

# Pricing Indicators



**National Pricing Indicators**  
For the week ending 10/23/09

## Highlights

- **Deposit safety supersedes deposit return. National deposit are up while APY is down** (page 2).
- No change in the national-average APY for CD & MM (0.00)
- Moderate repricing volume. Exactly half (50%) of deposit products were repriced this week.

*(Additional indexes and products inside)*

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### Summary of Findings for this week

#### National APY

- No change in the national-average APY for CDs and MM **0.00**
- Highest increase, **CD 48 mo. Spl. +0.16**
- Highest decrease, **CD 6 months Spl. -0.06**
- Aggregated change in average APY since the beginning of the year **-93 bps (-39%)**
- Highest spread between average Regular and Special in 60 months CD **1.01**
- Lowest spread between average Regular and Special in CD 9 months **0.36**

#### Repricing Volume

- Moderate volume. Exactly half (**50%**) of the products were repriced during the week.
- Highest repricing volume product - CD Special 60 months (121%).
- Lowest repricing volume product - CD 3 months Special, (**0%**).

### About The National Pricing Indicators

The National Pricing Indicators (NPI) is a weekly analysis of the national changes in the two main deposit products - CDs and MM.

The purpose of this analysis is to provide Pricing Executives with an indication of the state of deposit products on the national scope, and beyond specific pricing regions.

NPI contains four useful indexes - Weekly APY index, Premium APY index, Repricing Index, and historical APY. Each of these indexes is designed to provide Pricing Executives with a different prospective on pricing practices and trends.

NPI measures selected term and no term deposit products in its indexes. These deposit products are all at the \$10K tier level:

CD - Regular, and Special, 3, 6, 9, 12, 24, 30, 36, 48 and 60 months. MM - Regular and Special

NPI can be customized to specific regions upon request.

### Pricing Advisory for this week

Despite drastic decrease in national average APY for deposits from June 2008 to June 2009, the total number of deposits has substantially increased.

While the national average APY decreased by 37% (103 bps), the national deposit balance has increased by 8.4% (\$520 billion).

On June 30, 2008, the national average APY for deposits was 2.80, and the national deposit balance was \$6.22 trillion.

As of June 30, 2009, the national average APY for deposit products was 1.77, and the national deposit balance was \$6.74 trillion.

Figure 1

National average deposit APY 6/2005 to 6/2009

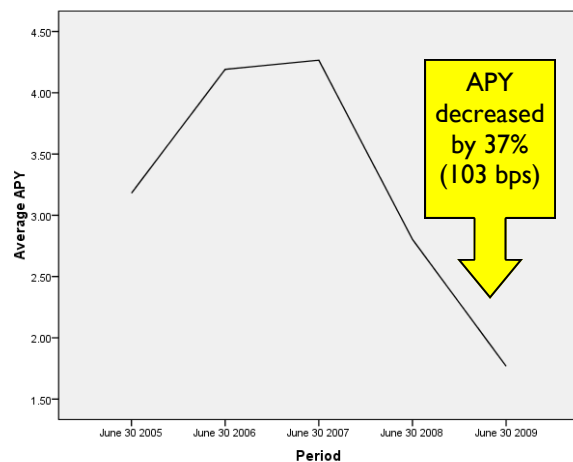
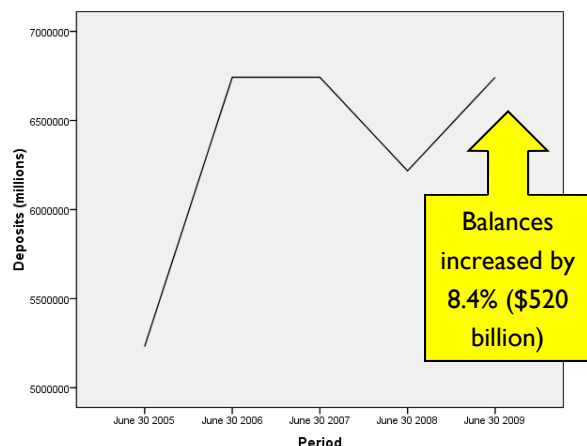


Figure 2

Total national deposits balance 6/2005 to 6/2009



### National APY Index

The APY index features national averages for the highest APY, lowest APY and average APY for regular (Reg) and special (Spl.) selected CD and MM.

In addition, it provides the average change from the previous week across all selected deposit products. Raw data is also provided.

