

Economic & Credit Union Update

If you have any questions or
comments, please contact:
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Trustage - Economics
800.356.2644, Ext. 665.5454
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July 2025

Trump's Economic Policies

Economic Impact

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1. 10-20% Universal Tariffs

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Economic Impact

Higher Inflation / Lower GDP / Lower Deficits

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1. **10-20% Universal Tariffs**
2. **Mass Deportation**

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5. **Deregulation/Elimination of red tape**

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Trump's Economic Policies

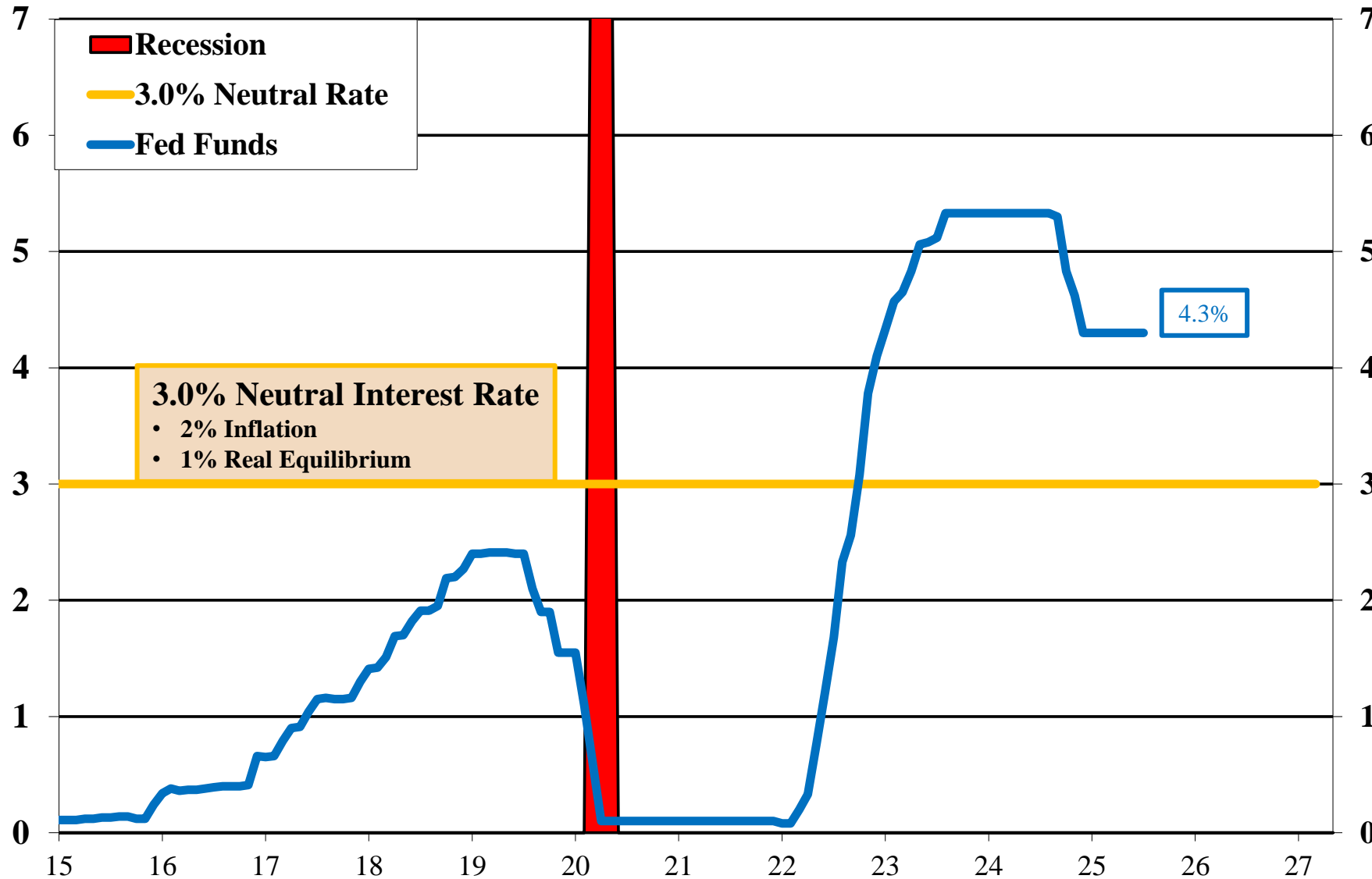
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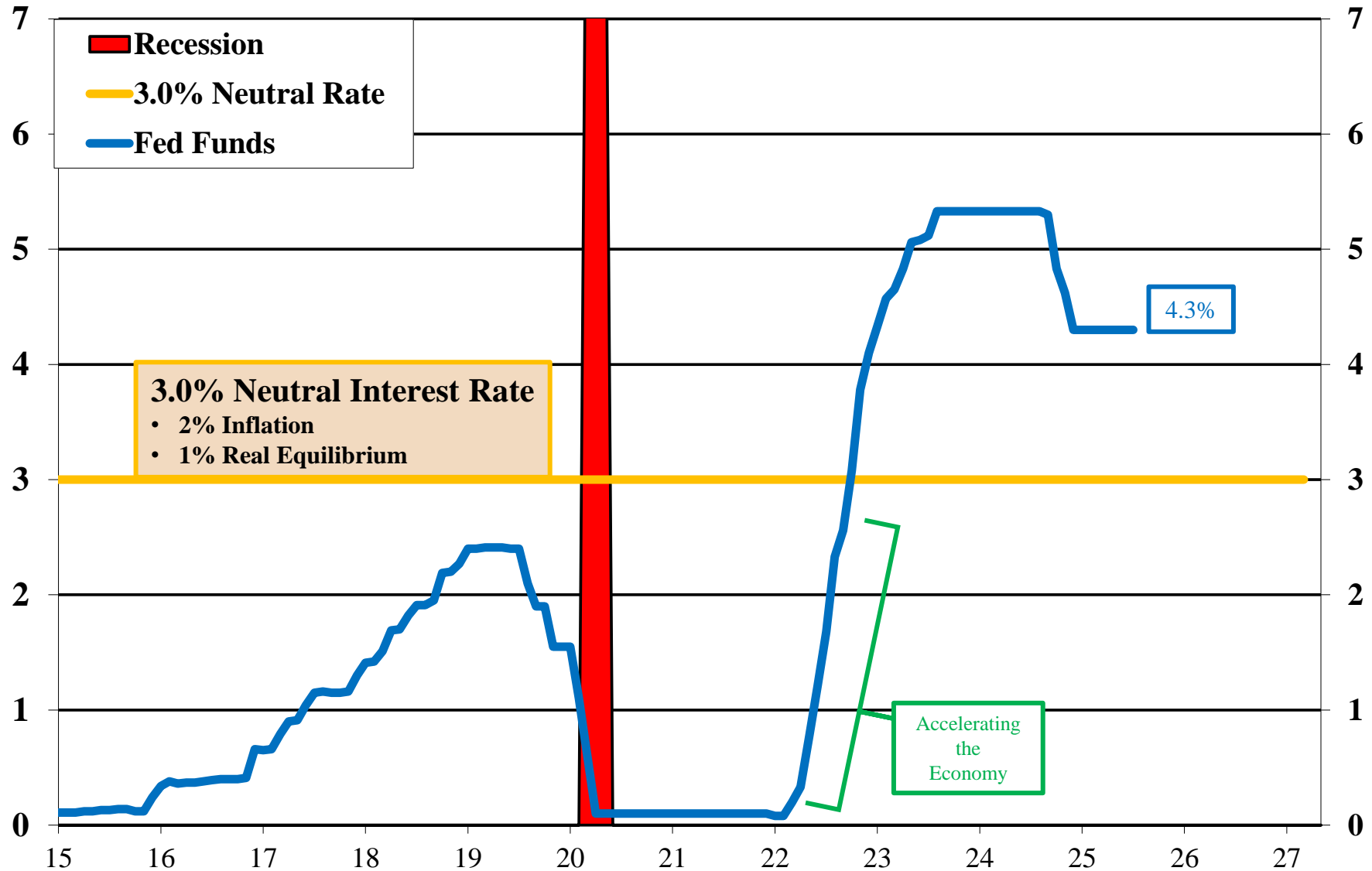
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Concerns About Stagflation are Rising

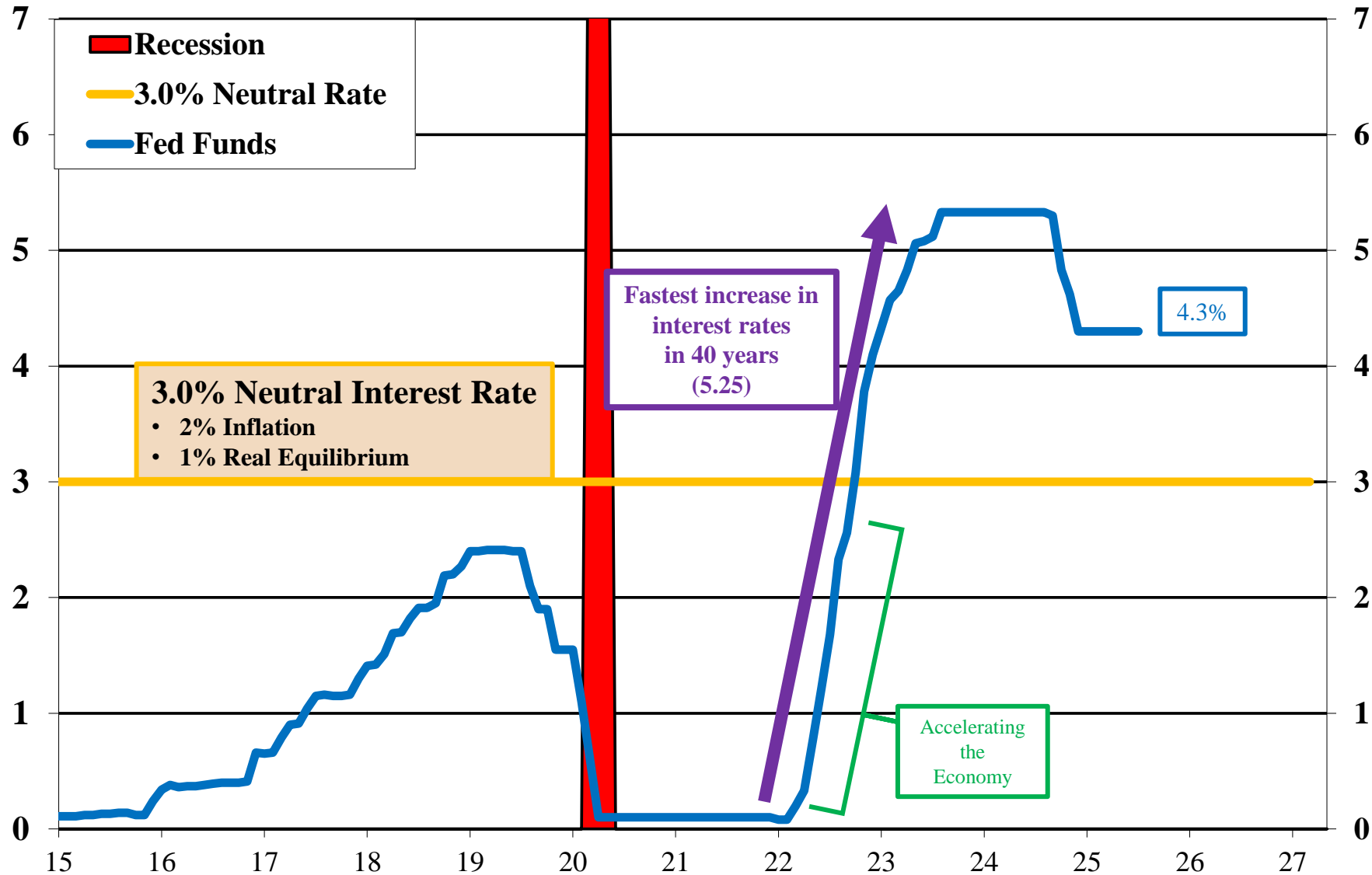
Fed Funds Interest Rate



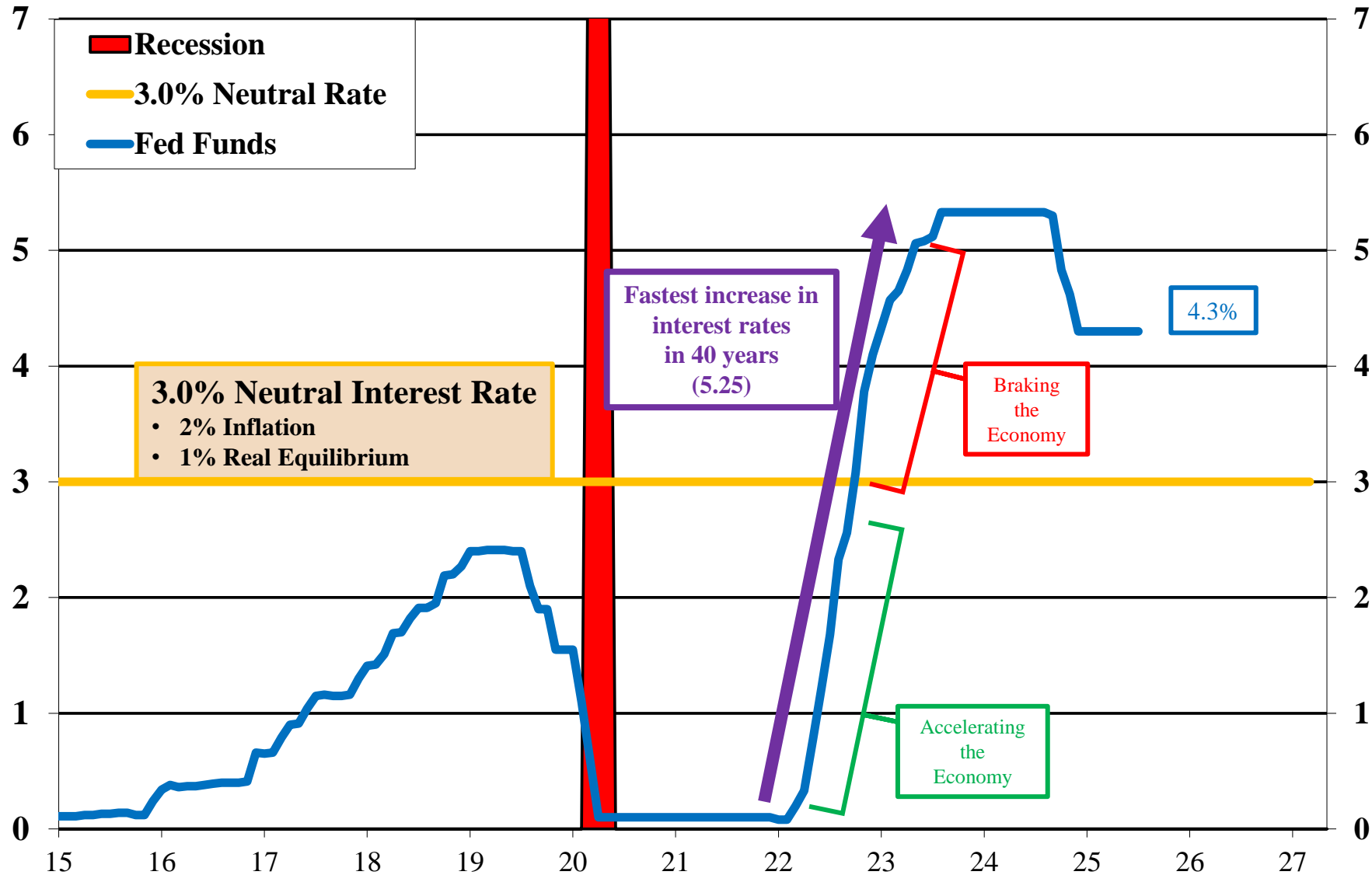
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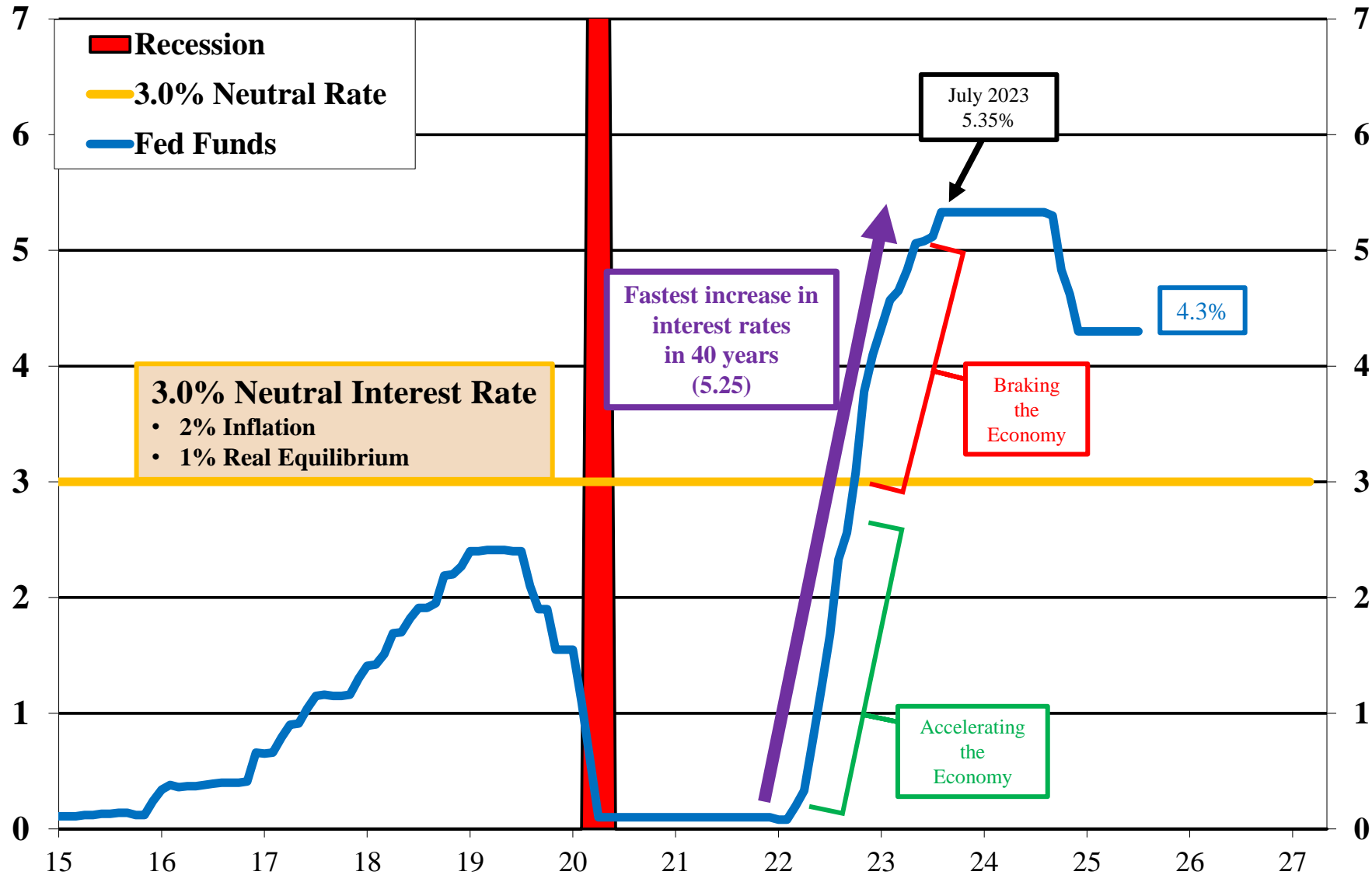
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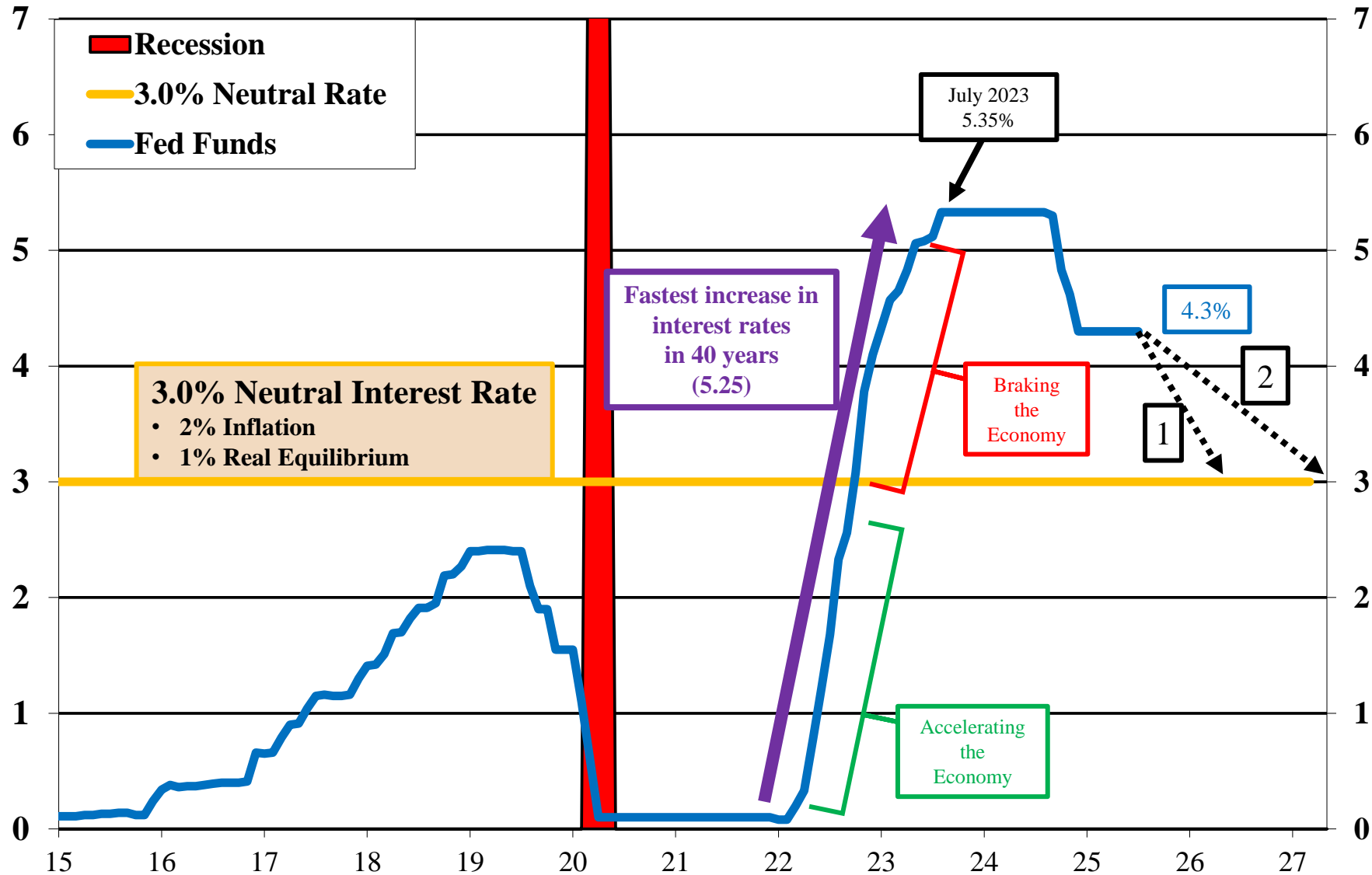
Fed Funds Interest Rate



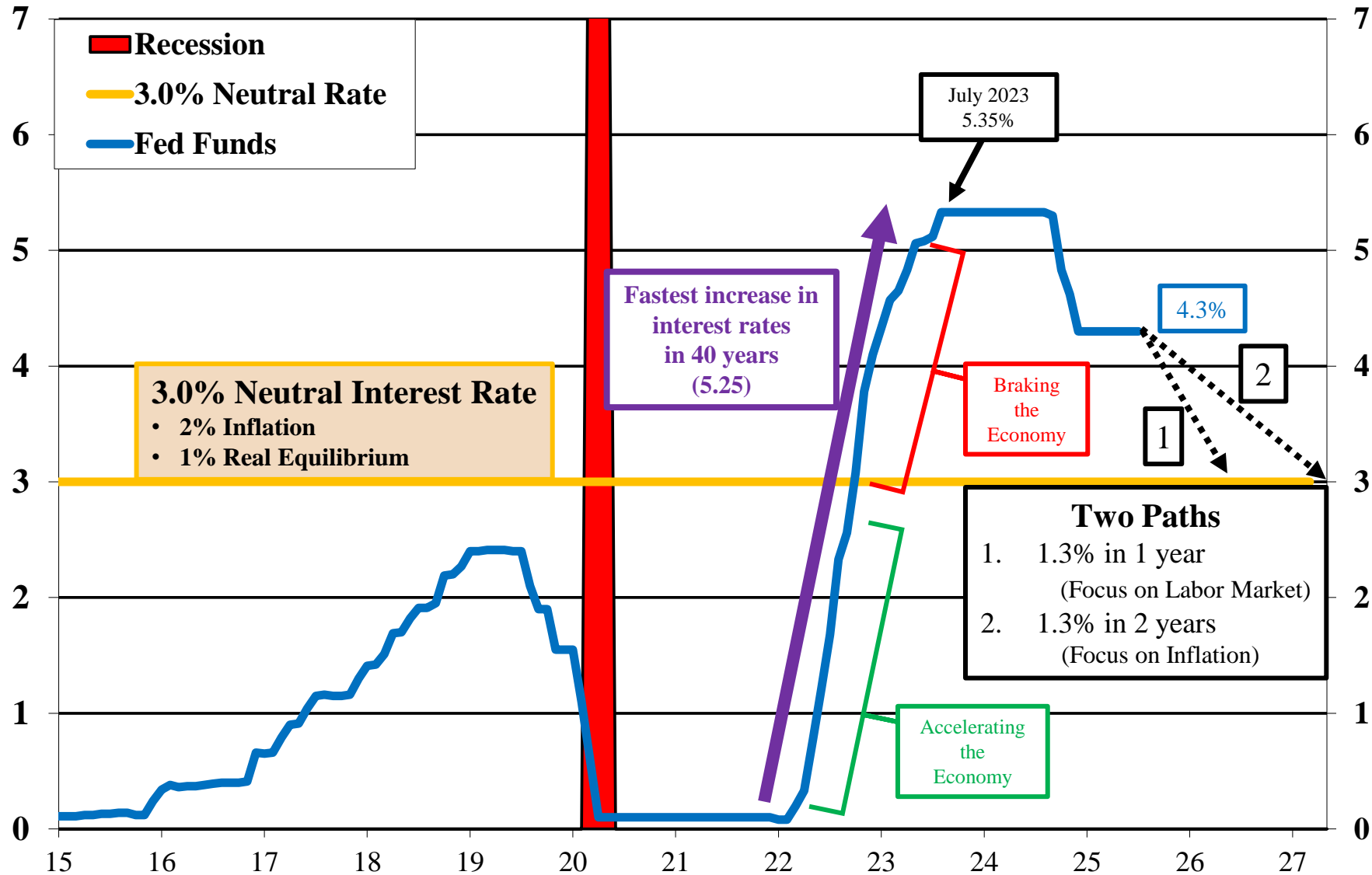
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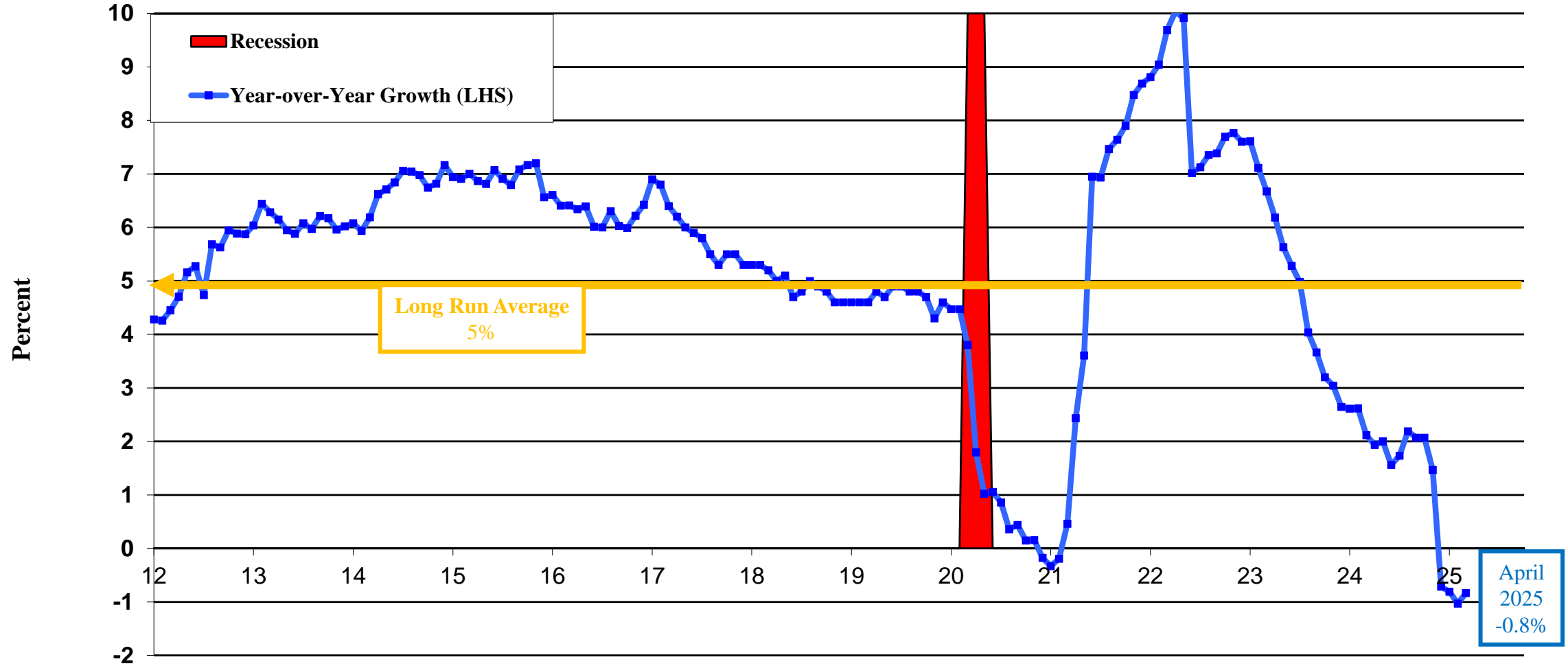
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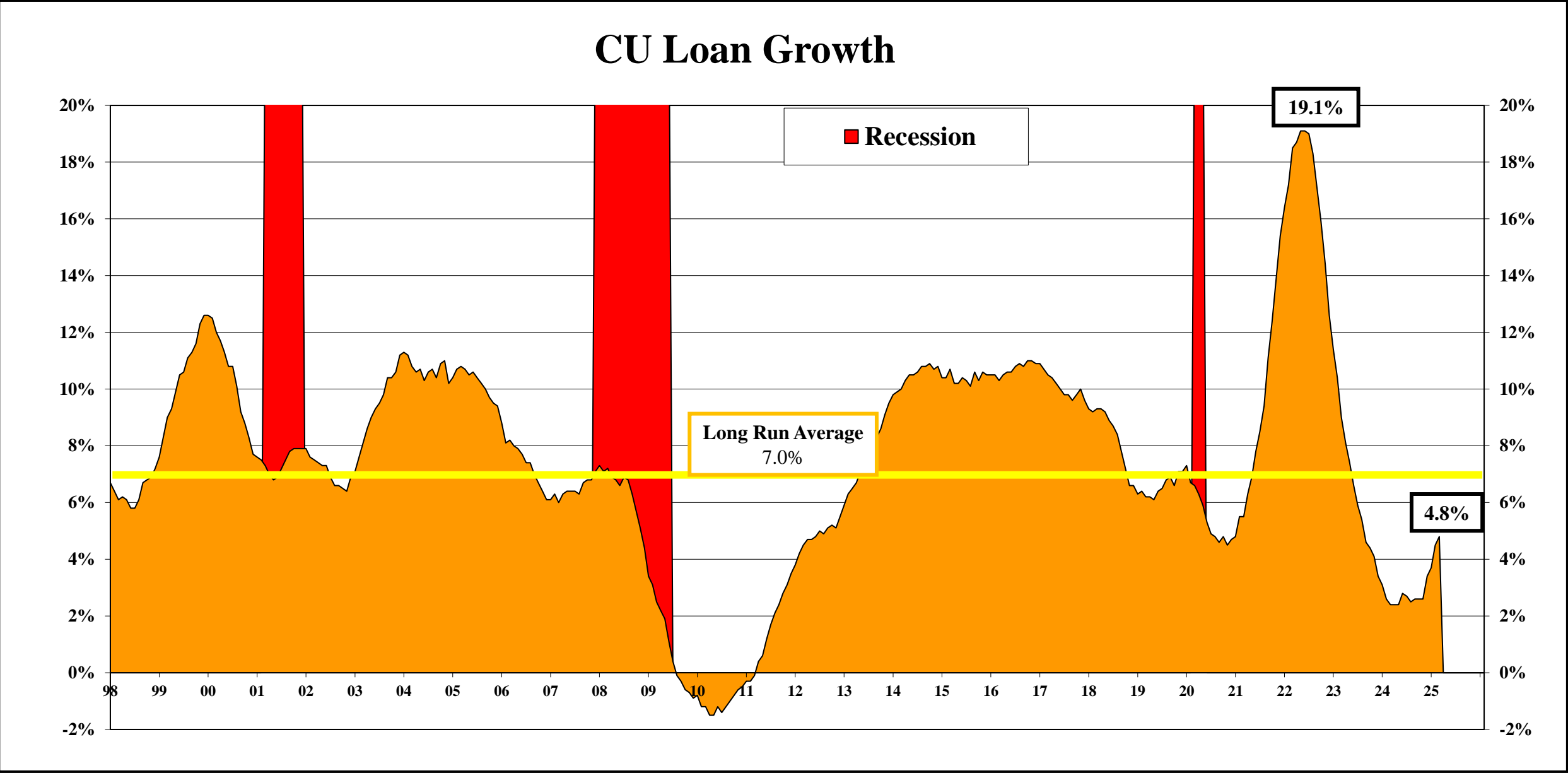
Fed Funds Interest Rate



Consumer Credit (Owned and Securitized) (Percent Change From Year Ago, SA)

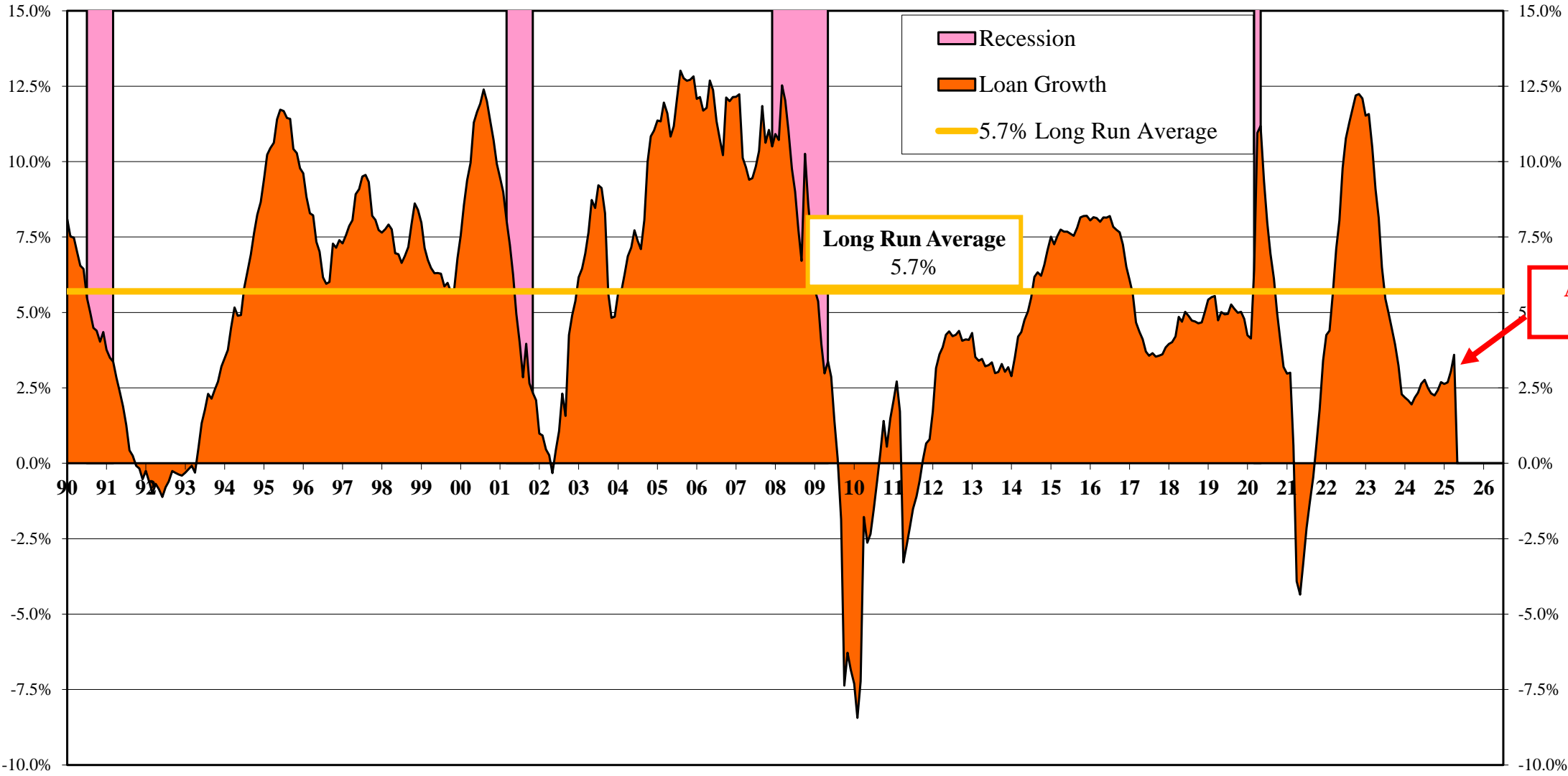


Weak Credit Union Loan Growth



Bank Lending Growth

(Year over Year Percent Change)

