



Quarterly Economic Insights

February 5, 2025



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“Quarterly Economic Insights Webinar” discussed in this presentation is the current version with effective date of February 5, 2025.

The comments today are our own and not necessarily those of Vizo Financial or the Vizo Financial membership.

Headline Concerns

Uncertainty Ahead



China retaliates with additional tariffs of up to 15% on select U.S. imports

LIVE Stocks are little changed as investors try to shake off Trump's initial tariff salvos

Trump pauses tariffs on Canada for 30 days after doing the same for Mexico

Inside the Chaotic Run-Up to Trump's Tariff U-Turn on Canada and Mexico

The past 48 hours of tariff policies have stunned markets and boardrooms across the world.

💬 1,146 ⌚ 7 min read

A U.S.-EU Trade War Would Threaten World's Richest Economic Relationship

European leaders call for cooperation with Trump but say they are ready to fight.

💬 250 ⌚ 5 min read

How Fentanyl Became Central to Trump's Tariffs

The tariffs are partly aimed at halting the flow of an opioid that has caused the overdose deaths of hundreds of thousands of Americans.

💬 142 ⌚ 5 min read

Source: Wall Street Journal

U.S. Homes Sales in 2024 Fell to Lowest Level in Nearly 30 Years

Higher mortgages rates and record home prices kept sales subdued for the second straight year

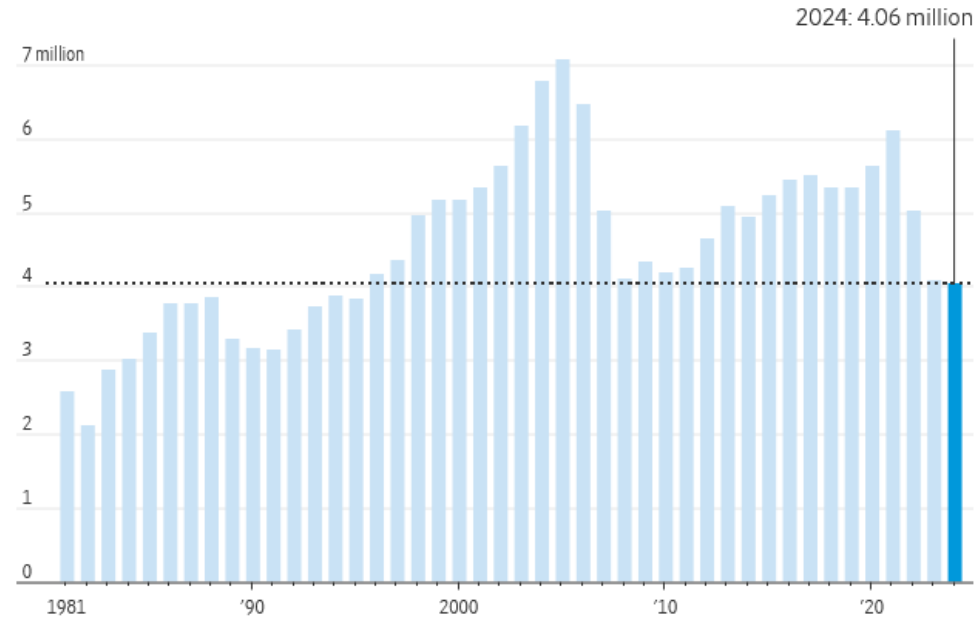
By [Nicole Friedman](#) [Follow](#)

Updated Jan. 24, 2025 4:17 pm ET

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Annual U.S. existing-home sales



Note: December 2024 data is preliminary.
Source: National Association of Realtors

Food Prices Are Rising Again

Bird flu and bad weather are helping drive up prices for groceries, making things complicated for families, companies and Trump

By [Patrick Thomas](#) [Follow](#) and [Jesse Newman](#) [Follow](#)

Jan. 19, 2025 5:30 am ET

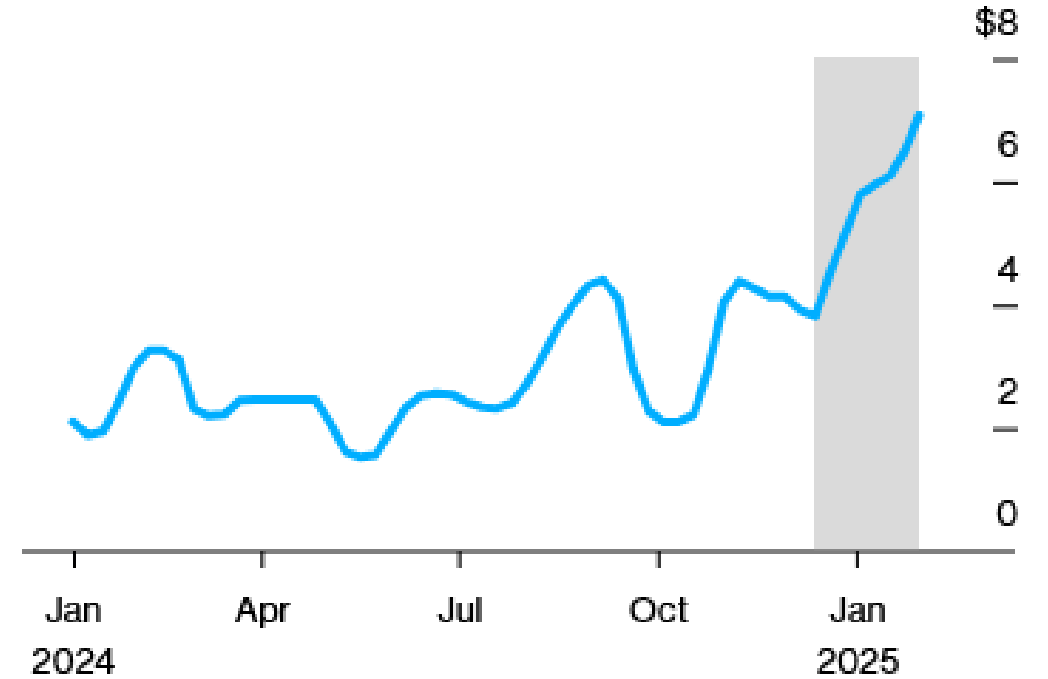
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Food prices in December rose at the fastest pace in more than a year. PHOTO: SHELBY TAUBER/