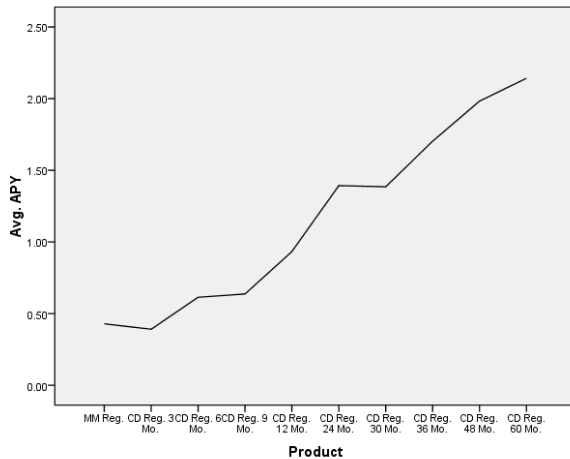
#### CD & MM Regular

- Highest increase, **No increases**
- Highest decrease, MM & CD most terms **-0.01**
- Average increase/decrease, **-0.01**

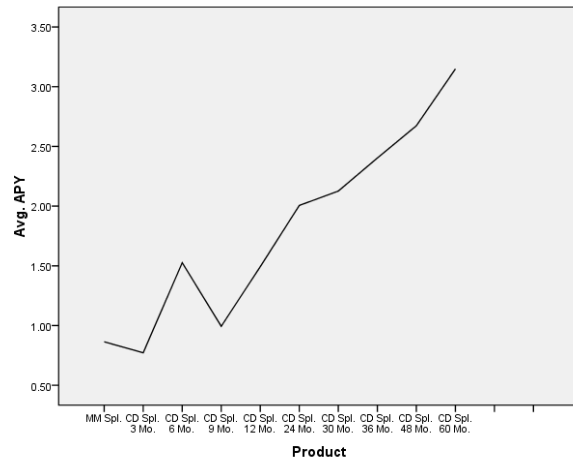
#### CD & MM Special

- Highest increase, CD 48 months **+0.16**
- Highest decrease, CD 6 months **-0.06**
- Average increase/decrease, **+0.01**

**Figure 1**  
Average APY across all products



**Figure 2**  
Average APY across all products



**Figure 1**  
APY spectrum and variance

Product	Min. APY	Max. APY	Avg. APY	Last Wk.	Change
MM Reg.	0.01	2.00	0.43	0.43	-0.01
CD Reg. 3 Mo.	0.01	1.51	0.39	0.40	0.00
CD Reg. 6 Mo.	0.10	1.75	0.61	0.62	-0.01
CD Reg. 9 Mo.	0.10	1.85	0.64	0.65	-0.01
CD Reg. 12 Mo.	0.15	2.12	0.93	0.94	-0.01
CD Reg. 24 Mo.	0.40	2.50	1.39	1.40	-0.01
CD Reg. 30 Mo.	0.40	2.75	1.39	1.39	-0.01
CD Reg. 36 Mo.	0.70	3.03	1.70	1.71	0.00
CD Reg. 48 Mo.	0.80	3.15	1.98	1.99	-0.01
CD Reg. 60 Mo.	0.85	3.51	2.14	2.15	0.00

**Figure 2**  
APY spectrum and variance

Product	Min. APY	Max. APY	Avg. APY	Last Wk.	Change
MM Spl.	0.75	1.09	0.86	0.88	-0.02
CD Spl. 3 Mo.	0.70	1.21	0.77	0.77	0.00
CD Spl. 6 Mo.	1.35	1.75	1.53	1.59	-0.06
CD Spl. 9 Mo.	0.75	1.60	0.99	1.01	-0.01
CD Spl. 12 Mo.	0.78	2.12	1.49	1.49	0.00
CD Spl. 24 Mo.	1.75	2.50	2.01	2.01	0.00
CD Spl. 30 Mo.	2.03	2.76	2.13	2.10	0.03
CD Spl. 36 Mo.	1.75	3.00	2.40	2.40	0.00
CD Spl. 48 Mo.	2.27	3.00	2.67	2.51	0.16
CD Spl. 60 Mo.	2.14	3.51	3.15	3.18	-0.03