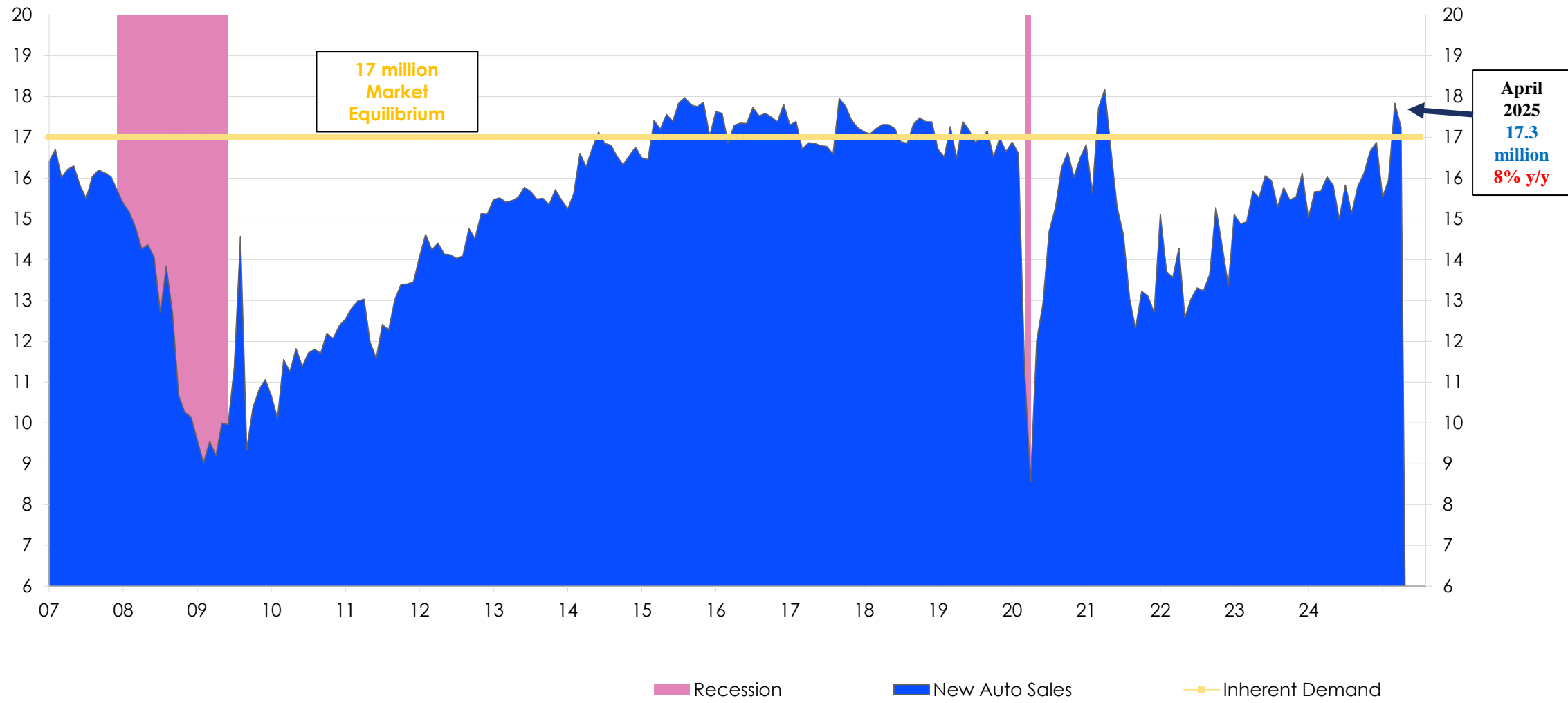


April 2025
3.6%

U.S. Vehicles Sales

Seasonally-Adjusted Annual Rate

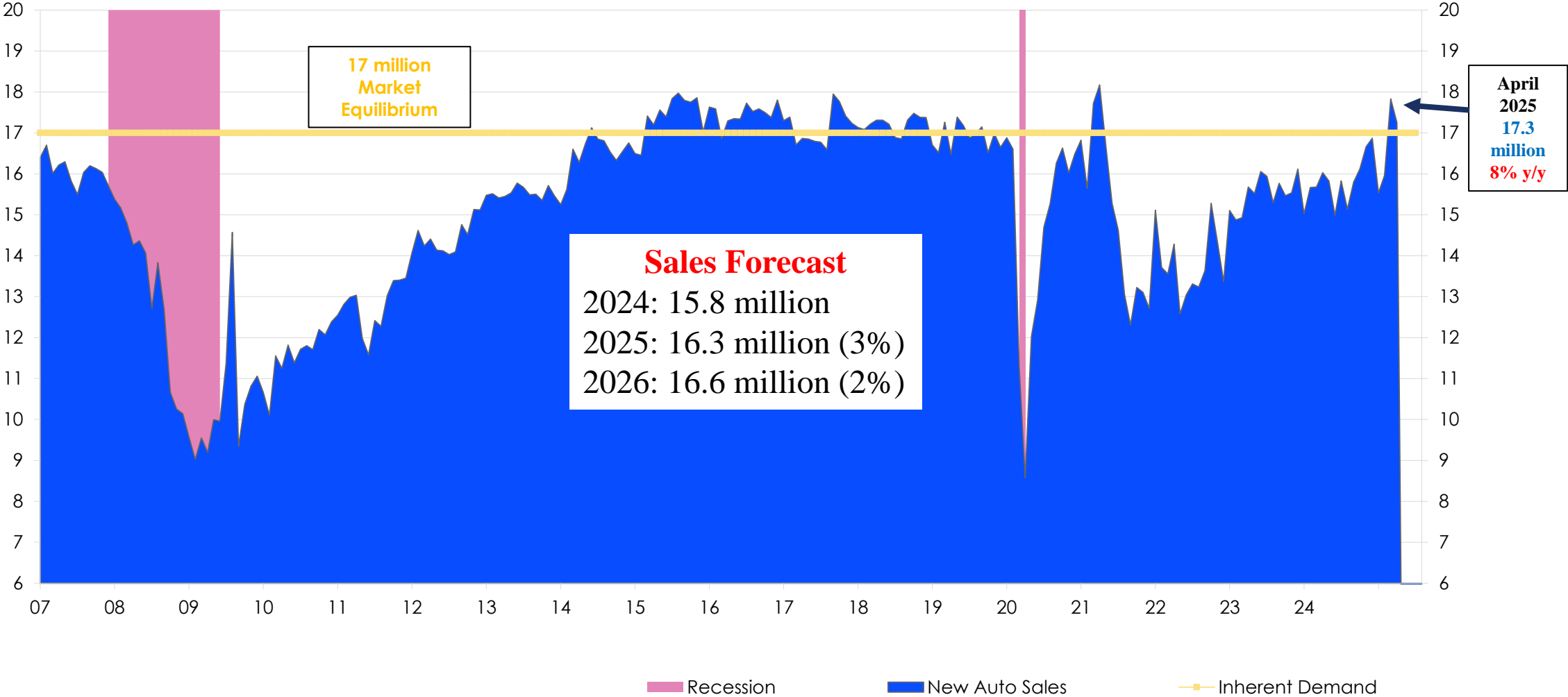
Millions of Units



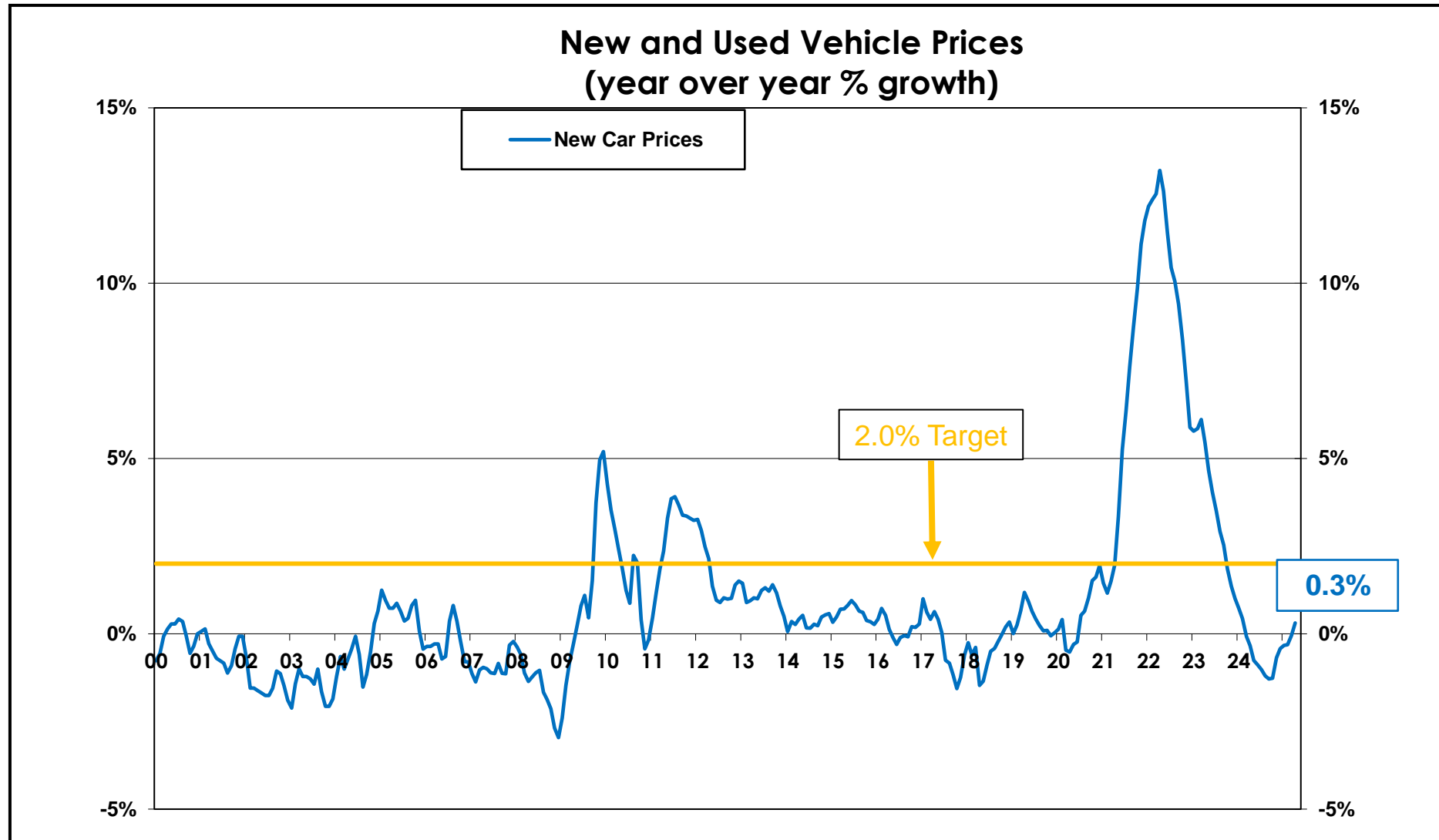
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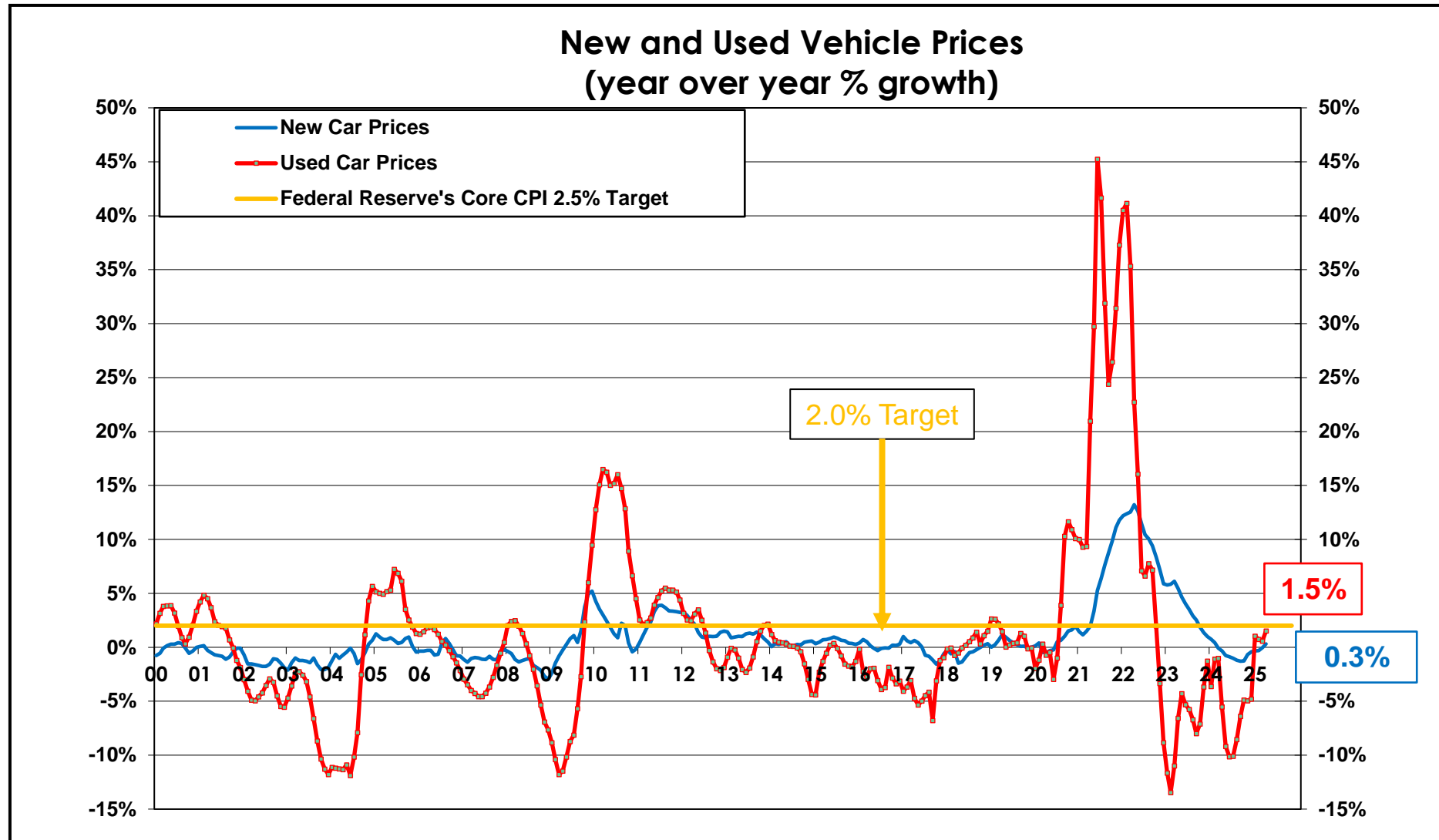


Vehicle Prices are Rising



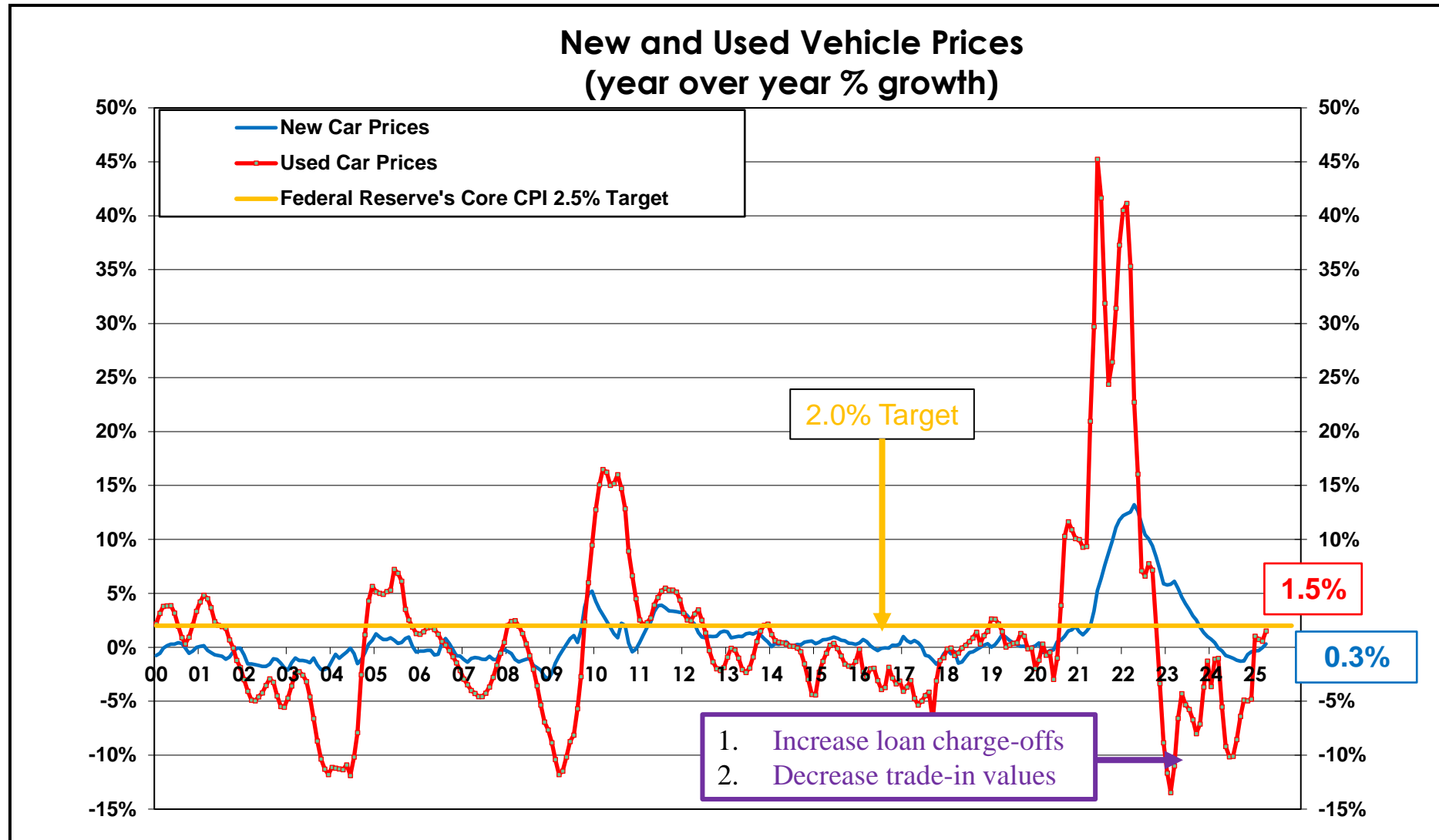
Source: Bureau of Labor Statistics

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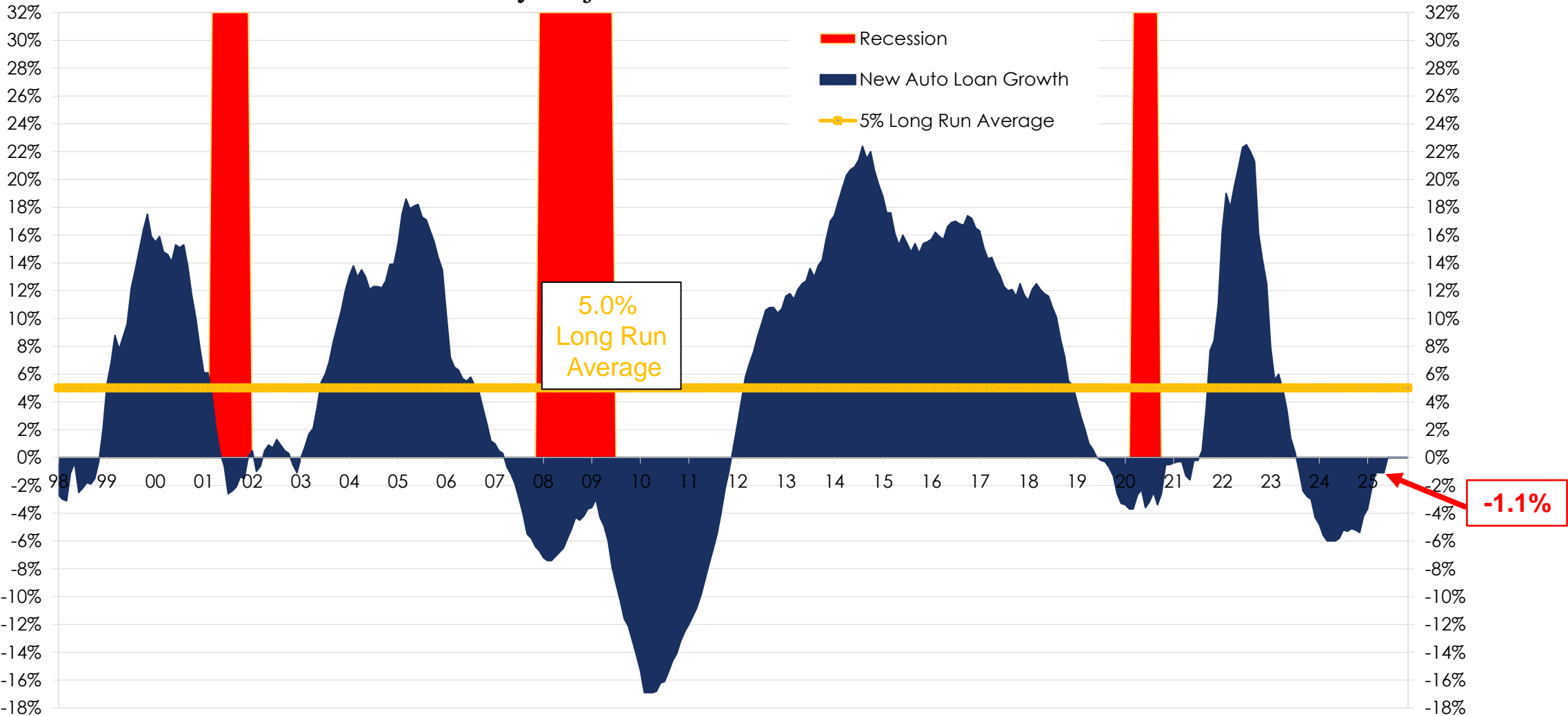
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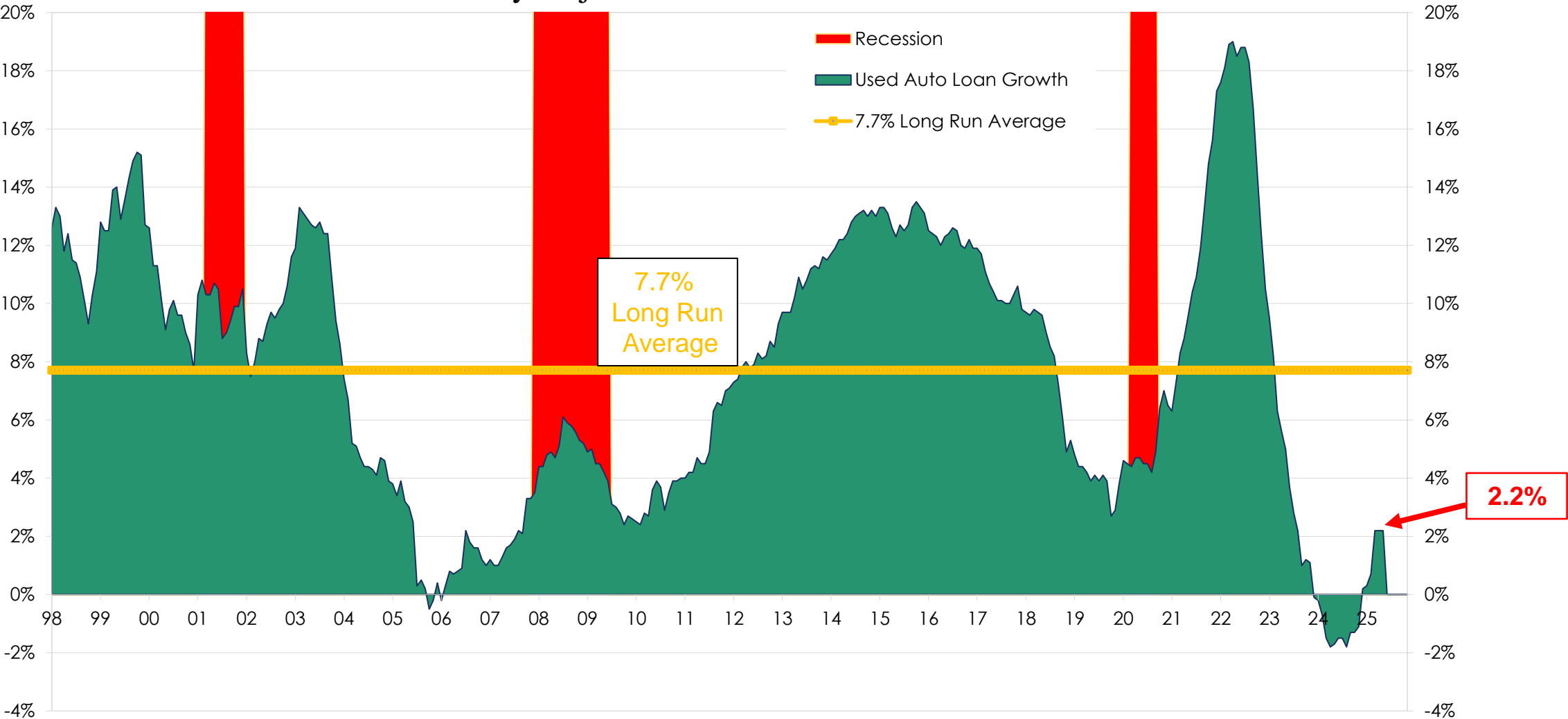
CU New Auto Growth

