

A male host named Tim Sustak stands in front of a grey wall with two dark, wooden books shelves with various books and decorations on them. He is wearing a green dress shirt.

Tim: Hi, I'm Tim Sustak, Chief Credit Officer with Vizo Financial, and this is the economic update for April 2018.

A light grey screen appears with an orange and blue graphic with white lettering that reads, 'Economic Update with Tim Sustak April 2018 Screen splits to reveal Tim again.

Tim: Today we'll take look at the New York Fed and who will lead it moving forward, and also what the rate picture looks like for the remainder of 2018.

Tim: In a previous update, we discussed the fact that there were many open seats at the Fed, one to be the president of the New York Federal Reserve Bank, as its current president, William Dudley, will retire in June of this year. Well, we now know who will fill that position. It will be John Williams, the current president of the San Francisco Federal Reserve Bank. Being the leader of the New York Fed is a big deal. What makes it so special?

Tim: Well, the post is considered one of the top policy roles at the Fed for a few reasons; first, unlike the other regional Fed Bank presidents who serve as voting members of the FOMC on a rotating basis, the president of the New York Fed holds a permanent voting seat and serves as the committee's vice-chairman. Additionally, the New York Fed plays the key role in implementing monetary policy decisions via open market operations, it oversees many of our largest financial institutions, and is the central bank's main contact with the financial markets.

Tim: So, who is the man that will fill this key role? John Williams is 55 years old, holds a PhD in economics from Stanford, has led the San Francisco Fed since 2011, has spent almost his entire career inside the Federal Reserve System, and is regarded as a centrist concerning monetary policy. Currently, many in key roles at the Fed are held by individuals that are not academics, and have a fairly short tenure within the Fed. For instance, the newly appointed chairman, Jerome Powell, has a strong financial background but is a lawyer by training and has only been at the Fed since 2012. Fed president Williams will provide balance with his significant education and experience as an economist, and deep knowledge of the inner workings at the Fed. What will the fed do with rates for the remainder of the year, a look at that after the break.

screen fades to black

[music playing]

Male Voice: When you perform a transaction for a member. Technology is always there, in everything your credit union does.

Male Voice: Vizo Financial's CUSO, MY CU Services, provides managed IT services to help keep your technology running smoothly at all times.

Male Voice: If technology issue arises, we can help. If you need a backup for your credit union's data, we can help. If your system needs a tune up, yes...we can help.

Male Voice: Your credit union depends on technology. And you can depend on us.

Dark blue screen with light blue square in the middle with MY CU Services logo. Green stripe moves behind light blue square.

Screen fades to black.

Tim appears on screen.

Tim: Welcome back! What will the Fed do with rates for the rest of 2018? Well, in addition to the 25 basis point increase we received at the March meeting, we should be figuring in at least two more 25 basis point rate hikes in 2018. The most recent set of projections from the Fed, released after their March meeting, indicate a median projection for three 25 bp hikes in 2018, though it was close to being four, and the dot plot was a bit more hawkish overall. The markets are currently expecting two more hikes this year, with an 80% chance of the next 25 basis point hike coming in June, and the third likely in September. If the economy should pick up a bit of steam, it would not be surprising to see expectations rise for a fourth 25 basis point hike in December.

Tim Sustak: Thanks for watching the economic update for April 2018. Here are this month's release dates for some of the more important economic statistics.

A light grey screen appears with a square orange graphic with white lettering in the top left corner that reads, 'Economic Releases'. Next to the graphic, white lettering appears that reads, 'April 2018'. White letters disappear, and dark grey words appear that read,

Economic Releases for April 2018

Payroll Numbers -April 6

Gross Domestic Product (GDP) – April 27

Consumer Numbers

Retail Sales – April 16

Consumer Confidence (Conference Board) – April 24

Personal Income and Outlays (Including PCE Price Index) – April 30

Housing Numbers

Housing Starts – April 17

Existing Home Sales – April 23

New Home Sales – April 24

Manufacturing/Industrial Numbers

ISM Manufacturing Index – April 2

Industrial Production – April 17

FOMC

FOMC minutes from March meeting – April 11

Tim Sustak: We'll see you again next month for another look at the economy and as always, thanks for watching.

[theme music playing]

Light grey screen appears with a blue graphic with white lettering that reads, 'Thanks for watching.' Graphic fades and Vizo Financial logo appears. Vizo Financial logo fades out and disclaimer text appears on screen.

Disclaimer says: "The content expressed in this video is the copyright of Vizo Financial Corporate Credit Union and is provided as general information. If you wish to apply the information, concepts or ideas contained in this video, you are taking full responsibility for your actions. Neither Vizo Financial Corporate Credit Union, the Writers, nor the Actors shall in any event be liable to any party for any direct, indirect, implied, punitive, special, incidental or consequential damages arising directly or indirectly from any use of this material, which is provided as is, and without warranties. Each credit union manages its operations and balance sheet differently. Viewers should never take any information perceived from this or any other video(s) at face value and should always do their own due diligence and, where applicable, seek the advice of a competent legal, tax, accounting or other professional before taking action."