Egg Prices Spike

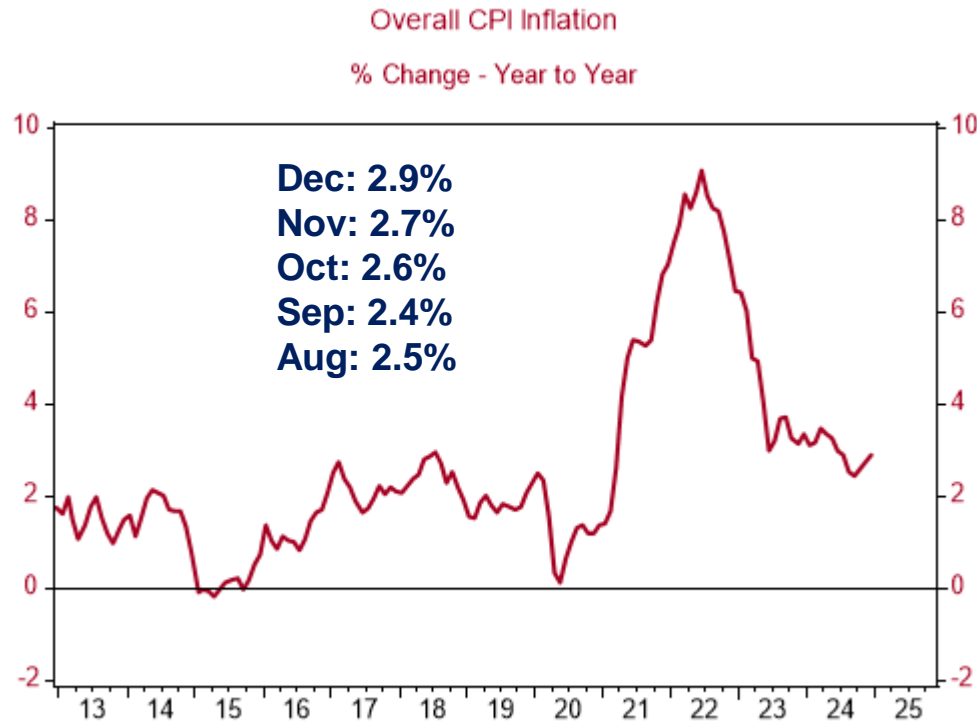
US Midwest large eggs by the dozen



Source: Wall Street Journal, Bloomberg

Economy

Consumer Prices (CPI) Sticky or climbing

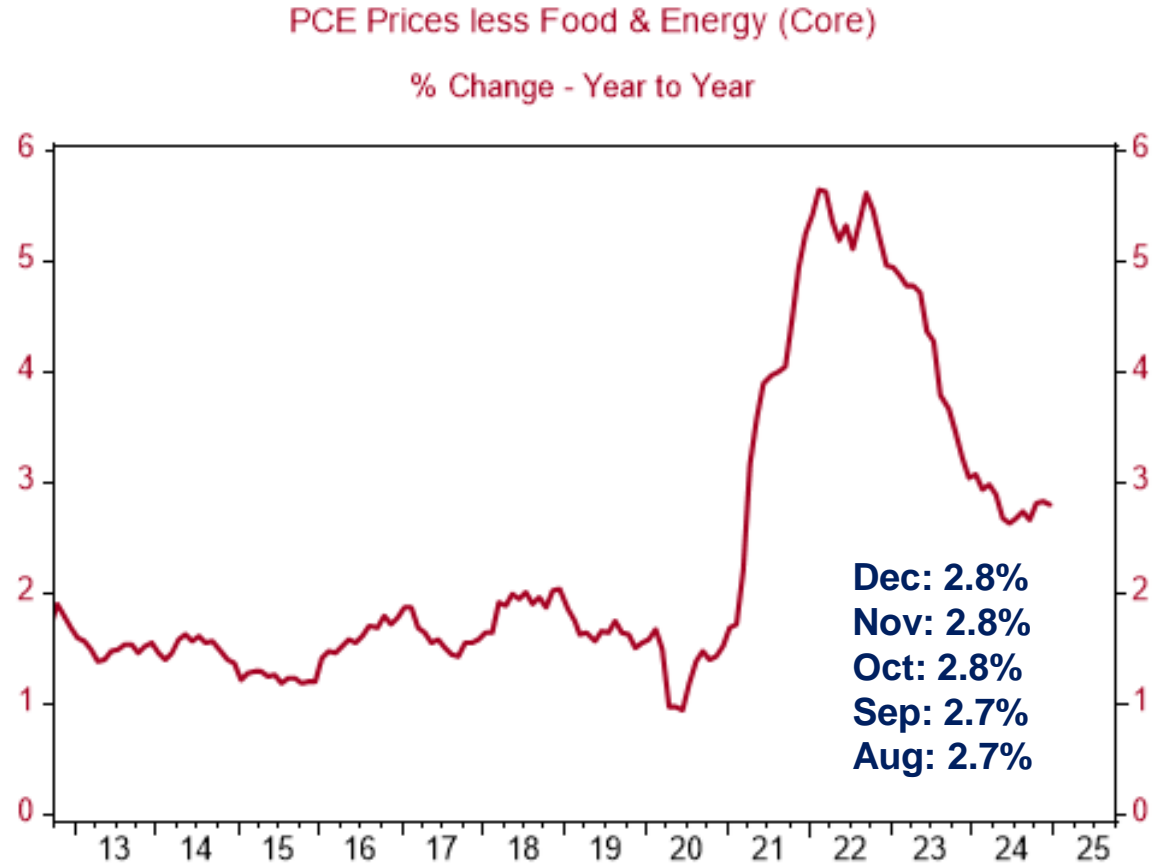


Source: Bureau of Labor Statistics



Source: Bureau of Labor Statistics

Core PCE has also been sticky



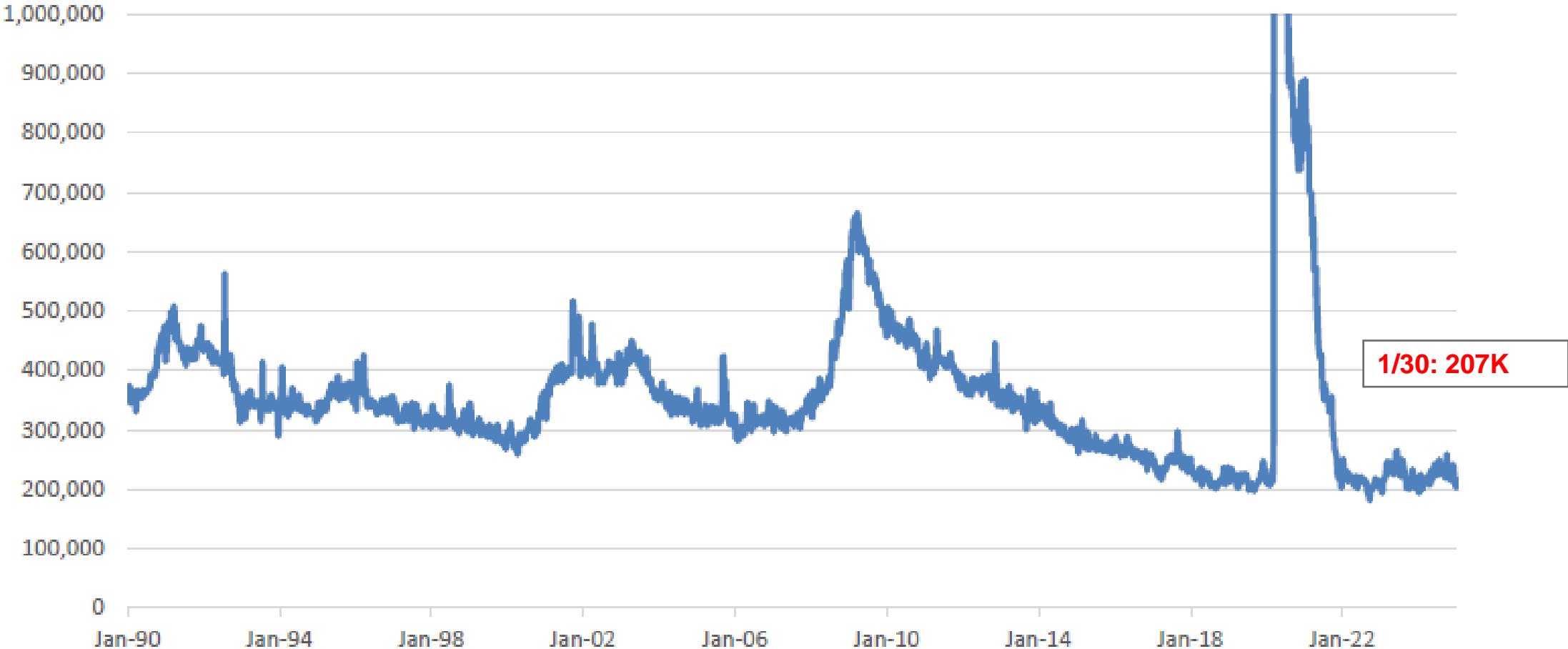
Source: Bureau of Economic Analysis

Unemployment Rate



Source: U.S. Bureau of Labor Statistics

Initial Jobless Claims



Source: U.S. Employment and Training Administration

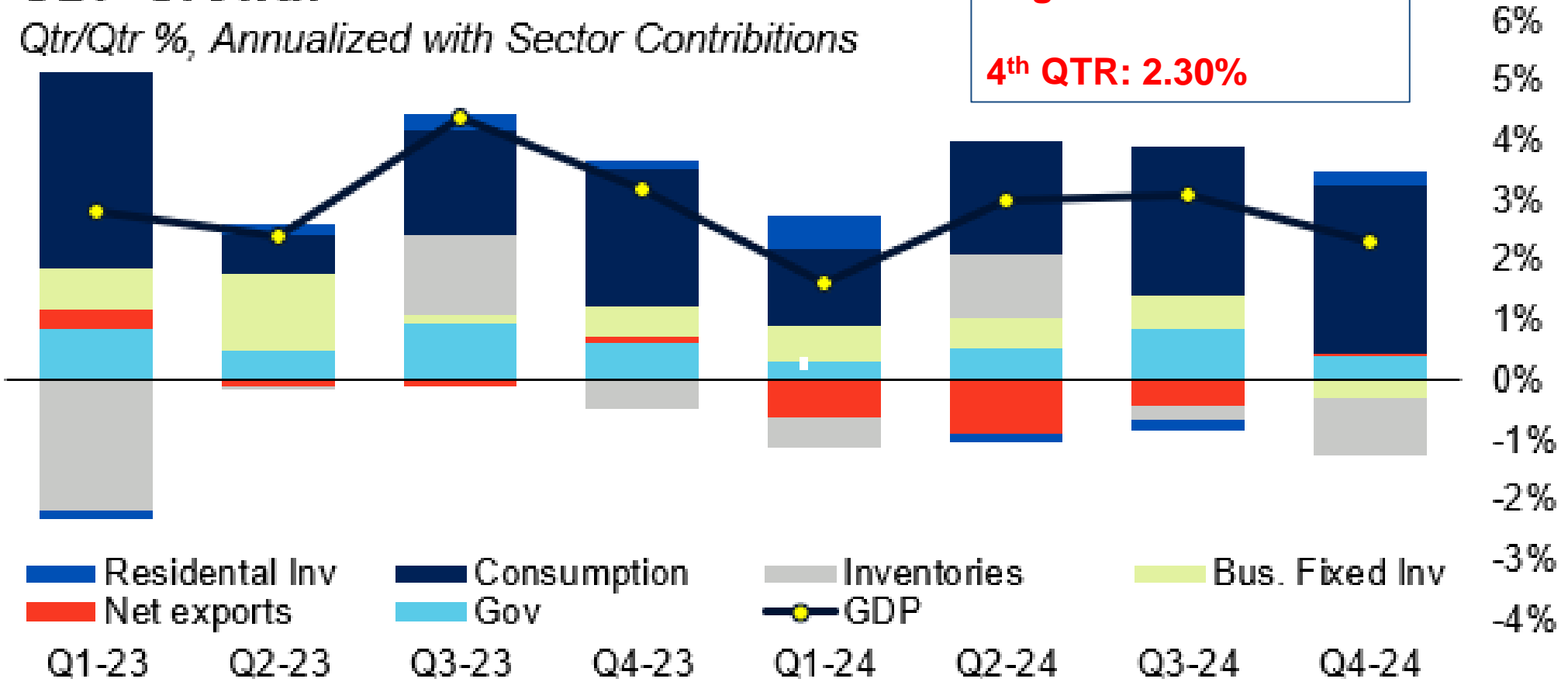


GDP Growth

Qtr/Qtr %, Annualized with Sector Contributions

Avg since 2010: 2.52%

4th QTR: 2.30%

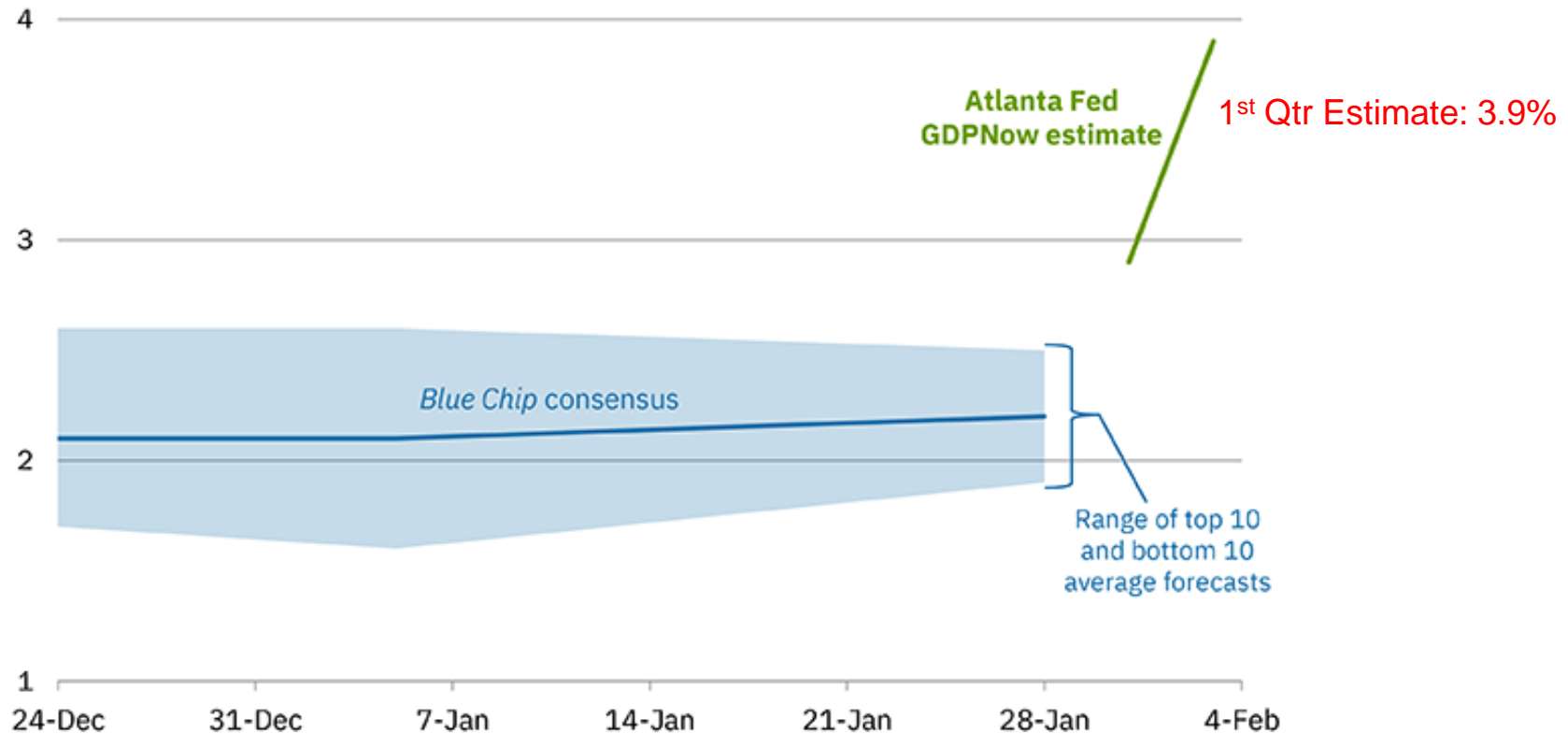


Source: BEA, Macrobond



Atlanta Fed – GDPNow

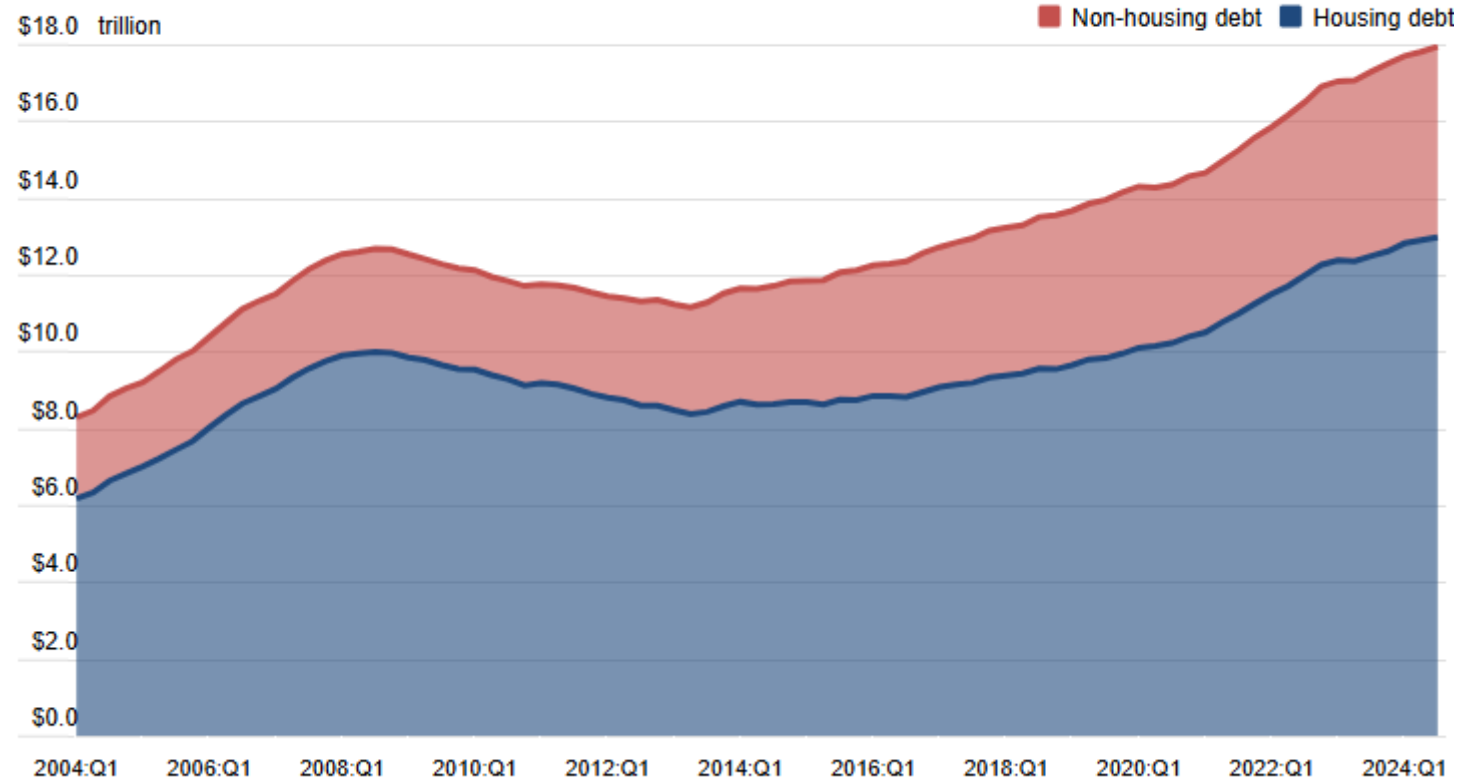
Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q1
Quarterly percent change (SAAR)



Source: atlantafed.org (as of 2/04/25)