Seasonally-Adjusted Annualized Growth Rate



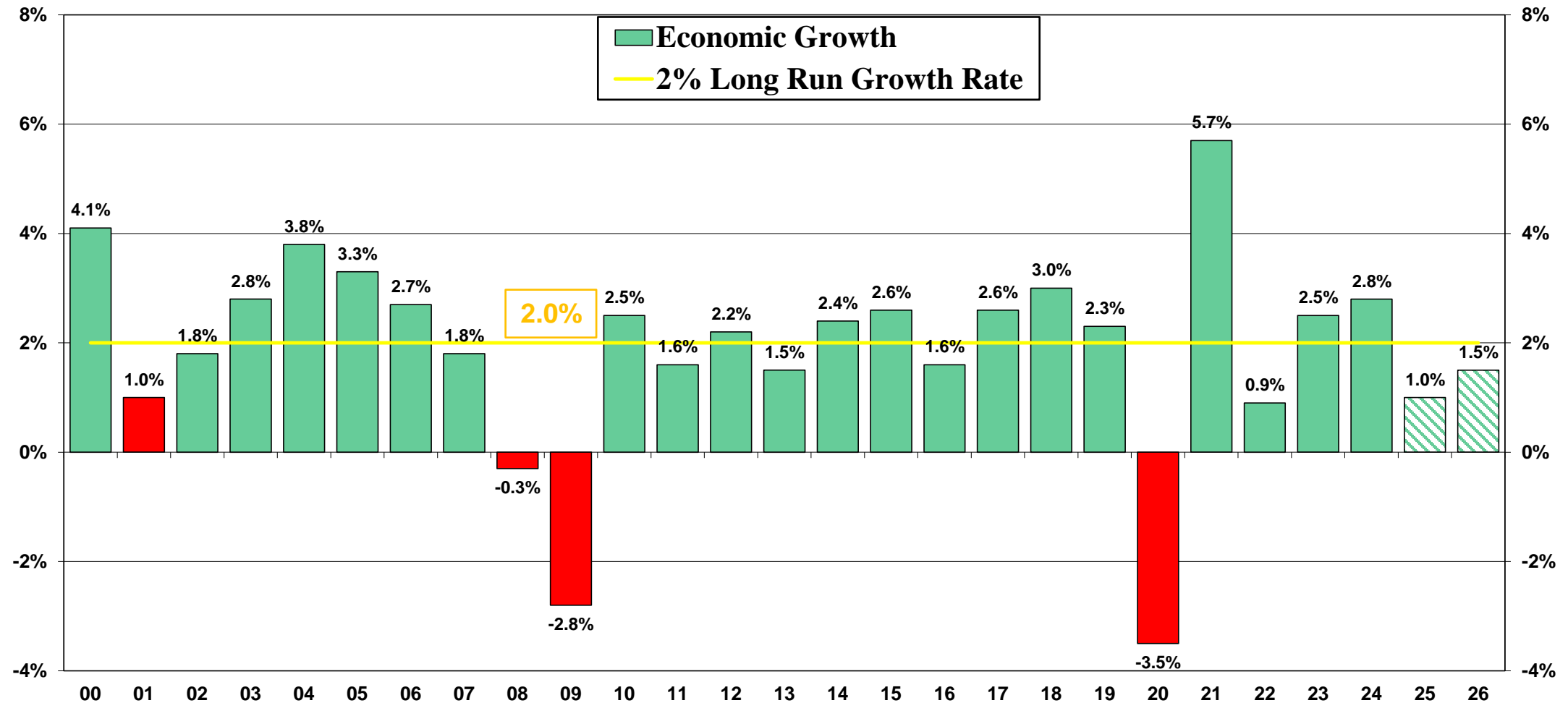
CU Used Auto Growth

Seasonally-Adjusted Annualized Growth Rate



Economic Growth Below Natural Growth Rate

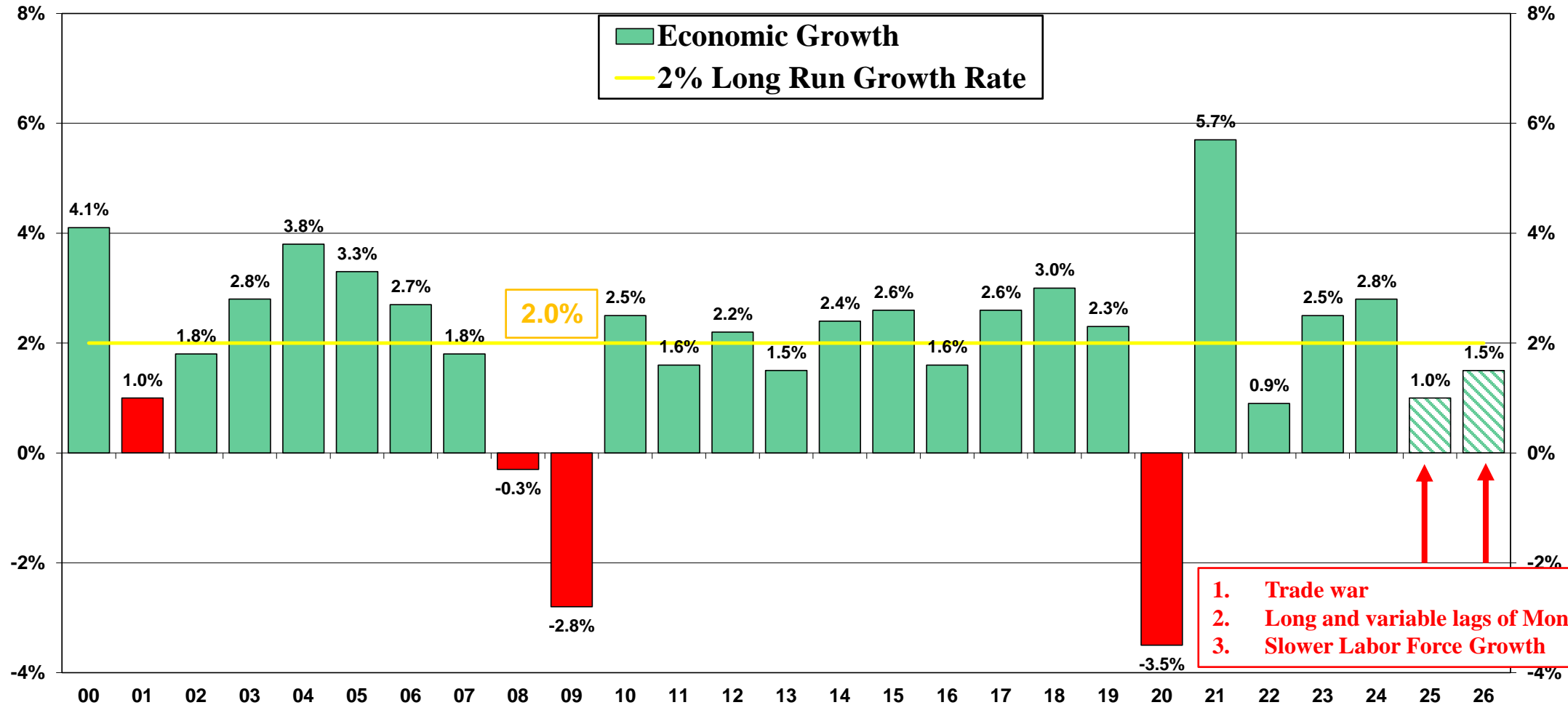
U.S. Economic Growth Rate



Source: Department of Commerce

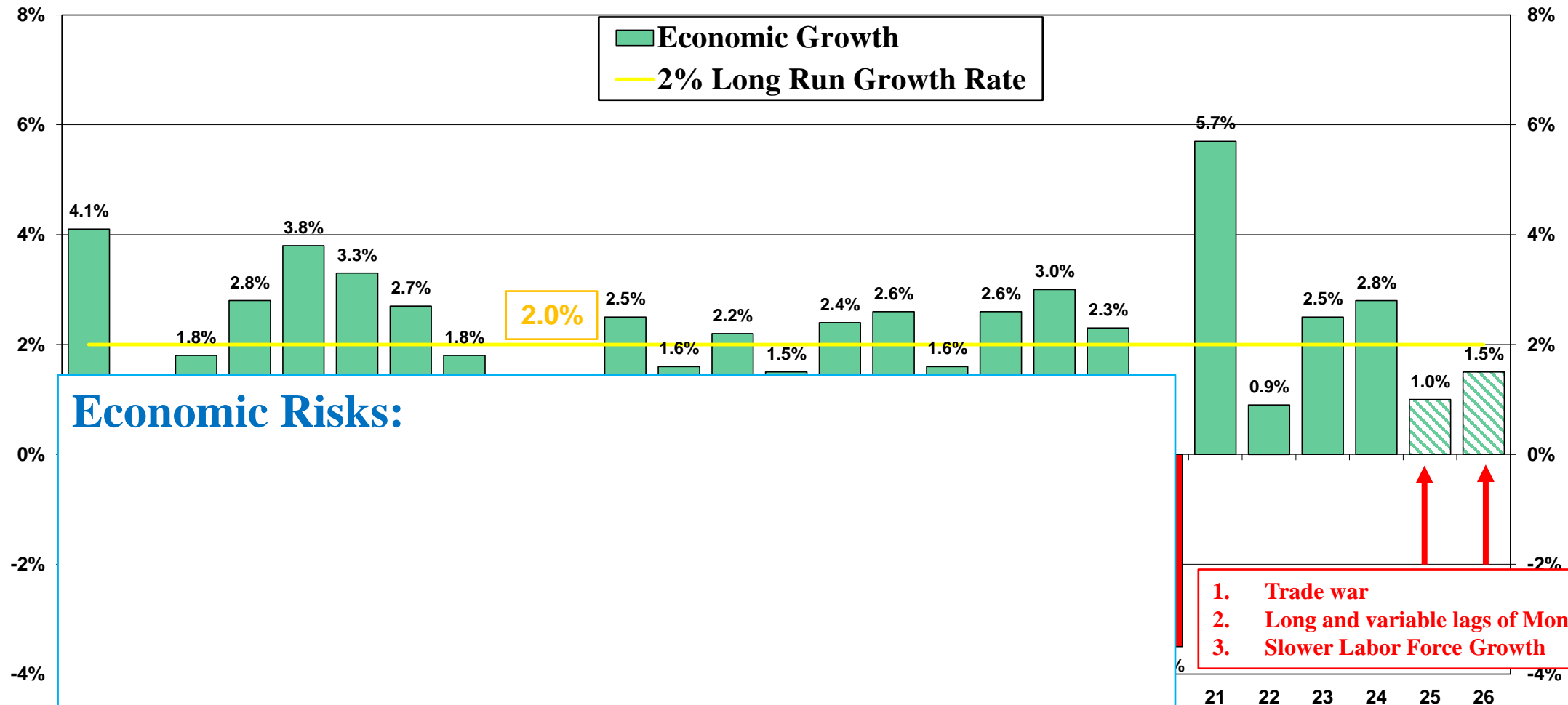
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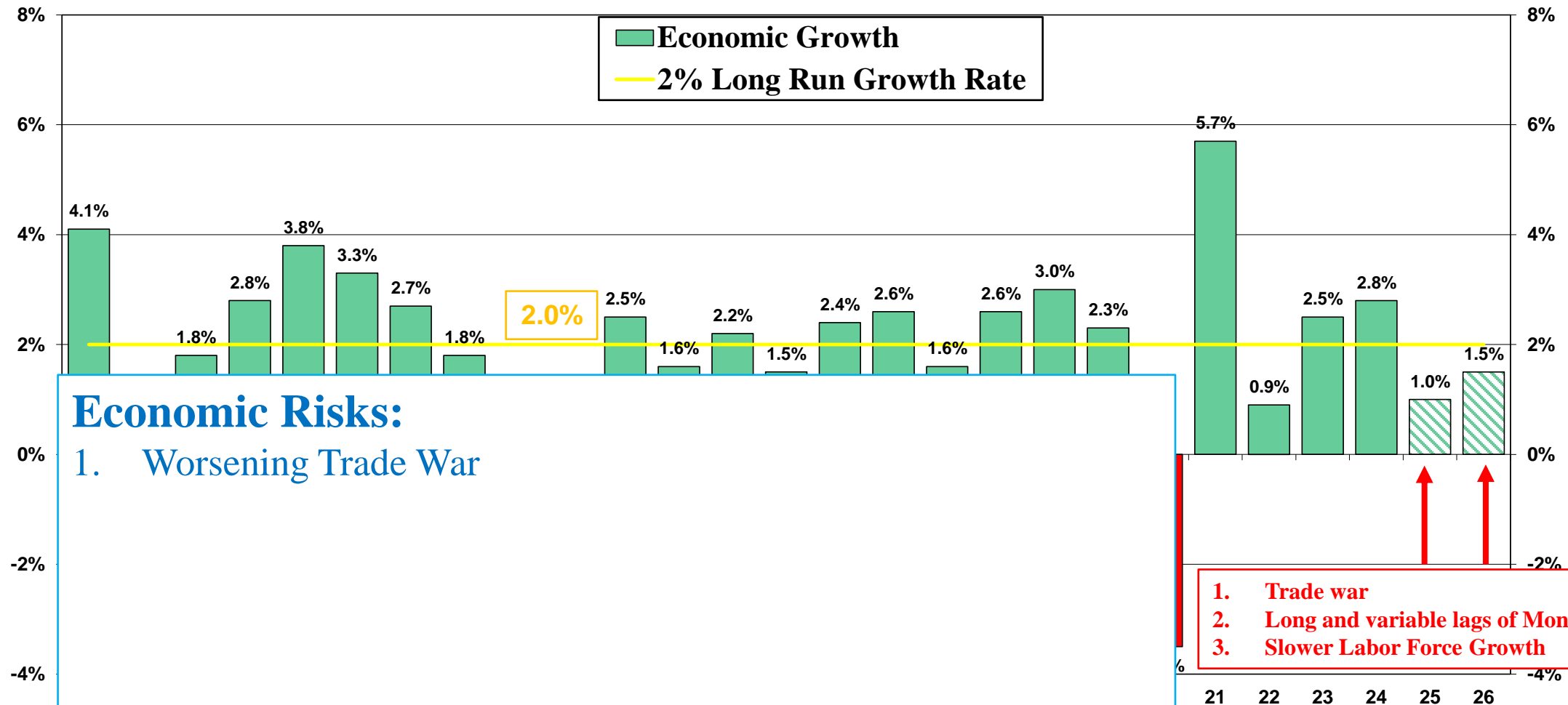
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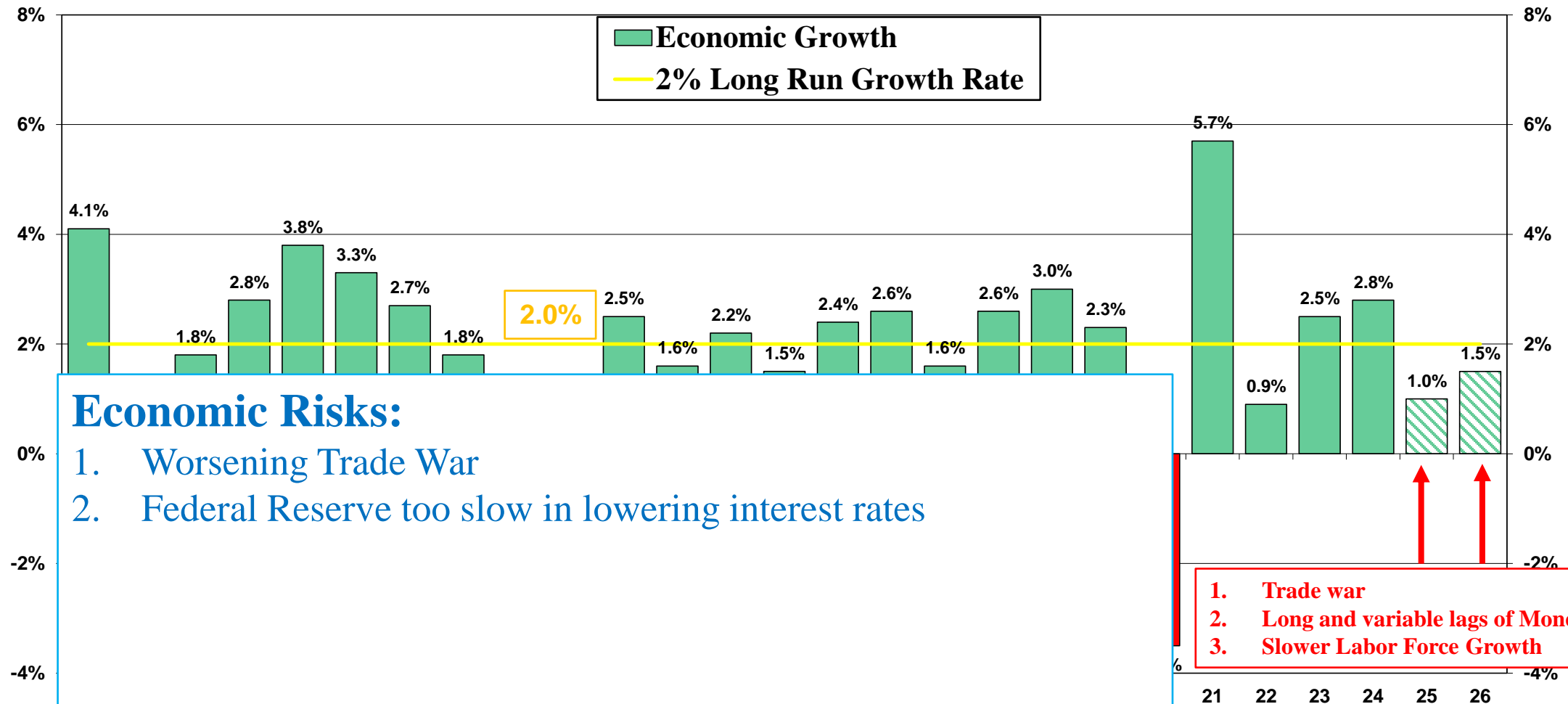
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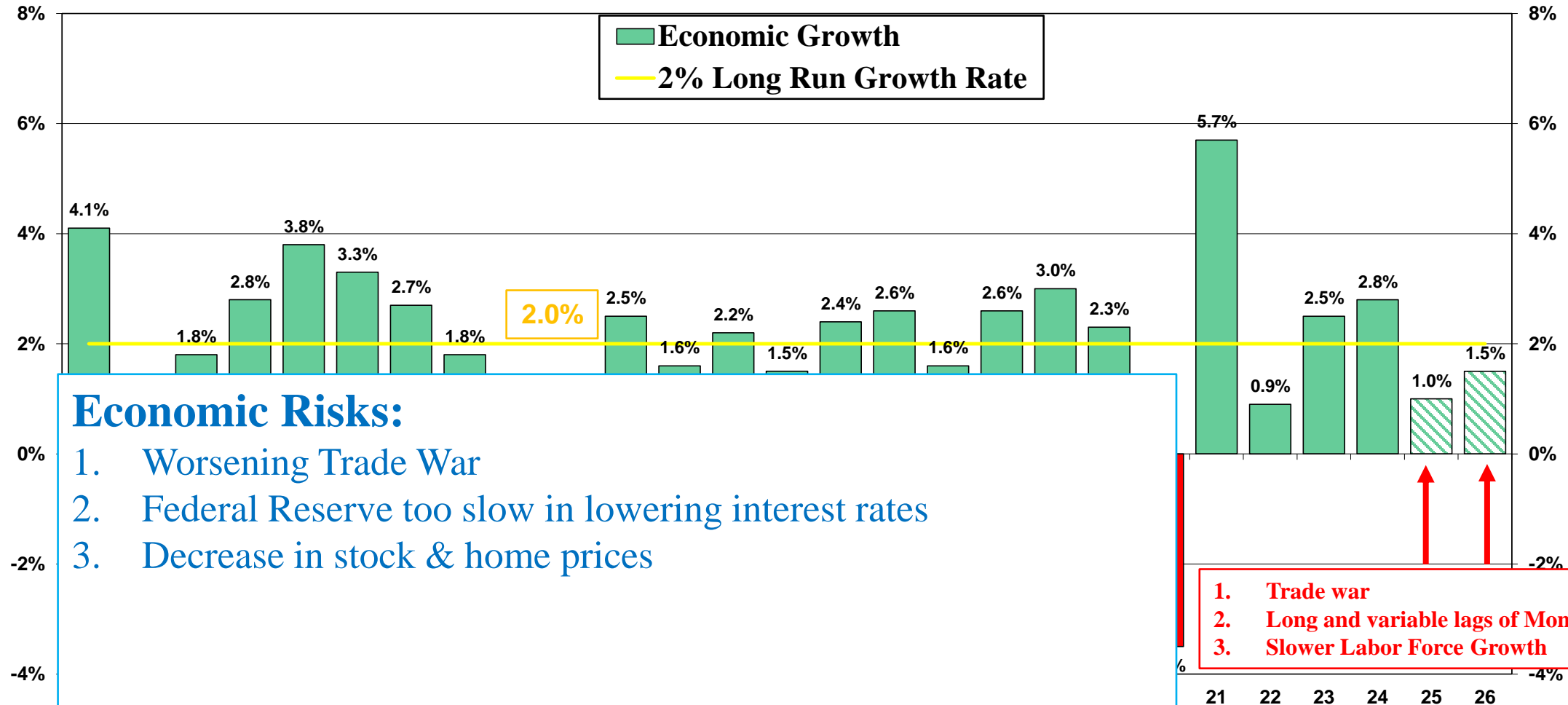
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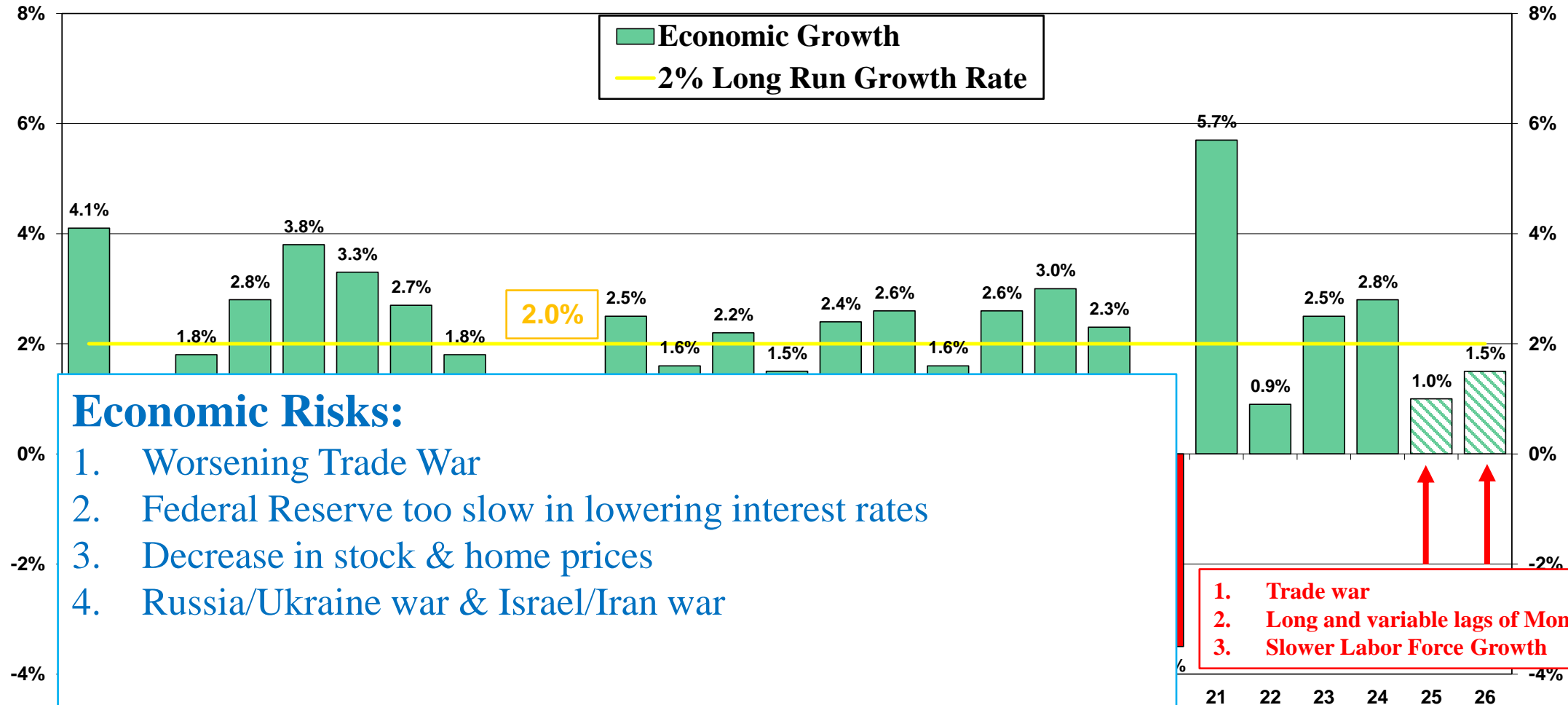
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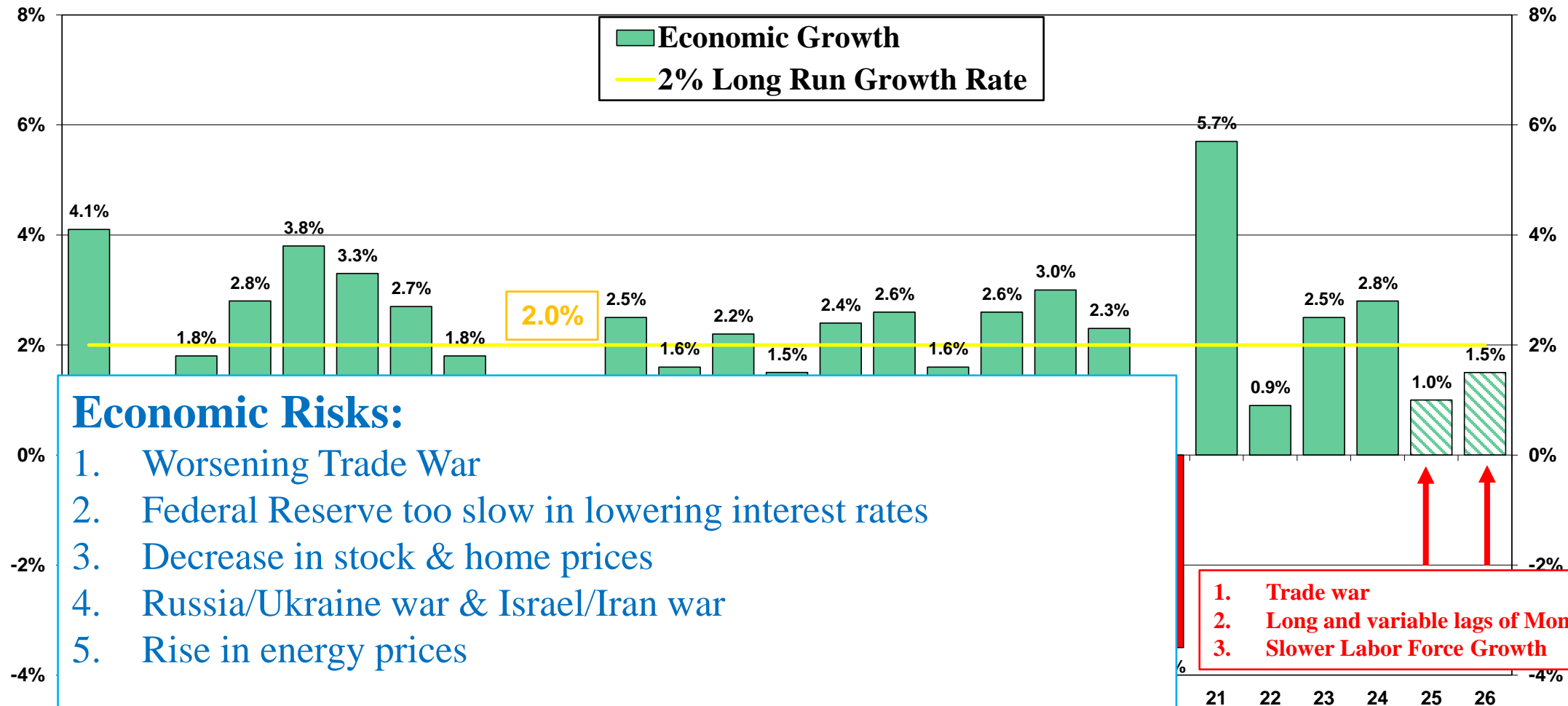
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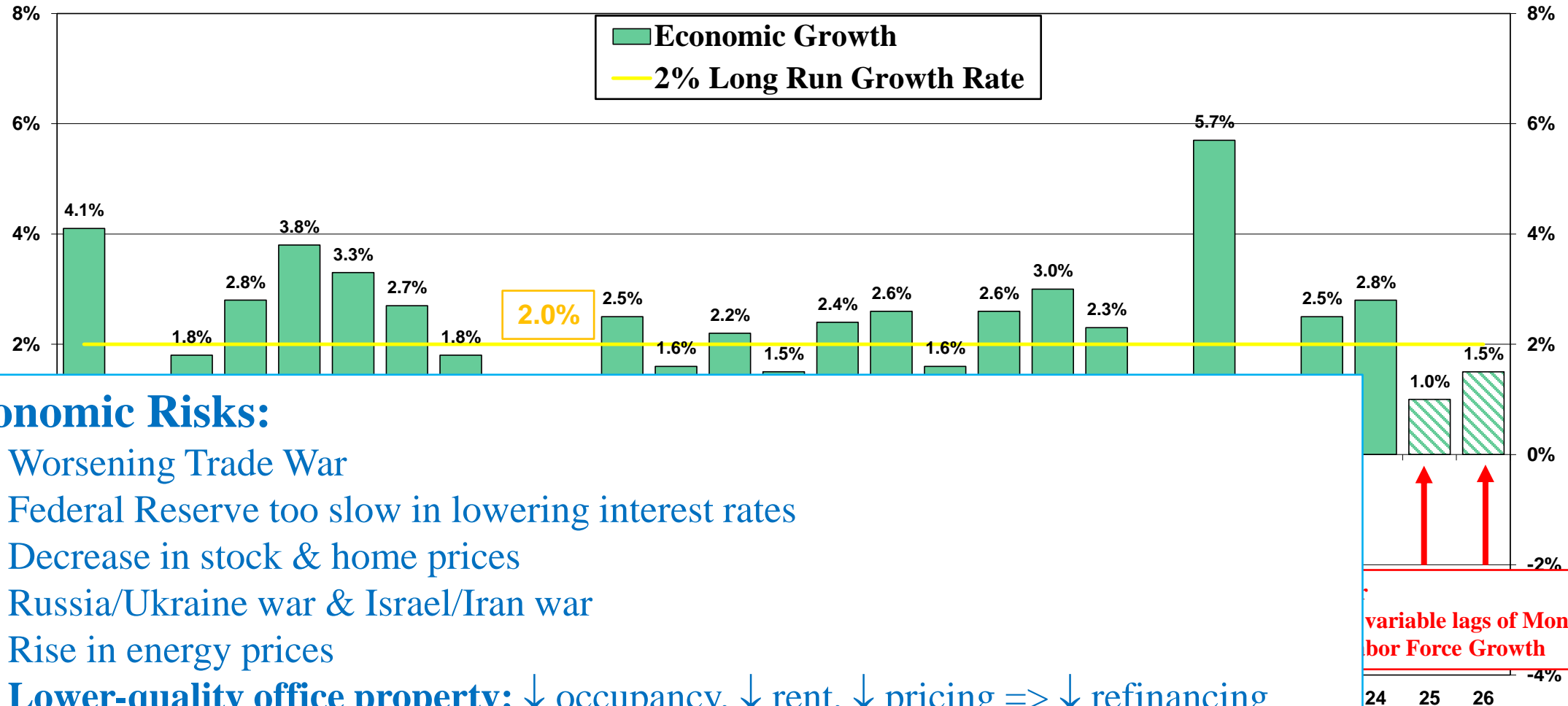
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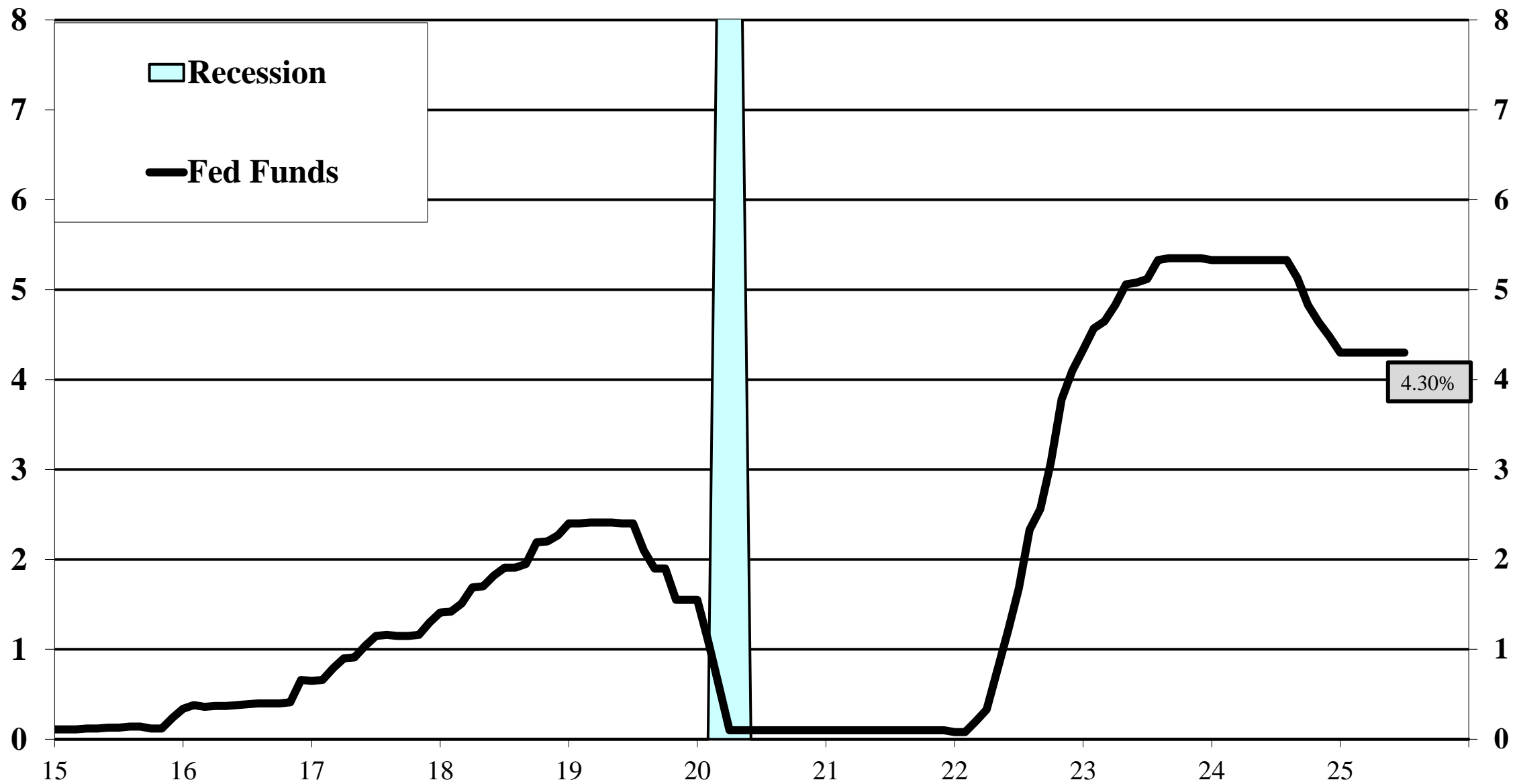


Economic Risks:

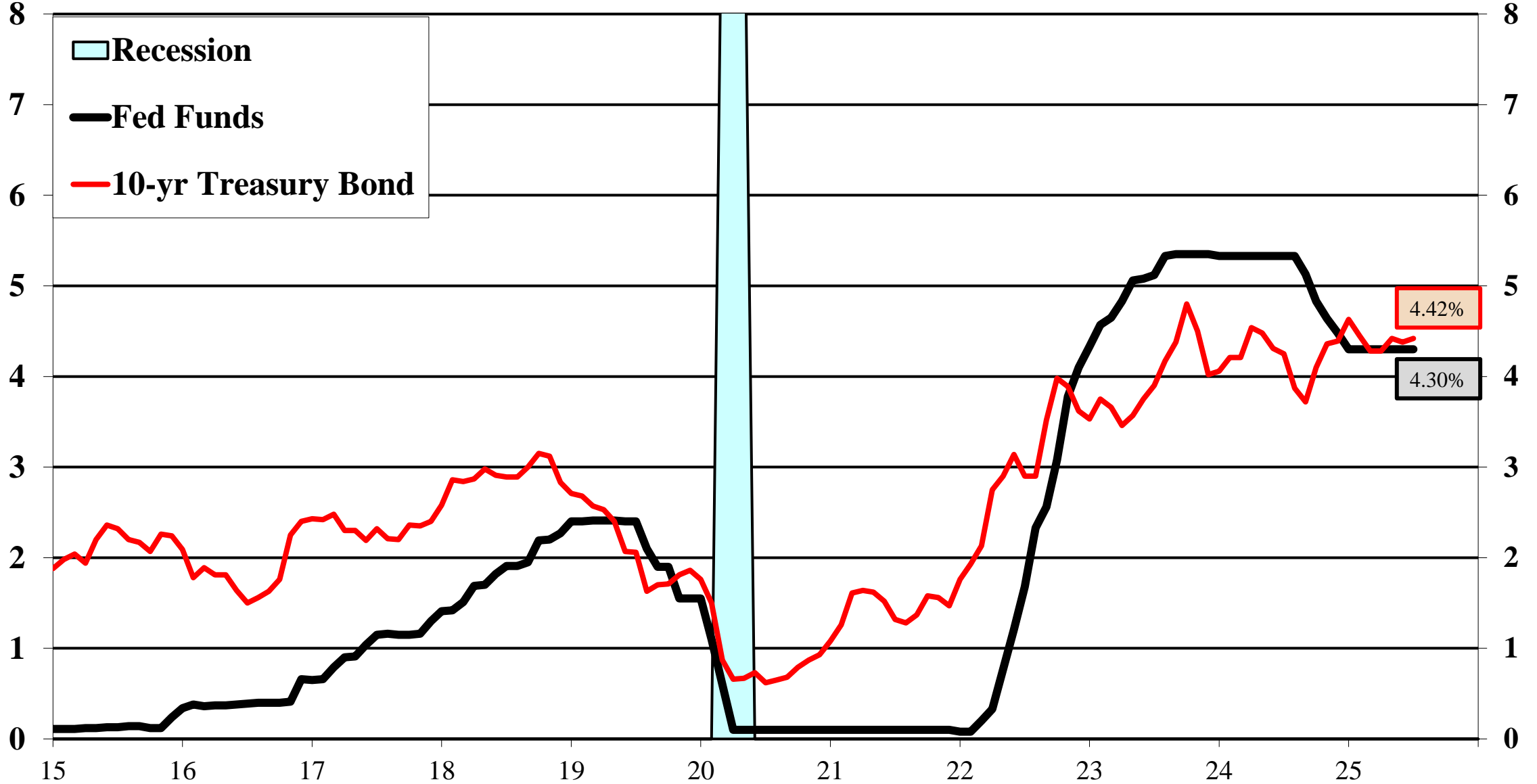
1. Worsening Trade War
2. Federal Reserve too slow in lowering interest rates
3. Decrease in stock & home prices
4. Russia/Ukraine war & Israel/Iran war
5. Rise in energy prices
6. **Lower-quality office property:** ↓ occupancy, ↓ rent, ↓ pricing => ↓ refinancing

