%
Unemployment Rate	4.90%	3.90%	3.70%	3.60%	3.60%	3.70%	3.70%	3.90%
Federal Funds Rate (effective)	0.69%	1.83%	2.40%	2.40%	2.15%	2.15%	2.15%	2.15%
10-Year Treasury Rate	2.35%	2.91%	2.65%	2.20%	2.50%	2.75%	2.75%	2.75%
10-Year-Fed Funds Spread	2.22%	1.08%	0.25%	-0.20%	0.35%	0.60%	0.60%	0.60%

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

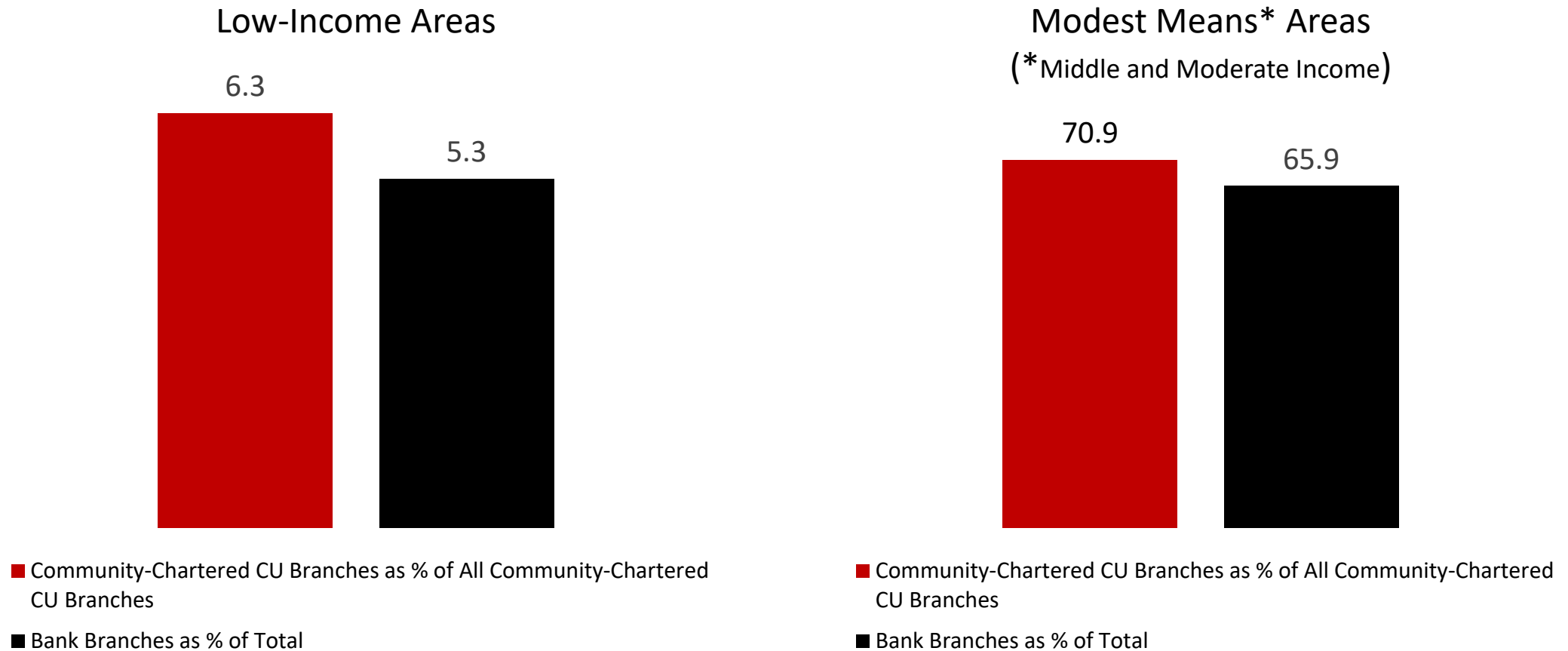
# CUNA Credit Union Forecast

June 2019

	Actual Results		Quarterly Results/Forecasts				Annual Forecasts	
	5 Yr Avg	2018	2019:1	2019:2	2019:3	2019:4	2019	2020
<b>Growth rates:</b>								
Savings growth	6.0%	5.2%	4.3%	0.6%	0.5%	0.6%	6.0%	6.5%
Loan growth	10.1%	8.9%	0.4%	2.6%	2.6%	1.9%	7.5%	7.0%
Asset growth	6.5%	5.4%	3.6%	0.9%	0.8%	0.9%	6.2%	6.7%
Membership growth	3.8%	4.4%	0.9%	0.8%	0.8%	0.7%	3.2%	3.0%
<b>Liquidity:</b>								
