

[theme music]

A light gray screen with dark gray text that reads 'Federal Open Market Committee' scrolls across the screen in segments then scales down to the full title. Scene fades to white.

A male host named Tim Sustak sits in front of a Christmas tree and fireplace decorated with various holiday decorations. Below him is a screen width gray graphic with a blue border on top and white letters that read, 'Federal Open Market Committee Update- Tim Sustak Chief Credit Officer December 17,2020.'

Tim: Hi, I'm Tim Sustak, chief credit officer with Vizo Financial, and this is your FOMC update for December 2020.

Tim: As expected, at its December meeting, the Fed maintained the fed funds target range at a level of 0-25 basis points, as well as the rate on required and excess reserves at 10 basis points. There was very little change in the post meeting statement. One piece of guidance Fed watchers were looking for was more insight into the Fed's plans for its asset purchases.

Tim: More specifically, the markets were hoping for guidance on what might cause the Fed to reverse course on purchases; or, if the Fed might consider buying longer-term bonds in an effort to hold down longer-term rates and add more fuel for the economy. The Fed gave the markets some of what they were hoping for, changing the post meeting statement to reflect that they will keep purchasing assets at the current pace "until substantial further progress has been made toward the committee's maximum employment and price stability goals."

Tim: This in comparison to the prior statement that said purchases would continue at the current pace "over the coming months." In essence the Fed is committed to its asset purchase program until the economy is back on solid footing.

Tim: The December meeting also gave us a look at revised Fed projections. The estimate for the fed funds rate remained largely the same, with a strong majority of participants seeing no change in the funds rate through 2023. The Fed also revised its estimate upward a bit for GDP growth moving forward and sees the unemployment rate declining a little more quickly in the coming years as well. A look at what Chairman Powell had to say at his post meeting press conference after the break.

Fade to black

[Energetic music playing]

Female voice: Would you rather spend time processing checks or assisting members?

Female voice: Would you rather capture check images at the source or let the paper pile up?

Female voice: These are seemingly easy questions, right? No-brainers! Well, we have remote image capture solutions that are also no-brainers.

Female voice: Branch, teller, merchant, ATM and mobile capture are all available through MY CU Services!

Female voice: So not only do you have the world of image capture options at your fingertips, but you can also get advanced fraud detection services to lower your risk of check fraud.

Female voice: Yup, no-brainer about sums it up! Capture it all with MY CU Services!

Fade to black

Tim: In his press conference following the meeting, Chairman Powell noted that economic activity has continued to recover from the depths of the second quarter, and more than half of the 22 million jobs that were lost in the beginning of the crisis have been recovered. He indicated that the committee's forward guidance on rates, along with the enhanced guidance that was given regarding the balance sheet and asset purchases will "ensure the stance of monetary policy remains highly accommodative as the recovery progresses."

Tim: He made sure to note however that the guidance was outcome-based, and that it was linked to the pace at which the economy progresses towards the committee's employment and inflation goals. He also reiterated the need for fiscal policy help in addition to the monetary policy help the Fed is providing.

Tim: Overall, not a whole lot new, but the Fed has reinforced its commitment to supporting the economy as long as they feel the need is there. That's the FOMC update for December. Thanks for watching and I hope the holidays treat you well!

Fades to Vizo Financial logo V and a red heart and the words, "CUs" in green on gray background. The logo fades into the Vizo Financial logo. 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."