**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

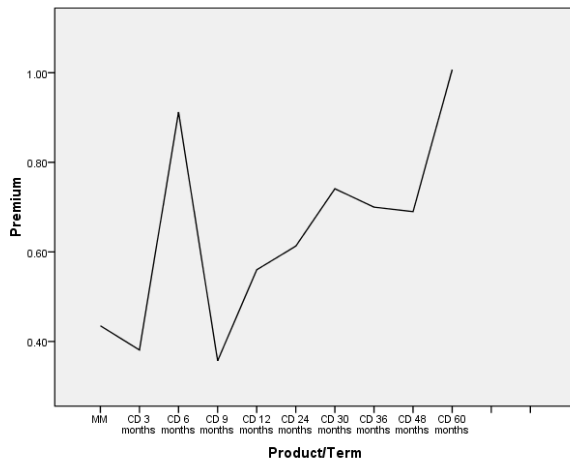
Premium APY index measures the spread between regular CDs and MM APY and Special CDs and MM APY

This spread is the premium that institutions are offering on Special products in order to attract balances.

- Highest APY premium, CD 60 months **1.01**
- Lowest APY premium, CD 9 months **0.36**
- Average APY premium, **0.64**

**Figure 3**

APY premium variance this week



**Table 3**

APY premium variance this week

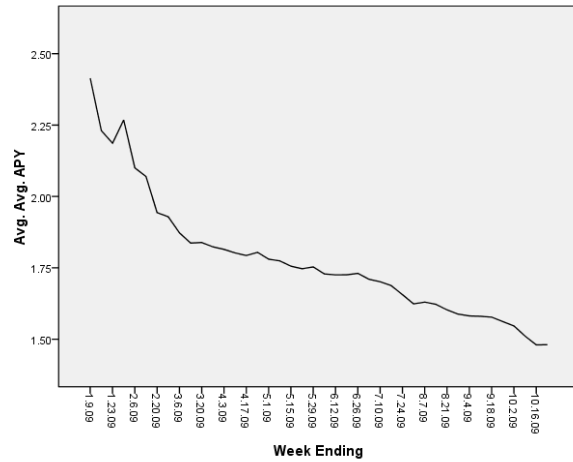
Product/Term	Reg. Avg.	Spl. Avg.	Premium
MM	0.43	0.86	0.44
CD 3 months	0.39	0.77	0.38
CD 6 months	0.61	1.53	0.91
CD 9 months	0.64	0.99	0.36
CD 12 months	0.93	1.49	0.56
CD 24 months	1.39	2.01	0.61
CD 30 months	1.39	2.13	0.74
CD 36 months	1.70	2.40	0.70
CD 48 months	1.98	2.67	0.69
CD 60 months	2.14	3.15	1.01

### Historical APY Index

- Average APY beginning of the year **2.41**
- Average APY this week **1.48**
- Cumulative increase (decrease) **-0.93**

**Figure 4**

Time series Historical APY



**Table 4**

Historical average-APY

Week Ending	Avg. RePrice Volume	Avg. Min. APY	Avg. Max. APY	Avg. Avg. APY	Avg. Last Wk.	Avg. Change
5.15.09	65%	1.05	2.83	1.76	1.77	-0.02
5.22.09	57%	1.05	2.84	1.75	1.76	-0.01
5.29.09	59%	1.04	2.86	1.75	1.75	0.01
6.5.09	55%	1.03	2.81	1.73	1.75	-0.02
6.12.09	67%	1.01	2.80	1.73	1.73	0.00
6.19.09	63%	1.00	2.79	1.73	1.73	0.00
6.26.09	55%	1.02	2.78	1.73	1.73	0.01
7.3.09	63%	1.06	2.91	1.71	1.73	-0.02
7.10.09	60%	1.05	2.76	1.70	1.71	-0.01
7.17.09	72%	1.03	2.74	1.69	1.70	-0.01
7.24.09	54%	0.98	2.86	1.66	1.69	-0.03
7.31.09	71%	1.02	2.50	1.62	1.66	-0.03
8.7.09	55%	1.02	2.53	1.63	1.62	0.01
8.14.09	62%	1.00	2.51	1.62	1.64	-0.01
8.21.09	50%	0.95	2.51	1.60	1.62	-0.02
8.28.09	58%	0.94	2.51	1.59	1.60	-0.01
9.4.09	85%	0.93	2.50	1.58	1.59	-0.01
9.11.09	57%	0.93	2.48	1.58	1.58	0.00
9.18.09	54%	0.93	2.49	1.58	1.58	0.00
9.25.09	37%	0.92	2.39	1.56	1.58	-0.02
10.2.09	51%	0.92	2.36	1.55	1.56	-0.02
10.9.09	69%	0.90	2.33	1.51	1.55	-0.04
10.16.09	50%	0.90	2.33	1.48	1.51	-0.03
10.23.09	50%	0.89	2.34	1.48	1.48	0.00

**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

Repricing Volume Index features the level of rate changes during the week. An index of 100% means that, on average, all available rates of the sample products have been repriced.