Source: Department of Commerce

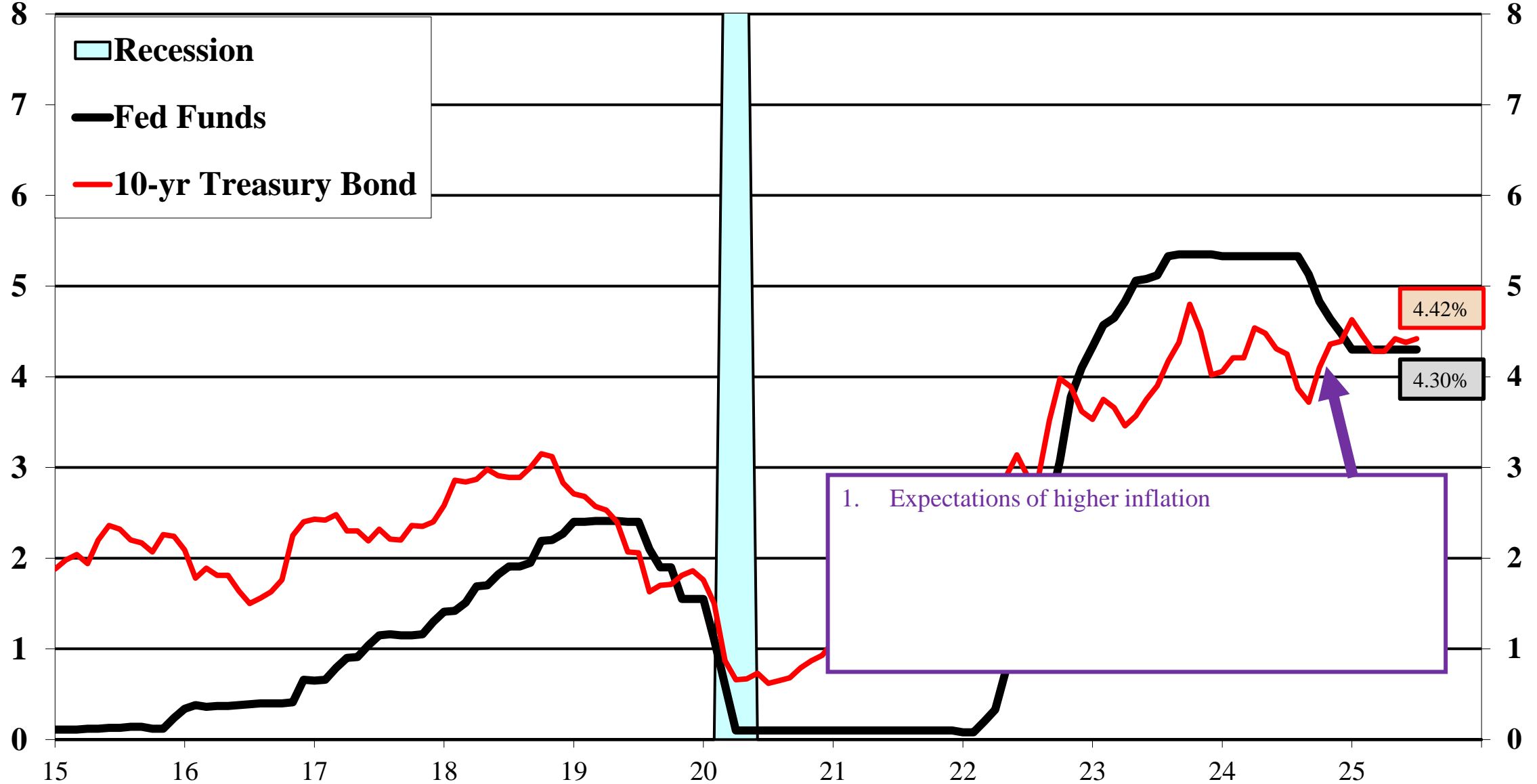
Interest Rates and Recessions



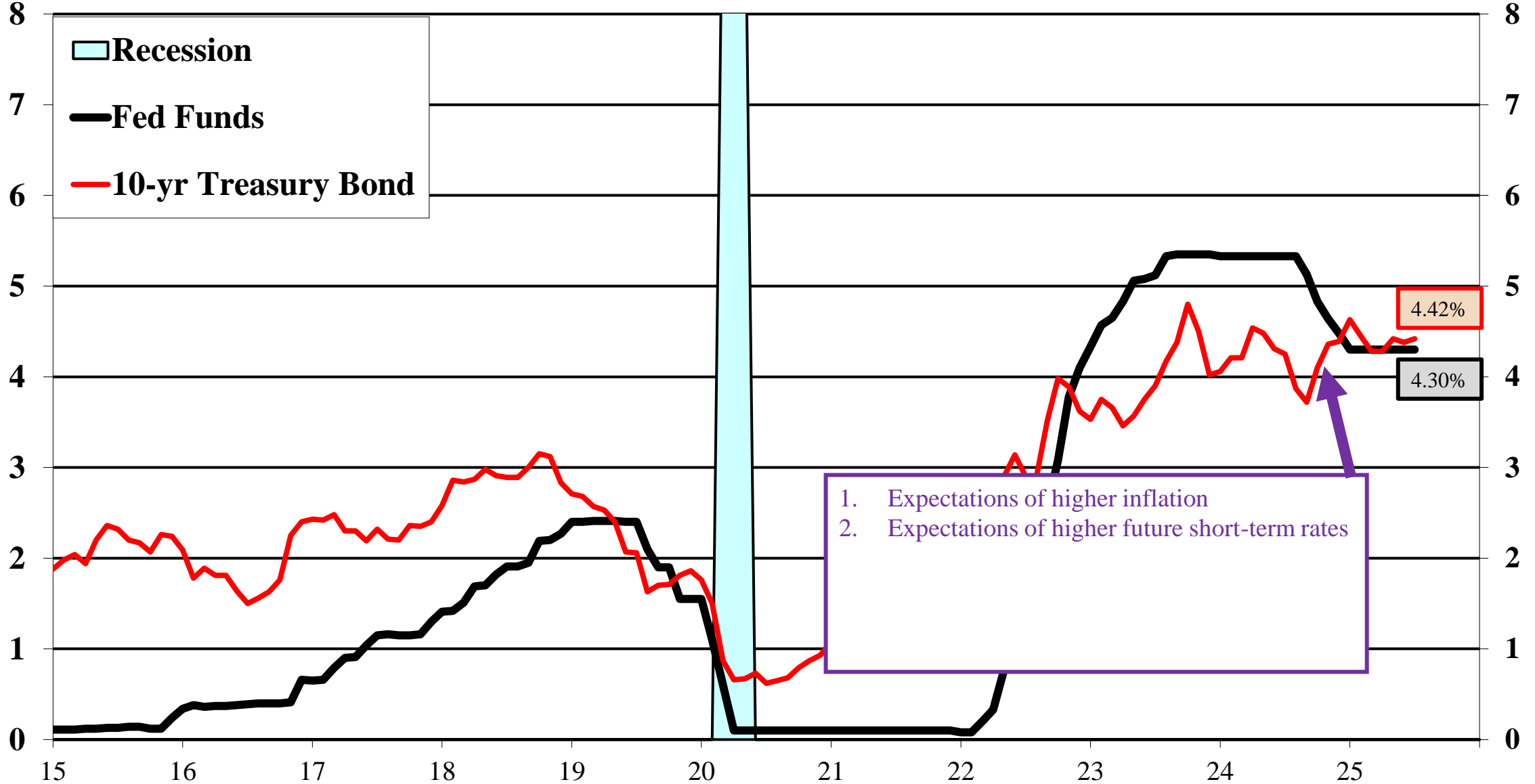
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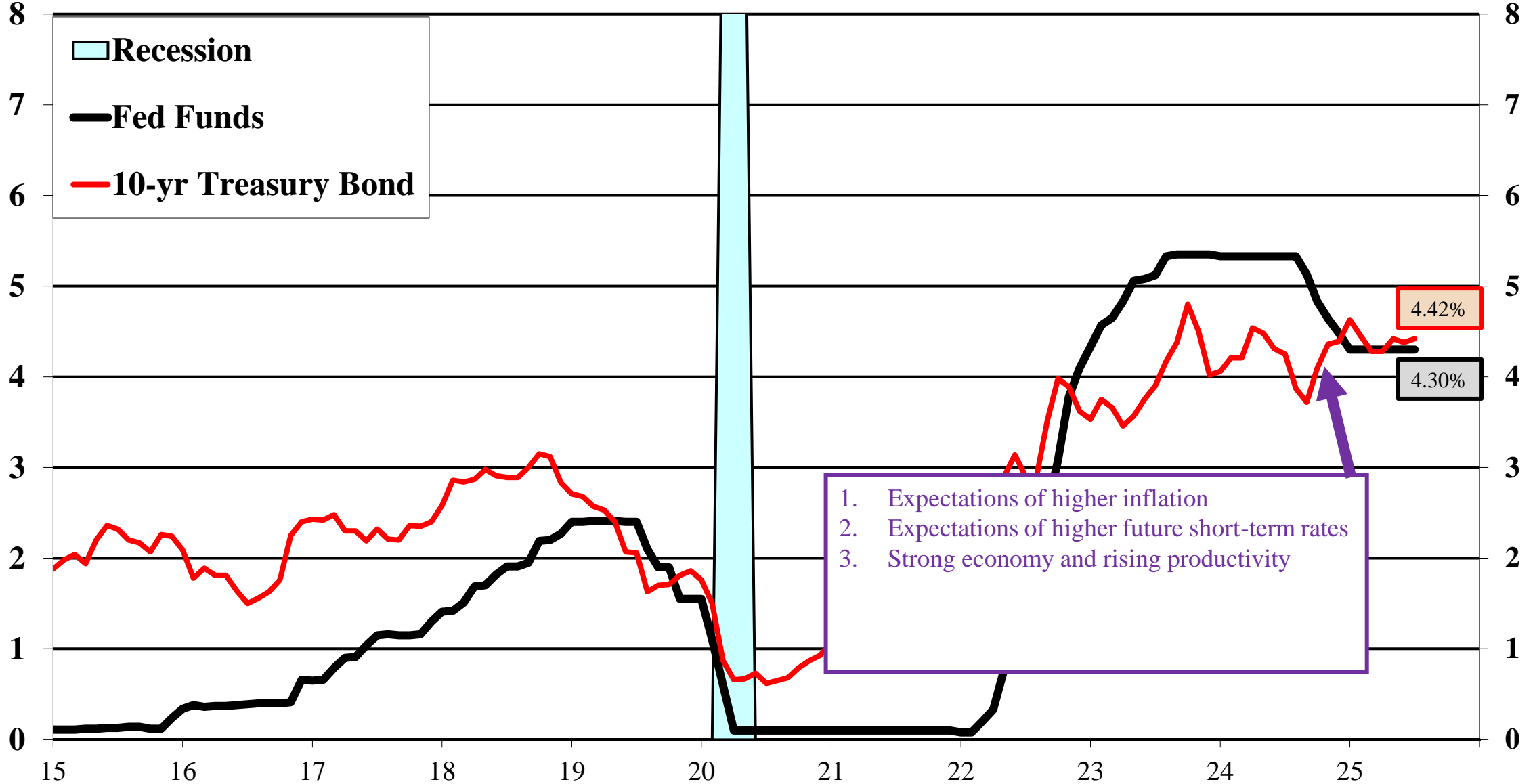
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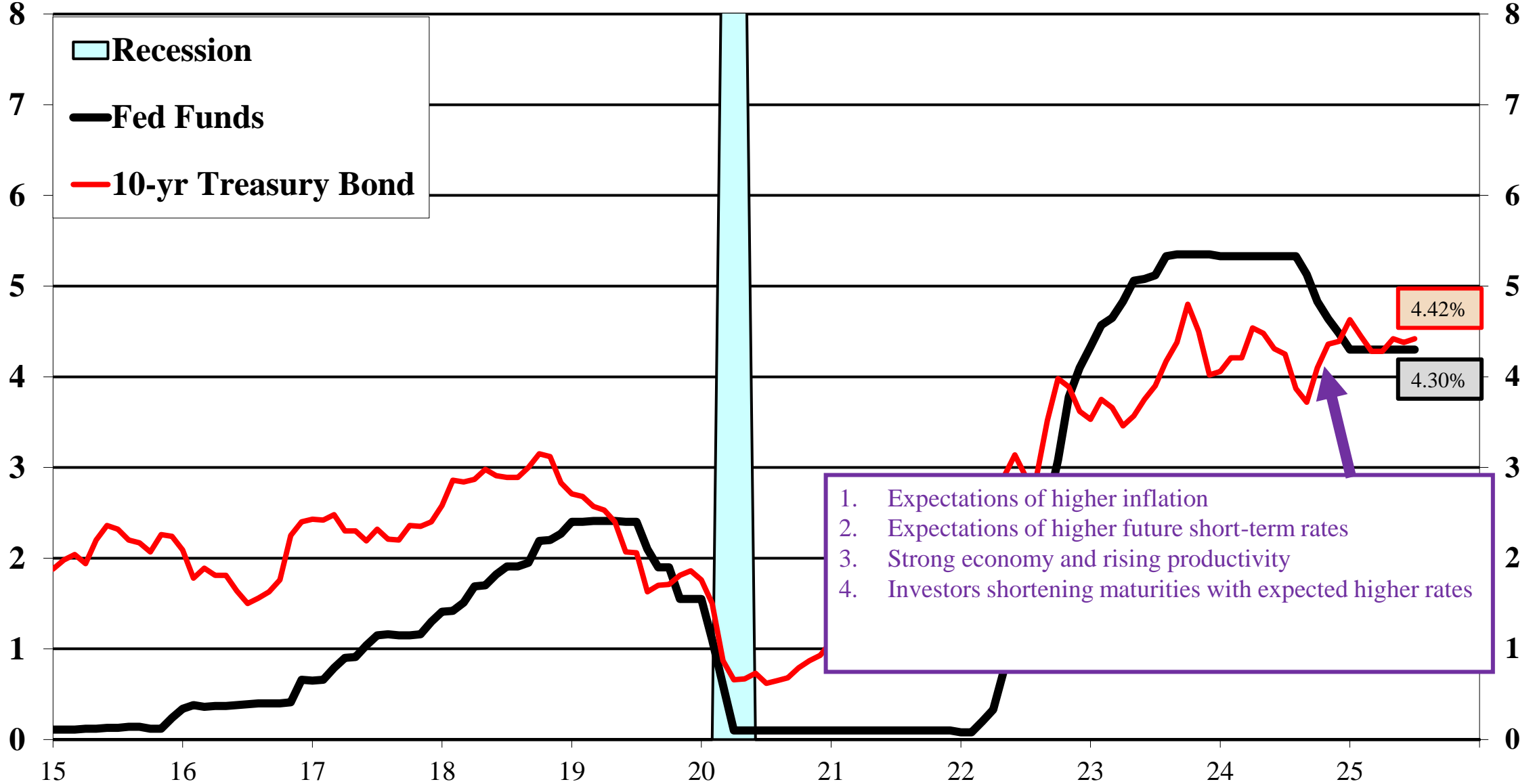
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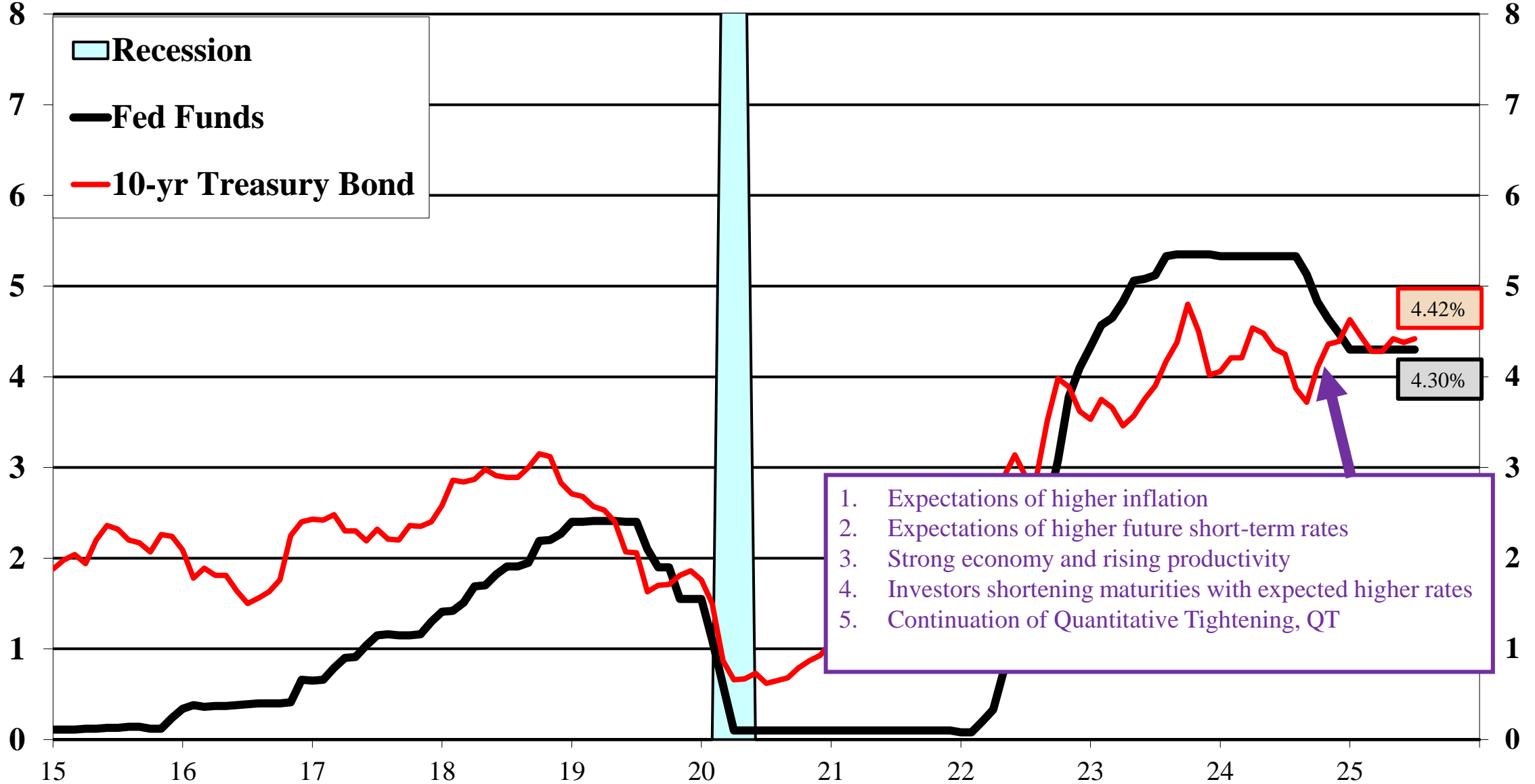
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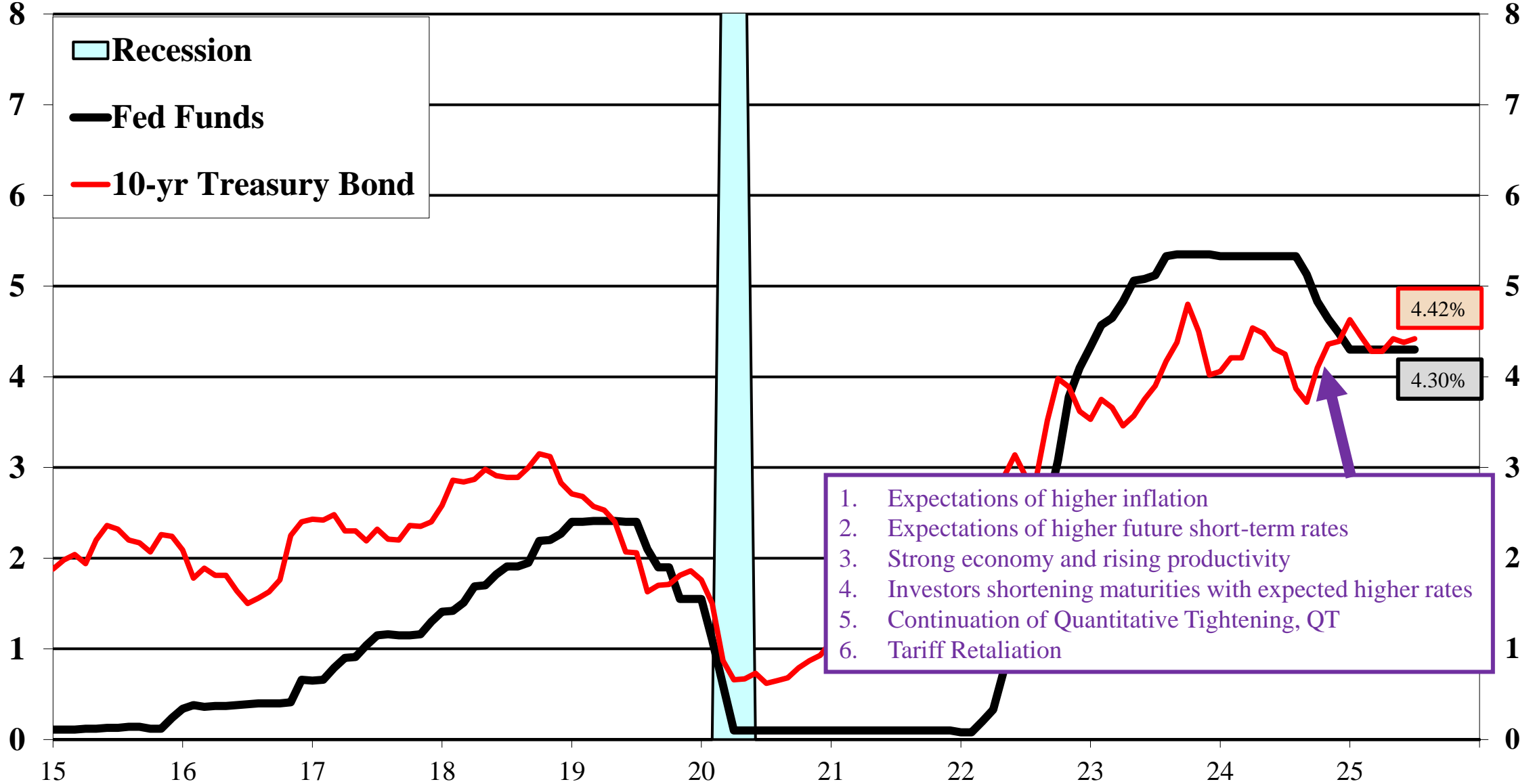
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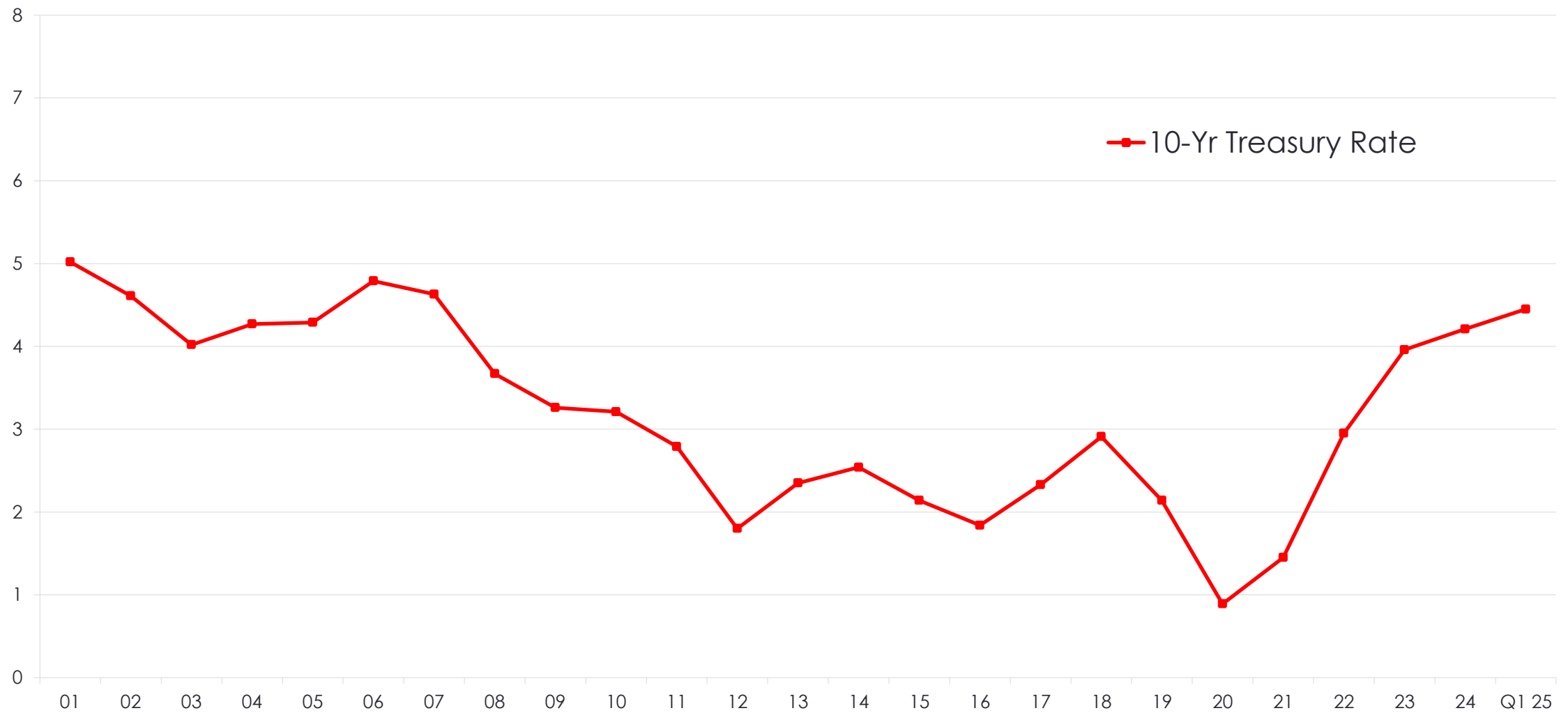


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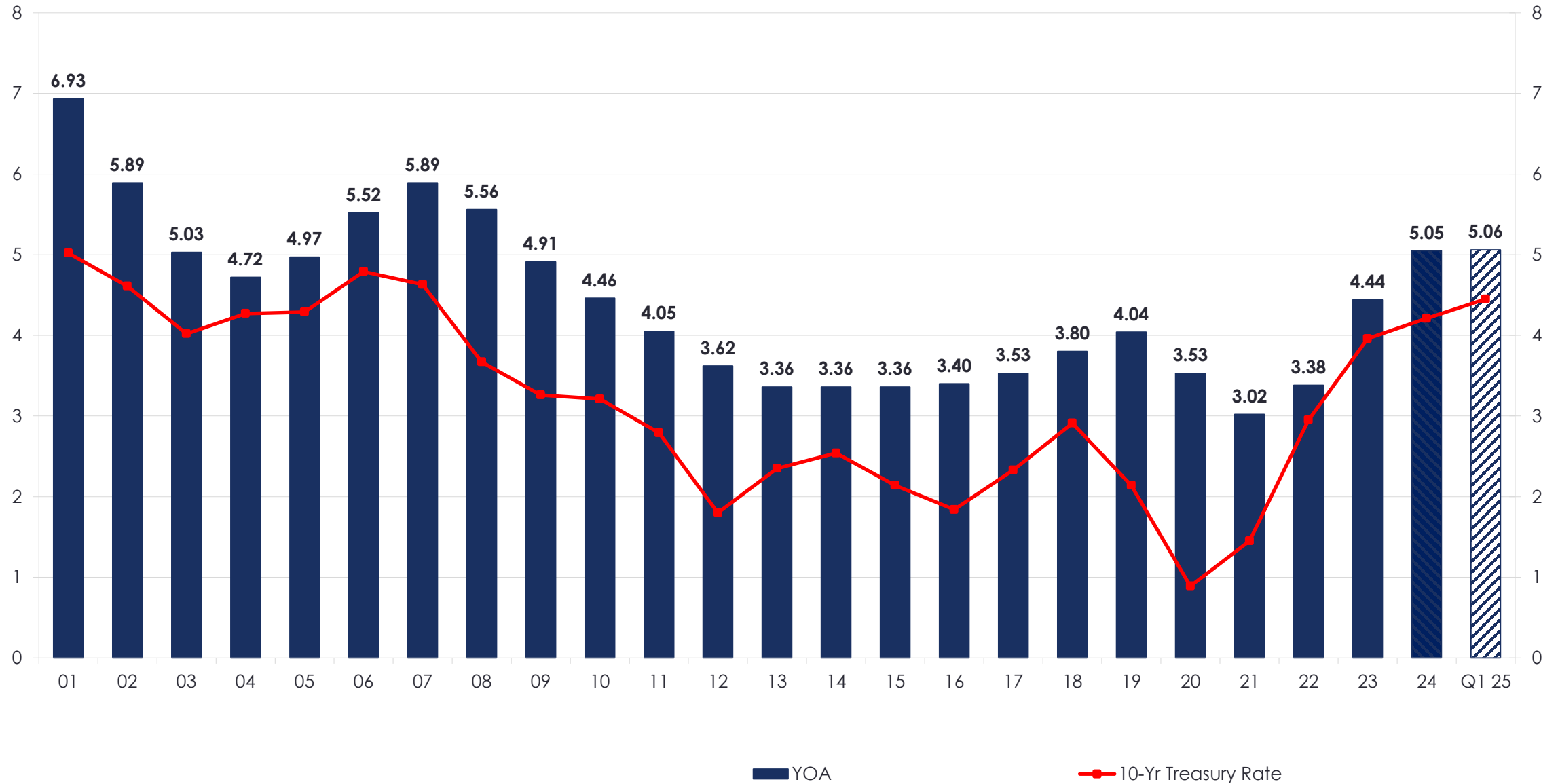
Credit Union Yield on Assets

(Percent of Average Assets)



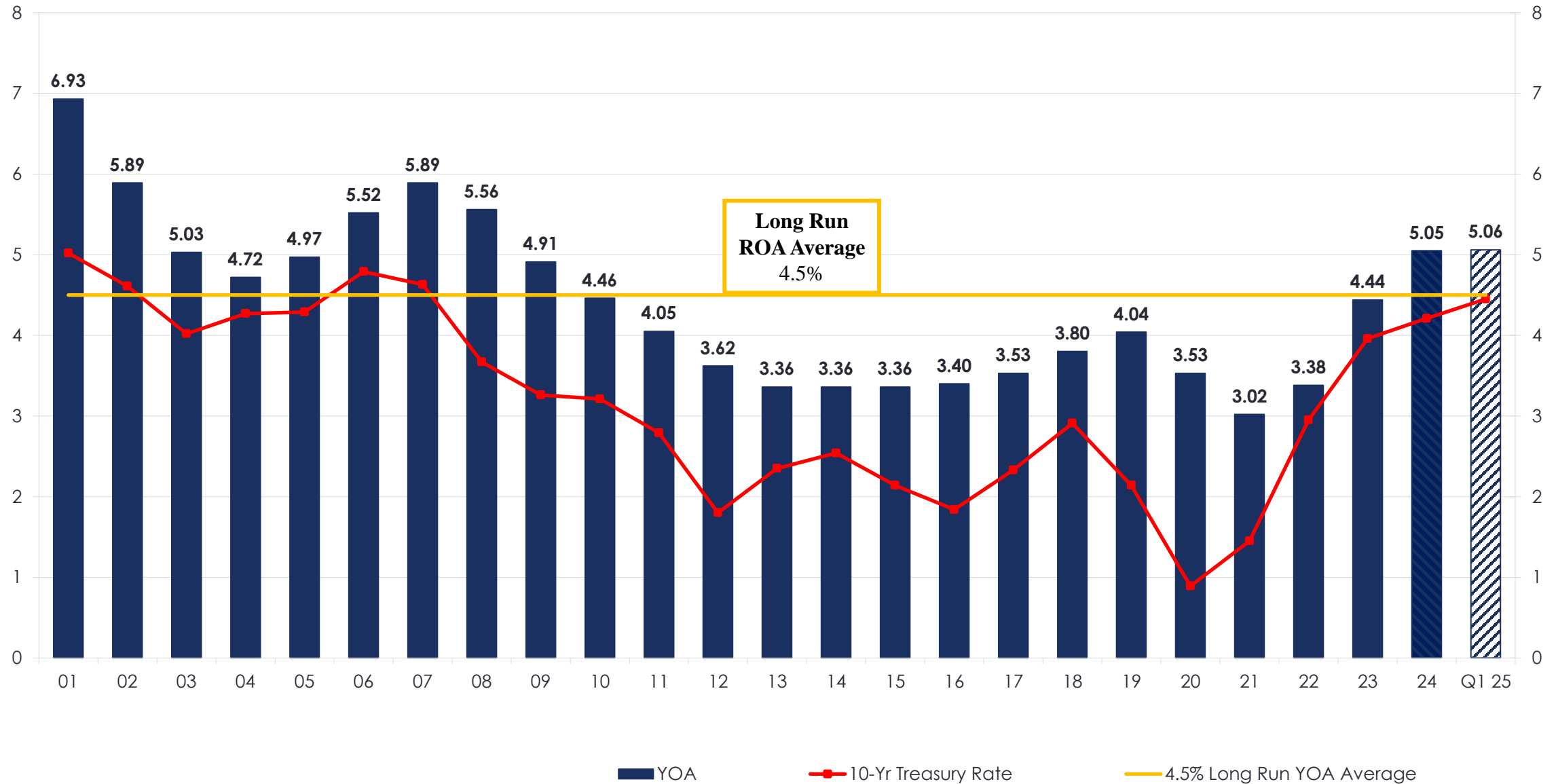
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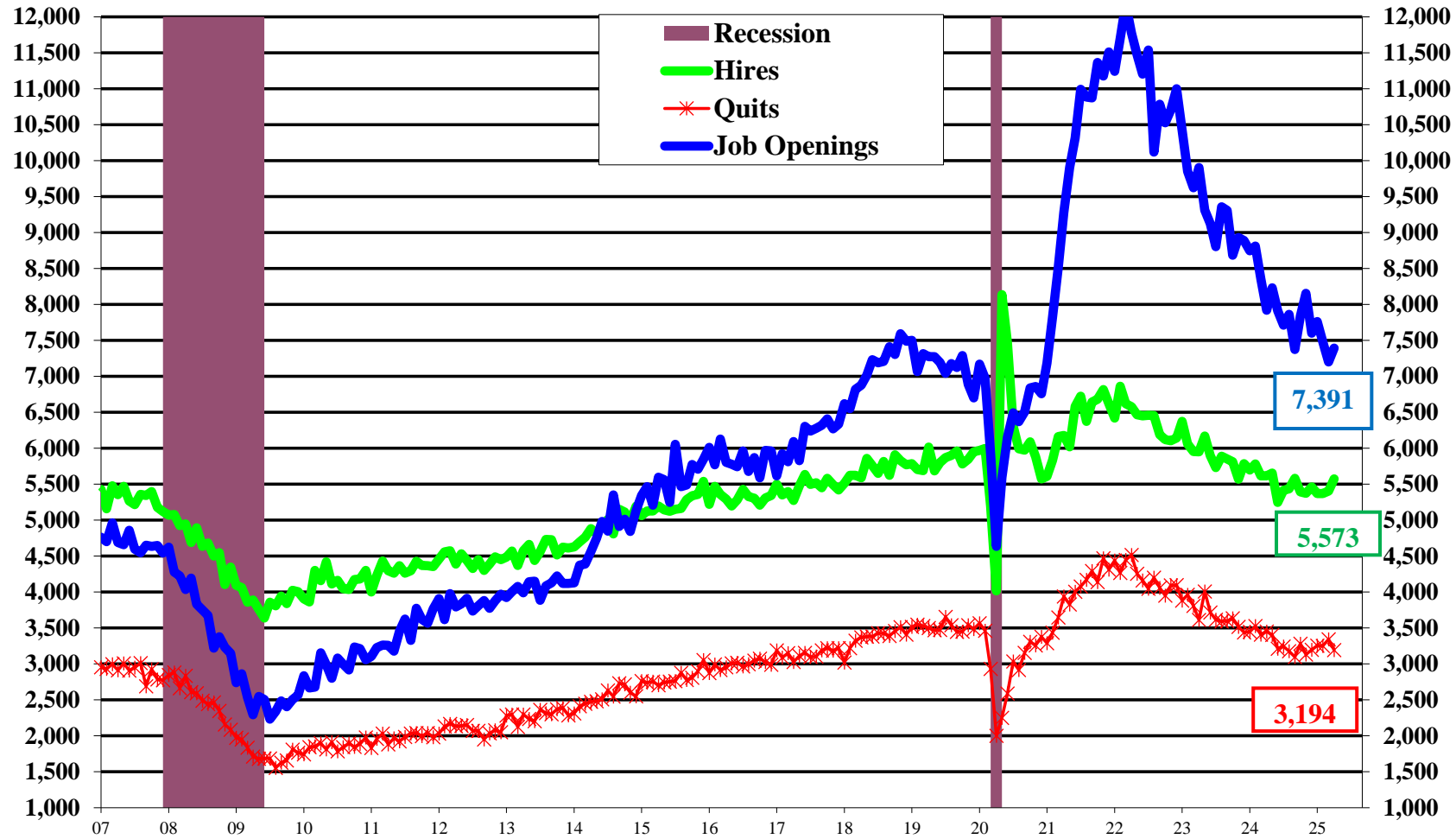


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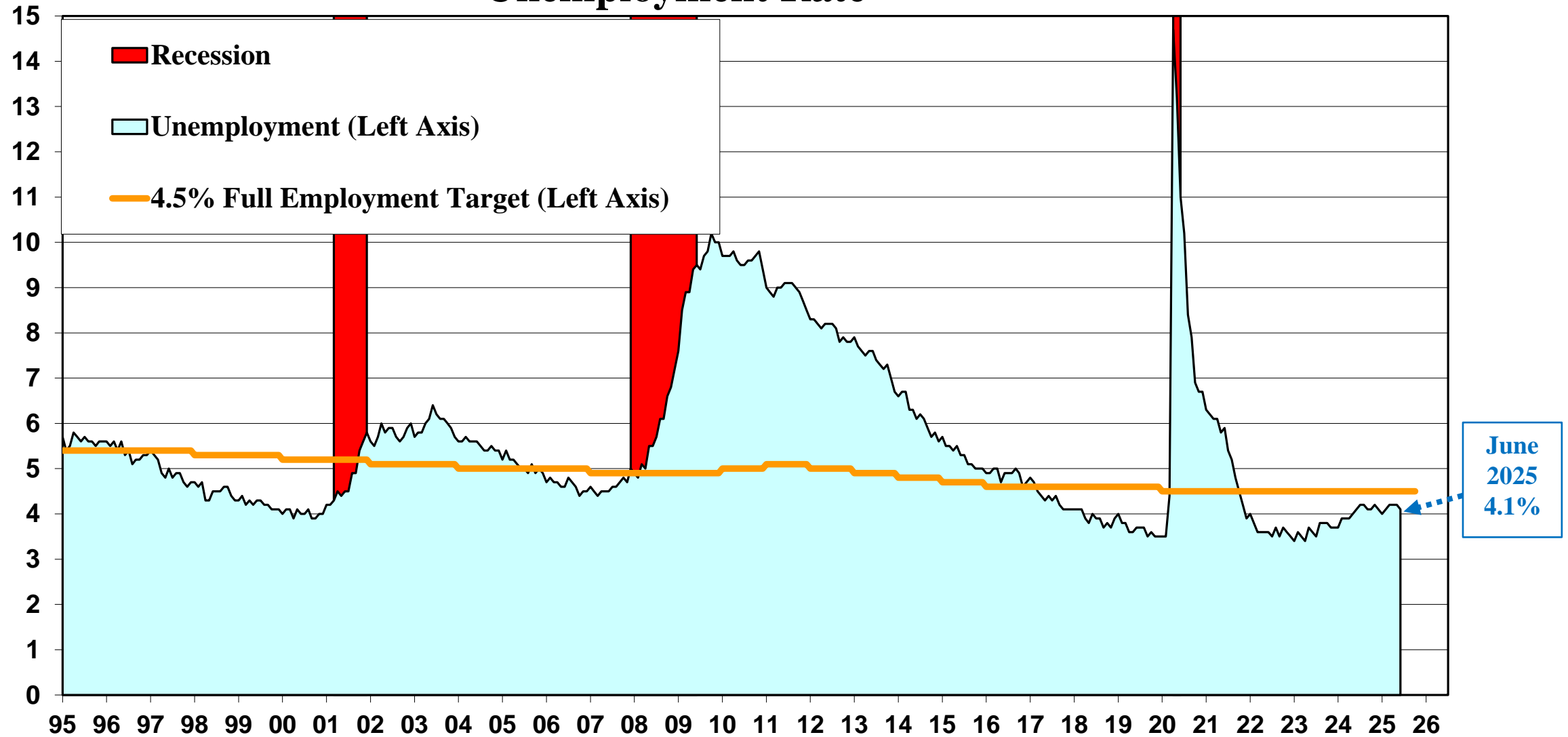
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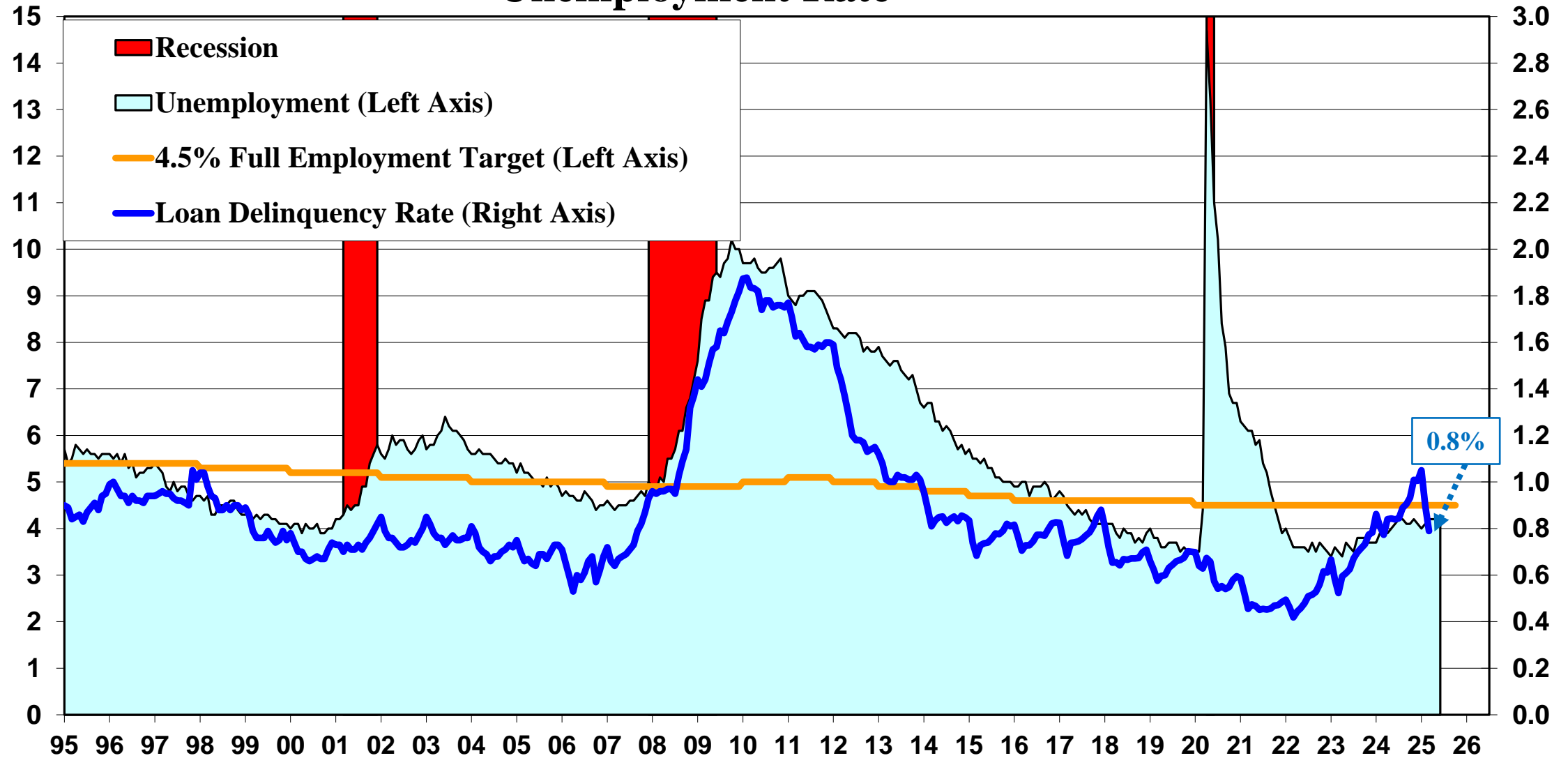
Job Openings, Hires, and Quits (Thousands, SA)



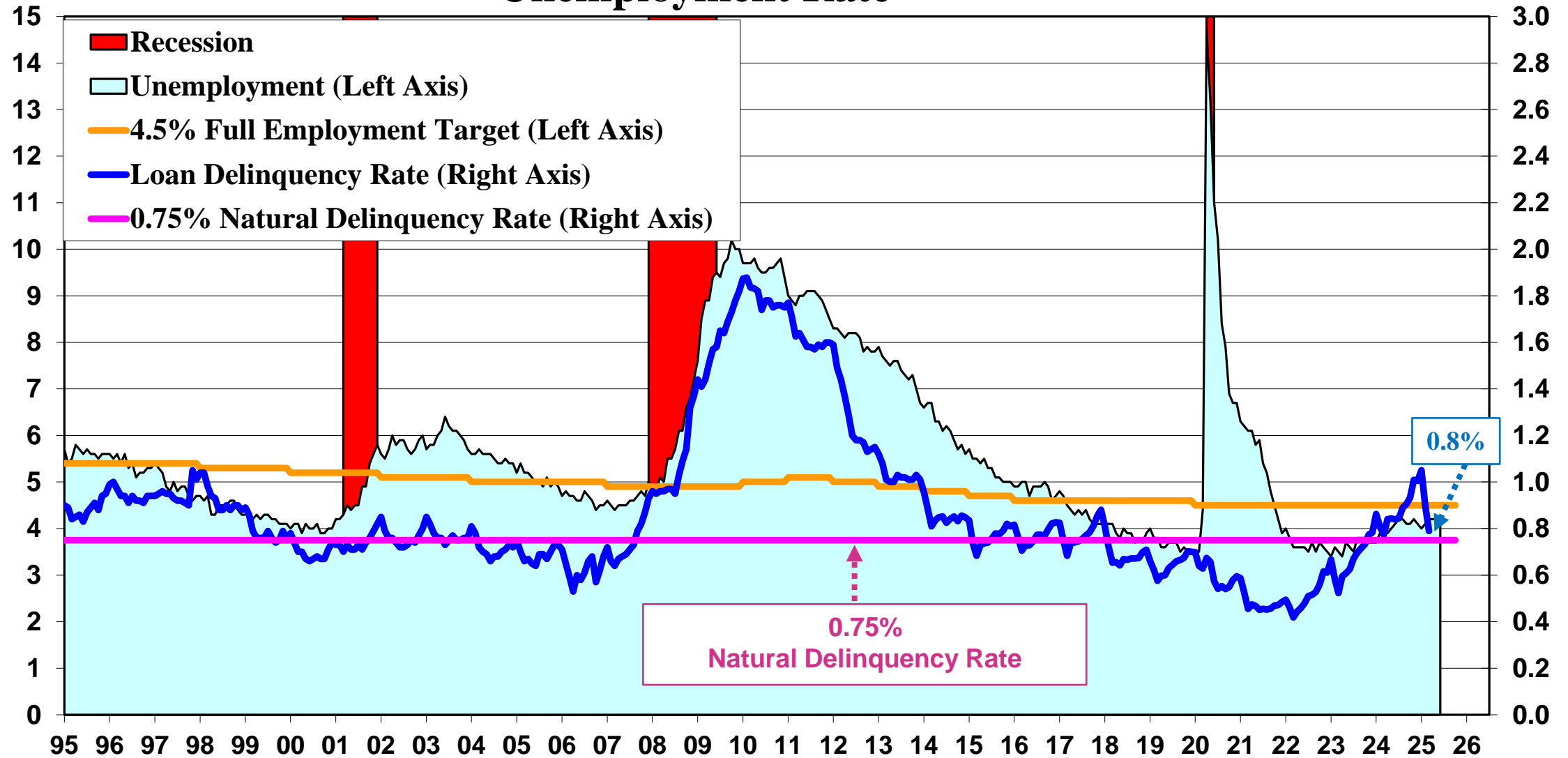
CU Delinquency Rate Versus Unemployment Rate



