

Credit Union Trends Report

Executive Summary January 2024

TruStage's Chief Economist, Steven Rick, shares trends of lending volume and credit quality. Additional highlights this month include:

Economy

- So, with this economic backdrop we are forecasting real gross domestic product to rise 1.5% in 2024, slightly below the long-run average of 2%, creating the "soft landing" scenario the Federal Reserve is shooting for.
- First and foremost, the long and variable lags of monetary policy will weigh on job gains which in turn slows economic growth.
- Even though a recession is always a possibility, we are putting its probability at 33% for 2024.

Lending

- Over the past 12 months, total credit union loan balances rose a strong 9.0%, above the 7.2% long-run average.
- Credit union consumer installment credit grew 7.4% over the last year, which is above its 30-year average of 6.3%, but slower than the 8.4% rise in total real estate loans.
- Expect auto sales to rise 5% in 2024 to 16.5 million due to lower interest rates, falling new vehicle prices, steady growth in inventories and a relatively healthy labor market.
- Expect mortgage originations to rise 15% in 2024 as the economy continues its expansion and mortgage interest rates fall approximately 1 percentage point throughout 2024.
- We expect overall credit union loan growth to slow to 5.0% in 2024 due to tight credit union liquidity, high interest rates and satiated consumer demand for durable goods.

Members/Assets

- The average credit union member was sitting on \$13,394 in deposits in November 2023, down \$232 from the \$13,626 set back in November 2022.
- Credit union membership growth of 3.3% is outpacing the 0.50% growth rate of the U.S. population, indicating credit unions are increasing their market share of the financial services marketplace.
- We expect credit union savings balances to rise 4% in 2024, below the 7% long run average but better than the 1% reported in 2023 due to rising real incomes, a rise in the personal savings rate (personal savings as a percentage of disposable personal income), and higher credit union deposit interest rates.

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Source: January 2024, CUNA Economics & Statistics and TruStage Economics. This report on key CU indicators is based on data from TruStage E&S's Monthly Credit Union Estimates, the Federal Reserve Board, and TruStage – Economics

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