

Pricing Indicators



National Pricing Indicators
For the week beginning 8/2/2010

Highlights

- Bottom rates are falling - The lowest CD rates are now even lower (p.2)
- Noticeable decrease in the national average APY for deposit products
- No change in liquid-account APY (p.3)
- Decline in term-account APY (p.4)
- Highest premium in checking (p.5)
- Low deposit-repricing volume (p.6)
- About Market Rates Insight (p.7)

(Additional indexes and products inside)

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Trend alert - Bottom rates are falling - Even the lowest CD rates are now lower .

Even the lowest rates offered on CDs have gone lower in the past year. From July of 2009 to July of 2010, the average of the lowest rates offered on CDs dropped from an APY of 0.47 to 0.26 - a decline of 21 bps (Figure 1).

The deepest decline in the lowest rates occurred with 30-month CD, which dropped from a low of 0.75 in July of 2009 to a new low of 0.15 in July of 2010 - a drop of 60 bps. The mildest drop occurred in 3 and 6-month CDs, which already had very low minimum of 0.05 and 0.10 respectively (Figure 2). The drop in the lowest rates for CDs corresponds to the decline in the national average rate for deposits.

Figure 1 - Avg. of the lowest CD rates is getting lower

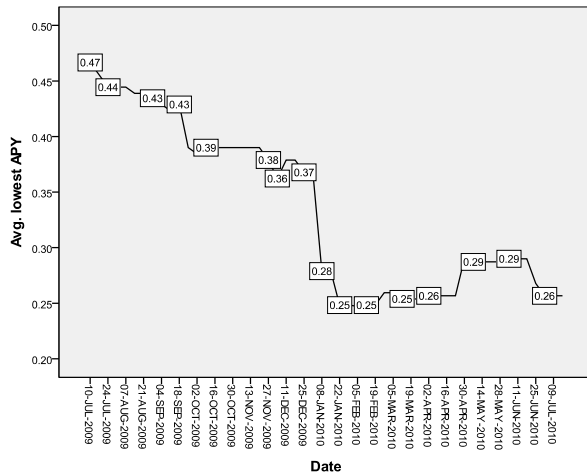
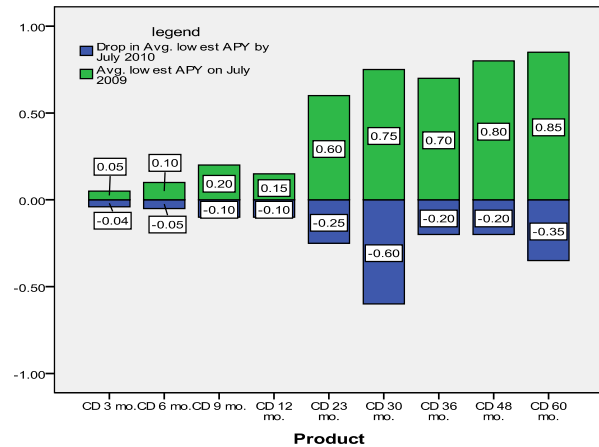


Figure 2 - Drop in the lowest CD rates since 7/2009



Summary of deposit indicators for this week

Pricing highlights

- Noticeable decrease in the national-average APY for liquid and term accounts: **-0.02**
- Change in national average for liquid accounts: **0.00**
- Change in the national average for term accounts: **-0.02**
- Highest spread between average Regular and Special in CH Basic **146 bps**
- Lowest spread between average Regular and Special in MM HiYld. **-4 bps**

Repricing highlights

- Low repricing volume. Less than a quarter (**23%**) of the products were repriced during the week.
- Highest repricing volume product - CD 3 months special: **2%**
- Lowest repricing volume product - SV HiYld: **24%**

About The National Pricing Indicators and Trend Analysis

The National Pricing Indicators (NPI) provides weekly indexes of national deposit-product pricing. In addition, NPI features a weekly Trend Analysis, which provides timely and relevant trends in deposit pricing. **NPI is a complimentary service to clients of Market Rates Insight. Regional Pricing Indicators (RPI), featuring individual states, may be obtained as a special order.**

National APY Index

The National APY index of liquid accounts features national averages for Regular Checking, Saving and MM products at a tier level of \$0 up to \$10,000, and High Yield Checking, Saving and MM products at a tier level of \$10,000 up to \$25,000.