The Repricing volume Index is helpful in observing the repricing activities for the featured week, and identifying products that are being repriced more frequently than others.

#### CD & MM Regular

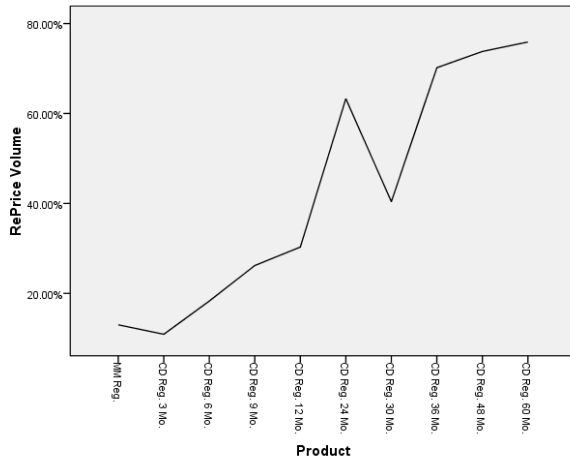
- Highest repricing volume, **CD 60 months 76%**
- Lowest repricing volume, **MM, CD 3 mo. 11%**
- Average repricing volume, **42%**

#### CD & MM Special

- Highest repricing volume, **CD 60 months 121%**
- Lowest repricing volume, **CD 3 months 0%**
- Average repricing volume, **58%**

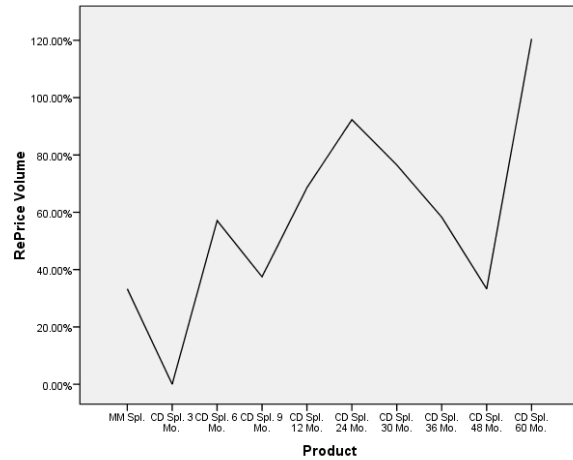
**Figure 5**

Repricing volume level this week



**Figure 6**

Repricing volume level this week



**Table 5**

Repricing volume level this week

Product	RePrice Volume
MM Reg.	13%
CD Reg. 3 Mo.	11%
CD Reg. 6 Mo.	18%
CD Reg. 9 Mo.	26%
CD Reg. 12 Mo.	30%
CD Reg. 24 Mo.	63%
CD Reg. 30 Mo.	40%
CD Reg. 36 Mo.	70%
CD Reg. 48 Mo.	74%
CD Reg. 60 Mo.	76%

**Table 6**

Repricing volume level this week

Product	RePrice Volume
MM Spl.	33%
CD Spl. 3 Mo.	0%
CD Spl. 6 Mo.	57%
CD Spl. 9 Mo.	38%
CD Spl. 12 Mo.	69%
CD Spl. 24 Mo.	92%
CD Spl. 30 Mo.	77%
CD Spl. 36 Mo.	58%
CD Spl. 48 Mo.	33%
CD Spl. 60 Mo.	121%

**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 analysis and tracking of industry indexes to thought leaders worldwide. Among them are The Wall Street Journal, American Banker, Credit Union Times, Thomson Reuters and others. MRI's analysis and indicators are viewed weekly by many thousands of banking and credit union professionals

### 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.

### 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-



#### Short-Term Focus

By Joseph Rosta

Bank customers are looking for the shortest-term, highest-yield certificates of deposit they can find, says Dan Geller, executive vice president at **Market Rates Insight.** And banks are doing their best to meet that demand in an effort to build deposits, he notes.

In a research note published last week Geller writes: "Institutions are using [special CDs] to cater to the short-term market by offering, on average, double the regular rates on CDs of one year or less." MRI compared the relative premiums of short-term and long-term CDs, and corresponding special CDS from January to September.

"Consumer preference for special short-term CDs reflects economic uncertainty and job insecurity," Geller says