

Credit Union Trends Report

Executive Summary June 2024

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

Economy

- Credit union yield on asset ratios rose to 4.84% in the first quarter of 2024, the highest since 2009 and above the 4.5% long run average.
- Over the last year, yield-on-asset ratios rose from 4.06% in Q1 2023, to 4.84% in Q1 2024.
- Expect the yield on asset ratio to rise to 5.4% by the end of the year as the Federal Reserve keeps the Fed Funds interest rate at 5.35% until the 4th quarter, and loan growth exceeds investment growth, shifting the mix of assets to higher yielding loans.
- Over the last 25 years the "credit spread" or the difference between credit union yield-on-asset ratios and the 10-year Treasury interest rate averaged around 1.25 percentage points.

Lending

- Credit union loan balances rose 0.4% in April, a little more than half the 0.7% pace reported in April 2023 and 4.5% during the last 12 months.
- Credit union loan growth has slowed significantly in 2024. Credit union total loan balances fell 0.14% in the first quarter of 2024, significantly below the 1.6% rise in the first quarter of 2023.
- New vehicle sales rose in April to a 15.8 million seasonally-adjusted annualized sales rate – up 2% from March, and 0.7% above the pace set in April 2023.
- During the last 12 months home prices rose 6.5%, due to a persistent lack of supply of homes for sale.
- Expect credit union loan balances to rise only 4% in 2024, and 5% in 2025 which will be below the long run average rate of 7.2%.

Members/Assets

- Savings growth for the first four months of the year came in at 2.3%, above the 1.4% set last year but below the 4.1% average pace set during the last 20 years.
- Expect savings balances growth to slowly rise this year as consumers return to a more normal pace of spending and saving following the atypical spending/savings patterns experienced during the COVID-19 pandemic and aftermath.
- During the first four months of 2024, approximately 77 credit unions ceased to exist because of mergers, purchase and assumptions or liquidation.

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Source: June 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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