Liquid Accounts

Change from last week

- Highest increase, **0.00**
- Highest decrease, **0.00**
- Average increase/decrease, **0.00**

Spread this week

- Highest spread Min. to Avg., **SV B/HY 0.25**
- Highest spread Avg. to Max., **SV HY 6.93**
- Average spread Avg. to Max., **2.67**

Figure 3
Avg. APY this week liquid accounts

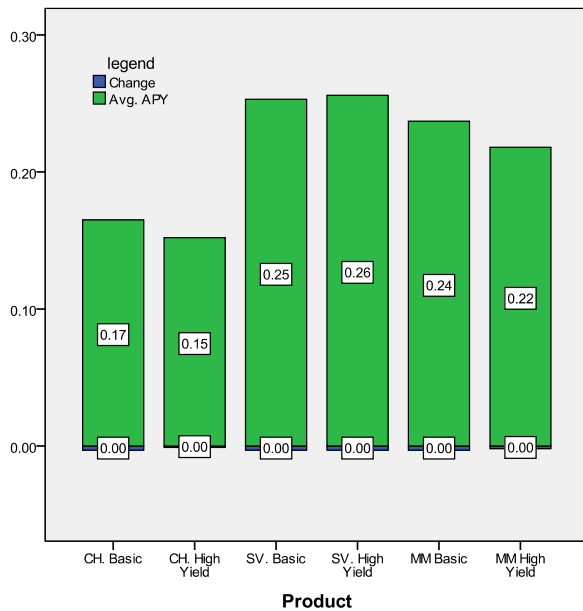


Figure 4
Spread between Min. Avg. & Max. APY

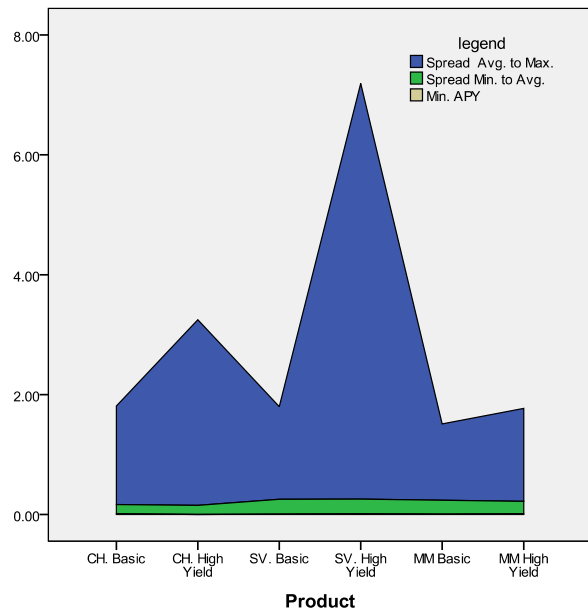


Table 1
Current APY and weekly variance

Product	Min. APY	Avg. APY	Max. APY	Last week Avg.	Change
CH. Basic	0.01	0.17	1.81	0.17	0.00
CH. High Yield	0.00	0.15	3.25	0.15	0.00
SV. Basic	0.01	0.25	1.80	0.26	0.00
SV. High Yield	0.01	0.26	7.19	0.26	0.00
MM Basic	0.01	0.24	1.51	0.24	0.00
MM High Yield	0.01	0.22	1.77	0.22	0.00

Table 2
Spread between Min. Avg. & Max. APY

Product	Min. APY	Spread Min. to Avg.	Spread Avg. to Max.
CH. Basic	0.01	0.16	1.65
CH. High Yield	0.00	0.15	3.10
SV. Basic	0.01	0.25	1.55
SV. High Yield	0.01	0.25	6.93
MM Basic	0.01	0.23	1.27
MM High Yield	0.01	0.21	1.55

Methodology: The statistical analysis in this report is based on a convenience sample of 1,300 institutions as was determined by a-priori, two-tailed test. The t-Test was based on the following parameters: Alpha=0.05; Power=0.95; Effect size=0.20.