Consumer Debt

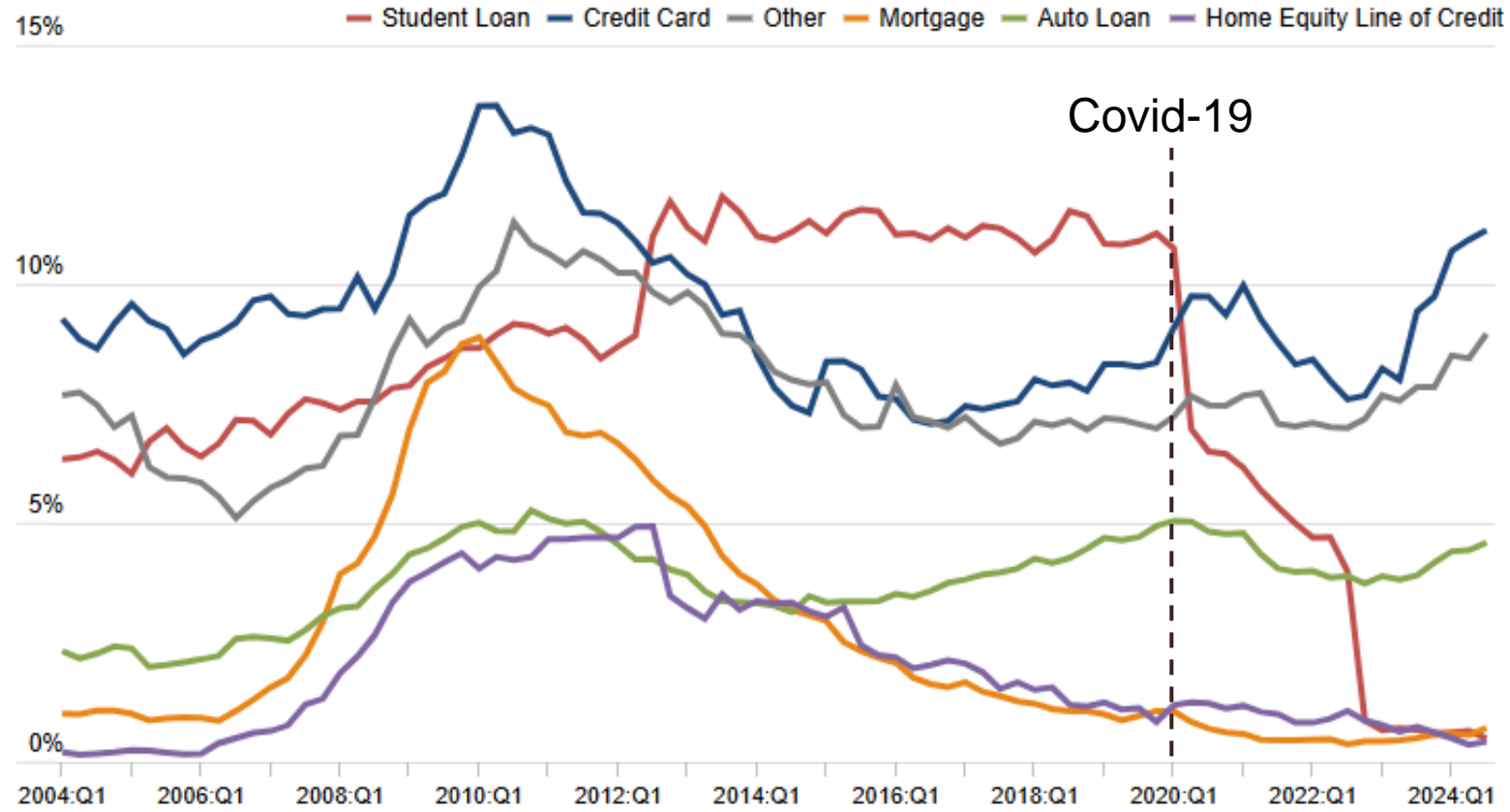
Total Debt Balance



Source: FRBNY Consumer Credit Panel/Equifax

Consumer Delinquencies (90+ Days)

Percent of Balance 90+ Days Delinquent



Source: FRBNY Consumer Credit Panel/Equifax

A record number of consumers are making minimum credit cards payments as delinquencies also rise

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Jeff Cox
@JEFF.COX.7528
@JEFFCOXCNBCCOM

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KEY POINTS

- The share of active credit card holders just making minimum payments rose to 10.75% in the third quarter of 2024, the highest ever in data going back to 2012.
- The share of balances more than 30 days past due rose to 3.52%, an increase from 3.21%, for a year-over-year gain of more than 10%.
- Even with the rising delinquency rate, it is still well below the 6.8% peak during the 2008-09 financial crisis and not yet indicative of serious strains.

