

[theme music]

A dark background with financial graphs, the words 'FOMC' with money graphics across it scrolls across the screen in segments. FOMC graphic then scales down to the full title in blue that reads, 'FOMC UPDATE'. The scene fades to black.

A male host named Tim Sustak stands in front of two bookcases with various books and decorations on them. Below him is a gray graphic with a blue border on top and white letters that read, Federal Open Market Committee Update- Tim Sustak Chief Treasury Officer January 30, 2025.

Tim: Hi, I'm Tim Sustak, chief treasury officer with Vizo Financial, and this is your FOMC update for the January 2025 meeting.

Tim: At its latest meeting, the FOMC chose to maintain the target fed funds range at a level of 4.25 to 4.50 percent, and they also maintained the rate on reserve balances at a level of 4.40 percent. The decision was unanimous and was absolutely no surprise to the markets or anyone else that follows the Fed. The statement changed somewhat in two areas of note. First, the Fed characterized the jobs market as stable and solid, rather than easing as it had in its last statement. Additionally, about inflation, they simply stated that it remains elevated, versus the acknowledgement in the last statement that progress was made towards the committee's 2% goal. Given the Fed took a pause on a rate action this month, the change in language is not surprising as a stable labor market and somewhat elevated inflation are good reasons to take a pause in a rate reduction campaign. The question is, how long will that pause be, and after the pause what do policy adjustments look like? We'll see what additional information Chair Powell had for us about the future of rates in his press conference, after the break

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Tim: Welcome back! Chair Powell gave his prepared remarks to start the press conference. He said the economy has continued to expand at a solid pace with GDP rising above 2% for 2024, solid labor market conditions, and inflation that has eased significantly over the past two years but remains somewhat elevated relative to the longer-run goal of 2%. With the recent rate decreases policy stance is less restrictive, so the committee does not need to be in a hurry to adjust policy. Chair Powell indicated that if the economy remains strong and inflation persists, the committee can maintain policy restraint for longer. However, if the labor market were to weaken or inflation were to fall more quickly than expected, the committee can ease policy accordingly. He said the committee believes policy is in a good position to deal with risks to both sides of the committee's dual mandate.

Tim: In the question-and-answer session of the conference, Chair Powell had no real comment when asked about President Trump demanding a decrease in rates. He said he has had no contact with the President regarding that comment, and the committee plans to keep it head down and do its job. He said further, in response to another question about politics, that everyone should just look to the Fed to operate independent of politics because that is what they are designed to do, and he gave his **assurance**

that is what they intend to do. As in last month's press conference he answered questions about the new administration's policies and said the committee is in a wait and see mode concerning how they may affect the economy. Chair Powell addressed a number of questions concerning future rate moves and indicated that given conditions the committee does not need to be in a hurry to make policy adjustments. He also indicated that it will take further progress on inflation or a weakening job market for rates to drop.

Tim: Well, nothing unexpected and not much new. It is very apparent that this Fed is in a wait and see mode, and who can blame them. The economic numbers are pretty good, and they are evaluating a new administration's policies and how they will affect things moving forward. It is a logical point in time for them to take a pause on policy adjustments and grab their popcorn and soda and watch. Let's hope the movie does not deviate too much from the current plot. That's the FOMC update for January. Thanks for watching and be well.

White screen with blue, red and green paint splashing together to form Vizo Financial logo. Logo fades to a green Vizo Financial logo 'V', a red heart and the words, "CUs" in green on a light gray background. Dark gray words appear underneath that read, 'A Vizo Financial Production.'

Logo fades out and disclaimer text appears on screen.

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