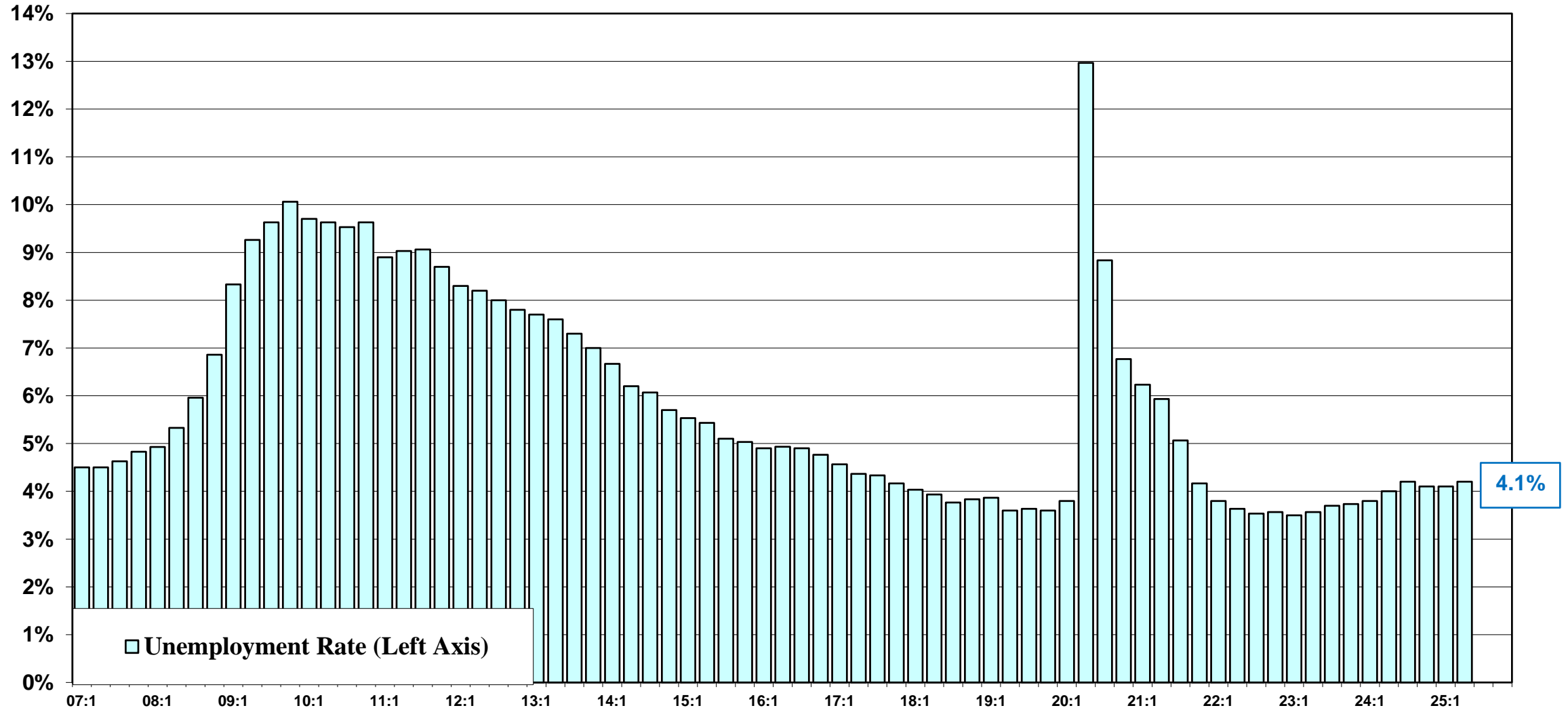
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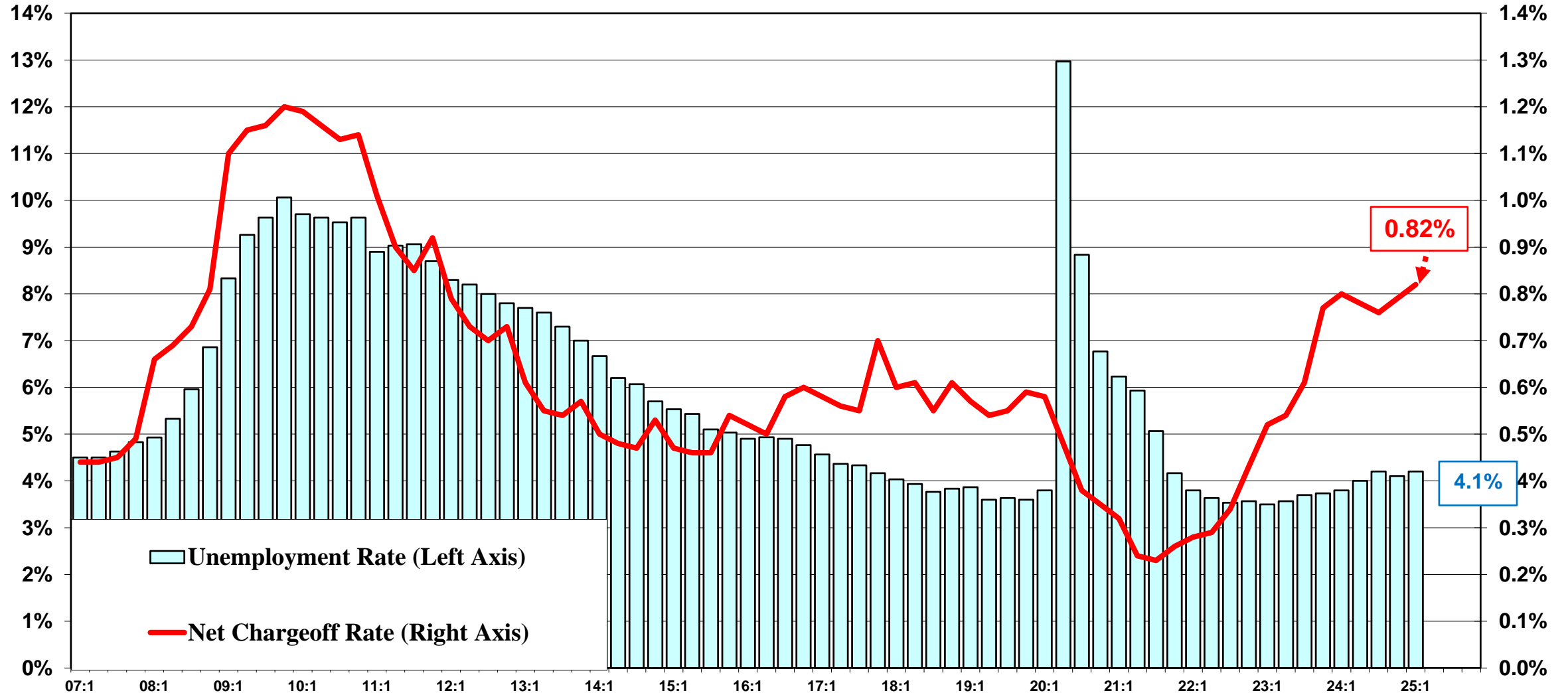
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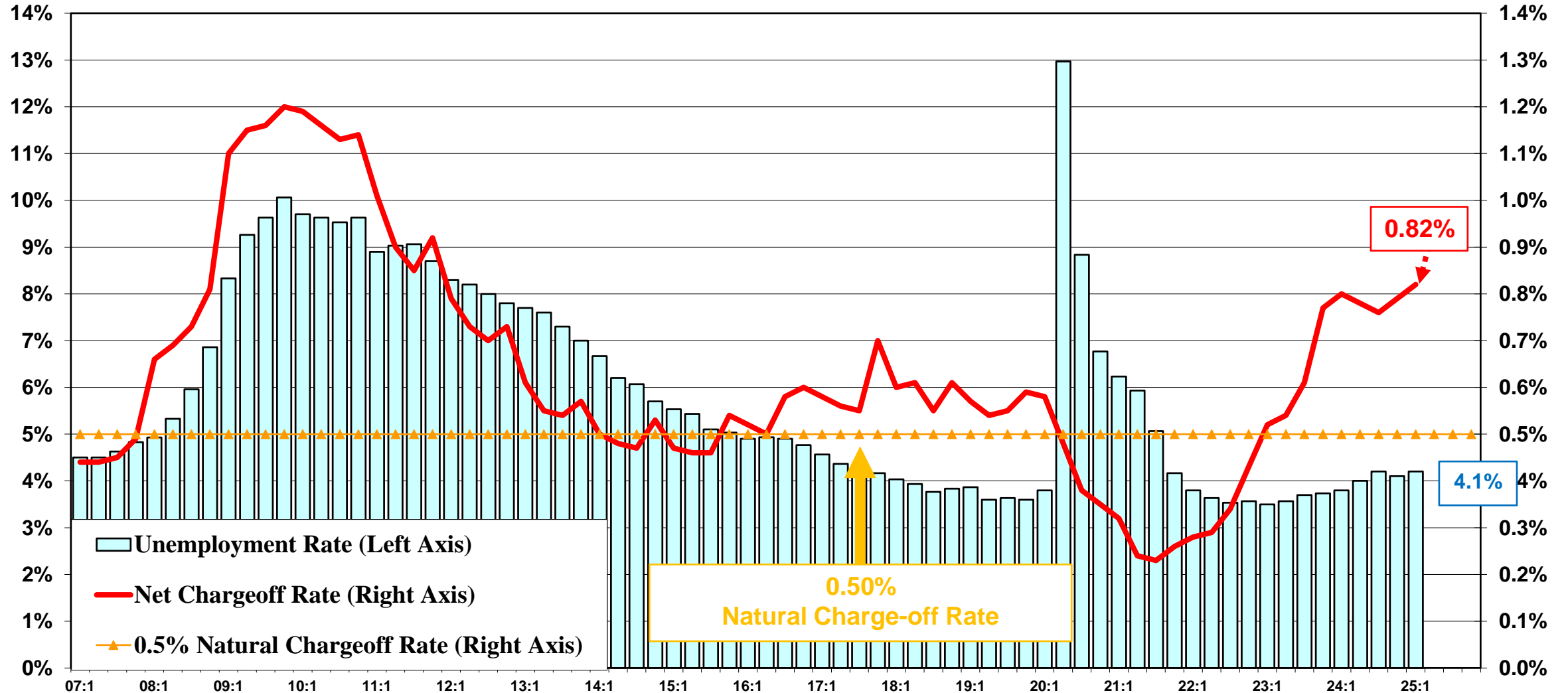
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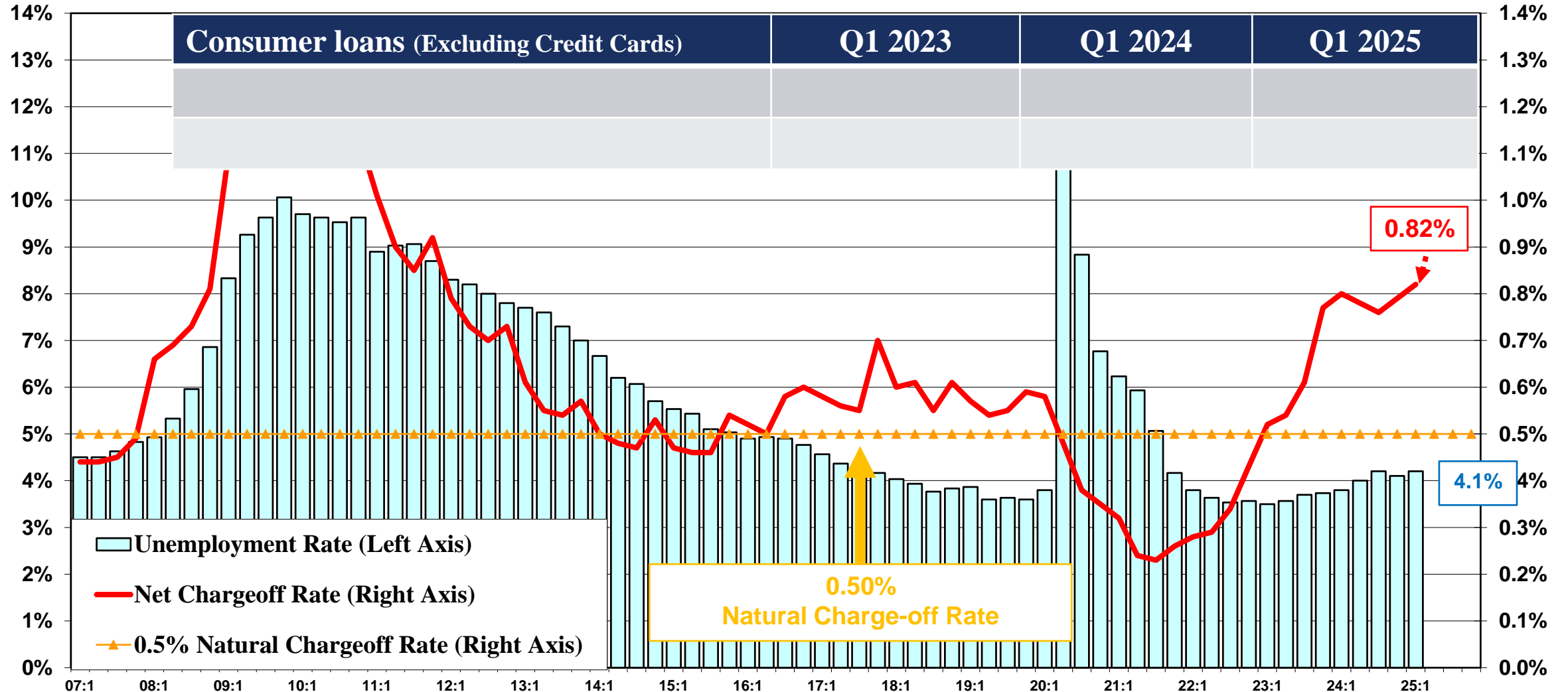
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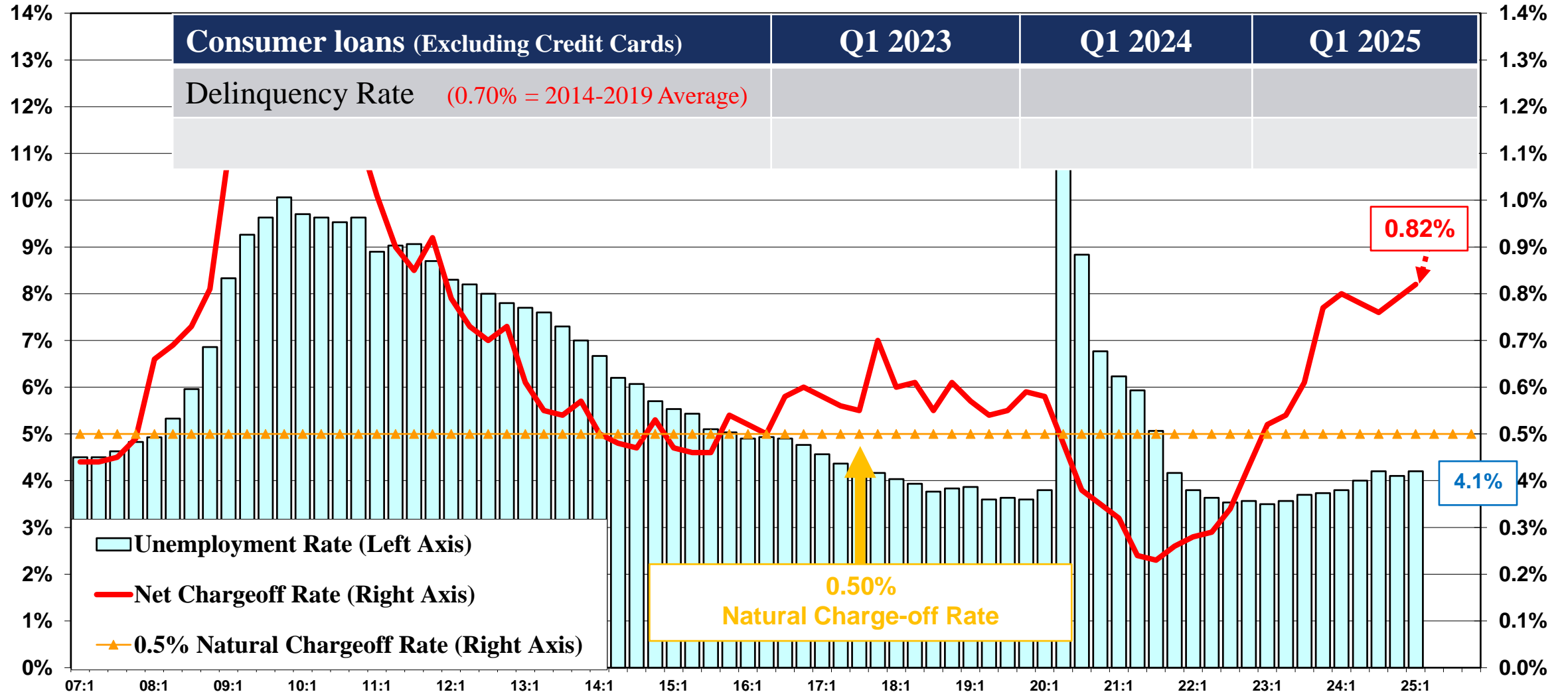
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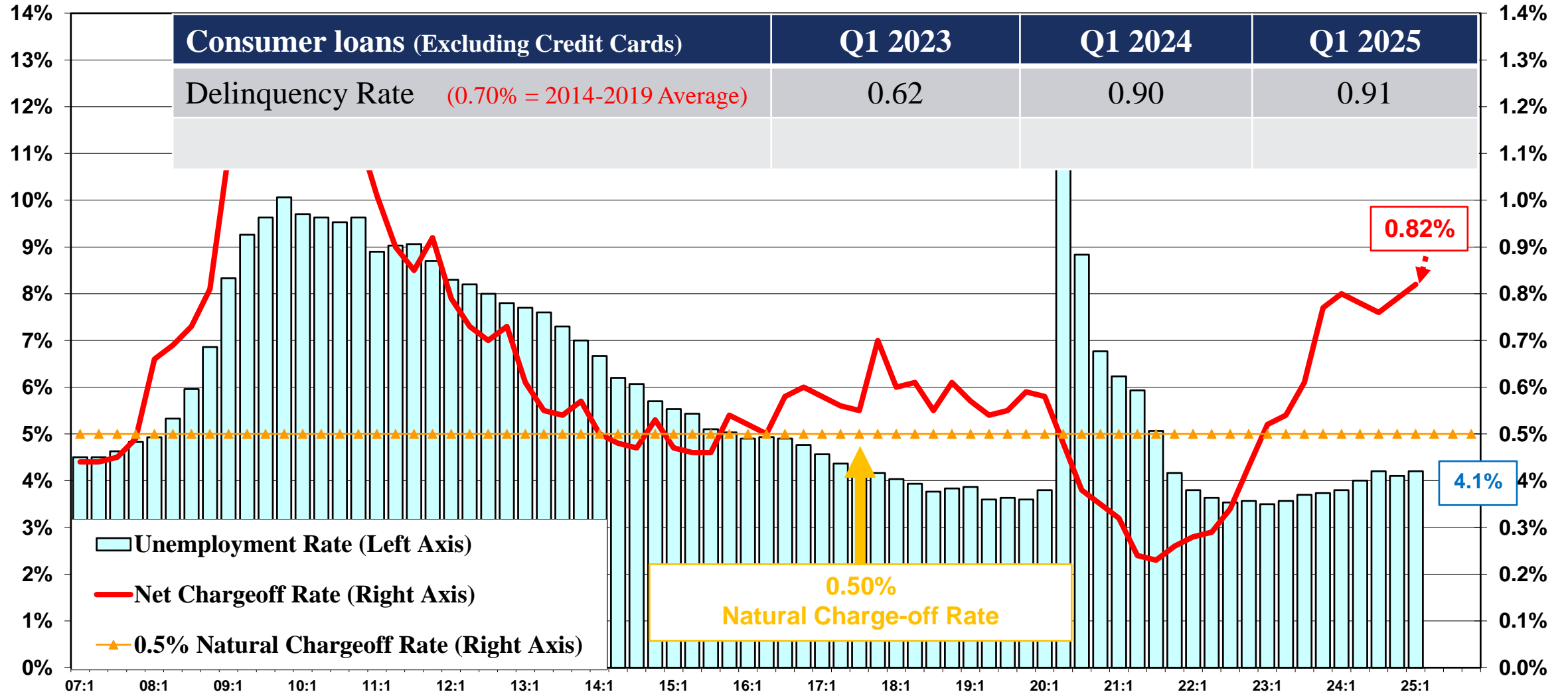
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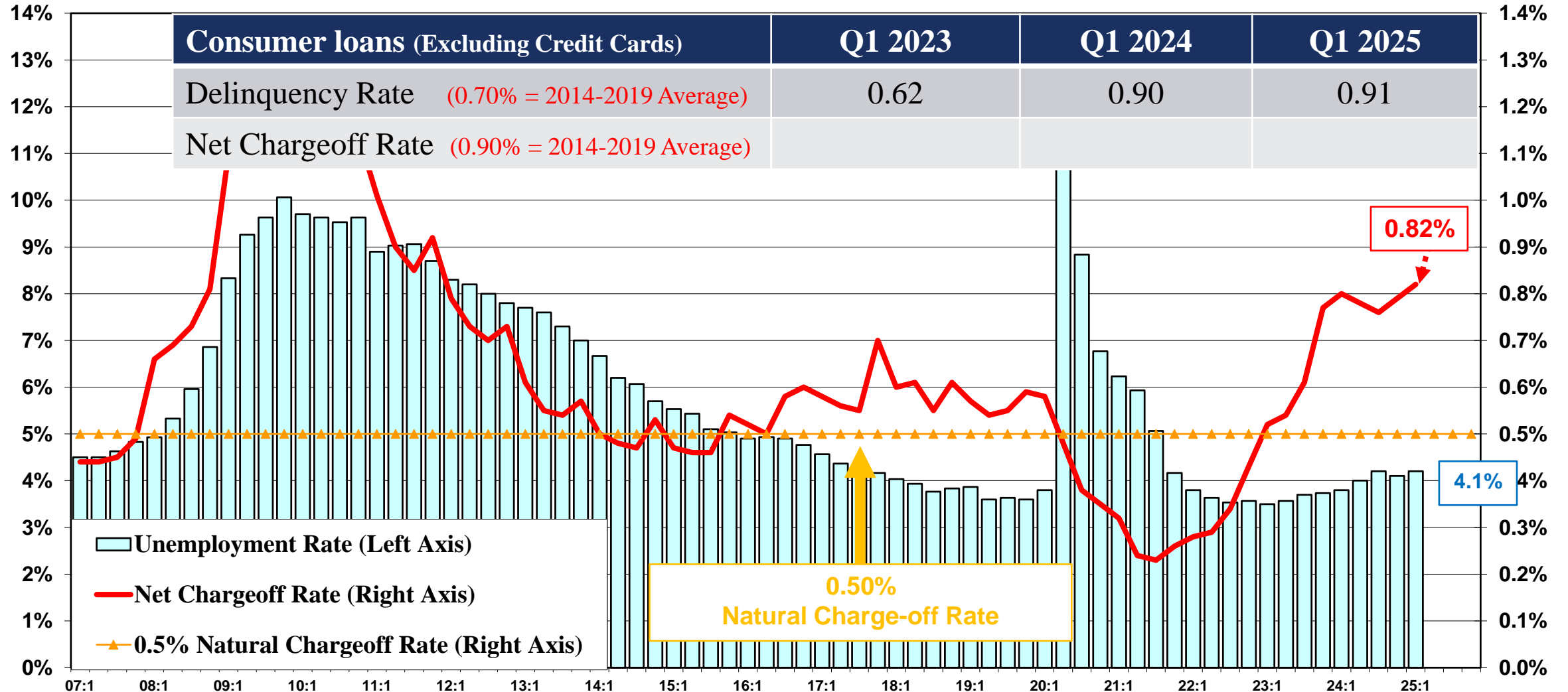
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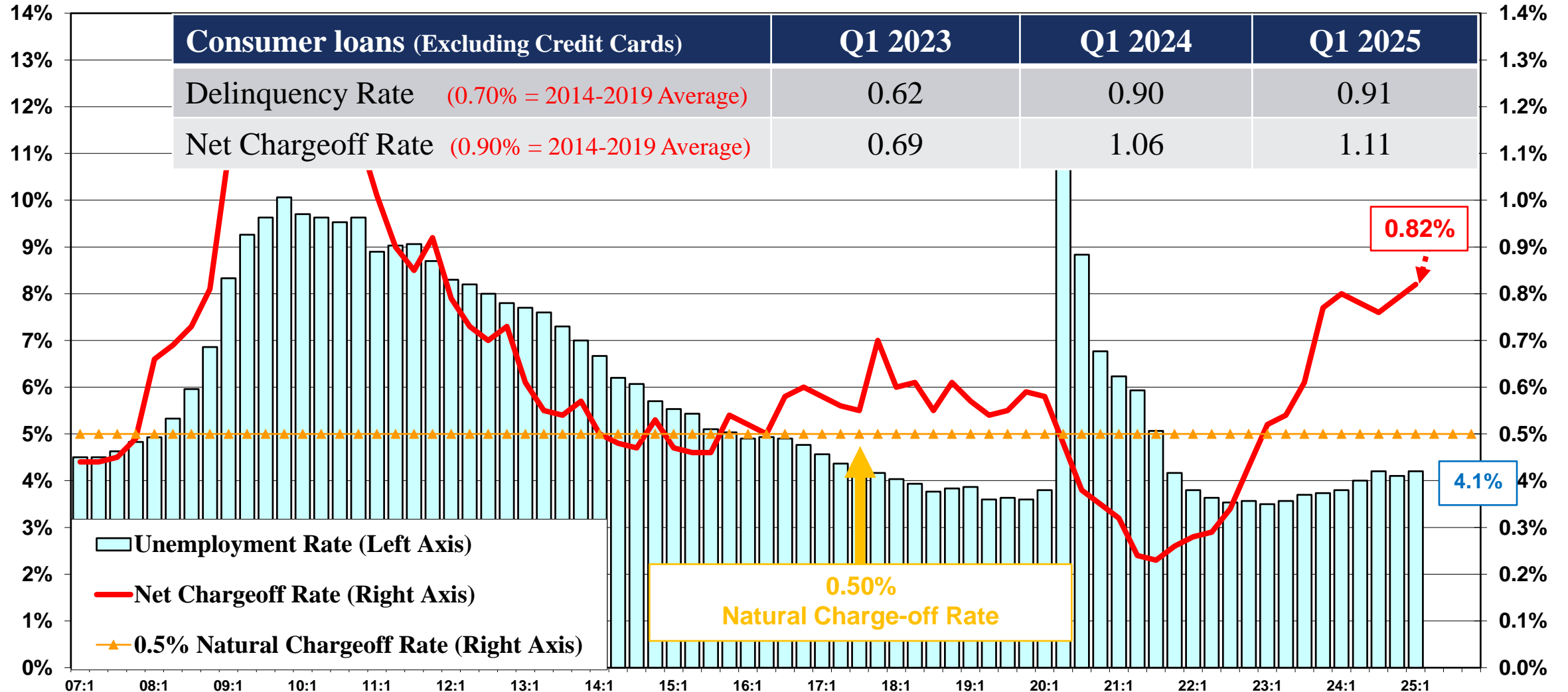
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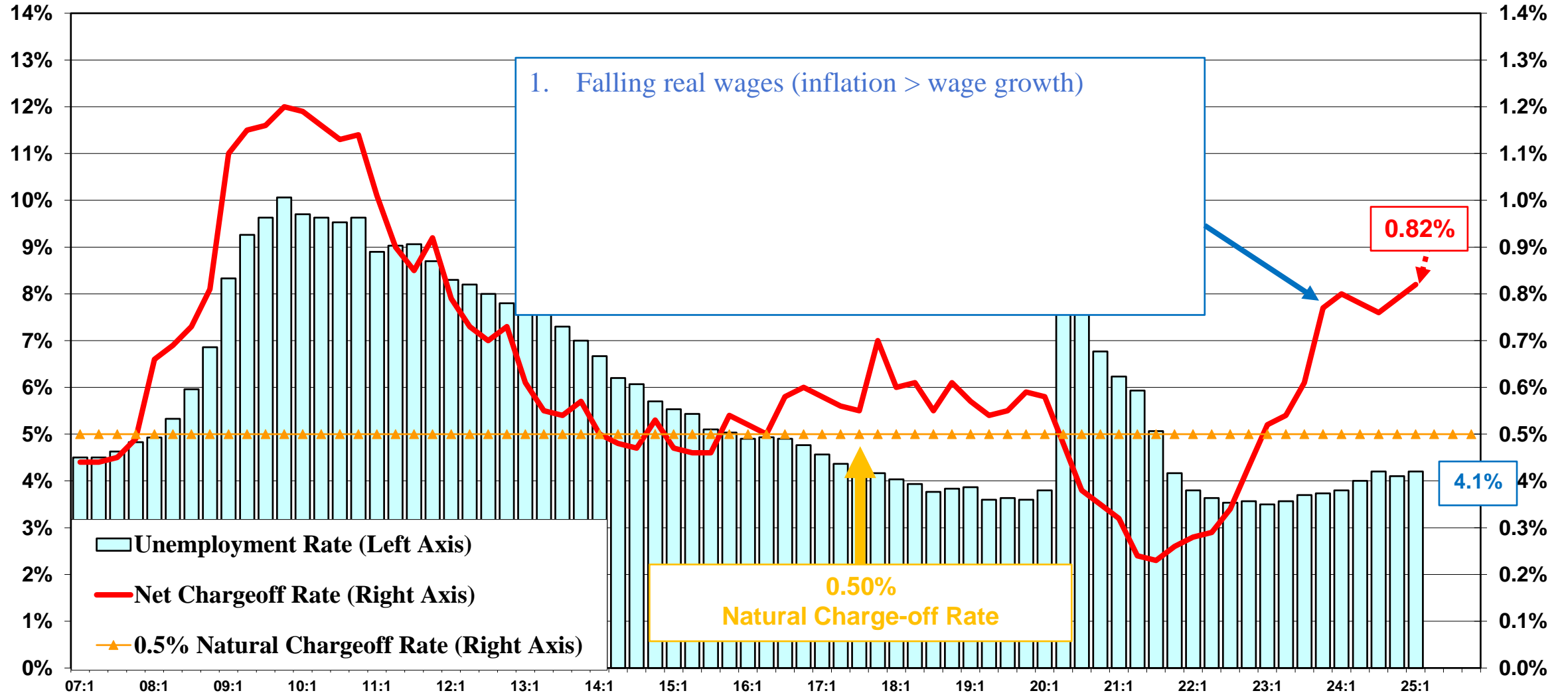
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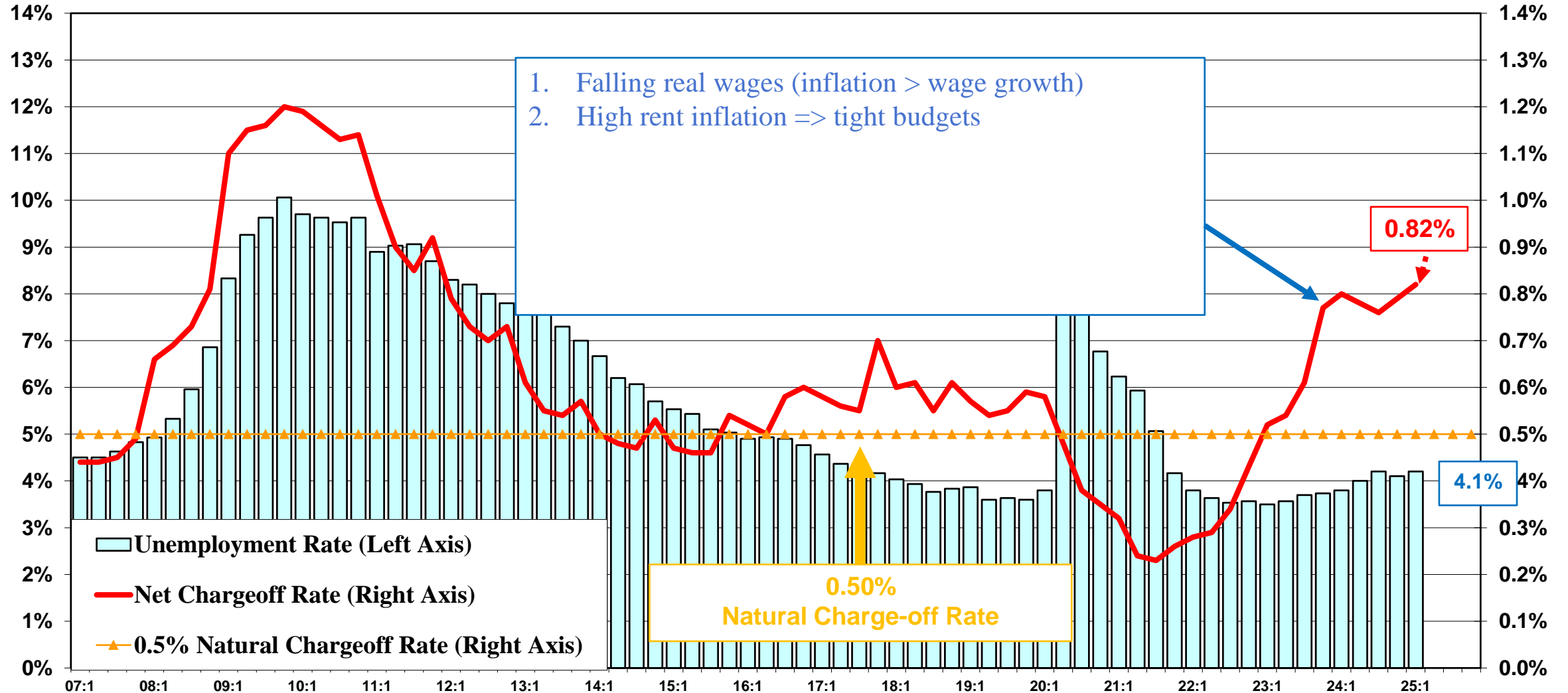
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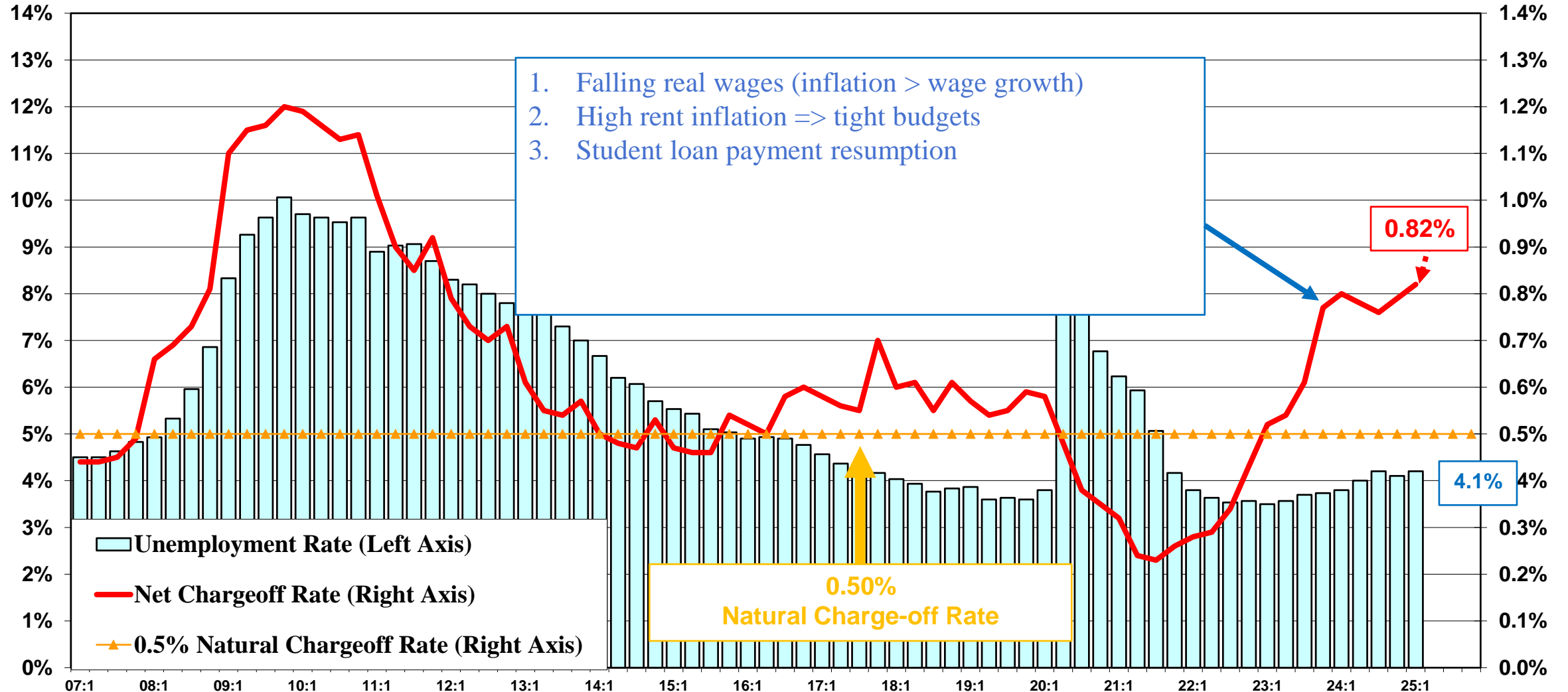
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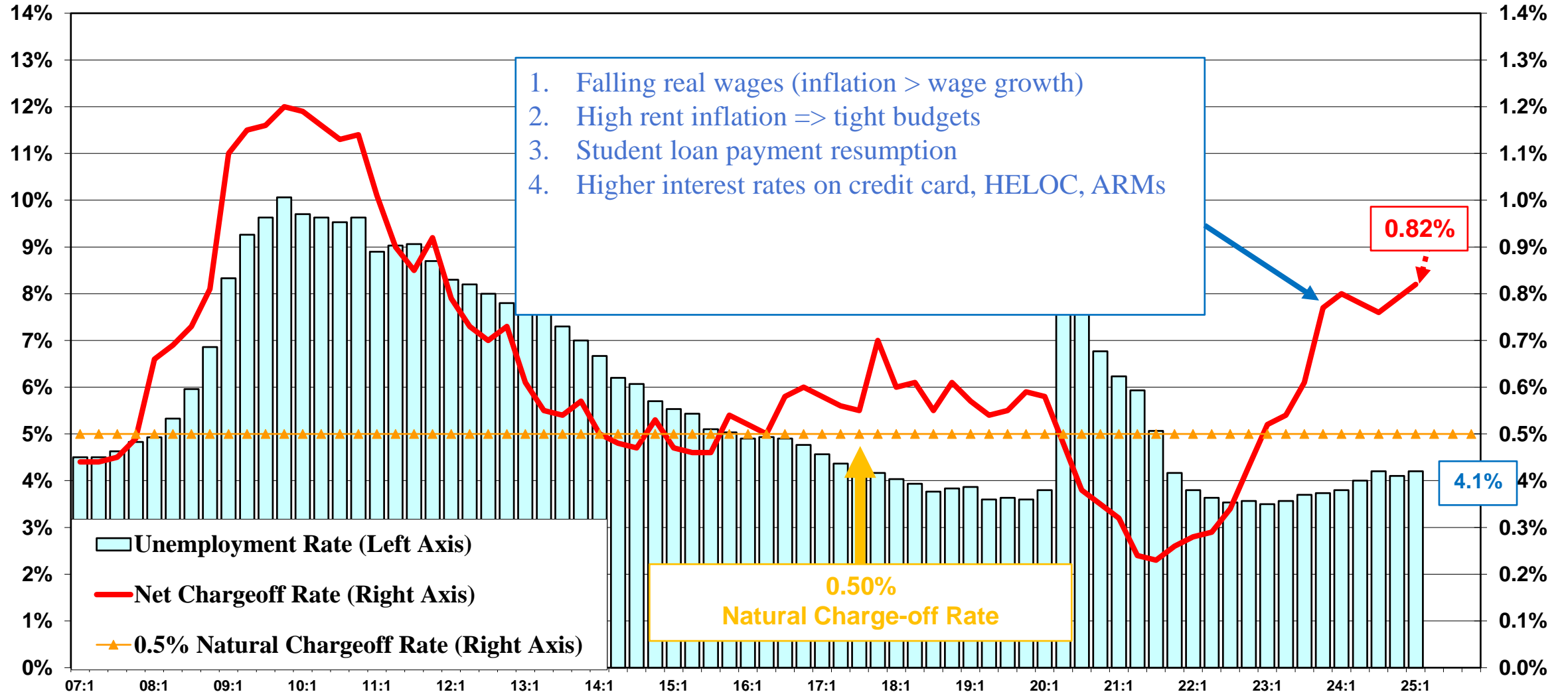
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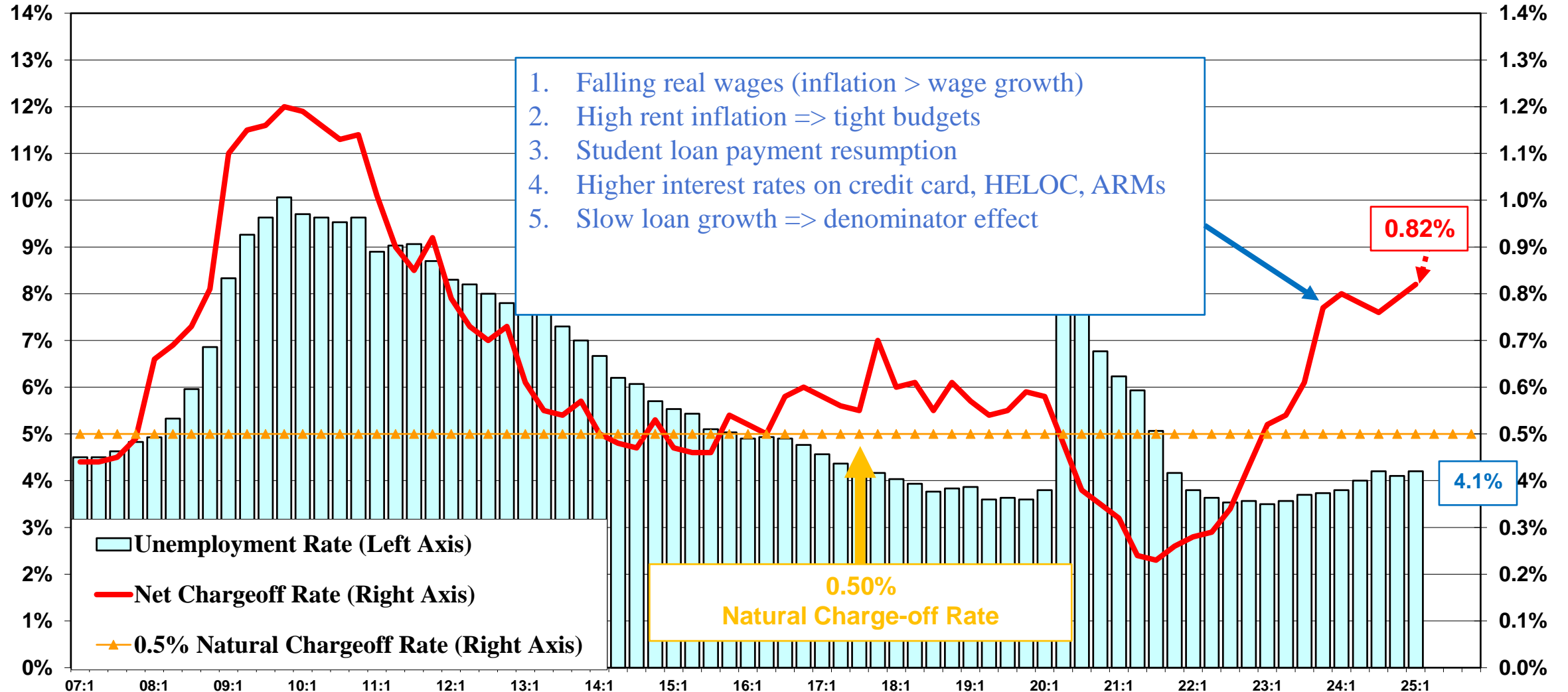
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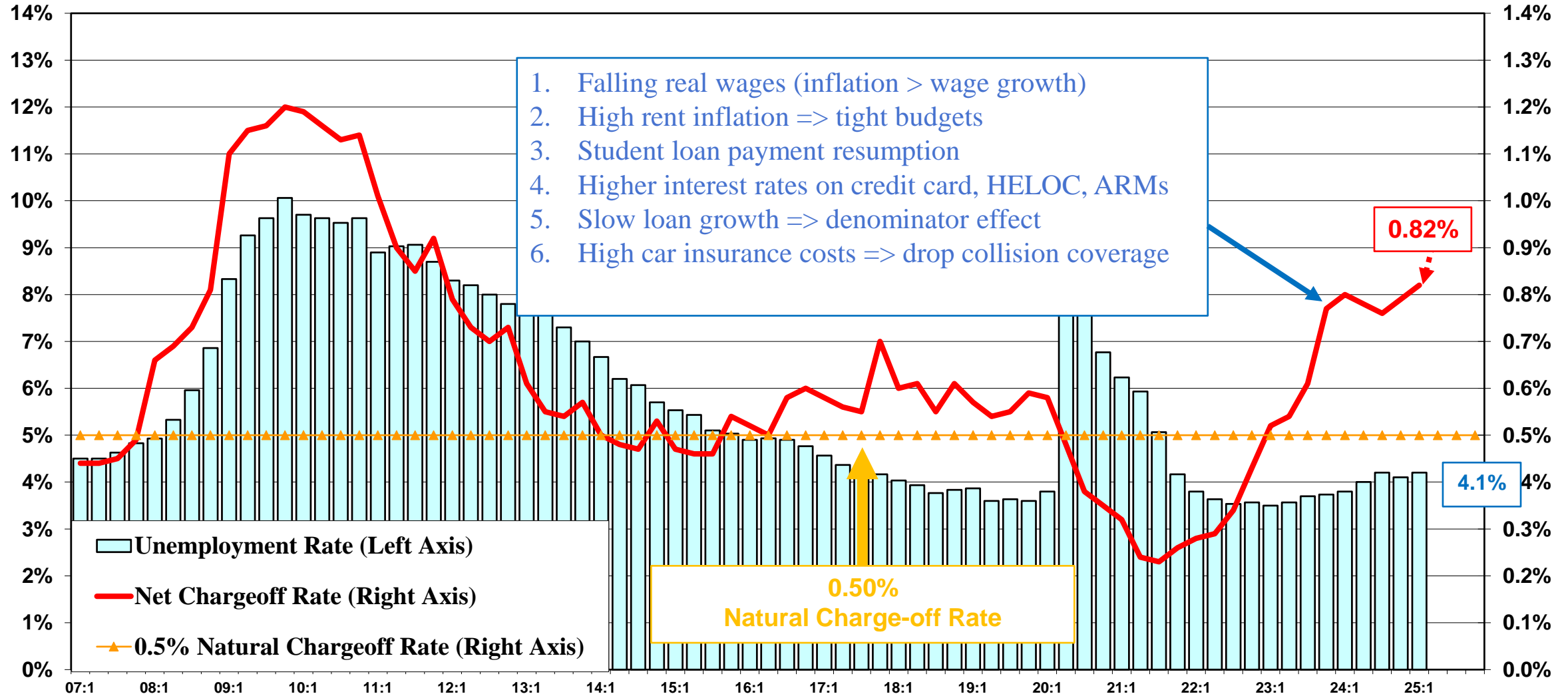
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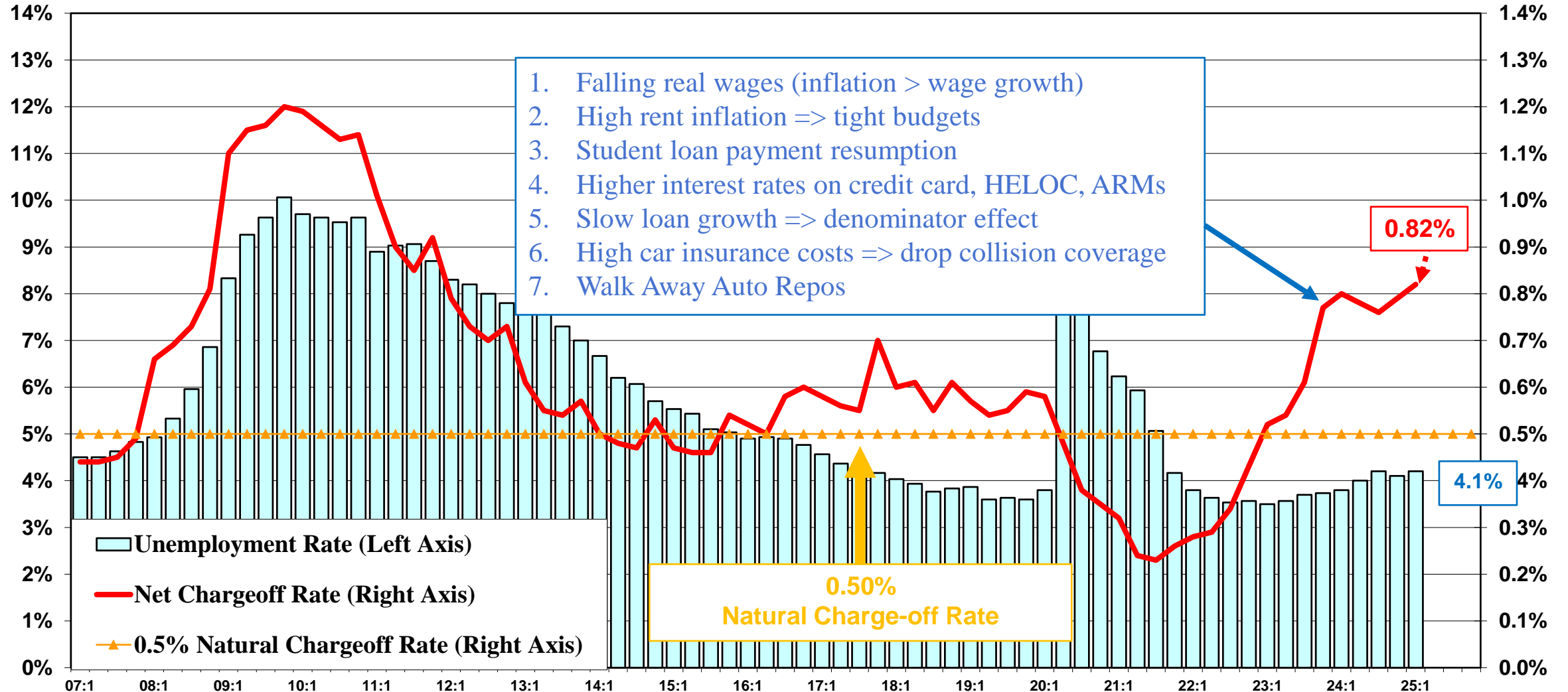
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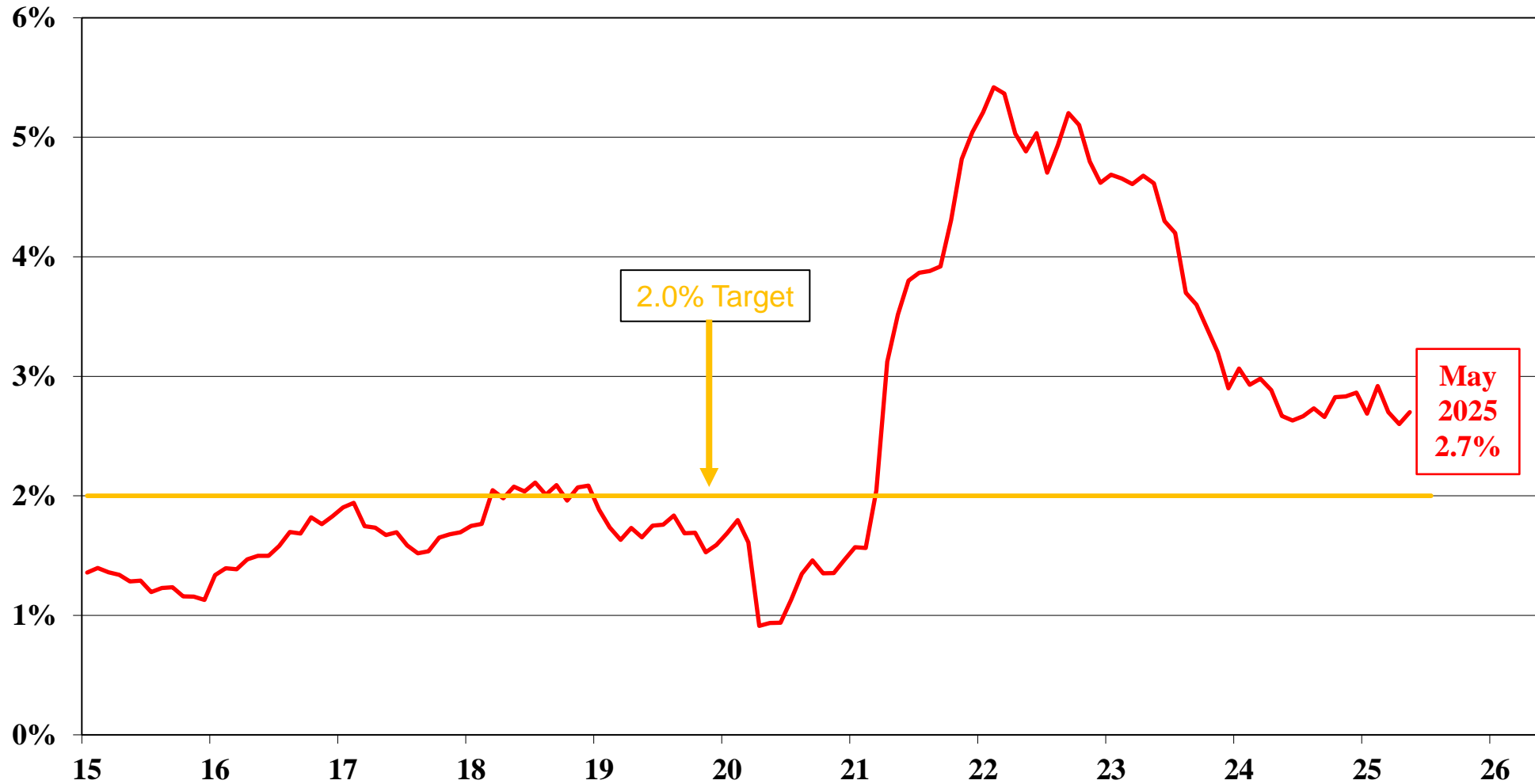