Fed and Rates

Fed meeting recap: Powell says central bank is in no hurry to cut rates again

Darla Mercado, CFP®

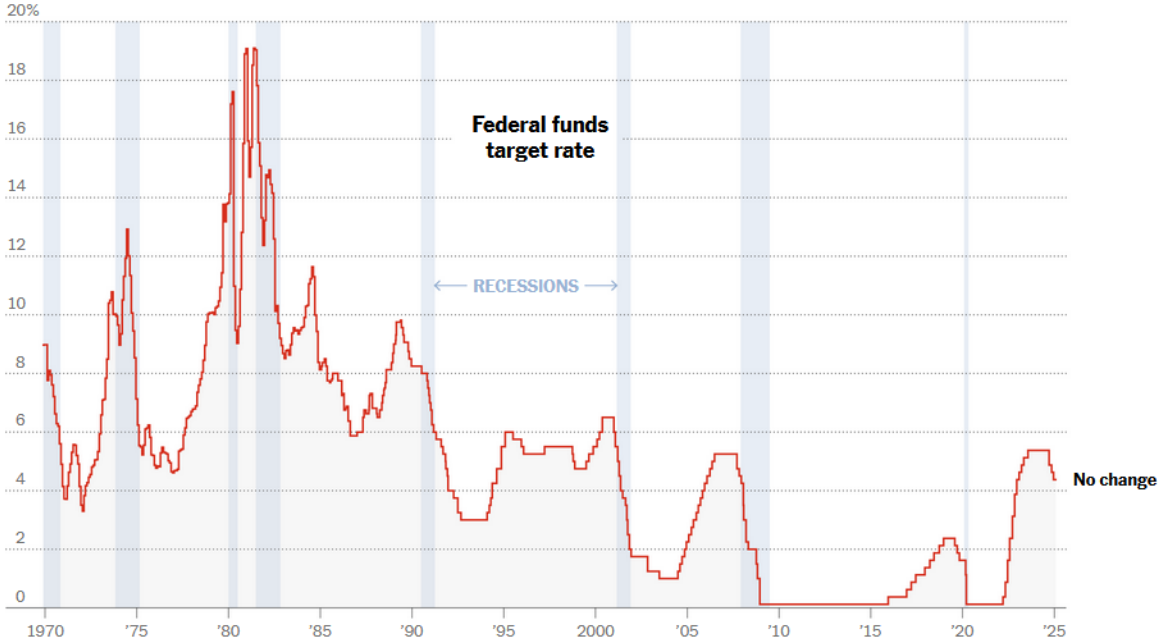


Fed Stays Steady, and Powell Offers No Guidance on Future Rate Cuts

After three cuts at the end of last year, Federal Reserve officials paused rate moves as they weigh a solid economy and rising inflation risks. Jerome H. Powell, the Fed chair, said the central bank was not on a “pre-set course.”

Jan. 29, 2025

Share full article



The Fed

- Fed Chairman Jay Powell:

“Recent indicators suggest that economic activity has continued to expand at a solid pace...a wide set of indicators suggests that conditions in the labor market are broadly in balance...Inflation has eased significantly over the past two years but remains somewhat elevated relative to our 2 percent longer-run goal...Longer-term inflation expectations appear to remain well anchored”

*Press Conference after FOMC Meeting, **January 29th**, 2025*



The Fed

- Fed Chairman Jay Powell:

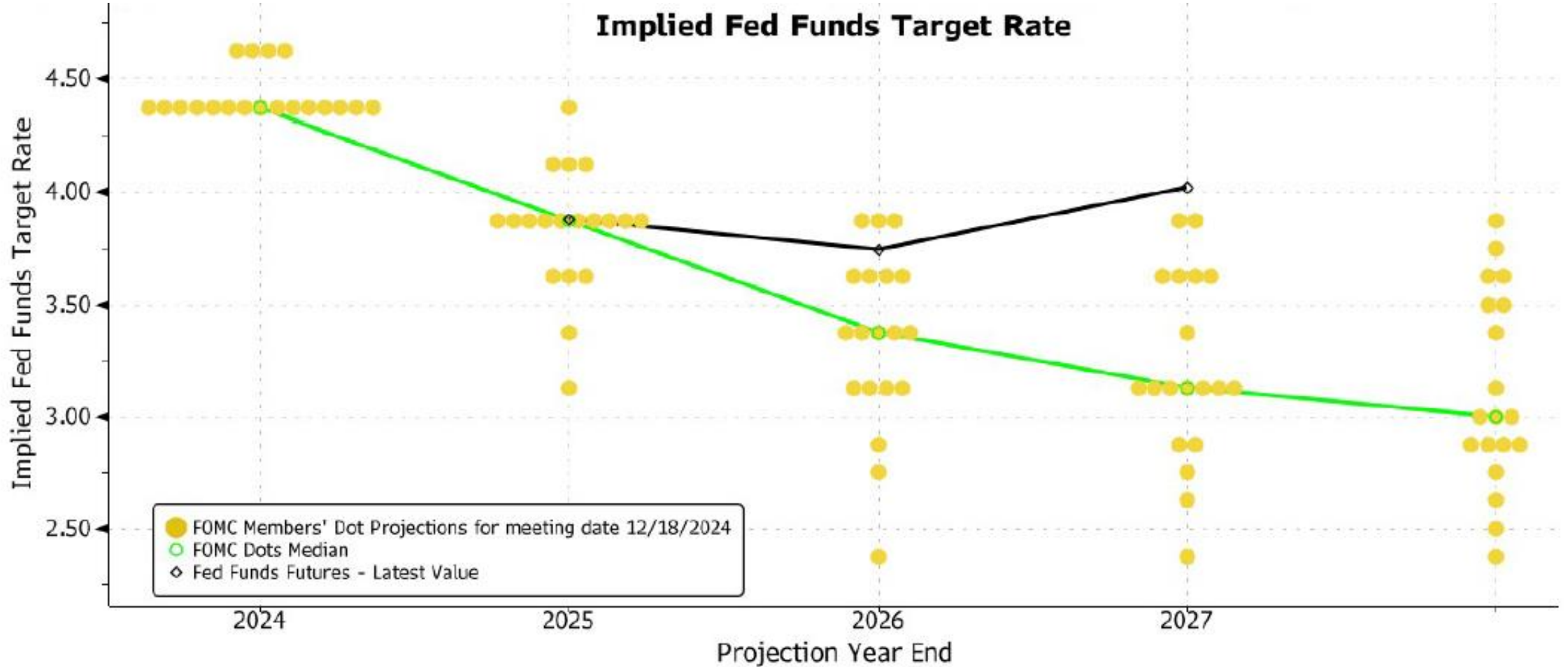


“We know that reducing policy restraint too fast or too much could hinder progress on inflation. At the same time, reducing policy restraint too slowly or too little could unduly weaken economic activity and employment. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will assess incoming data, the evolving outlook, and the balance of risks. We are not on any preset course.”

Press Conference after FOMC Meeting, January 29th, 2025

Rate Projections

December DOT's Plot



Source: Federal Reserve, Bloomberg (fed fund futures as of 2/04/25)

Market Expectations after 75bps of cuts

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate
03/19/2025	-0.149	-14.9%	-0.037	4.289
05/07/2025	-0.439	-29.1%	-0.110	4.216
06/18/2025	-0.838	-39.9%	-0.210	4.117
07/30/2025	-1.075	-23.7%	-0.269	4.057
09/17/2025	-1.357	-28.2%	-0.339	3.987
10/29/2025	-1.555	-19.8%	-0.389	3.938
12/10/2025	-1.764	-20.9%	-0.441	3.885
01/28/2026	-1.855	-9.1%	-0.464	3.863
03/18/2026	-1.942	-8.7%	-0.486	3.841
04/29/2026	-1.975	-3.3%	-0.494	3.833
06/17/2026	-1.685	+29.0%	-0.421	3.905
07/29/2026	-2.005	-32.0%	-0.501	3.825
09/16/2026	-1.408	+59.7%	-0.352	3.974
10/28/2026	-1.665	-25.7%	-0.416	3.910
12/09/2026	-2.464	-79.9%	-0.616	3.710
01/27/2027	-2.265	+19.9%	-0.566	3.760