National APY Index

The National APY index for term accounts features national averages for CDs of 3, 6, 9, 12, 24, 30, 36, 48 and 60 months, and for the tier of \$10,000 up to \$25,000. The APY consists of the average of Regular rates offered nationally.

Term Accounts

Change from last week

- Highest increase, no increase **0.00**
- Highest decrease, CD 48 months **-0.05**
- Average increase/decrease, **-0.02**

Spread this week

- Highest spread Min. to Avg., CD 60 mo. **1.44**
- Highest spread Avg. to Max. CD 48 mo. **1.48**
- Average spread Avg. to Max., **1.22**

Figure 5
Avg. APY this week liquid accounts

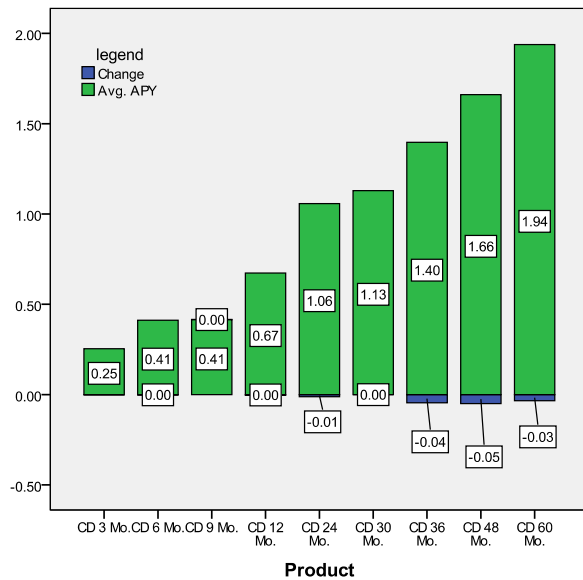


Figure 6
Spread between Min. Avg. & Max. APY

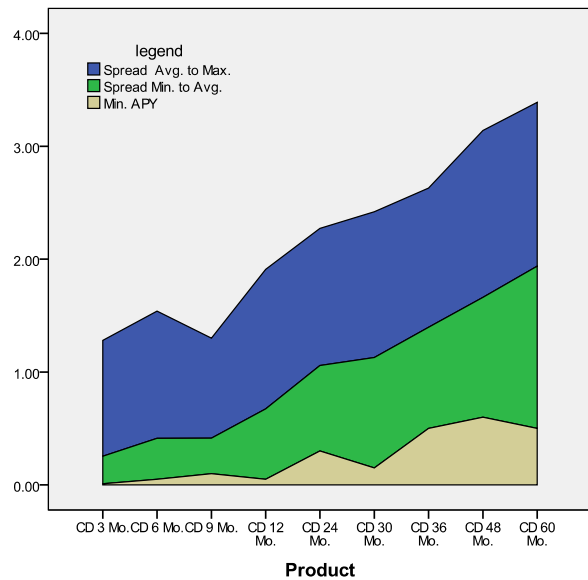


Table 3
Current APY and weekly variance

Product	Min. APY	Avg. APY	Max. APY	Last week Avg.	Change
CD 3 Mo.	0.01	0.25	1.28	0.26	0.00
CD 6 Mo.	0.05	0.41	1.54	0.41	0.00
CD 9 Mo.	0.10	0.41	1.30	0.41	0.00
CD 12 Mo.	0.05	0.67	1.91	0.68	0.00
CD 24 Mo.	0.30	1.06	2.27	1.07	-0.01
CD 30 Mo.	0.15	1.13	2.42	1.13	0.00
CD 36 Mo.	0.50	1.40	2.63	1.44	-0.04
CD 48 Mo.	0.60	1.66	3.14	1.71	-0.05
CD 60 Mo.	0.50	1.94	3.39	1.97	-0.03