Loan-to-share ratio**	80.2%	85.8%	82.6%	84.3%	86.0%	87.1%	87.1%	87.5%
<b>Asset quality:</b>								
Delinquency rate**	0.80%	0.71%	0.58%	0.65%	0.70%	0.80%	0.80%	0.85%
Net charge-off rate*	0.54%	0.57%	0.57%	0.60%	0.60%	0.60%	0.60%	0.65%
<b>Earnings:</b>								
Return on average assets (ROA)*	0.80%	0.91%	0.95%	0.90%	0.85%	0.80%	0.87%	0.80%
<b>Capital adequacy:</b>								
Net worth ratio**	11.0%	11.3%	11.1%	11.2%	11.3%	11.4%	11.4%	11.5%

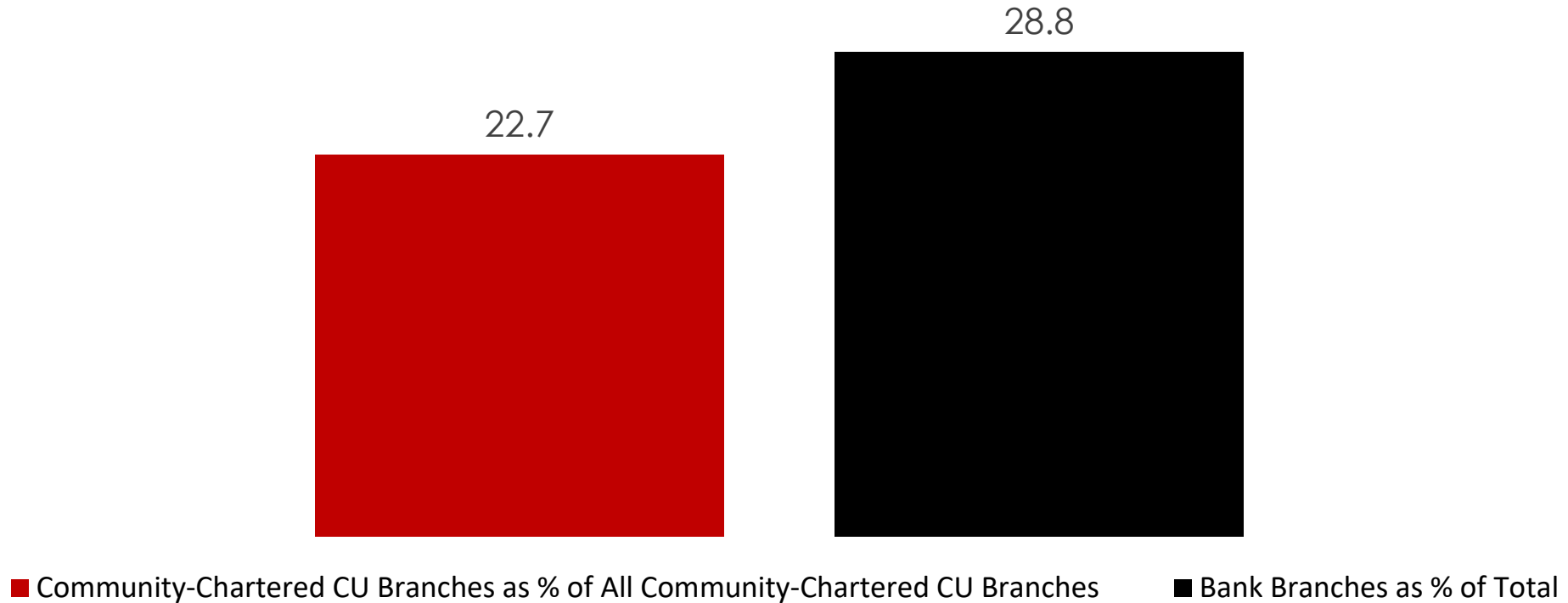
\*Quarterly data, annualized. \*\*End of period ratio. Additional information and updates available on our MCUE website.

# CU's do a better job of locating their branches in low-income and modest means areas than banks



# Banks locate a higher percentage of their branches in upper-income areas than CUs

Upper-Income Areas



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