Source: Bloomberg 2/04/25



Melissa Scott
VP, ALM services



NCUA's 2025 Supervisory Priorities

#2 Balance Sheet Management & Interest Rate Risk

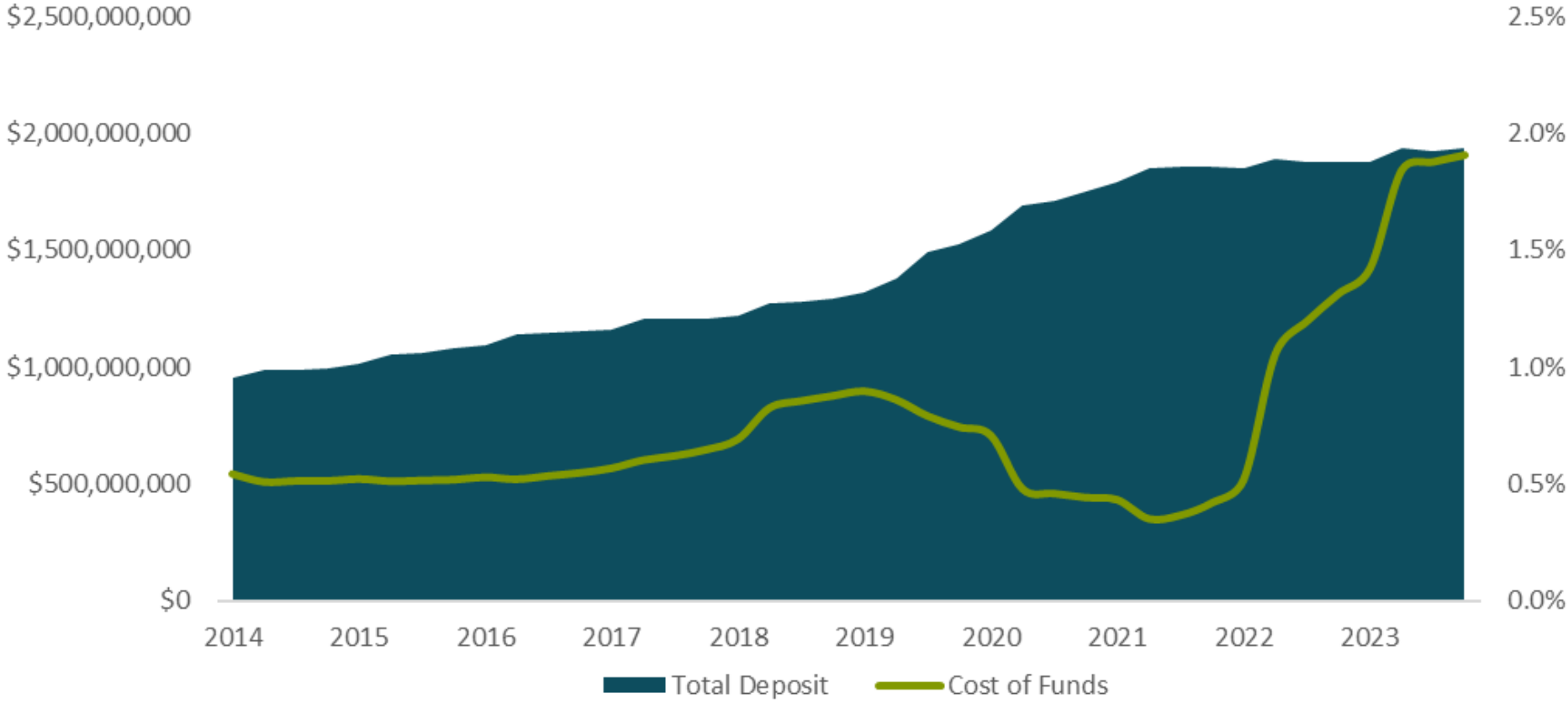
Rate environment ↑ COF > EA Yields

Market rates ↓ prepayments ↑

Exams to review projected earnings & net worth

Adequacy of liquidity

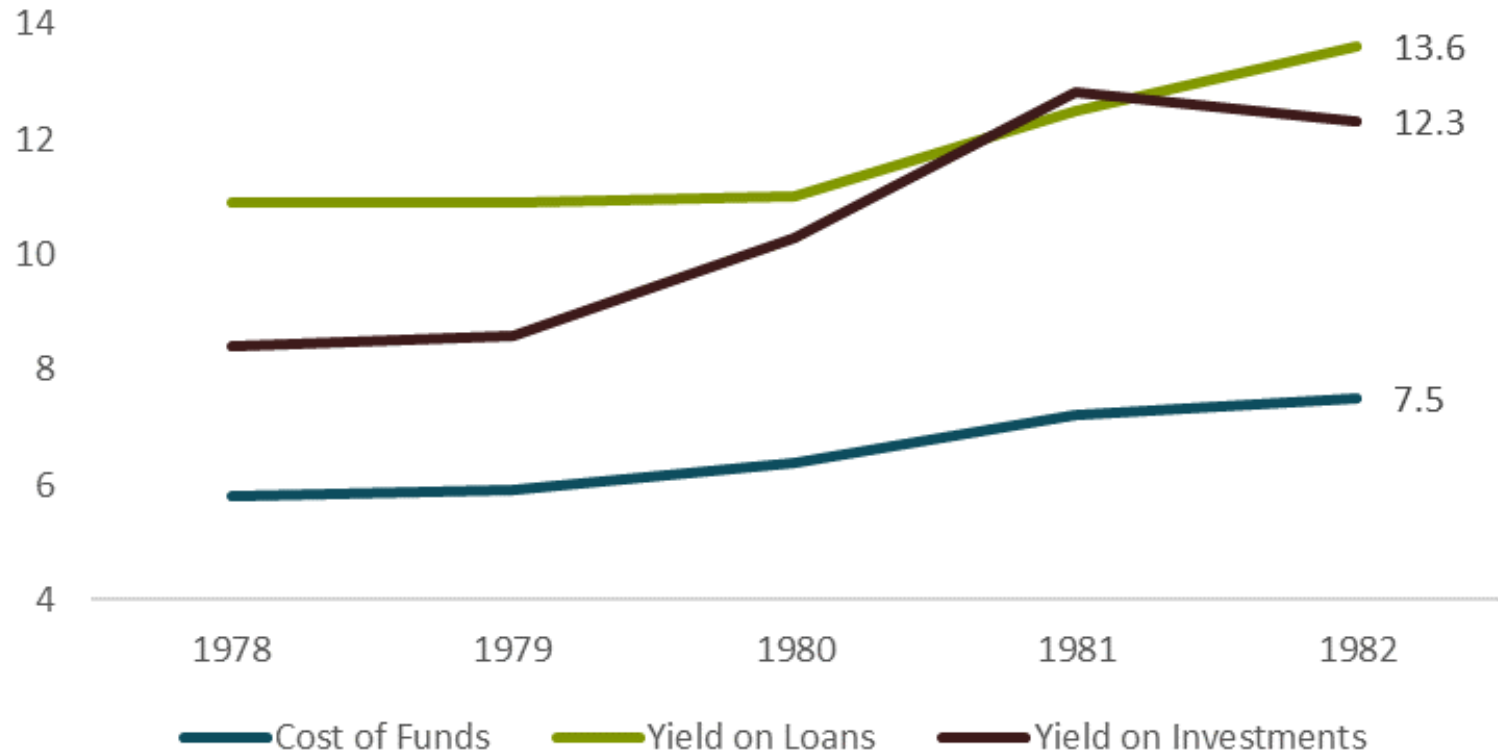
Deposits slowing while COF increases



Banking Motivators <i>(What would cause you to switch from...)</i>	<i>...a large national bank to a smaller bank/credit union</i>
Better interest rates	54%
Lower fees	49%
Closer proximity to branches for in-person services	36%
More personalized and responsive customer service	28%
Enhanced digital banking experience and technology	22%

<https://info.apiture.com/>

Federal Credit Unions







Liquidity response to rising rates

Liquidity tightens

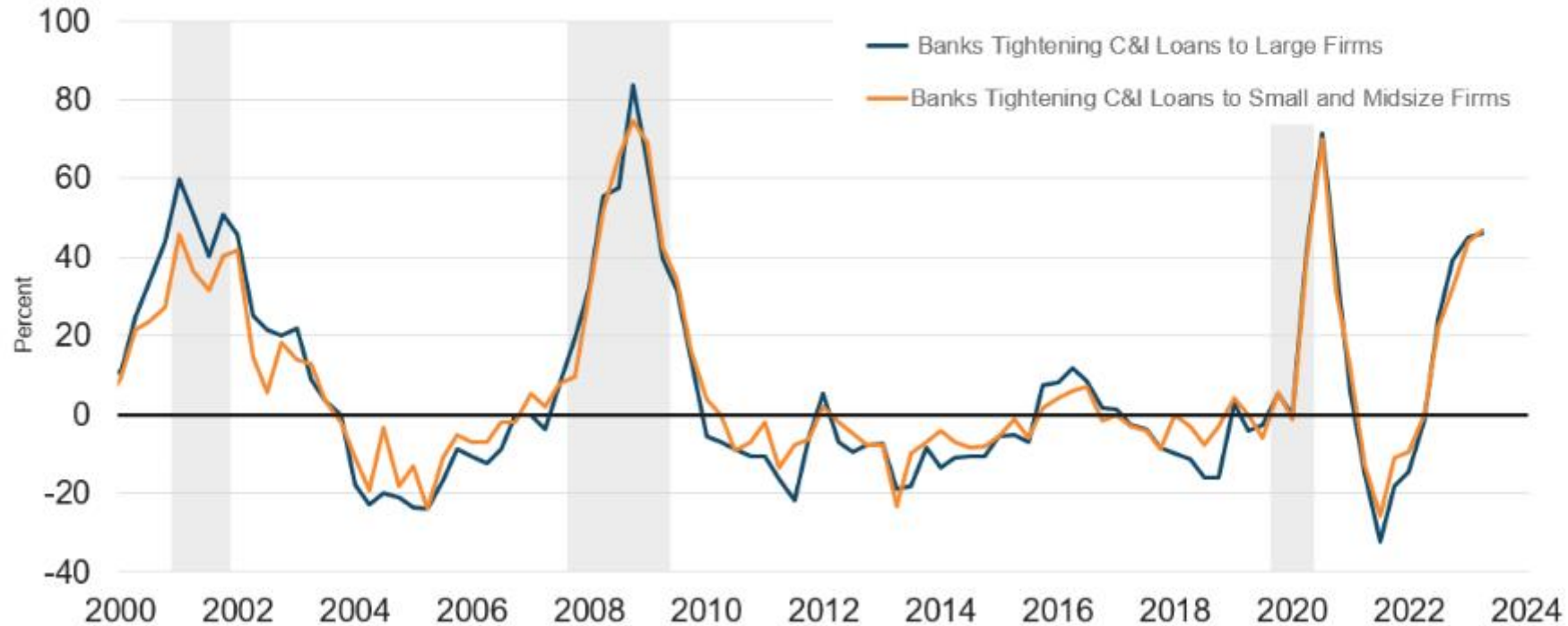
Credit quality tightens and rate increases push lending down

Liabilities become more expensive to keep

Losses on sale of assets

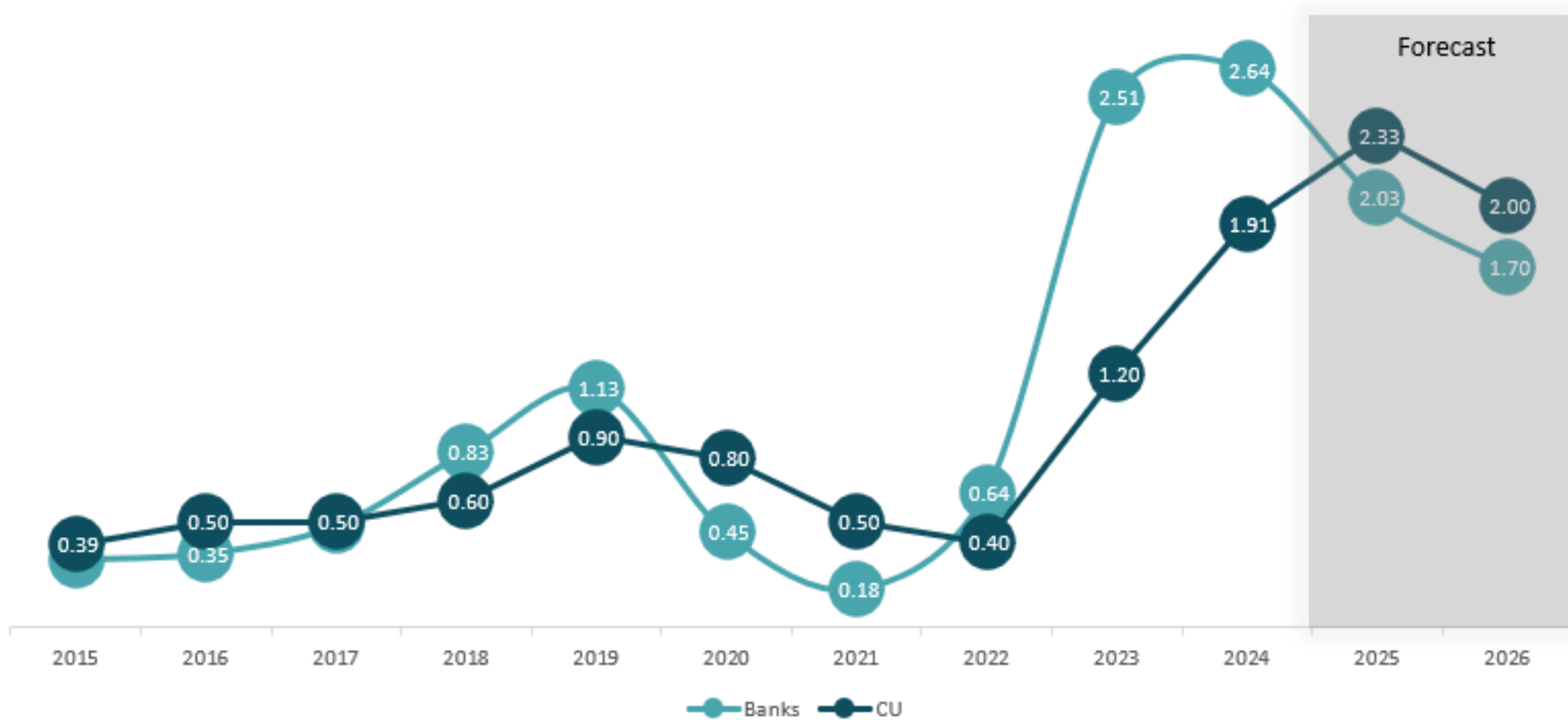
Figure 1: On net, banks are tightening credit standards.