Table 4
Spread between Min. Avg. & Max. APY

Product	Min. APY	Spread Min. to Avg.	Spread Avg. to Max.
CD 3 Mo.	0.01	0.24	1.03
CD 6 Mo.	0.05	0.36	1.13
CD 9 Mo.	0.10	0.31	0.89
CD 12 Mo.	0.05	0.62	1.24
CD 24 Mo.	0.30	0.76	1.22
CD 30 Mo.	0.15	0.98	1.29
CD 36 Mo.	0.50	0.90	1.23
CD 48 Mo.	0.60	1.06	1.48
CD 60 Mo.	0.50	1.44	1.45

Methodology: The statistical analysis in this report is based on a convenience sample of 1,300 institutions as was determined by a-priori, two-tailed test. The t-Test was based on the following parameters: Alpha=0.05; Power=0.95; Effect size=0.20.

Premium APY Index

The Premium APY index measures the spread between Regular APY and Special APY. The Premium Index is presented separately for liquid and term accounts. Liquid accounts are for a tier of \$0 up to \$10,000. Term accounts are for the tier of \$10,000 up to \$25,000.

Liquid Accounts

- Highest APY premium, CH Basic **146 bps**
- Lowest APY premium, MM HY **-4 bps**
- Average APY premium, **70 bps**

Figure 7
APY premium this week

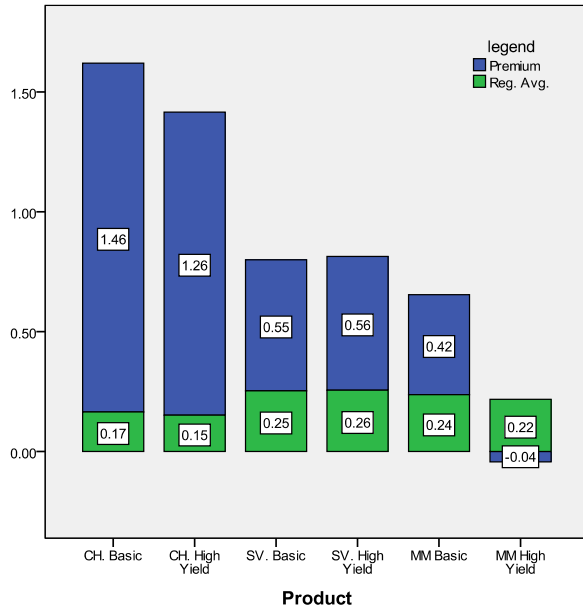


Table 5
APY premium this week

Product	Premium	Reg. Avg.	Spl. Avg.
CH. Basic	1.46	0.17	1.62
CH. High Yield	1.26	0.15	1.42
SV. Basic	0.55	0.25	0.80
SV. High Yield	0.56	0.26	0.81
MM Basic	0.42	0.24	0.65
MM High Yield	-0.04	0.22	0.18

Term Accounts

- Highest APY premium, CD 9 mo. **73 bps**
- Lowest APY premium, CD 12 mo. **21 bps**
- Average APY premium, **56 bps**