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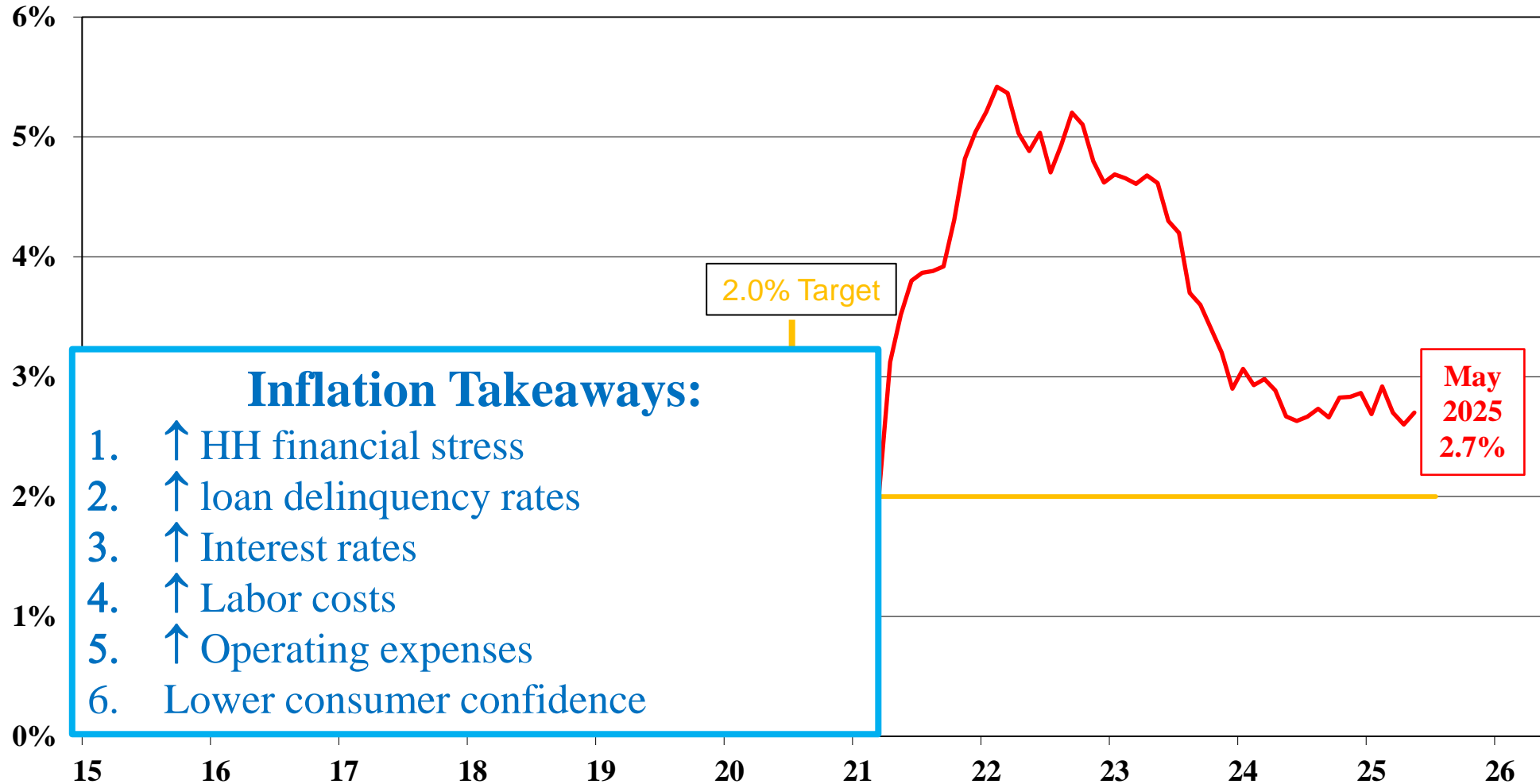
Inflation Above 2% Target

Inflation (Core PCE)
(year over year % growth)

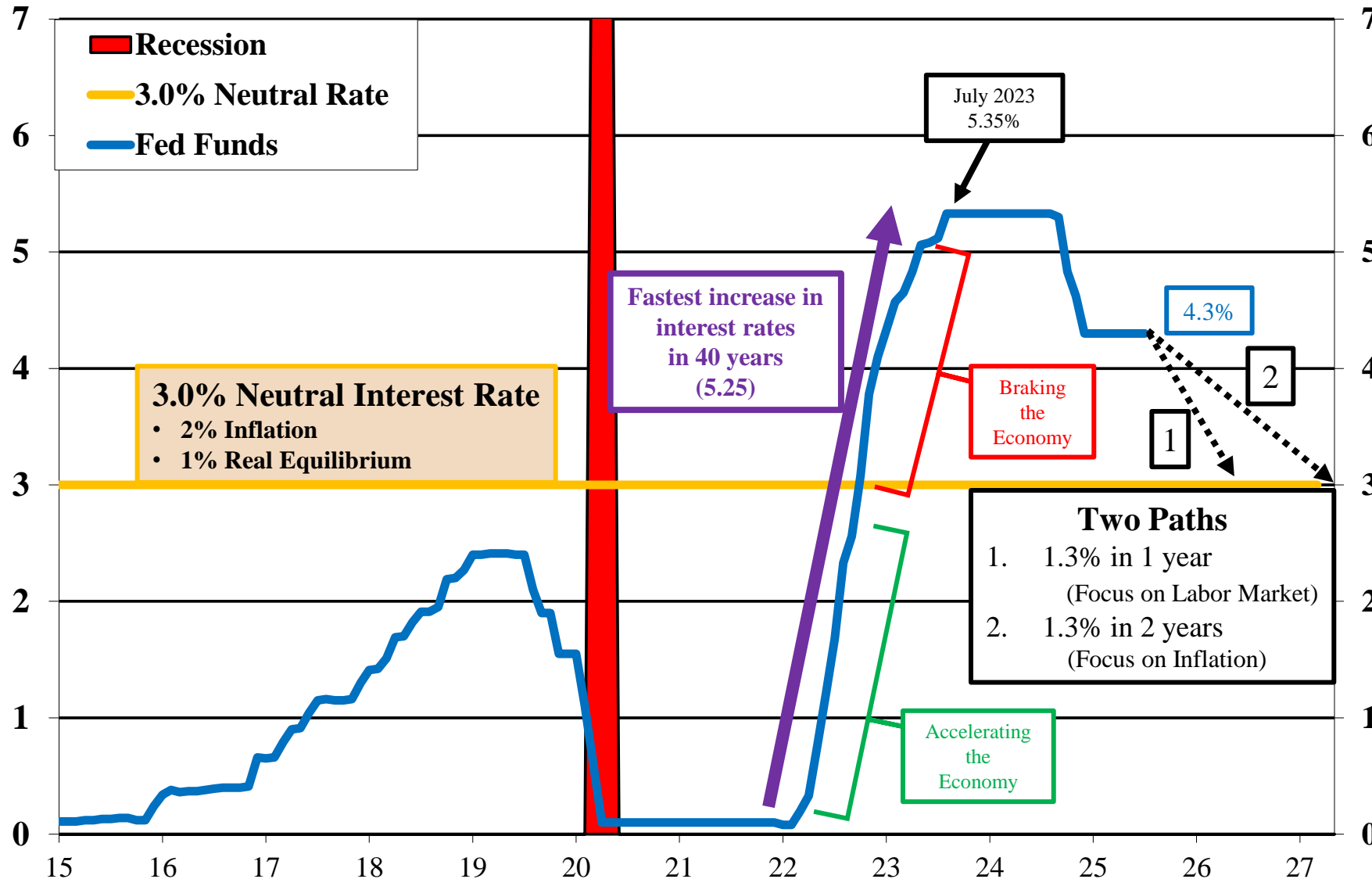


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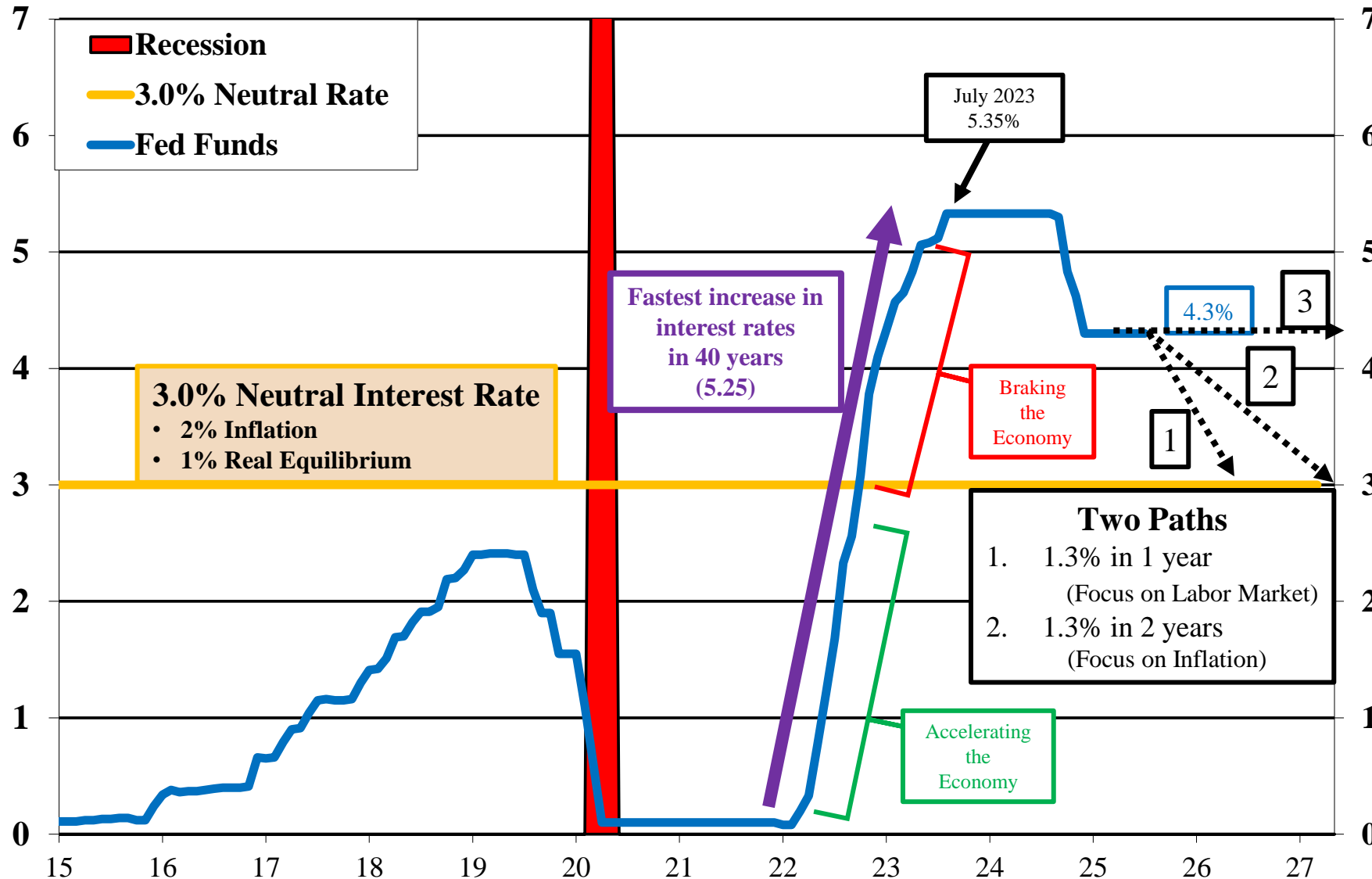
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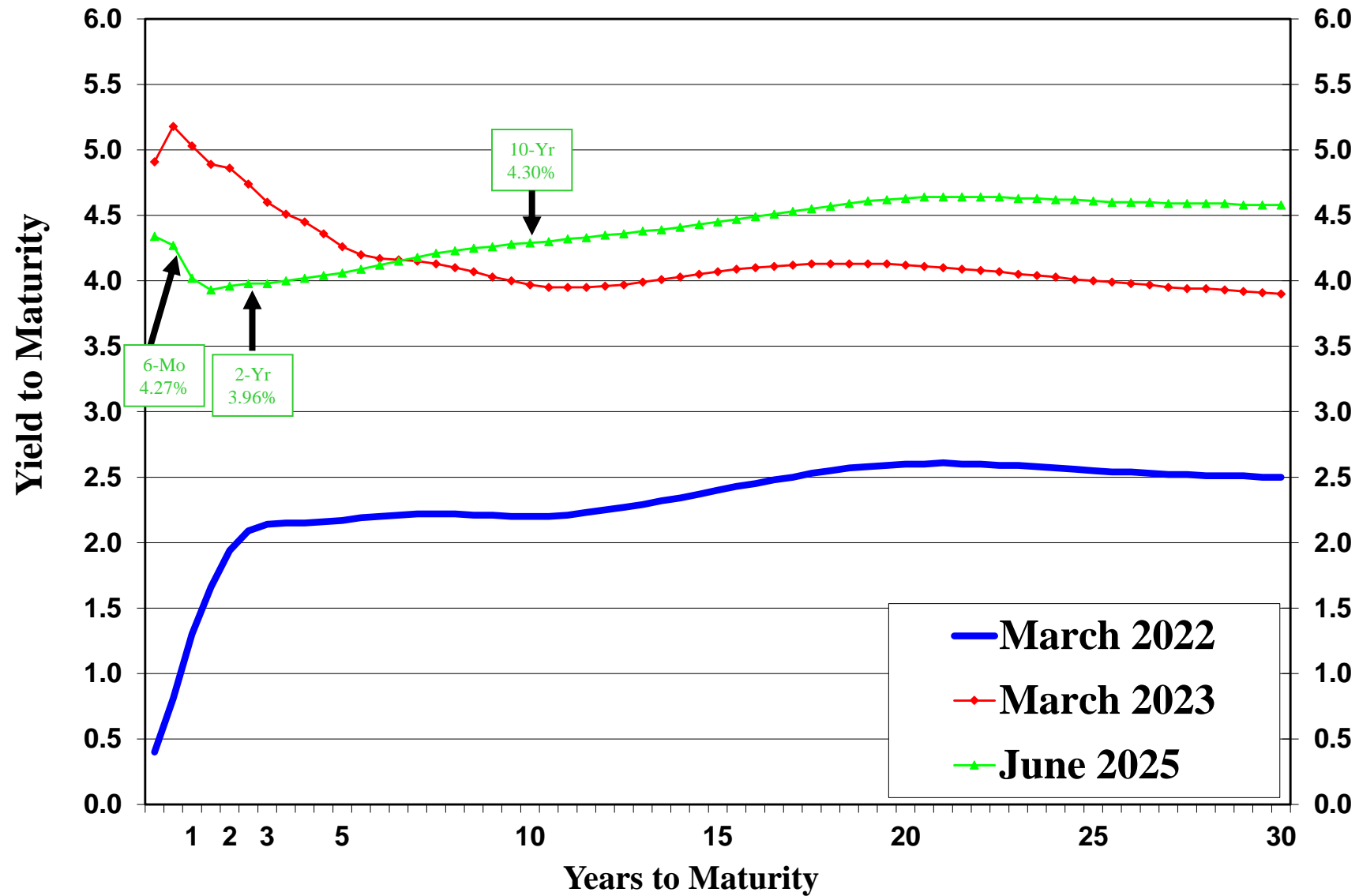
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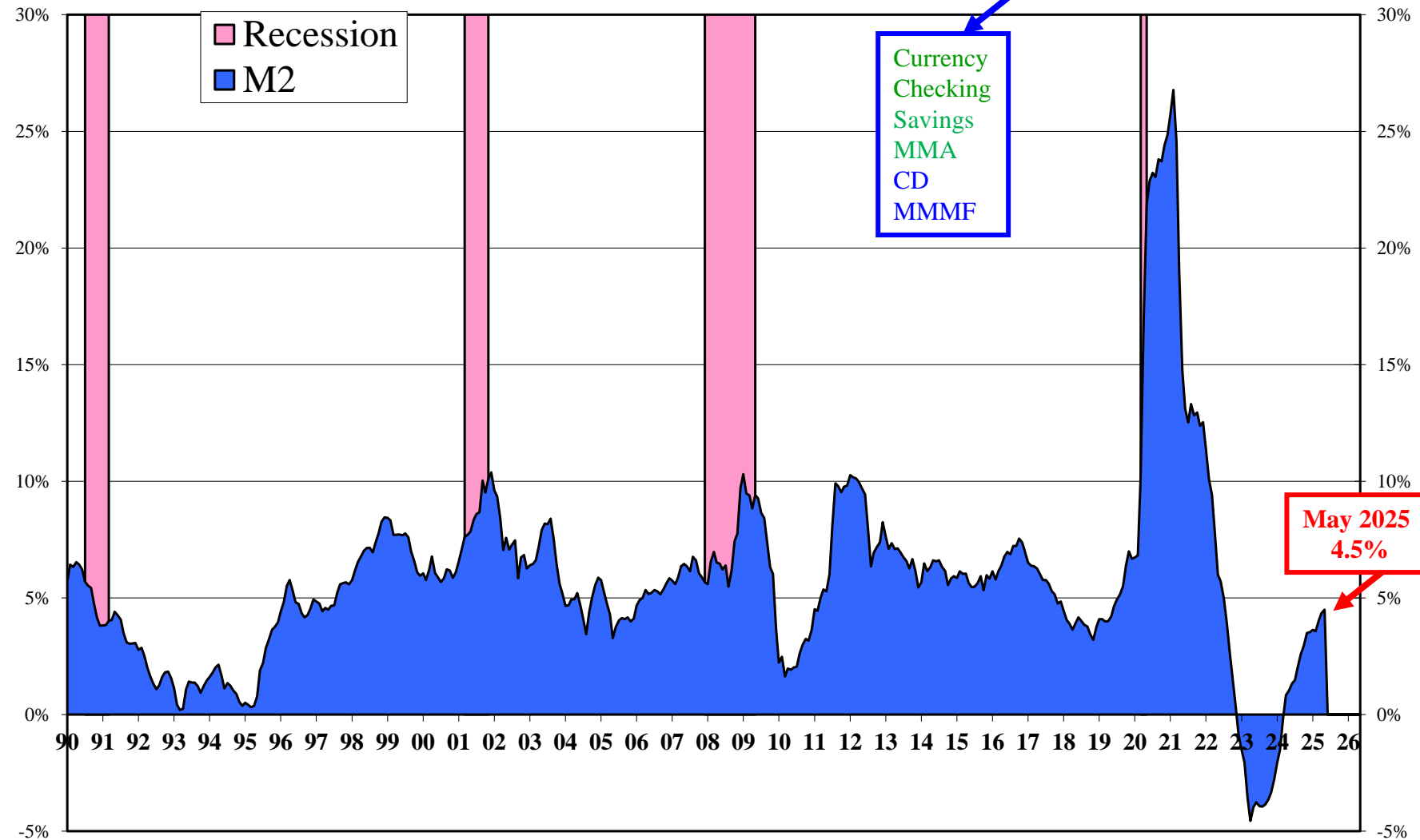
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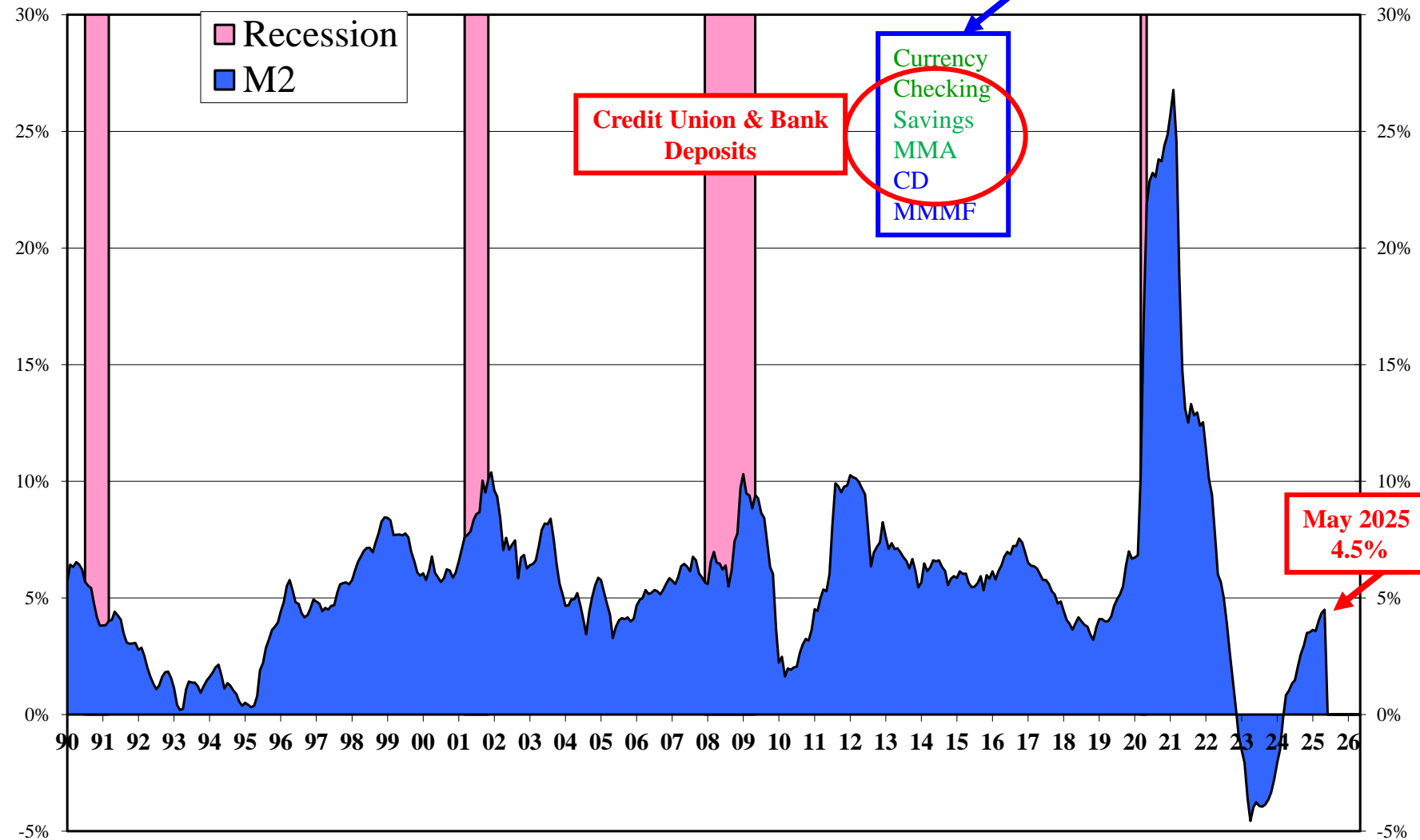
Treasury Yield Curves