Federal Reserve Senior Loan Officers Survey:
Banks Tightening Credit Standards



Note: Data indicate net percentage of domestic respondents.
Source: Federal Reserve Board and Haver Analytics

Cost of IB Deposits expected to remain elevated



Bank Source Deloitte: deloitte.com/us/en/insights/research-centers/center-for-financial-services.html

Liquidity response to falling rates

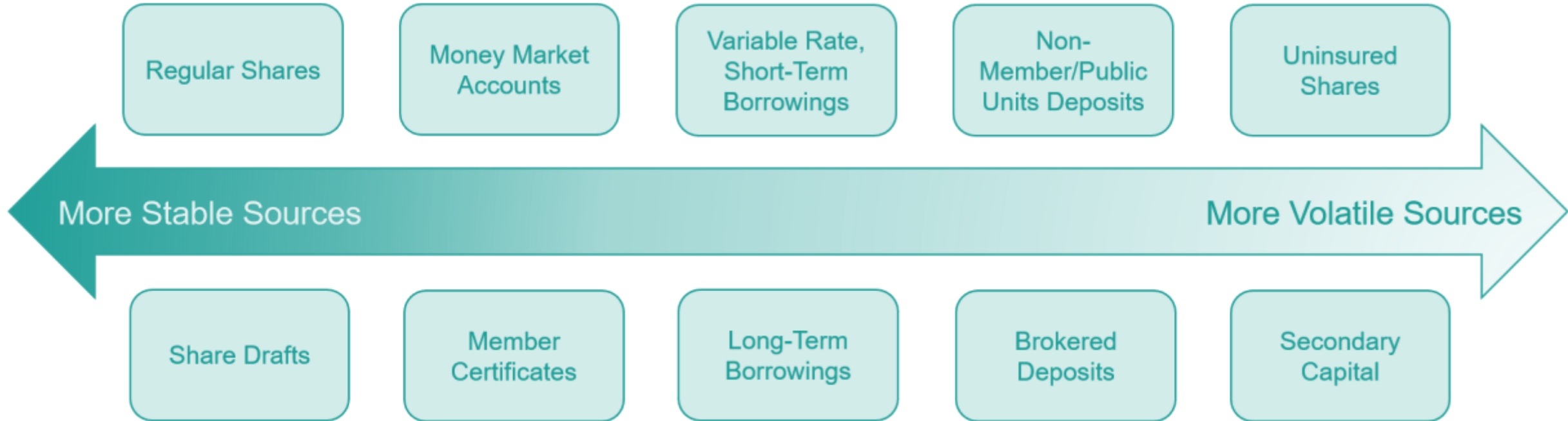
Liquidity increases

Lending slows

Lower yields

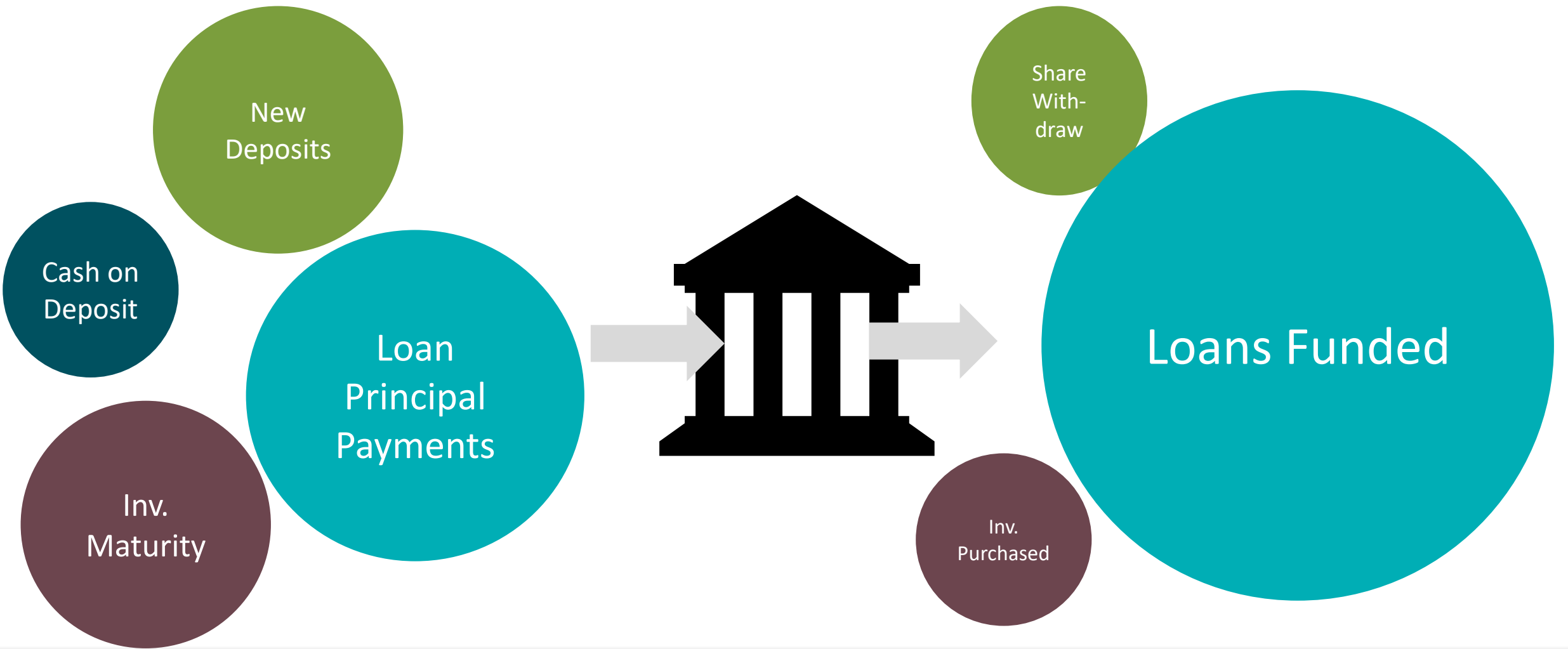
Market values improve

Stability of Liabilities



Source: NCUA Examiner's Guide

Sources and Uses of Funds





Roger Heidlebaugh
Portfolio Strategist



Investments Team



Scott Wood

SVP/chief investment officer

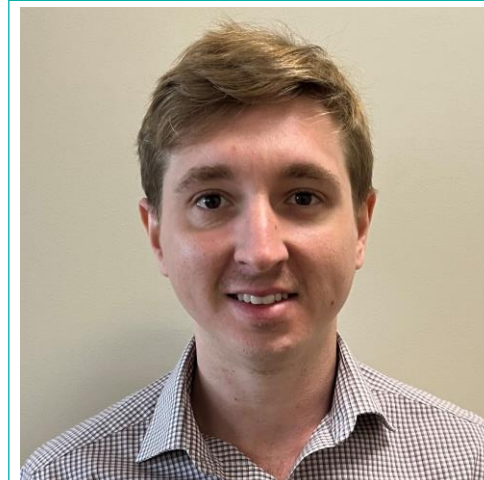
swood@vfccu.org



Roger Heidlebaugh

Portfolio Strategist

rheidlebaugh@vfccu.org



John Katon

Investment Analyst

jkaton@vfccu.org

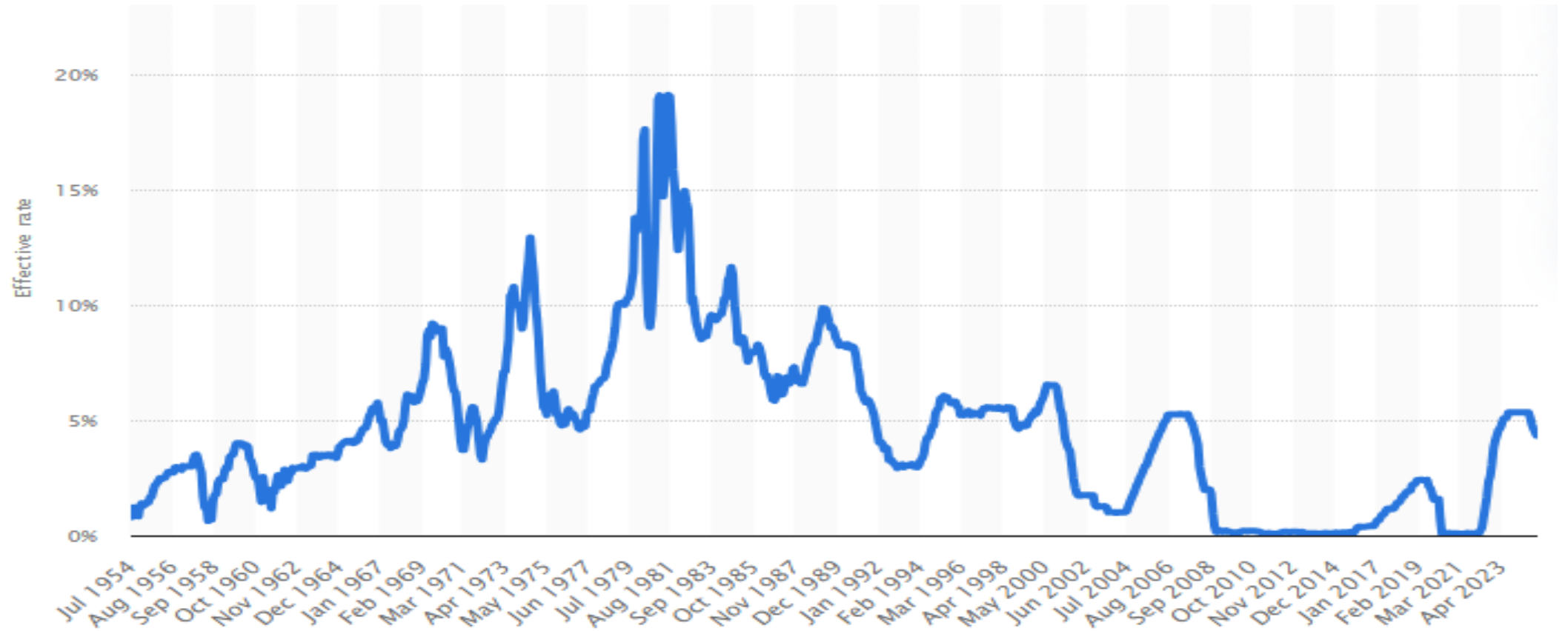
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Bond Yield Forecast – 2/3/2025

Rate	Mkt Yld	Q1 25	Q2 25	Q3 25	Q4 25	Q1 26	Q2 26	Q3 26	Q4 26	Q1 27	Q2 27
United States											
US 30-Year	4.76	4.68	4.65	4.60	4.57	4.50	4.49	4.45	4.45	4.38	4.37
US 10-Year	4.53	4.47	4.42	4.36	4.34	4.27	4.22	4.20	4.17	4.13	4.12
US 5-Year	4.35	4.29	4.21	4.13	4.08	4.02	3.98	3.93	3.92	3.88	3.87
US 2-Year	4.25	4.14	4.01	3.89	3.82	3.73	3.66	3.60	3.58	3.52	3.53
US 3-Month Term SOFR	4.30	4.23	4.04	3.87	3.70	3.59	3.53	3.49	3.48	3.41	3.38
Fed Funds Rate - Upper Bound	4.50	4.35	4.20	4.05	3.95	3.80	3.75	3.65	3.60	3.55	3.55
Fed Funds Rate - Lower Bound	4.25	4.12	3.95	3.80	3.69	3.56	3.49	3.40	3.35	3.30	3.29

Source: Bloomberg

Will rates get back to normal?