Figure 8
APY premium this week

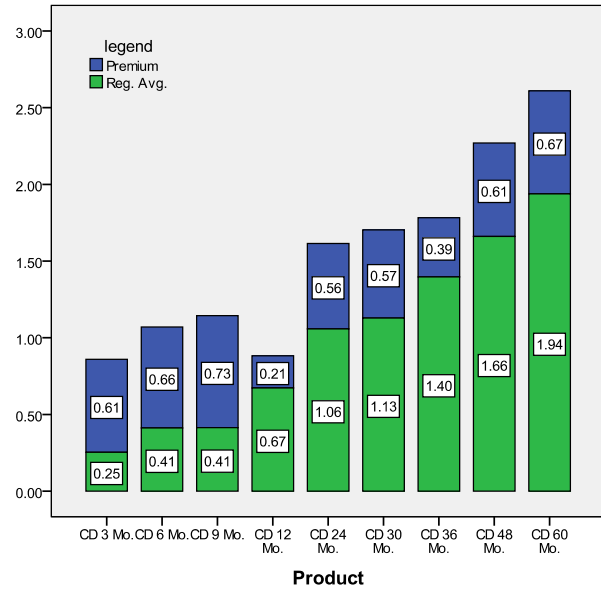


Table 6
APY premium this week

Product	Premium	Reg. Avg.	Spl. Avg.
CD 3 Mo.	0.61	0.25	0.86
CD 6 Mo.	0.66	0.41	1.07
CD 9 Mo.	0.73	0.41	1.14
CD 12 Mo.	0.21	0.67	0.88
CD 24 Mo.	0.56	1.06	1.62
CD 30 Mo.	0.57	1.13	1.70
CD 36 Mo.	0.39	1.40	1.78
CD 48 Mo.	0.61	1.66	2.27
CD 60 Mo.	0.67	1.94	2.61

Methodology: The statistical analysis in this report is based on a convenience sample of 1,300 institutions as was determined by a-priori, two-tailed test. The t-Test was based on the following parameters: Alpha=0.05; Power=0.95; Effect size=0.20.

Repricing Volume Index

The Repricing Volume Index features the volume of rate changes during the week. An index of 50% means that, on average, half of all rates, of the indicated products, have been repriced during the week. The relative repricing figure shows the percentage of change when all rate changes equal 100%.

Liquid Accounts

- Highest repricing volume, SV HiYld. **24%**
- Lowest repricing volume, CH Basic **6%**
- Average repricing volume, **17%**

Term Accounts

- Highest repricing volume, CD 60 mo. **23%**
- Lowest repricing volume, CD 3 mo. **2%**
- Average repricing volume, **11%**

Figure 9

Relative repricing volume level this week

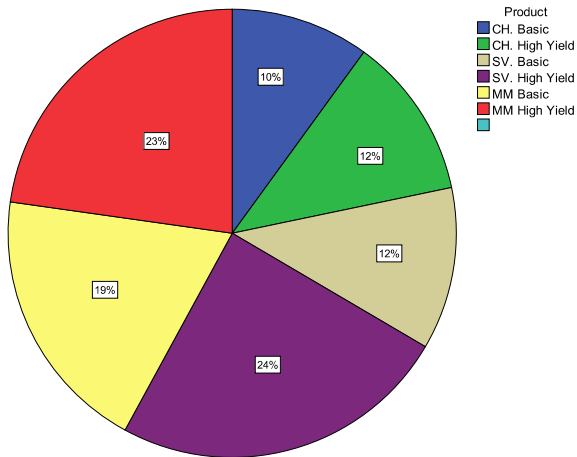


Figure 10

Relative repricing volume level this week

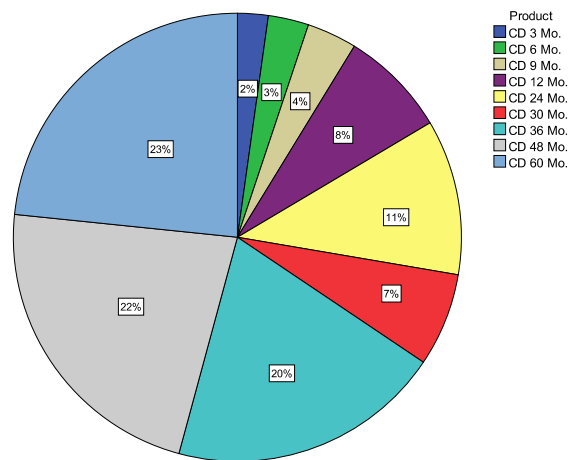


Table 7

Repricing and relative volume

Product	RePrice Volume	Relative volume
CH. Basic	3%	10%
CH. High Yield	3%	12%
SV. Basic	3%	12%
SV. High Yield	7%	24%
MM Basic	6%	19%
MM High Yield	7%	23%