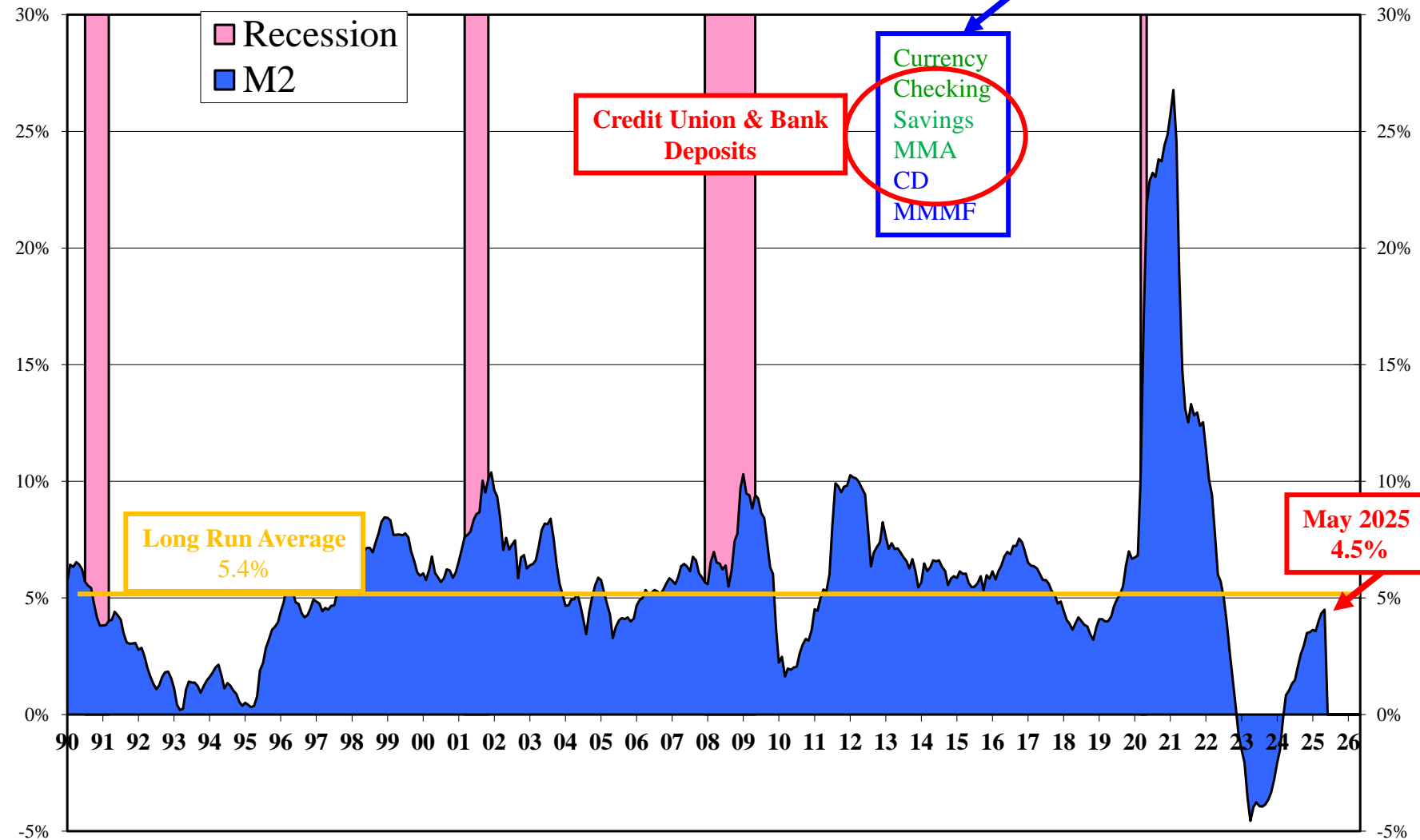
Money Supply Growth, M2



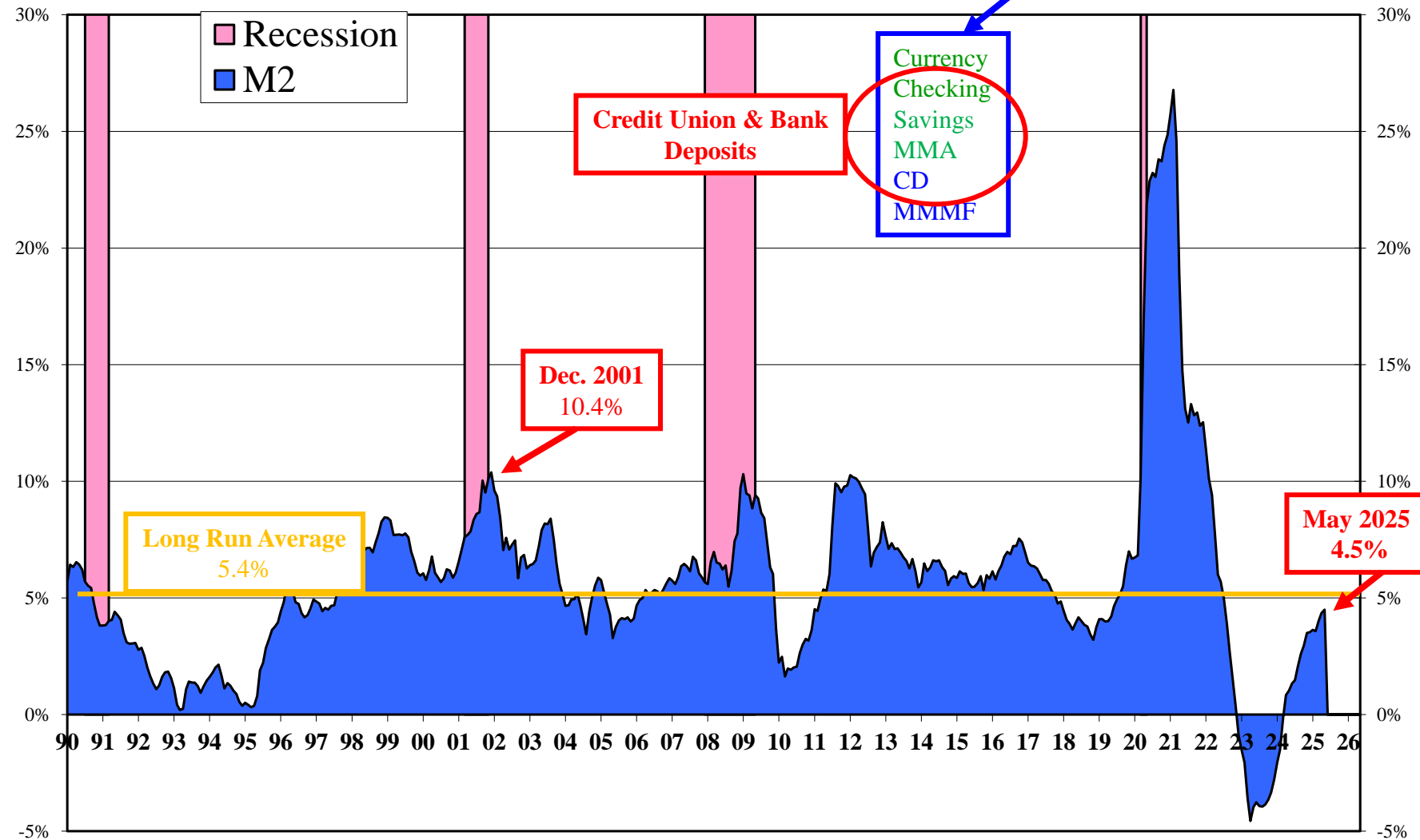
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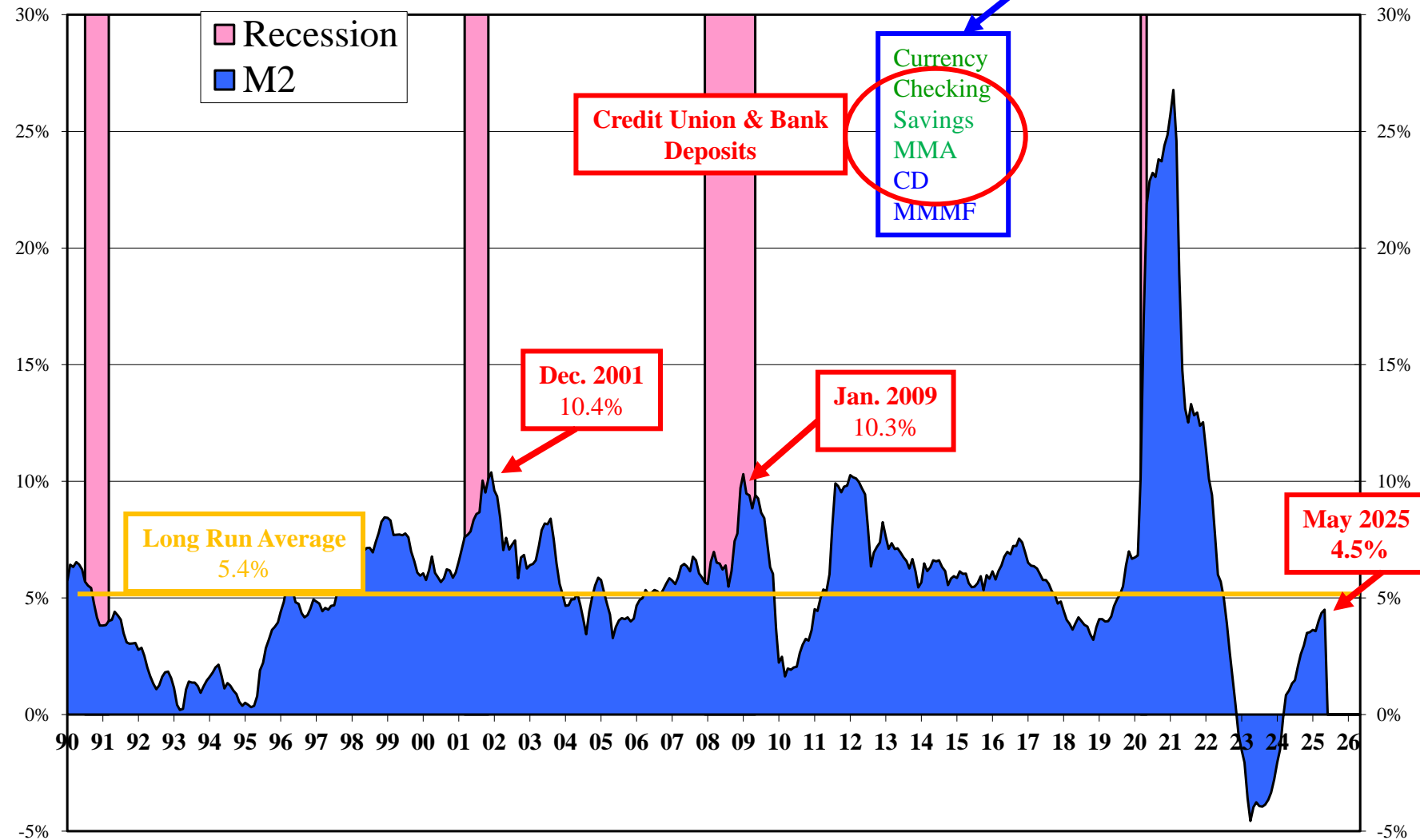
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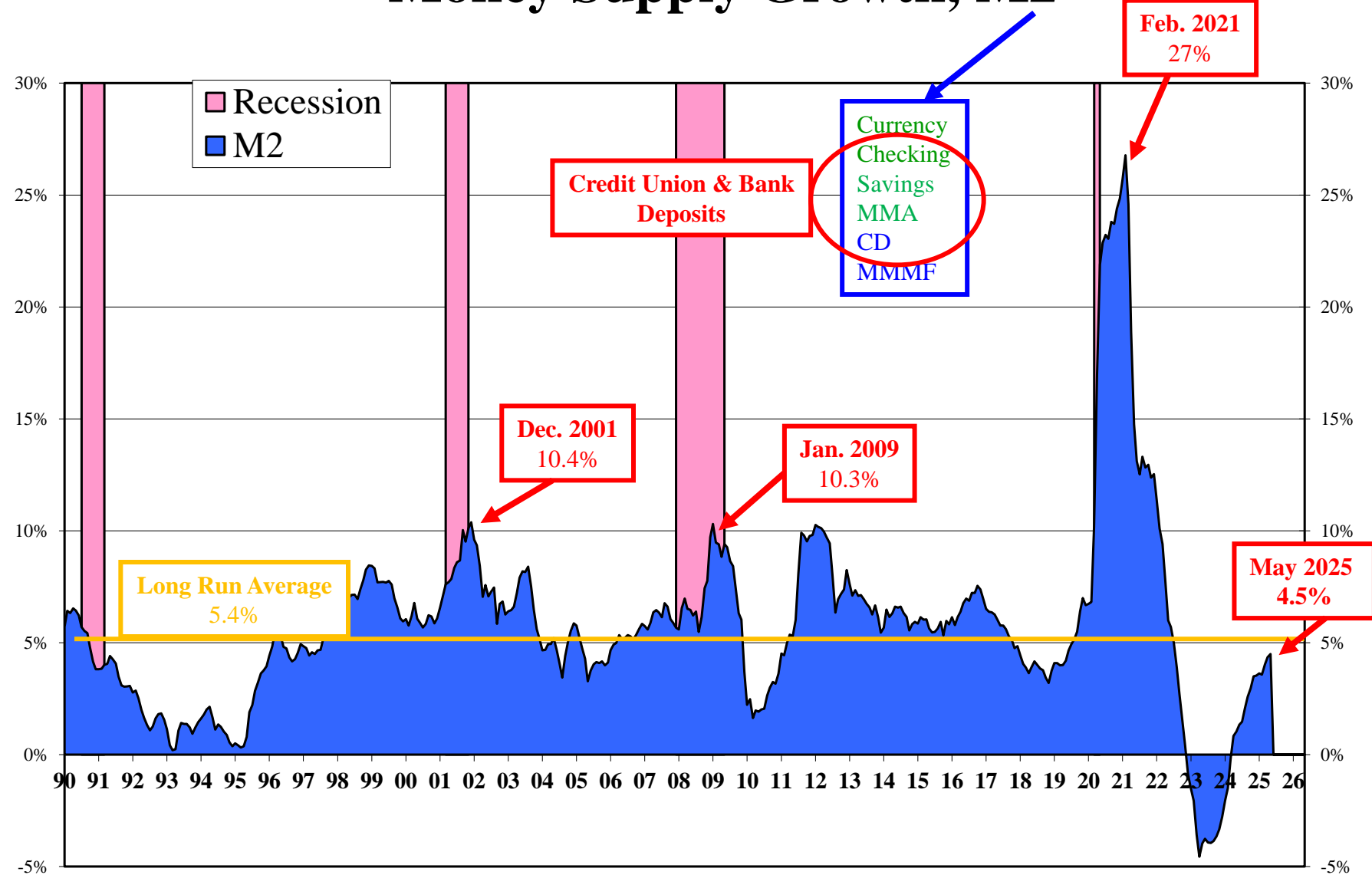
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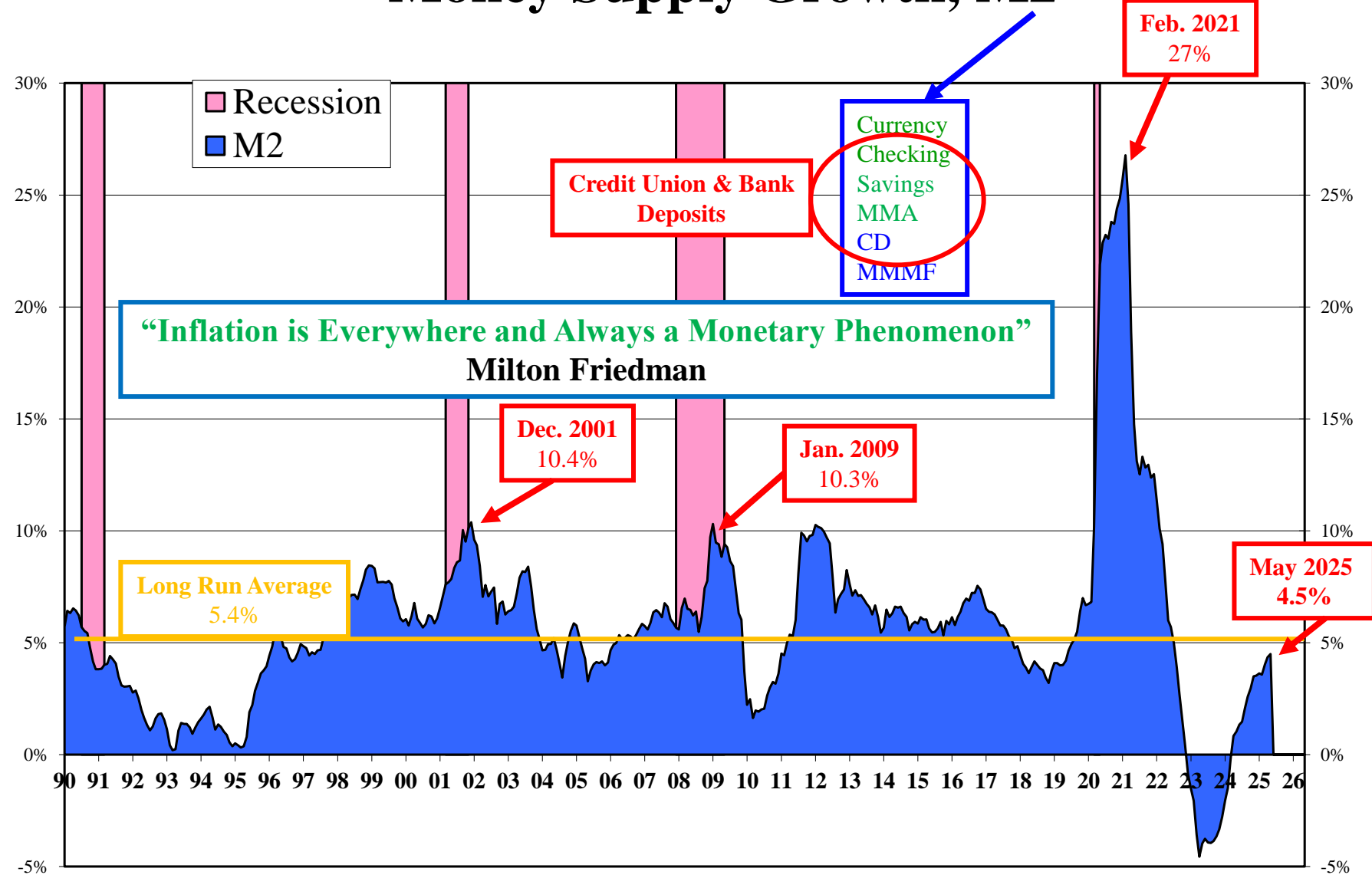
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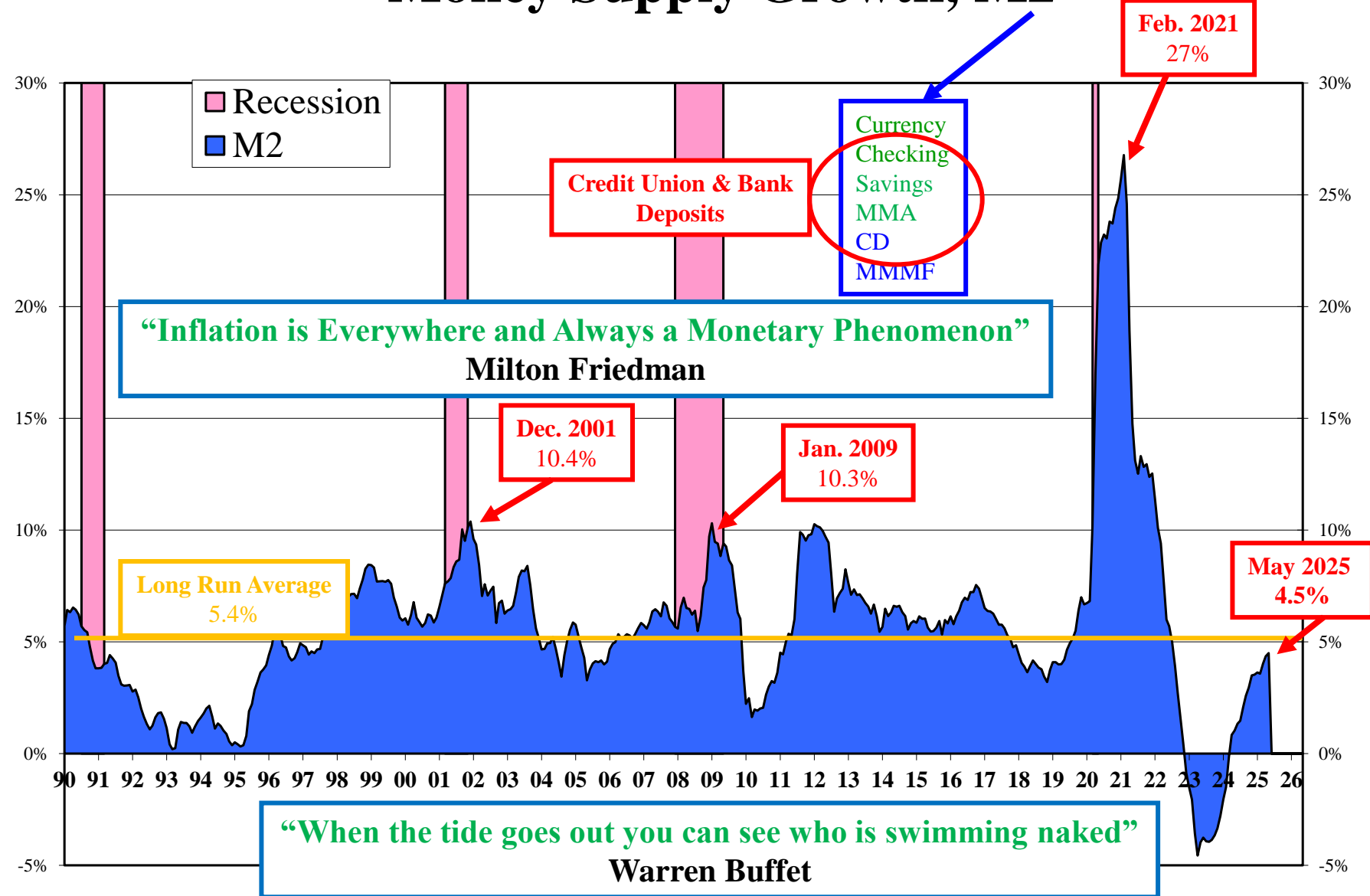
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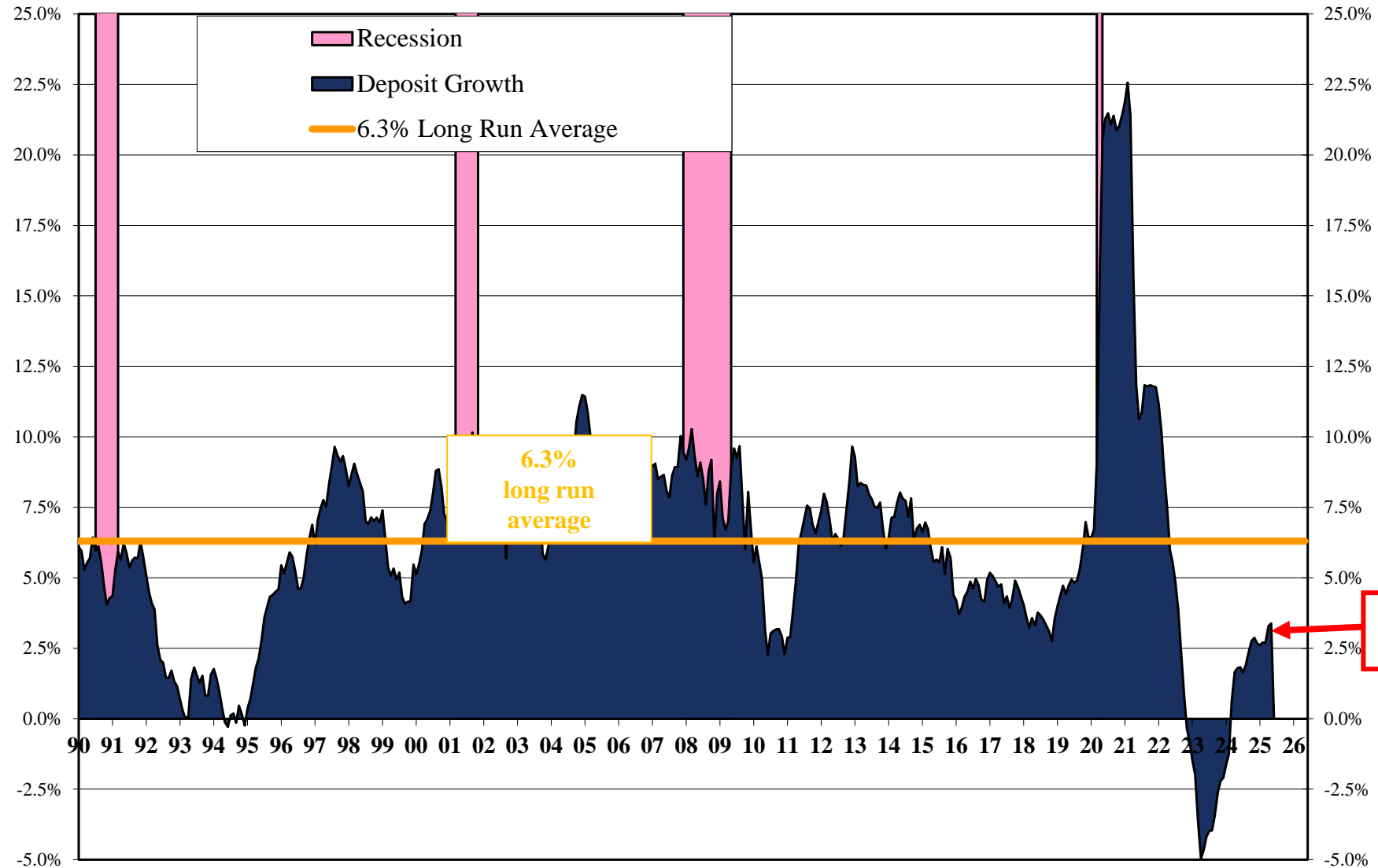
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Money Supply Growth, M2



Bank Deposit Growth

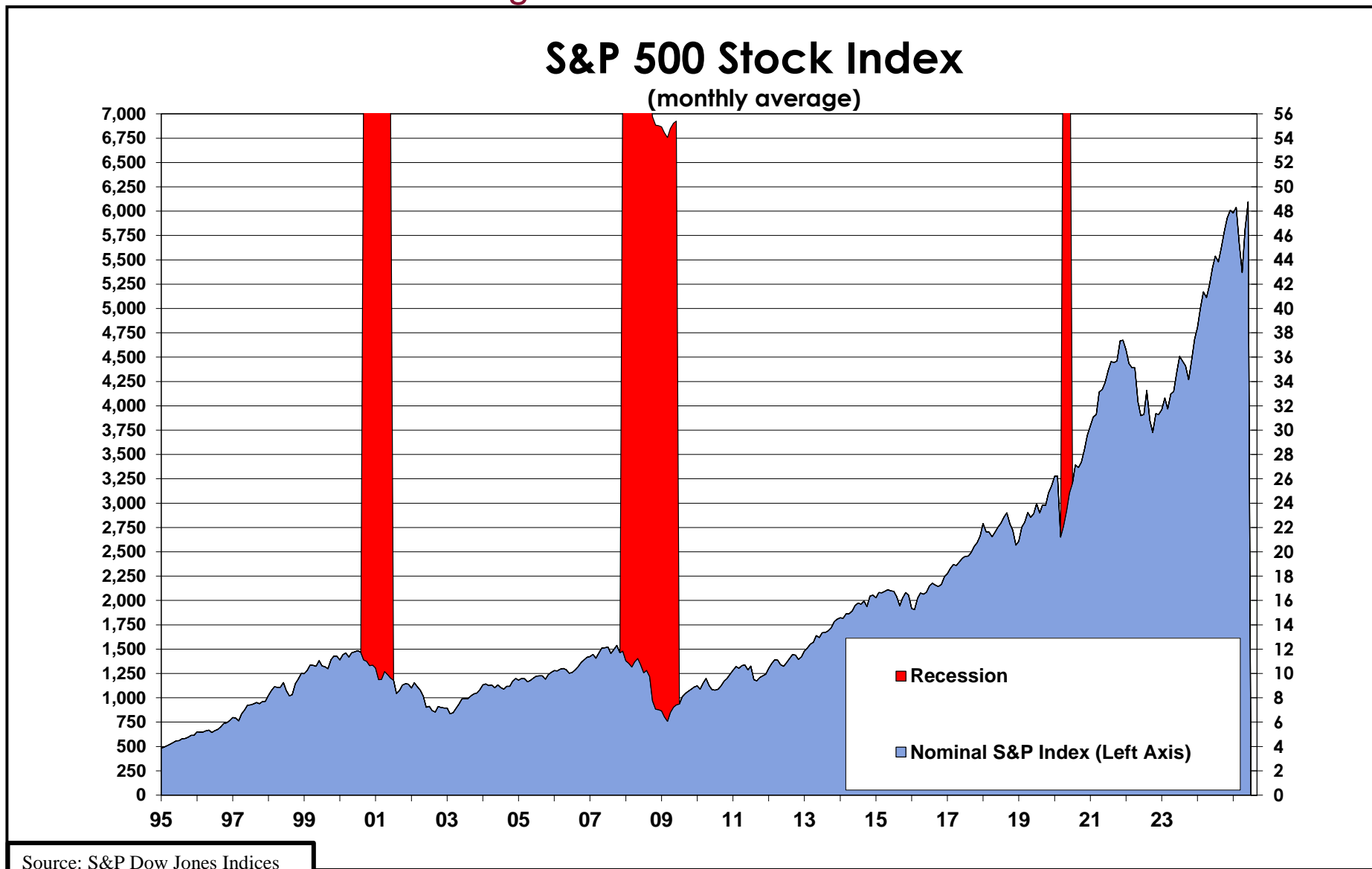


Shiller PE Ratio

Price earnings ratio is based on average inflation-adjusted earnings from the previous 10 years.

Cyclically Adjusted PE Ratio (CAPE Ratio)

Rising Stock Prices Producing Positive “Wealth Effect” among High-Income Households



Shiller PE Ratio

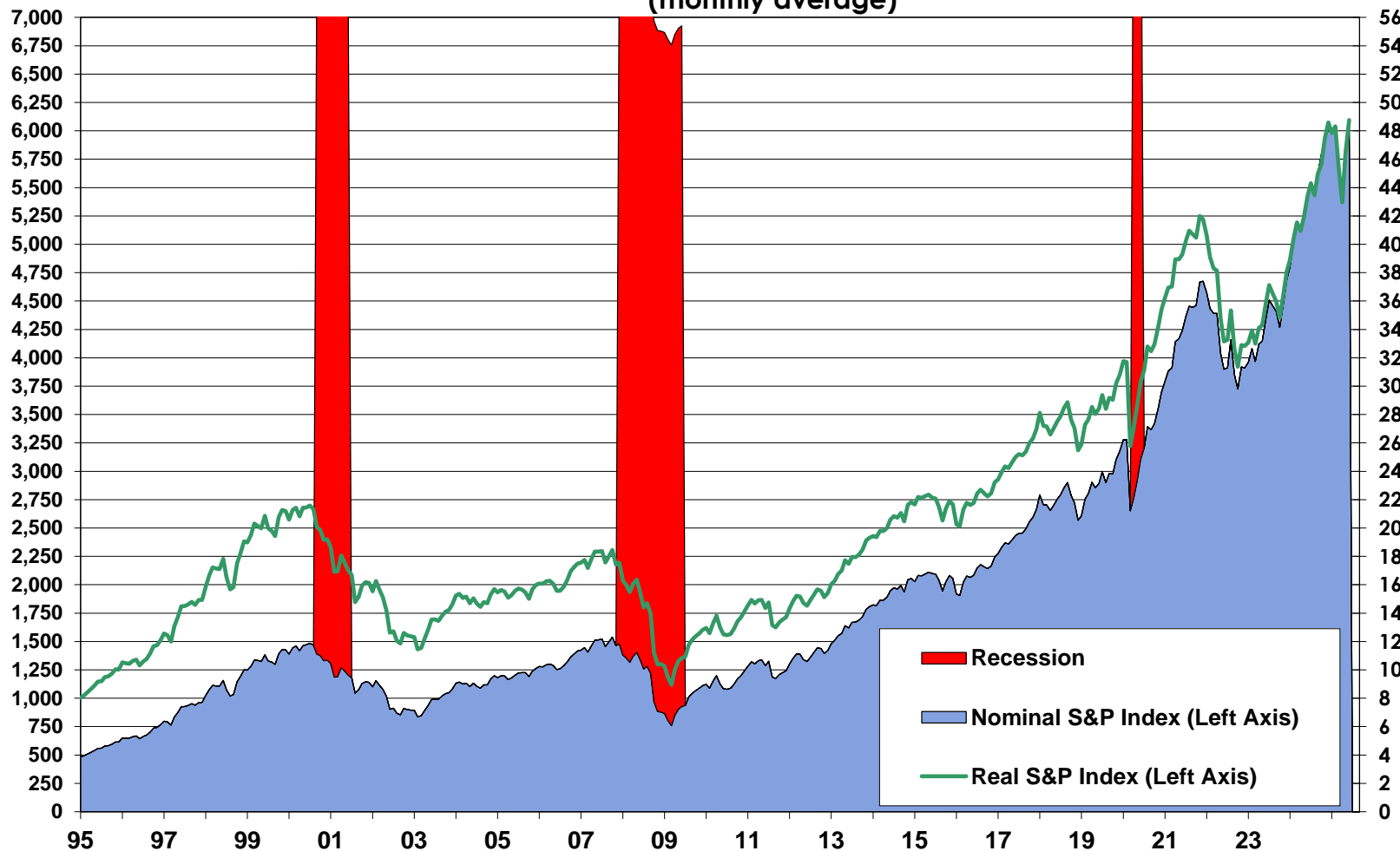
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Cyclically Adjusted PE Ratio (CAPE Ratio)

Rising Stock Prices Producing Positive “Wealth Effect” among High-Income Households

S&P 500 Stock Index

(monthly average)



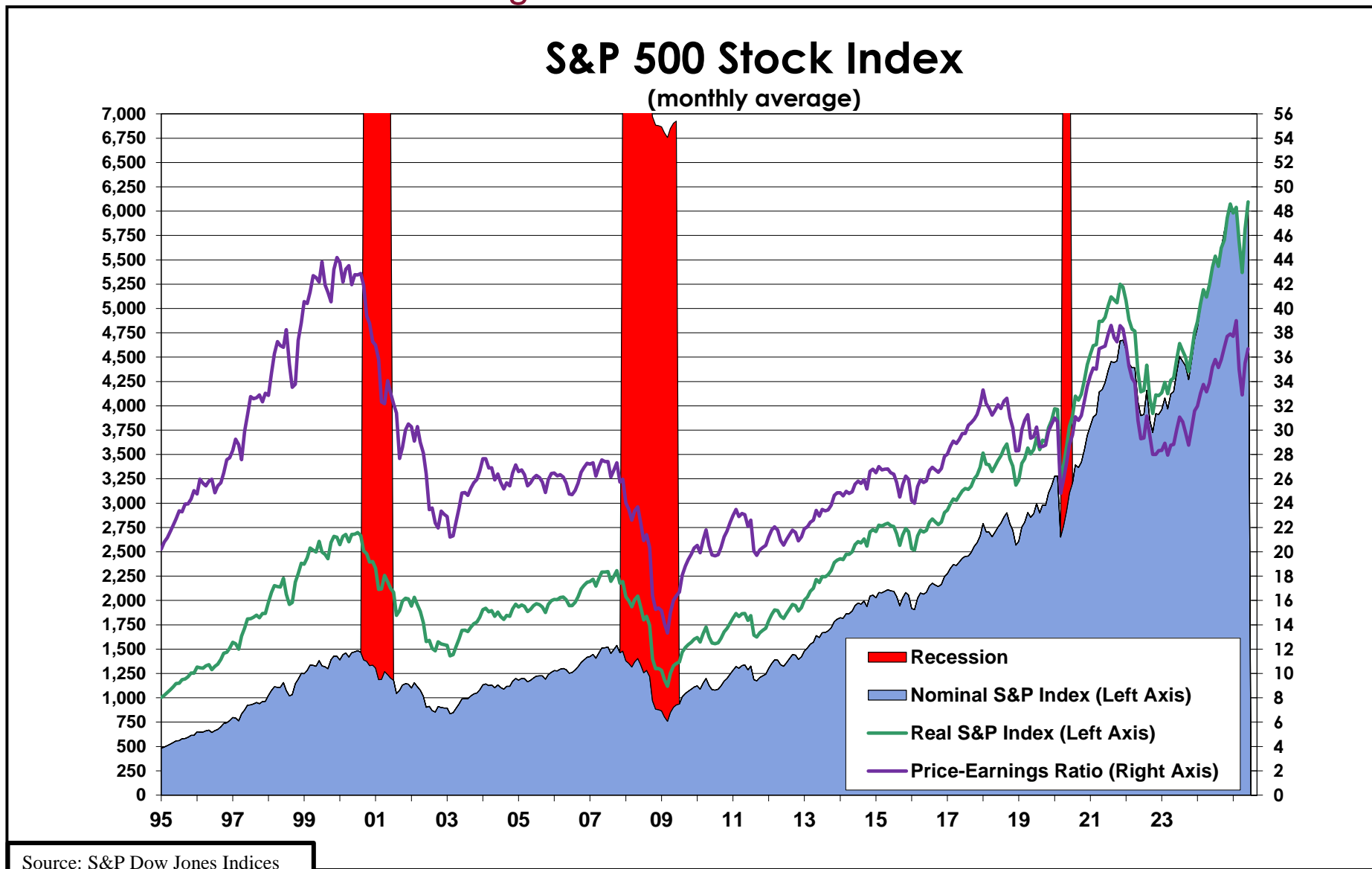
Source: S&P Dow Jones Indices

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Shiller PE Ratio

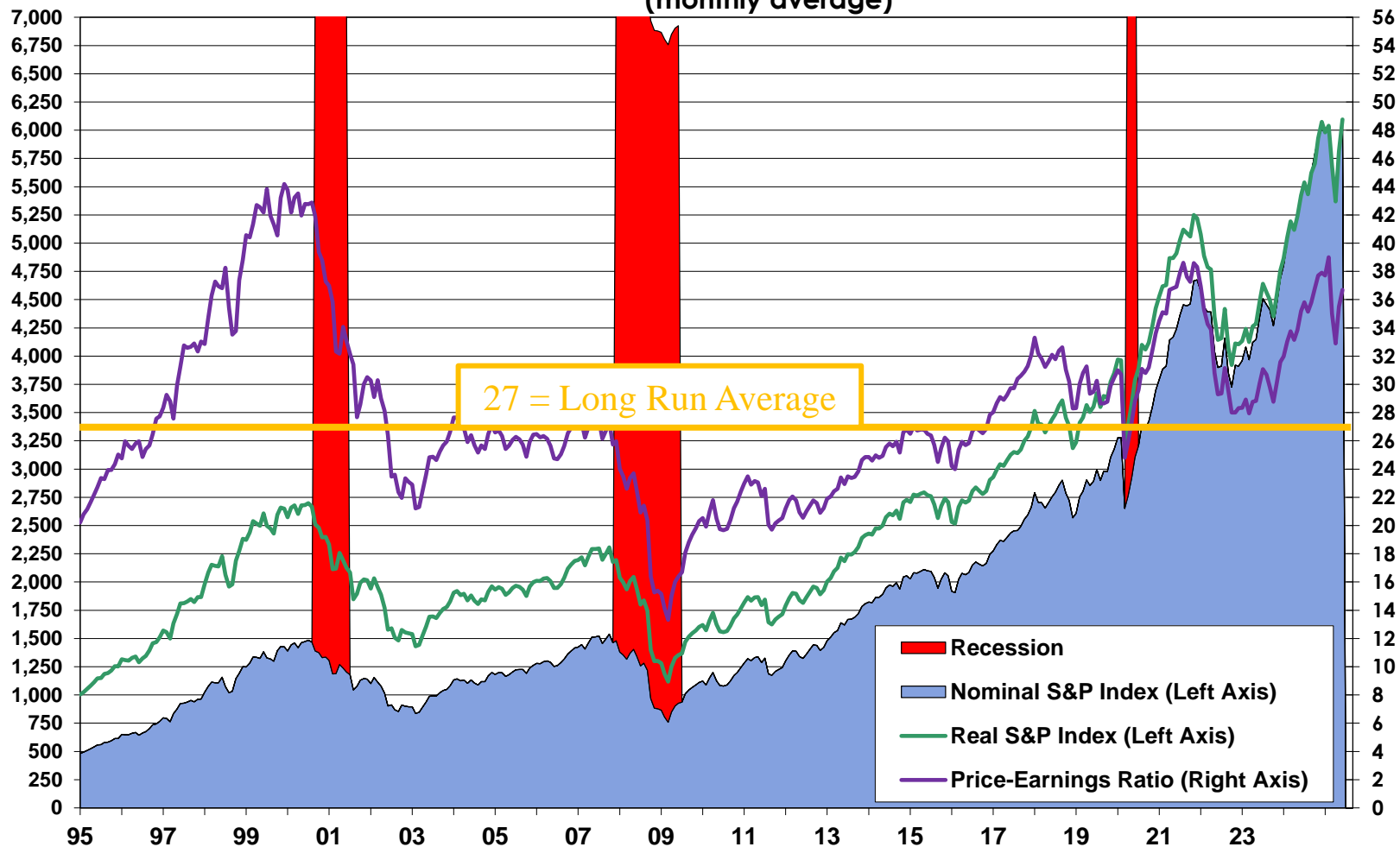
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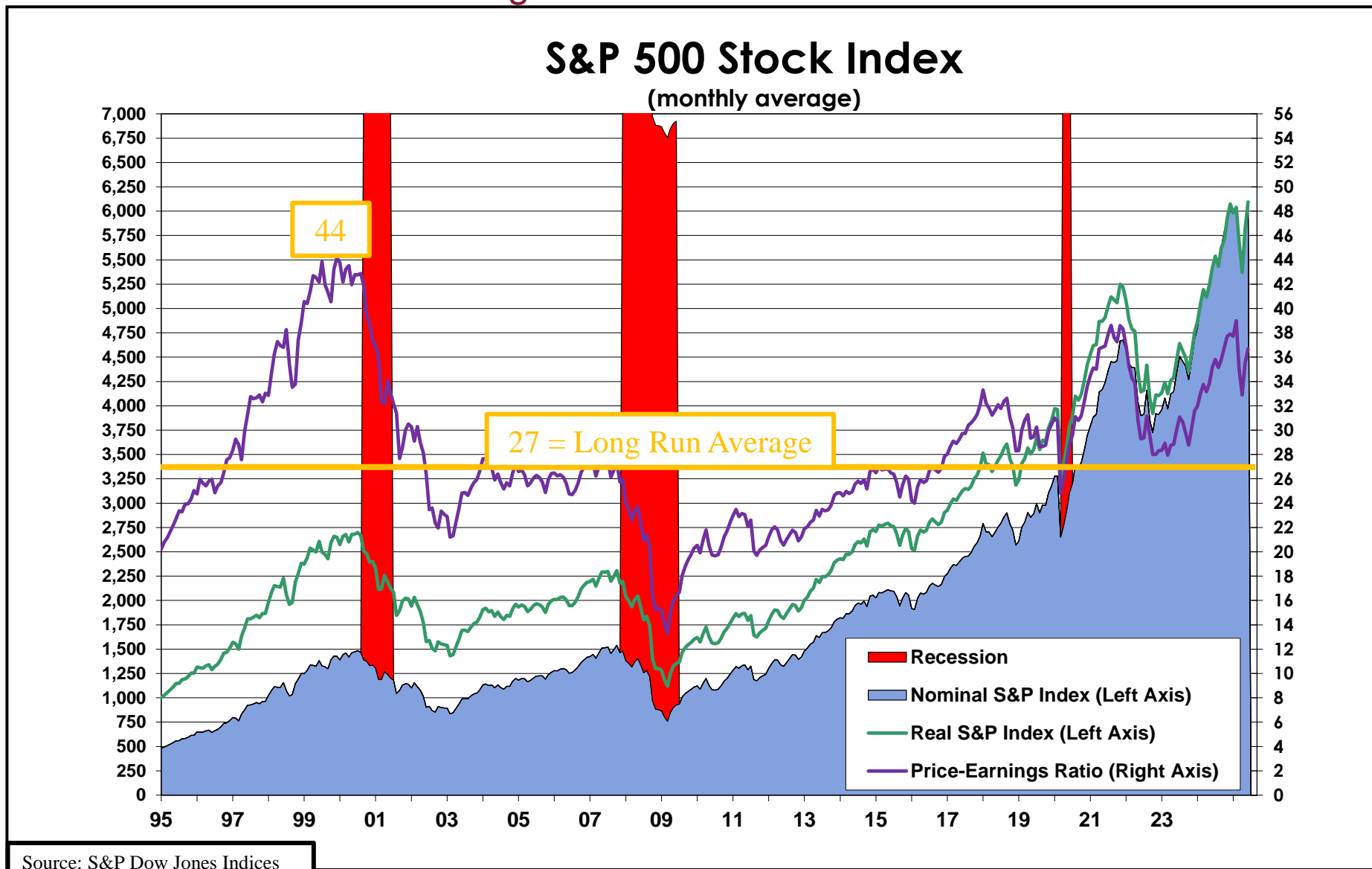
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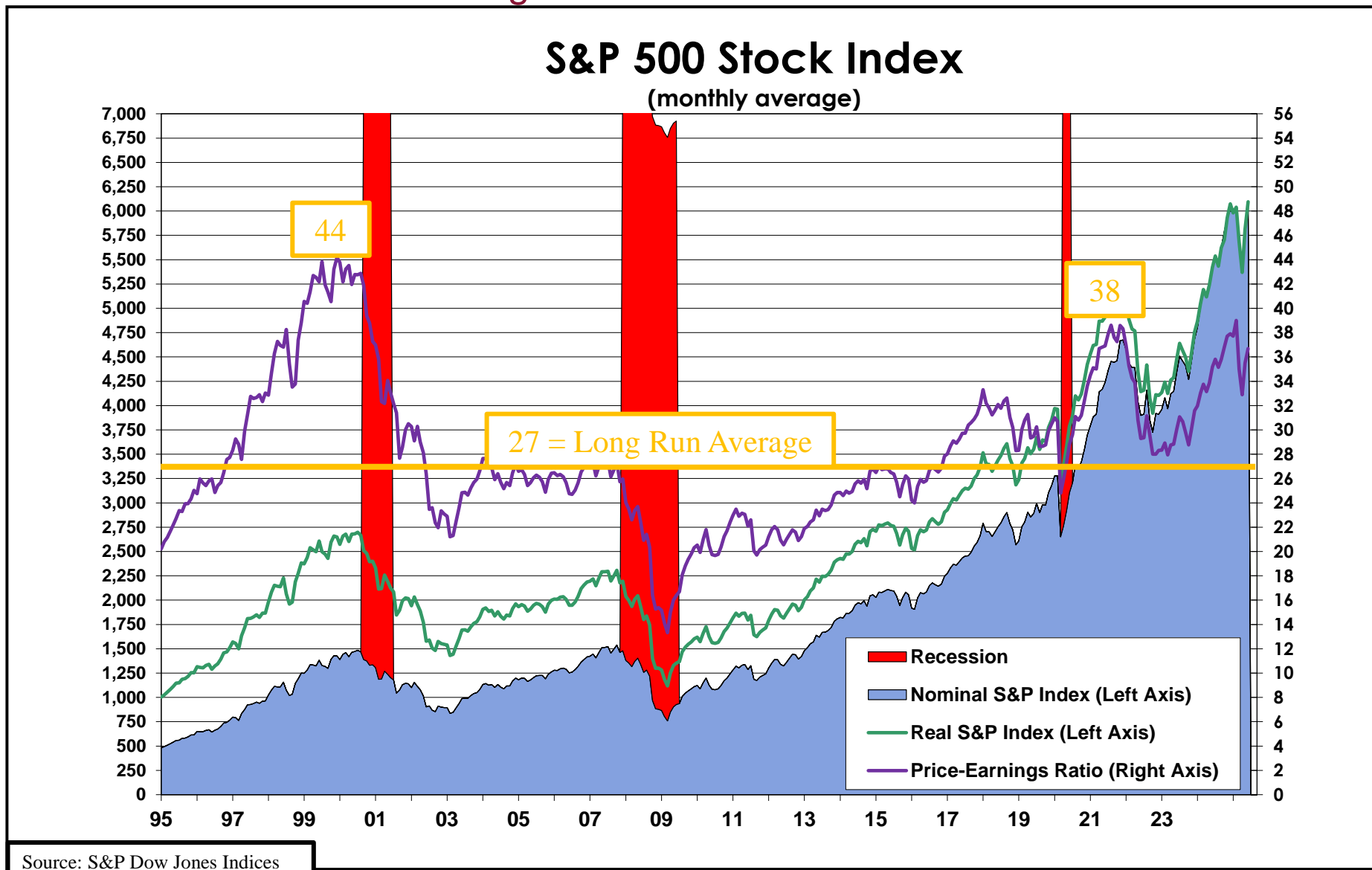