Source: St. Louis Fed

How low will rates go this cycle? (Fed Funds rate)

1

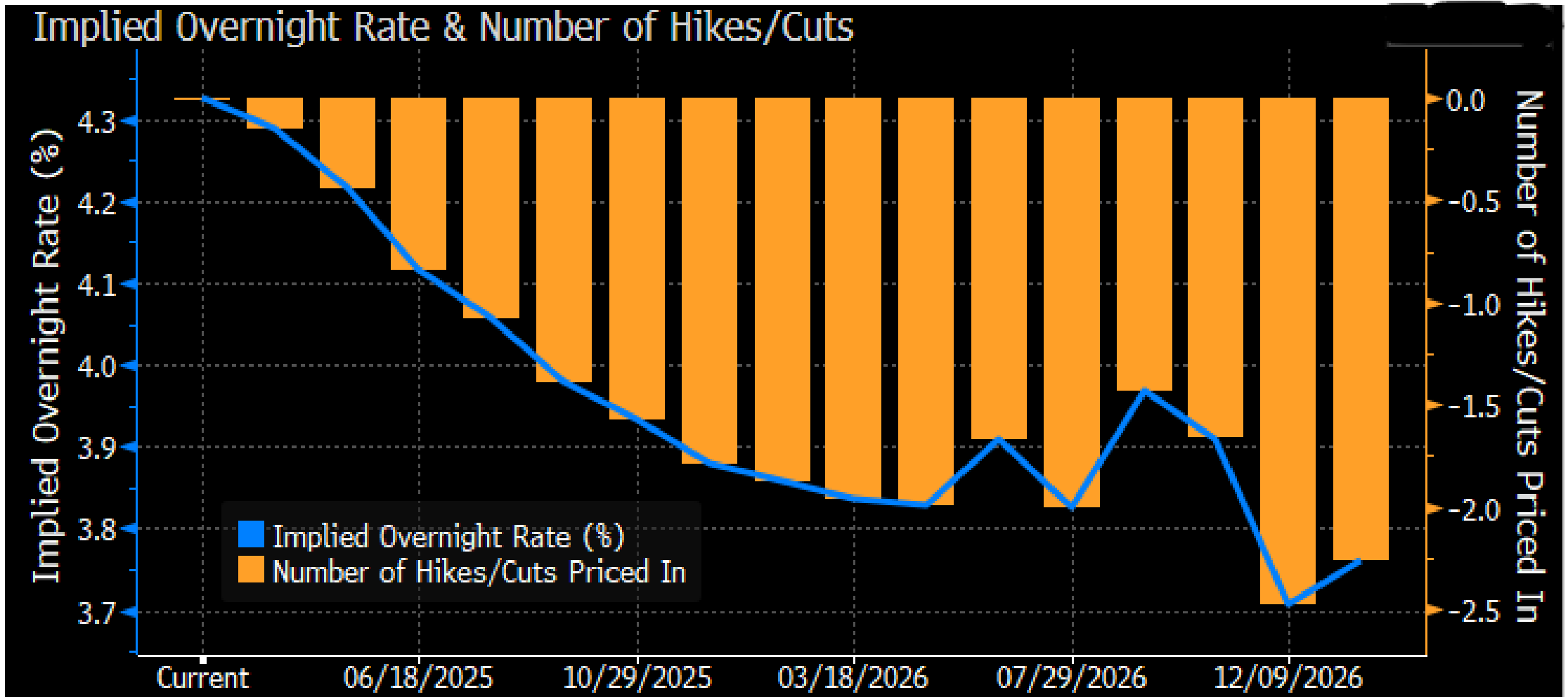
Not below 4%

2

Between 3.5% and
4.0%

3

Less than 3.5%



Corporate Rate Sheet

February 3, 2025

Term	Top Rate	Average Rate*
90 Days	3.90%	3.69%
182 Days	4.25%	4.13%
272 Days	4.15%	3.93%
1 Year	4.30%	4.21%
18 Months	4.20%	4.20%
2 Years	4.30%	4.28%
30 Months	4.30%	4.13%
3 Years	4.30%	4.26%
4 Years	4.25%	4.21%
5 Years	4.30%	4.24%

* Average of top 5 rates

Corporate Rate Sheet

February 3, 2025

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90 Days	3.90%	3.69%
182 Days	4.25%	4.13%
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3 Years	4.30%	4.26%
4 Years	4.25%	4.21%
5 Years	4.30%	4.24%

* Average of top 5 rates

Corporate Rate Sheet

December 2, 2024

Term	Top Rate	Average Rate*
90 Days	4.00%	3.70%
182 Days	4.55%	4.40%
272 Days	4.00%	3.85%
1 Year	4.50%	4.43%
18 Months	4.35%	4.25%
2 Years	4.30%	4.25%
30 Months	4.10%	3.72%
3 Years	4.30%	4.15%
4 Years	4.25%	4.15%
5 Years	4.25%	4.03%

* Average of top 5 rates

SimpliCD Issuance Rates

For the week of **February 3, 2025** – **Best Efforts Indications**

Term	All-in cost range
6 months	4.40% - 4.55%
9 months	4.40% - 4.55%
1 year	4.35% - 4.50%
18 months	4.35% - 4.50%
2 years	4.35% - 4.50%
3 years	4.35% - 4.50%
4 years	4.35% - 4.50%
5 years	4.35% - 4.50%

Why Issue through SimpliCD

- **Convenient, centralized way to raise funds**
- **Access to a national market of over 4,000 credit union investors**
 - **Allows for quick and efficient source of funding**
- **No fees (the interest rate is all you pay, no additional fees)**
- **Ability to settle large blocks using future settle**
 - **i.e. Have one large \$5mm certificate instead of 20 cd's for \$250,000**
- **Can automatically debit monthly interest from your Vizo account**
 - **Can also pay by ACH**
- **Created for credit unions, owned by corporate credit unions**

Steps for SimpliCD Issuance

- **Send completed agreement and wiring instructions to Vizo Financial**
- **Include SimpliCD in your liquidity policy**
- **Let examiner know your intentions**
- **Begin issuing immediately or as liquidity needs dictate**

Agency Callables 2/3/2024

Issuer	Structure	Callable	Coupon	Maturity	Settle	CUSIP	Amt Issued
FED HOME LN BANK	1.5-NC3Mo	Monthly	4.375	8/7/2026	2/7/2025	3130B4V32	\$ 15,000,000
FED HOME LN BANK	2-NC6Mo	Quarterly	4.520	2/18/2027	2/18/2025	3130B4WG2	\$ 15,000,000
FED HOME LN BANK	2-NC3Mo	Monthly	4.500	2/12/2027	2/12/2025	3130B4UP4	\$ 40,000,000
FED HOME LN BANK	3-NC1Yr	Anytime	4.550	2/10/2028	2/10/2025	3130B4V40	\$ 25,000,000
FANNIE MAE	3-NC9Mo	Quarterly	4.625	2/10/2028	2/10/2025	3136GAAJ8	\$ 50,000,000
FANNIE MAE	3-NC6Mo	Monthly	4.750	2/7/2028	2/7/2025	3136GAAL3	\$ 15,000,000
FED FARM CREDIT	3.75-NC6Mo	Anytime	4.830	11/6/2028	2/6/2025	3133ER2E0	\$ 300,000,000
FED HOME LN BANK	5-NC3Yr	Onetime	4.500	2/7/2030	2/7/2025	3130B4WP2	\$ 15,000,000
FED HOME LN BANK	5-NC2Yr	Onetime	4.600	2/12/2030	2/12/2025	3130B4WL1	\$ 15,000,000
FED HOME LN BANK	5-NC1Yr	Anytime	4.900	2/11/2030	2/11/2025	3130B4TU5	\$ 50,000,000
FED HOME LN BANK	5-NC6mo	Anytime	5.050	2/7/2030	2/7/2025	3130B4V57	\$ 25,000,000
FED FARM CREDIT	7-NC1Yr	Anytime	5.090	2/5/2032	2/5/2025	3133ER3A7	\$ 55,000,000
FED HOME LN BANK	9-NC2Yr	Quarterly	5.010	2/10/2034	2/10/2025	3130B4W31	\$ 5,000,000
FED HOME LN BANK	10-NC2Yr	Annual	5.100	2/12/2035	2/12/2025	3130B4V24	\$ 30,000,000
FED HOME LN BANK	10-NC1Yr	Anytime	5.400	2/6/2035	2/6/2025	3130B4TW1	\$ 60,000,000

Agency Bullets 2/4/2025

Issuer	Term (Yrs)	Coupon	Maturity	Settle	Spread	Yield	CUSIP	Available
FEDERAL HOME LOAN BANK	1.60	4.625	9/11/2026	2/5/2025	-1 / 2YrT	4.251	3130AWTQ3	\$ 4,500,000.00
FEDERAL FARM CREDIT BANK	1.98	4.250	1/28/2027	2/5/2025	-0.5 / 2YrT	4.256	3133ERY62	\$ 10,000,000.00
FEDERAL FARM CREDIT BANK	2.98	4.250	1/28/2028	2/5/2025	-0.5 / 3YrT	4.298	3133ERZ46	\$ 35,000,000.00
FEDERAL HOME LOAN BANK	4.06	4.300	2/26/2029	2/5/2025	2 / 3YrT	4.323	3130B4GM7	\$ 29,000,000.00
FANNIE MAE	4.95	0.000	1/15/2030	2/5/2025	15 / 5YrT	4.532	31358DDG6	\$ 8,000,000.00
FEDERAL FARM CREDIT BANK	5.12	1.320	3/18/2030	2/5/2025	3.5 / 5YrT	4.417	3133ELTW4	\$ 12,000,000.00
FANNIE MAE	5.50	0.875	8/5/2030	2/5/2025	5 / 5YrT	4.432	3135G05Q2	\$ 10,000,000.00
FEDERAL FARM CREDIT BANK	5.50	4.375	8/5/2030	2/5/2025	7 / 5YrT	4.452	3133ER2Y6	\$ 10,000,000.00
FEDERAL FARM CREDIT BANK	5.97	4.500	1/24/2031	2/5/2025	9 / 5YrT	4.472	3133ERY54	\$ 6,000,000.00
FREDDIE MAC	7.44	0.000	7/15/2032	2/5/2025	25 / 7YrT	4.735	3134A4KY9	\$ 8,000,000.00

What are Credit Unions Buying?

