

## THE ECONOMY

### Consumer Credit Increases in November

The Federal Reserve reported consumer credit increased by \$20.37-billion in November. It was the largest monthly gain in more than eleven years.

Revolving credit, namely credit cards, increased \$5.6-billion, the third consecutive monthly increase and either a positive sign that consumers are more willing to spend or are feeling more pressure on monthly cash flows and have resorted to using their credit cards to pay the bills.

Non-revolving credit, including most consumer loan activities, increased \$14.78-billion. A \$6.4-billion increase associated with government-issued student loans was the principle component. Over the past twelve months, through November, government loans to students rose 31.9 percent, outpacing any other non-revolving loan category.

The increase in overall consumer credit was the thirteenth in fourteen months.

CUNA estimates that credit union revolving credit rose a modest 0.9 percent in November and has increased by a mere 2.4 percent over the past twelve months. This puts credit union market share for revolving credit at 4.5 percent, slightly higher than the 4.4 percent share at the end of 2010.

Unfortunately, the news is more discouraging for non-revolving credit as industry market share has fallen to 11.2 percent from 2010's level of 11.8 percent and 2009's 12.7 percent share. While overall non-revolving credit has increased 4.6 percent over the past year, industry credit has declined 1.2 percent.

Overall consumer credit has increased by 2.3 percent in comparison to the credit union's 0.6 percent decline. This drops the industry's overall market share to 9.0 percent.

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## THE MARKETS

### Equity and Commodity Market

Indicator	9-Jan	2-Jan	Change	YE-2010
Dow Jones	12,392.7	12,217.6	175.10	11,577.5
NASDAQ	2,676.6	2,605.2	71.41	2,652.9
S&P	1,280.7	1,257.6	23.10	1,257.6
Gold	1,608.10	1,566.80	41.30	1,423.60
CRB Index	482.46	482.01	0.45	520.30
Crude Oil	101.31	98.83	2.48	92.91
Eff. Fed Funds	0.08%	0.04%	0.04%	0.17%
1-Mo. LIBOR	0.30%	0.30%	0.00%	0.26%
6-Mo. LIBOR	0.81%	0.81%	0.00%	0.46%
11th DCOFI	1.22%	1.22%	NC	1.51%
Prime Rate	3.25%	3.25%	NC	3.25%
48-mo Auto	3.41%	3.43%	-0.02%	4.05%
60-mo Auto	3.53%	3.54%	-0.01%	4.25%
15Y FR Mtg	3.23%	3.24%	-0.01%	4.20%
30Y FR Mtg	3.91%	3.95%	-0.04%	4.86%

### Treasury Yields

Term	Yesterday 9-Jan	Last Week 2-Jan	Year-end Dec-10	Last Year 1/9/2011
Eff Fed Funds	0.08%	0.07%	0.13%	0.18%
3 Months	0.01%	0.01%	0.12%	0.14%
6 Months	0.04%	0.06%	0.18%	0.17%
1 Year	0.09%	0.10%	0.26%	0.27%
2 Years	0.24%	0.24%	0.59%	0.59%
3 Years	0.36%	0.35%	0.99%	0.98%
5 Years	0.84%	0.83%	2.07%	1.96%
10 Years	1.96%	1.88%	3.29%	3.32%
30 Years	3.03%	2.89%	4.33%	4.49%

Spreads:				
3m to 2yr	0.23%	0.23%	0.47%	0.46%
2yr to 10yr	1.71%	1.64%	2.70%	2.73%
3m to 10yr	1.95%	1.87%	3.17%	3.19%

### Indicative CD, Agency and CMO Spreads\*

Term	(Index)	SimpliCD**	Agency Bullets	Agency Calls	Agency CMOs
3M	0.01%	-	0.05%	-	-
6M	0.04%	0.09%	0.06%	-	-
1Yr	0.09%	0.38%	0.10%	-	-
2Yrs	0.24%	0.59%	0.19%	0.26%	1.00%
3Yrs	0.36%	0.81%	0.28%	0.42%	1.25%
4Yrs	0.60%	-	0.28%	0.50%	1.16%