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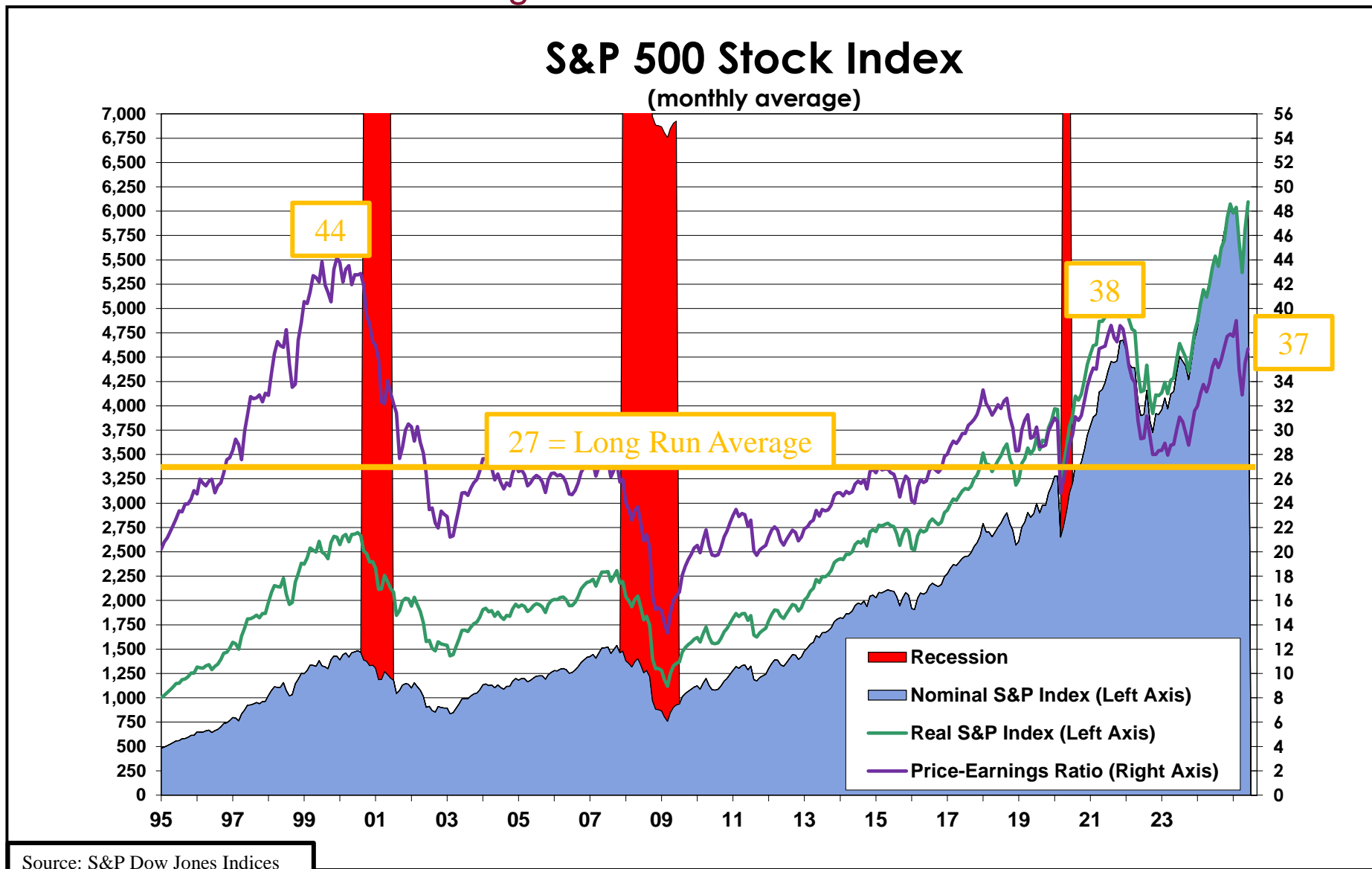


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Rising Stock Prices Producing Positive “Wealth Effect” among High-Income Households



Credit Union Balance Sheet

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Credit Union Balance Sheet

Assets

Assets	Credit Union Balance Sheet	Liabilities + Capital

Credit Union Balance Sheet

Assets

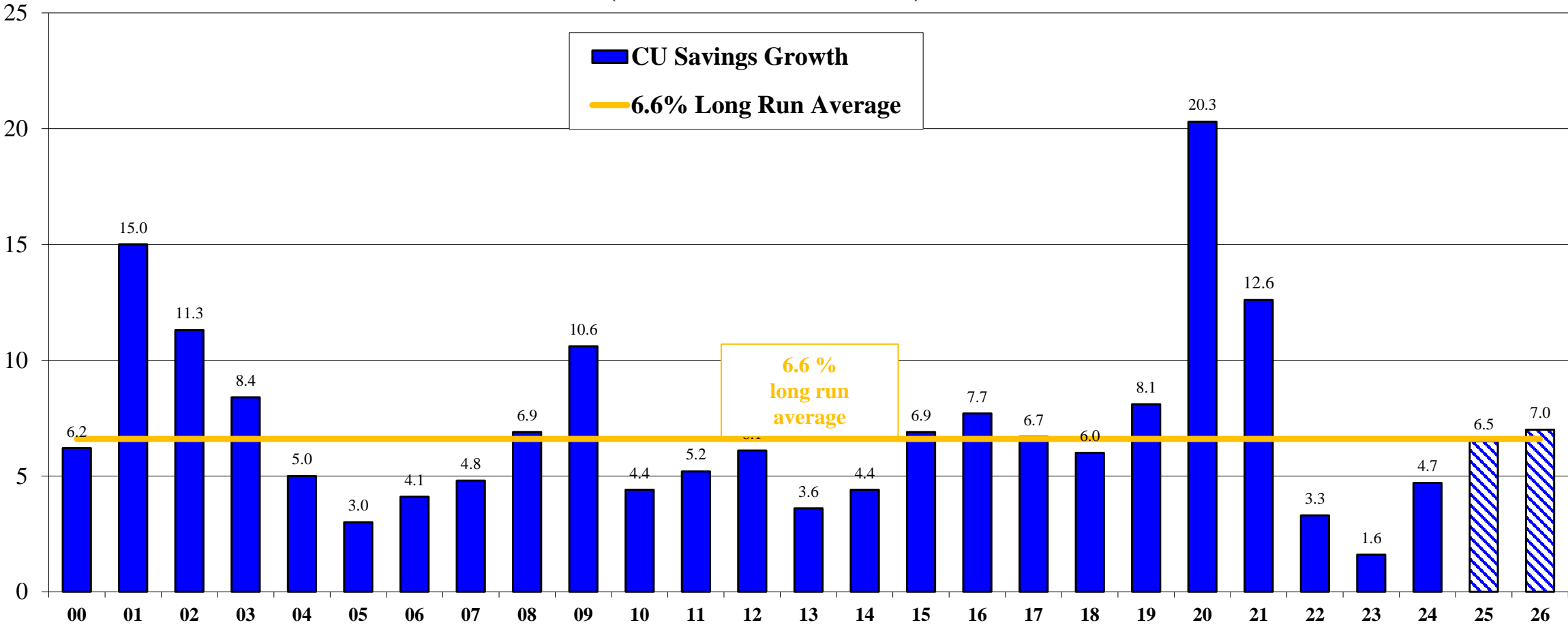
Liabilities + Capital

Deposits

- Checking Accounts
- Savings
- Money Market Deposits
- Certificates of Deposits

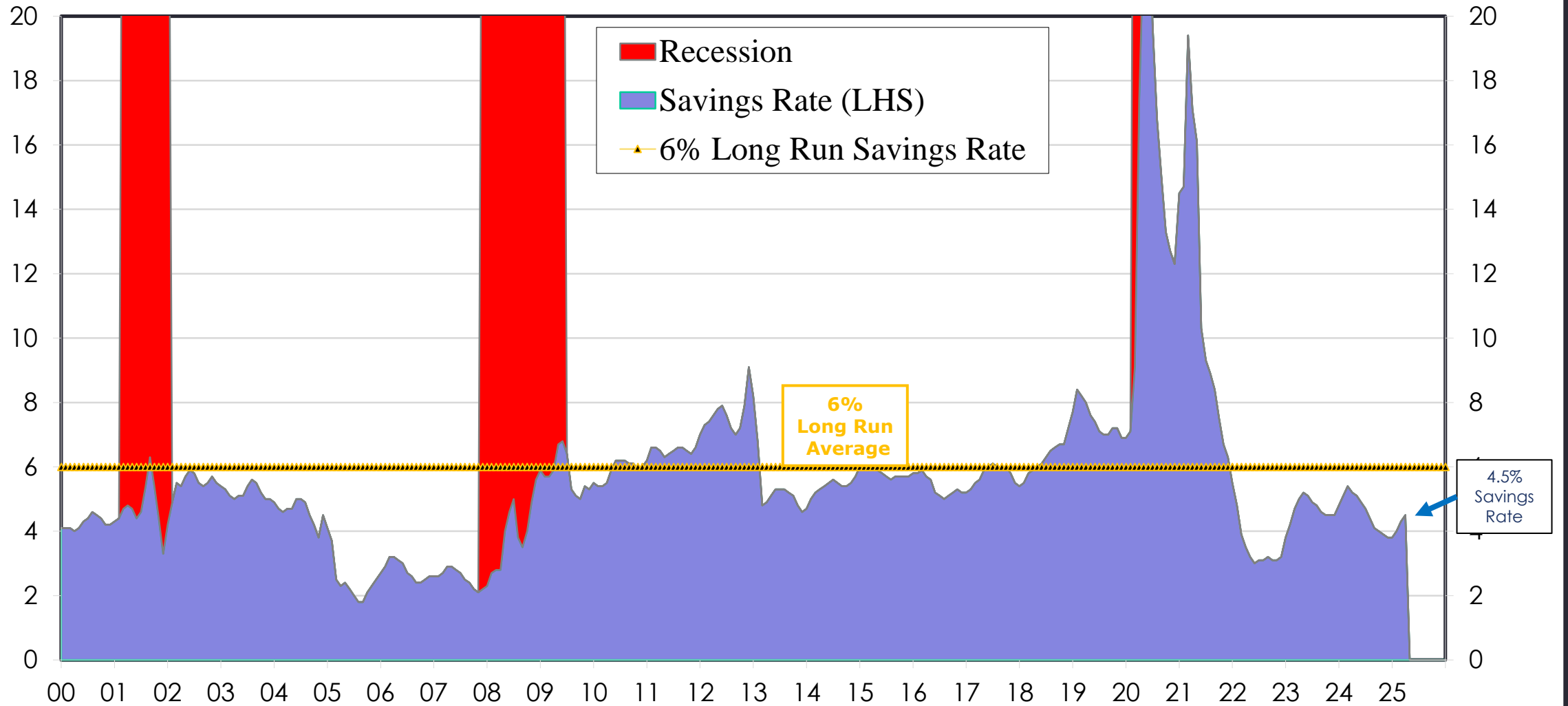
Stronger Credit Union Savings Growth

Credit Union Savings Growth
(Annual Percent Growth)



Personal Savings Rate

[3-month moving average (Personal Savings/DPI)]



Credit Union Balance Sheet

Assets

Liabilities + Capital

Cash (Reserves)

Deposits

- Checking Accounts
- Savings
- Money Market Deposits
- Certificates of Deposits

Borrowings

- Federal Home Loan Bank
- Corporate Line of Credit
- Fed Funds Purchased
- Bank Term Funding Program

Equity (Net Capital)

1. Undivided Earnings
2. Regular Reserves
3. Gains (losses) on Available For Sale (AFS) Securities

Credit Union Balance Sheet

Assets

Liabilities + Capital

Cash (Reserves)

Fixed Assets

- Land
- Building
- Equipment

Deposits

- Checking Accounts
- Savings
- Money Market Deposits
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Borrowings

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Credit Union Balance Sheet

Assets

Liabilities + Capital

Cash (Reserves)

Fixed Assets

- Land
- Building
- Equipment

Investments

- < 1 year maturity 50%
- 1–3 year maturity 19%
- > 3-year maturity 31%

Deposits

- Checking Accounts
- Savings
- Money Market Deposits
- Certificates of Deposits

Borrowings

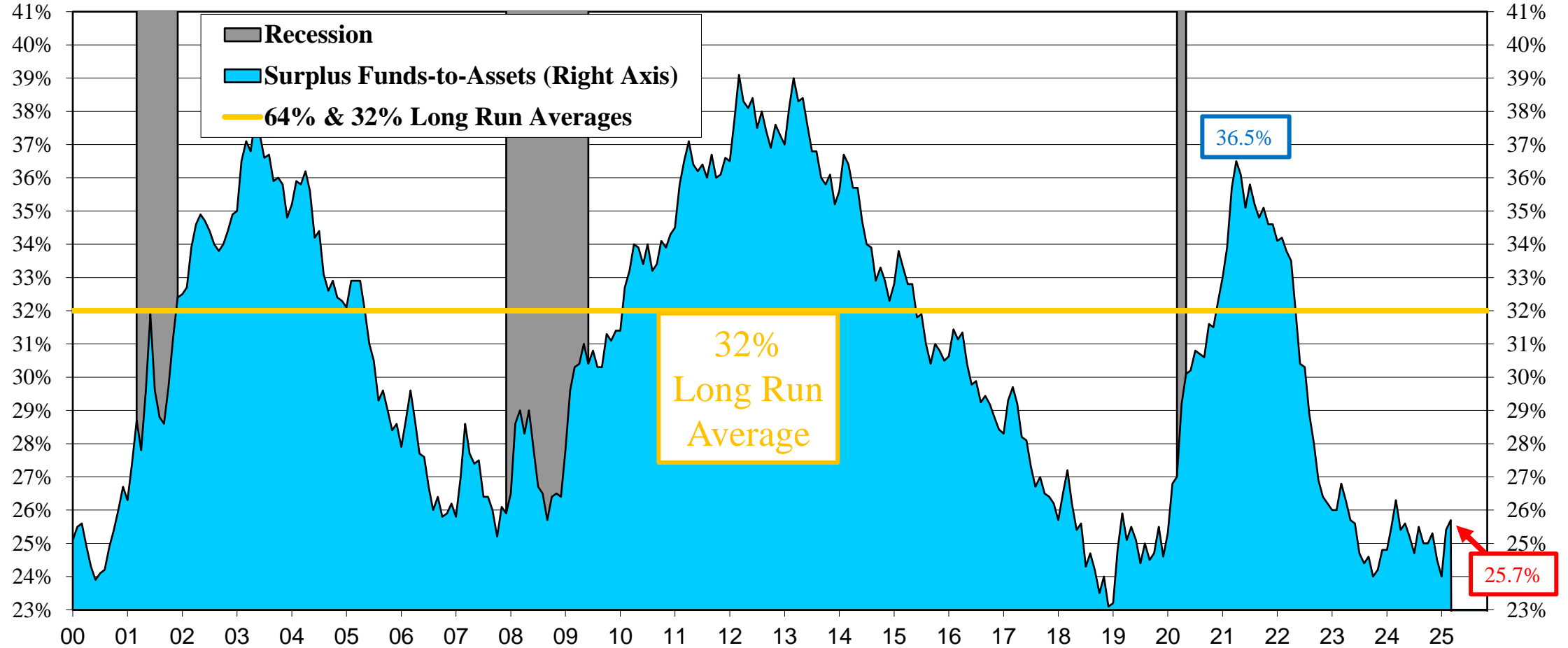
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Equity (Net Capital)

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Investments Are Low but Yields Are Rising

CU Surplus Funds (Cash + Investments)



Credit Union Balance Sheet

Assets

Liabilities + Capital

Cash (Reserves)

Fixed Assets

- Land
- Building
- Equipment

Investments

- < 1 year maturity
- 1–3-year maturity
- > 3-year maturity

Loans

- Commercial
- Auto
- Home
- Credit Card

Deposits

- Checking Accounts
- Savings
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Borrowings

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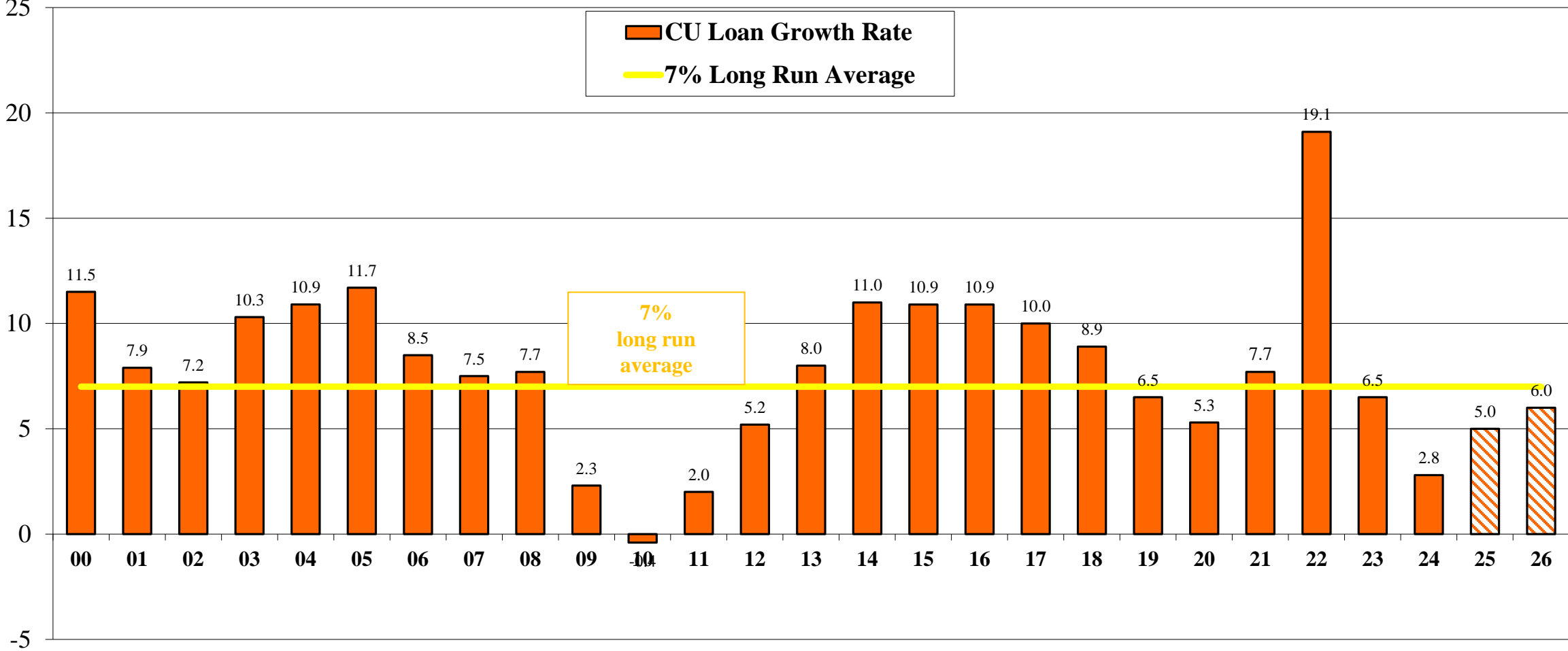
Equity (Net Capital)

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Slow Credit Union Loan Growth

Credit Union Loan Growth

(Annual Percent Growth)



Credit Union Balance Sheet

Assets

Liabilities + Capital

Cash (Reserves)

Fixed Assets

- Land
- Building
- Equipment

Investments

- < 1 year maturity
- 1–3-year maturity
- > 3-year maturity

Loans

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Deposits

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Loans

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- Home
- Credit Card

Allowance for Loan Loss

Deposits

- Checking Accounts
- Savings
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- Certificates of Deposits

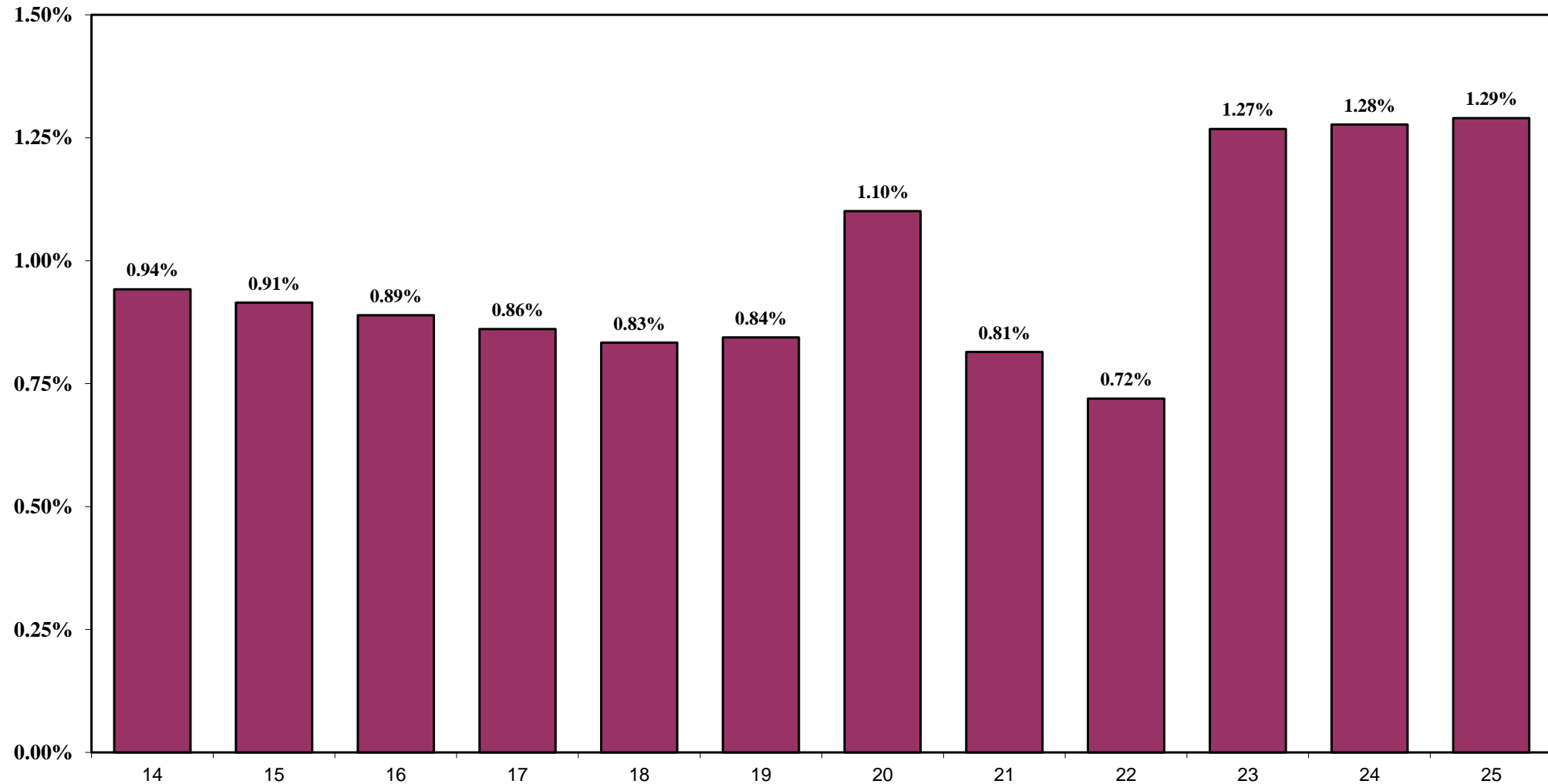
Borrowings

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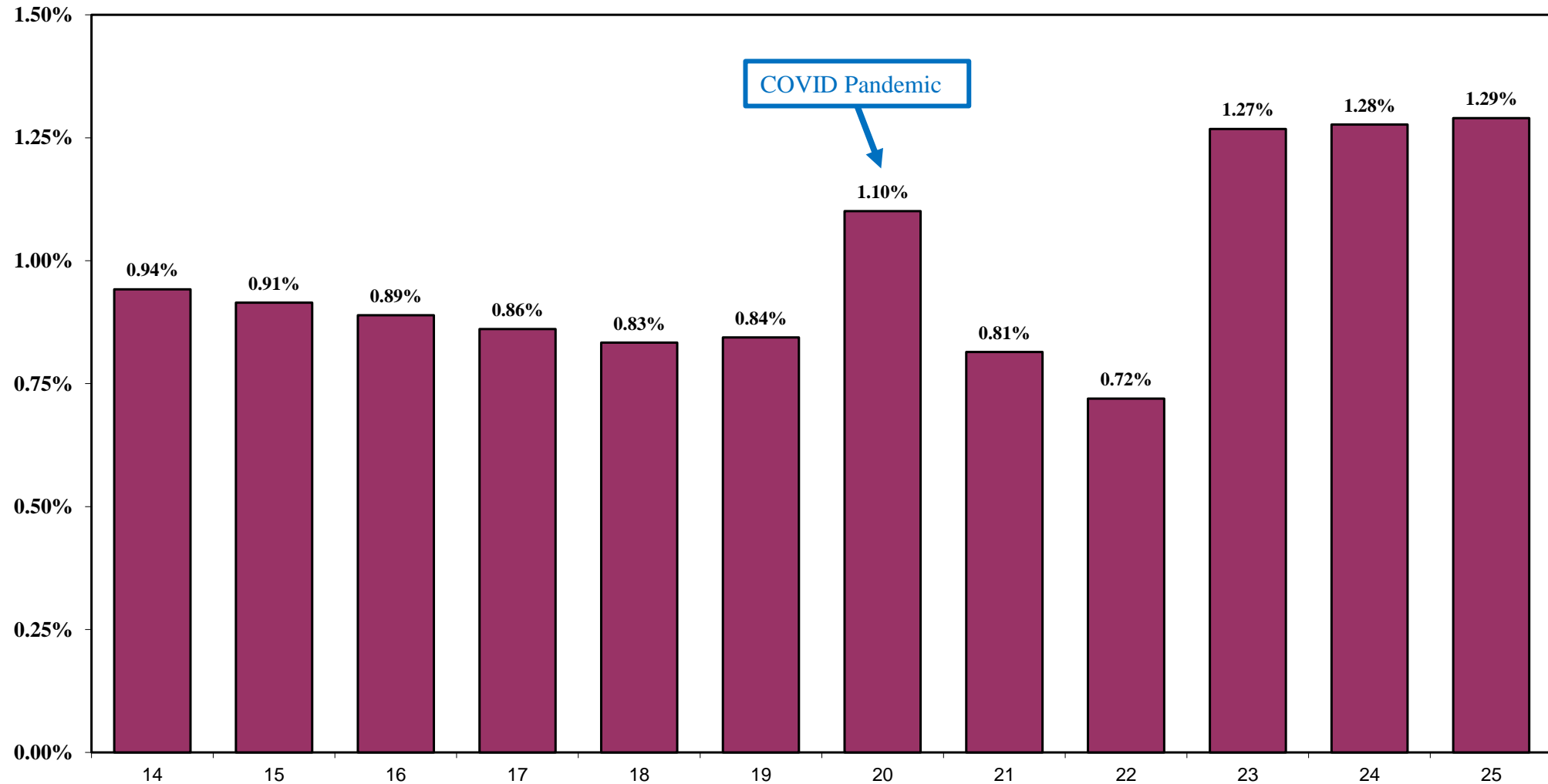
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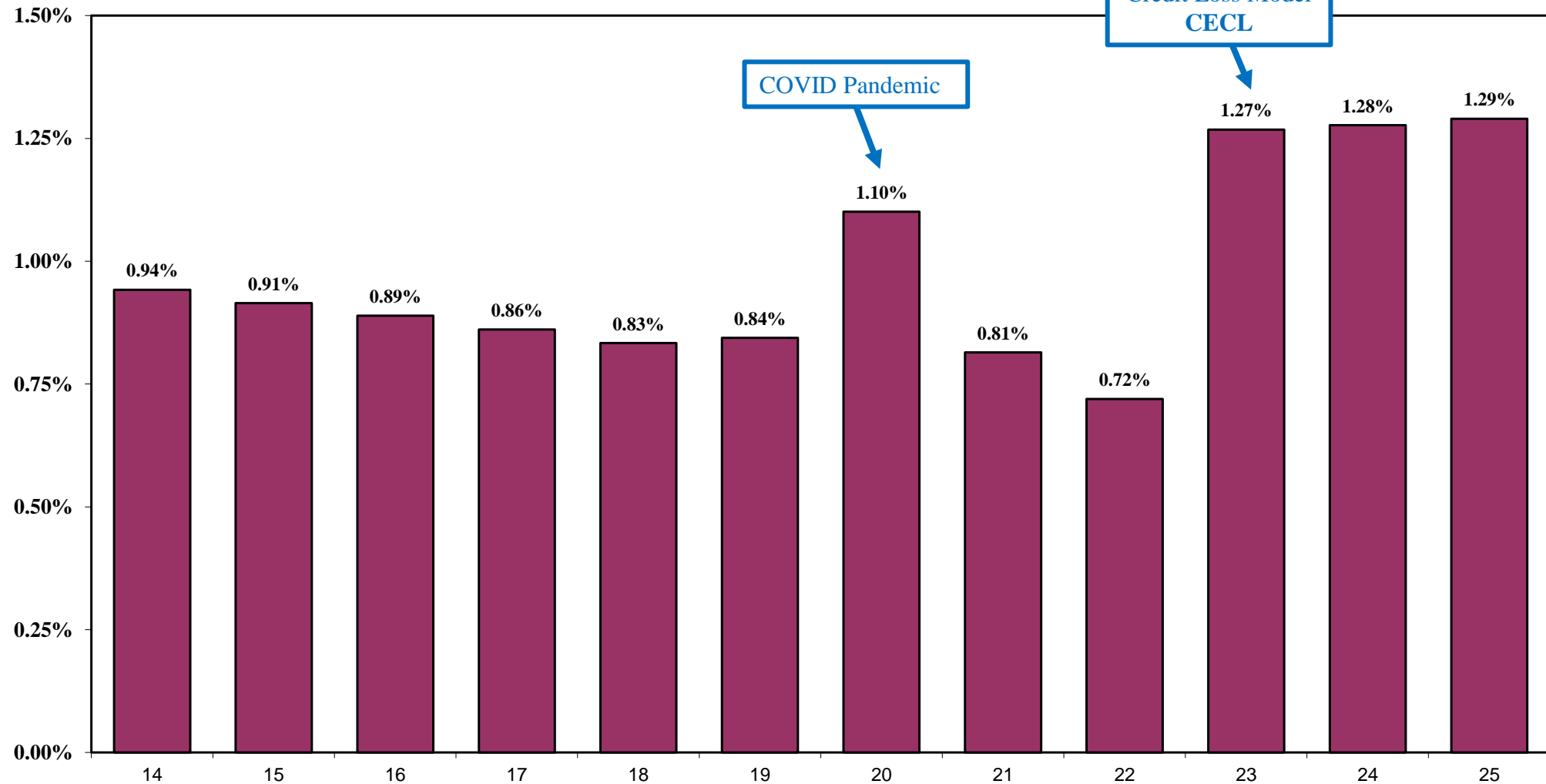
Allowance for Loan Losses (Percent of loans)



Allowance for Loan Losses (Percent of loans)

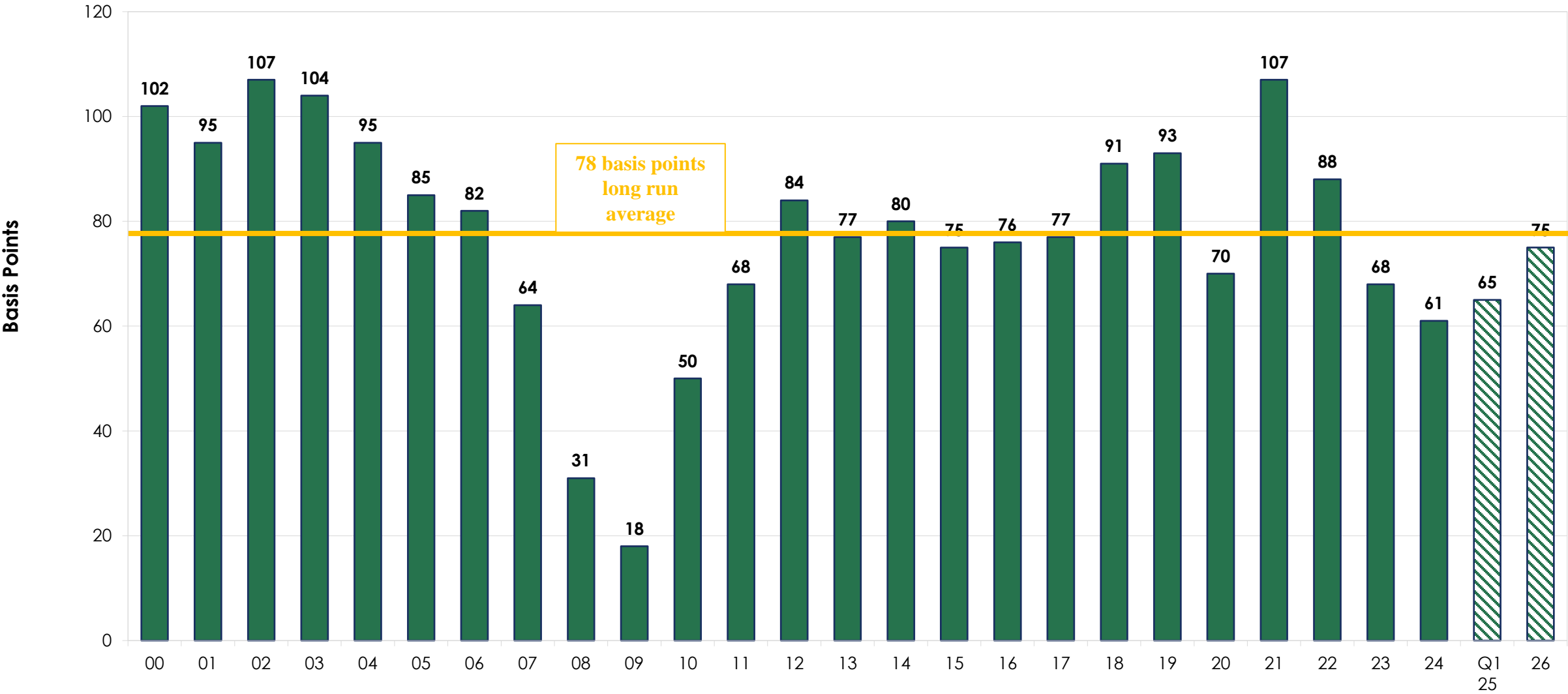


Allowance for Loan Losses (Percent of loans)



Credit Union Net Income

(Percent of Average Assets)





Economic Update Summary For 2025

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1. Below trend economic growth in 2026, (1.5%)

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2. Inflation remaining above target during the next 2 years

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5. Credit union loan growth below trend in 2026, (6%)
6. Credit Union Return on Assets expected to rise to 0.75% in 2026