Table 8

Repricing and relative volume

Product	RePrice Volume	Relative volume
CD 3 Mo.	5%	2%
CD 6 Mo.	7%	3%
CD 9 Mo.	9%	4%
CD 12 Mo.	19%	8%
CD 24 Mo.	27%	11%
CD 30 Mo.	16%	7%
CD 36 Mo.	48%	20%
CD 48 Mo.	55%	22%
CD 60 Mo.	57%	23%

Methodology: The statistical analysis in this report is based on a convenience sample of 1,300 institutions as was determined by a-priori, two-tailed test. The t-Test was based on the following parameters: Alpha=0.05; Power=0.95; Effect size=0.20.

About Market Rates Insight

Market Rates Insight (MRI) is the premier provider of competitive-pricing information and analysis to the banking industry. MRI focuses on serving the pricing needs of financial institutions—not consumers. Therefore, only MRI offers the higher level of pricing comprehensiveness and sophistication of systems demanded by the industry.

In addition to competitive-data that MRI provide to financial institutions, MRI also provides research, analysis and tracking of industry indexes to thought leaders worldwide. MRI's analysis and indicators are viewed weekly by many thousands of banking and credit union professionals through video, audio and print channels.

THE WALL STREET JOURNAL

Banks Wage Rate War for Deposits

By *DAVID ENRICH*

Consumers Benefit as Institutions Move to Shore Up Funds, but Profit Margins Suffer

Unlike previous periods of turbulence, the Fed's rate-chopping campaign isn't relieving the pressure this time. In the past, reductions in the federal funds rate have helped level off interest rates on CDs and savings accounts, according to **Market Rates Insight Inc., which tracks pricing trends for financial institutions.** "This time around, it's much more fierce," says Dan Geller, executive vice president of the San Anselmo, Calif., firm.

BusinessWeek

Should You Test-Drive a Hybrid CD?

By *David Bogoslaw*

Since June, rates for indexed CDs have climbed an average of 8.1%, while non-indexed rates have declined more than 14%, according to Dan Geller, executive vice-president of **Market Rates Insight, which provides competitive-pricing information and analysis to the banking industry.**

"This is the type of deposit that low-risk-minded people can take and sleep well at night because, unlike investing in the stock market or a mutual fund, it will not impact your principal adversely if the market goes down," he says. "Granted, the return potential is not as

AMERICAN BANKER

On Focus and In Depth

To Predict Deposit Rates, Take a Look at Jobs Data

By *Katie Kuehner-Hebert*

When the unemployment rate is high and economic activity low, the need for deposits to fund loans is less acute, said Dan Geller, executive vice president at **Market Rates Insight, a San Anselmo, Calif., firm that tracks deposit pricing.** That means banks can pay "the minimal amount they can get by with on deposits."

The Market Rates Insight study found that nearly 80% of the movement in the national average rate on

CREDIT UNION TIMES

Short-Term CDs a Hot Commodity

By *Michelle Samaad*

"It's a mixture of uncertainty and the job market," said Dan Geller executive vice president of **Market Rates Insight, a San Anselmo, Calif. firm that tracks rates loans, fees and rates.** "The bottom line is people prefer to make short-term commitments in case they need the funds."

According to 1,300 banks and credit unions tracked by **Market Rates Insight,** the premium paid on short-term CDs increased from 66.3% in January to 100.4% in September, an increase of 34.1%. Short-term CDs are defined as those with a one year or less term. Mean-