FED HOME LN BANK	5-NC3Yr	Onetime	4.500	2/7/2030	2/7/2025	3130B4WP2	\$	15,000,000
FED HOME LN BANK	5-NC2Yr	Onetime	4.600	2/12/2030	2/12/2025	3130B4WL1	\$	15,000,000
FED HOME LN BANK	5-NC1Yr	Anytime	4.900	2/11/2030	2/11/2025	3130B4TU5	\$	50,000,000

1 Year	4.30%
18 Months	4.20%
2 Years	4.30%
30 Months	4.30%
3 Years	4.30%
4 Years	4.25%
5 Years	4.30%

- Some bond rates are currently more attractive than SimpliCD rates.

- We also have credit unions purchasing 10 and 15-year agency MBS

How Vizo Financial Can Help

Sign up for our investment offerings email

Treasury yields are down 1-2bps on maturities of 1-year and less, while maturities on the longer end of the curve are up around 1bp.

The highlighted bonds have come out today.

2Yrt = 4.255%, 5Yrt = 4.371%, 10Yrt = 4.569%

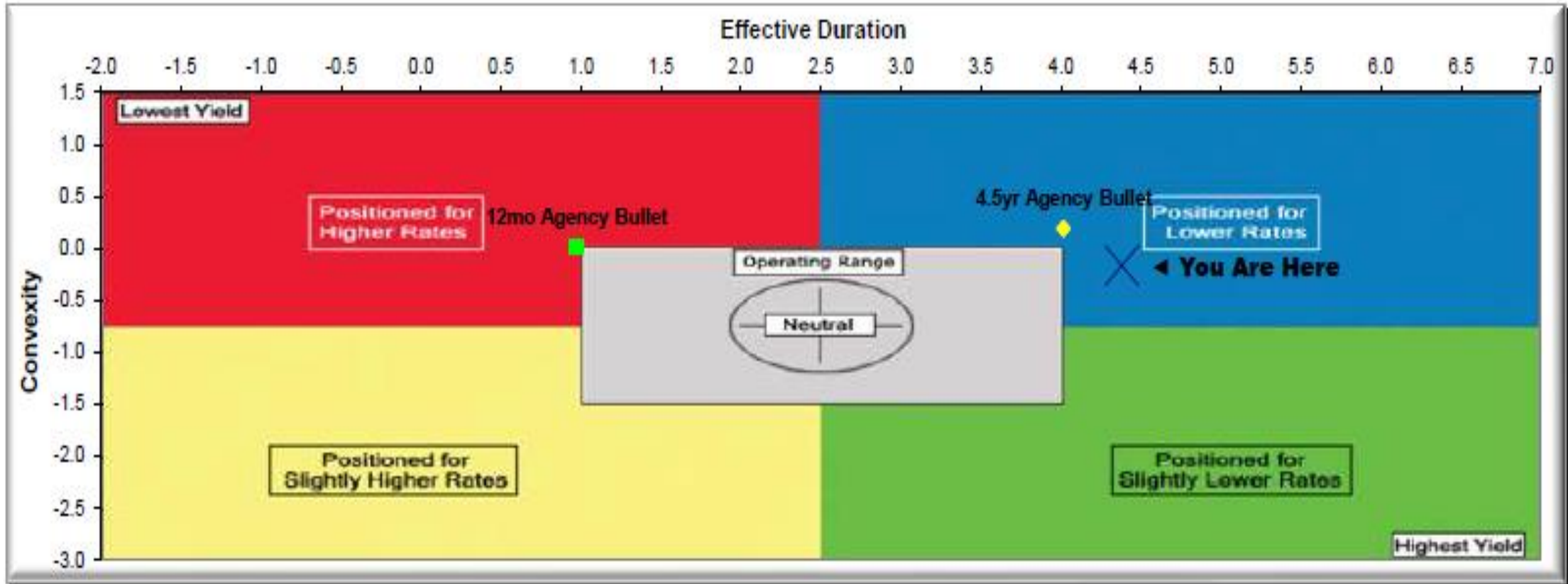
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FED HOME LN BANK	2-NC6Mo	Quarterly	4.520	2/18/2027	2/18/2025	3130B4WG2	\$ 15,000,000
FED HOME LN BANK	2-NC3Mo	Monthly	4.500	2/12/2027	2/12/2025	3130B4UP4	\$ 40,000,000
FED HOME LN BANK	3-NC1Yr	Annual	4.550	2/18/2028	2/18/2025	3130B4WZ0	\$ 15,000,000
FANNIE MAE	3-NC9Mo	Quarterly	4.625	2/10/2028	2/10/2025	3136GAAJ8	\$ 50,000,000
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FED HOME LN BANK	5-NC1Yr	Anytime	4.900	2/11/2030	2/11/2025	3130B4TU5	\$ 50,000,000
FREDDIE MAC	5-NC9mo	Quarterly	5.000	2/20/2030	2/20/2025	3134HA5V1	\$ 15,000,000
FED HOME LN BANK	5-NC6mo	Anytime	5.050	2/7/2030	2/7/2025	3130B4V57	\$ 25,000,000
FED HOME LN BANK	6-NC1Yr	Annual	5.000	2/6/2031	2/6/2025	3130B4X30	\$ 15,000,000
FED FARM CREDIT	7-NC1Yr	Anytime	5.090	2/5/2032	2/5/2025	3133ER3A7	\$ 55,000,000
FED FARM CREDIT	8.5-NC6mo	Anytime	5.420	8/12/2033	2/12/2025	3133ER3E9	\$ 350,000,000
FED HOME LN BANK	10-NC3Yr	Quarterly	5.000	2/7/2035	2/7/2025	3130B4WK3	\$ 15,000,000
FED HOME LN BANK	10-NC2Yr	Annual	5.100	2/12/2035	2/12/2025	3130B4V24	\$ 30,000,000
FED HOME LN BANK	10-NC1Yr	Anytime	5.400	2/6/2035	2/6/2025	3130B4TW1	\$ 60,000,000
FED HOME LN BANK	10-NC3Mo	Quarterly	5.500	2/14/2035	2/14/2025	3130B4UA7	\$ 15,000,000

Thanks,

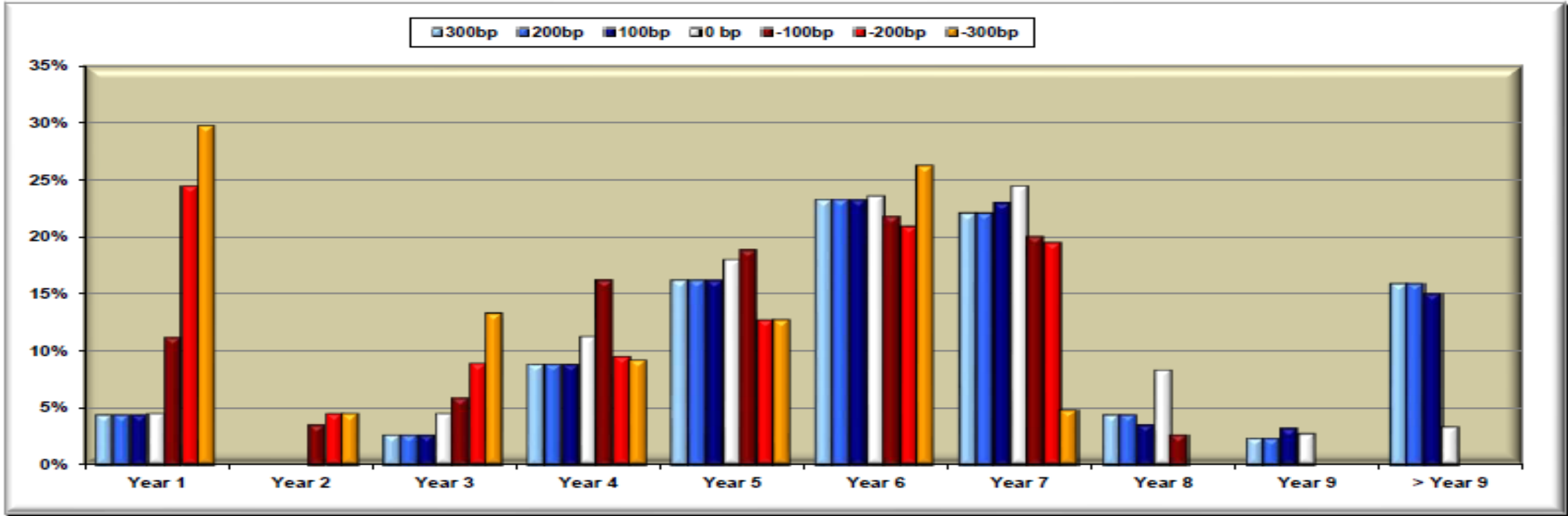
Roger Heidlebaugh
 Investment Representative
rdheidle@concoursepro.com
 Direct: 717-216-6364 (c)

Fixed Income Portfolio Analysis – R2 Analytics

Portfolio Positioning



Cashflow Shock



Bps	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	> Year 9
300bp	4.41%	0.00%	2.65%	8.82%	16.18%	23.24%	22.06%	4.41%	2.35%	15.88%
200bp	4.41%	0.00%	2.65%	8.82%	16.18%	23.24%	22.06%	4.41%	2.35%	15.88%
100bp	4.41%	0.00%	2.65%	8.82%	16.18%	23.24%	22.94%	3.53%	3.24%	15.00%
0 bp	4.41%	0.00%	4.41%	11.18%	17.94%	23.53%	24.41%	8.24%	2.65%	3.24%
-100bp	11.18%	3.53%	5.88%	16.18%	18.82%	21.76%	20.00%	2.65%	0.00%	0.00%
-200bp	24.41%	4.41%	8.82%	9.41%	12.65%	20.88%	19.41%	0.00%	0.00%	0.00%
-300bp	29.71%	4.41%	13.24%	9.12%	12.65%	26.18%	4.71%	0.00%	0.00%	0.00%

Brokerage Service

- Value – We can be your securities generalist
 - We show bonds based on your criteria, not our inventory
- We work for you and execute at the best price possible
- Ask about Agency MBS, CMO's, SBA Floaters
- **At a minimum, come to us for a second quote**

What We Can Provide

- Investment training and economic updates to management and your board
- Review of investment policy
- Review of current investment portfolio
- Help identifying appropriate CDs and bonds to buy
- Help determine if it makes sense to sell an existing investment

Contact Information

Roger Heidlebaugh

Portfolio Strategist

717-216-6364 (Cell)

rheidlebaugh@vfccu.org

