

[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 reads, 'Federal Open Market Committee Update- Tim Sustak Chief Treasury Officer November 8, 2024.'

Tim: Hi, I'm Tim Sustak, chief treasury officer with Vizo Financial, and this is your FOMC update for the November 2024 meeting.

Tim: At its latest meeting, the FOMC chose to decrease the target fed funds range 25 basis points, to a level of 4.50 to 4.75 percent, and they also reduced the rate on reserve balances 25 basis points to a level of 4.65 percent. The decision was unanimous and expected by the marketplace. There were no real significant changes to the statement. Probably the biggest takeaway is that the language changed a bit seemingly in a nod to the fact that inflation has been fairly steady in recent readings rather than continuing to fall. We'll see what additional commentary Chair Powell had for us 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 resilient consumer spending, solid labor market conditions, and inflation that has eased significantly over the past two years. He indicated the committee feels the risks to achieving their dual mandate are roughly in balance, and that policy is well positioned to deal with the risks and uncertainties faced in the quest to achieve that mandate.

Tim: In the question-and-answer session of the conference, the presidential election was front and center. In response to a question about the impact on monetary policy from the anticipated policies of the new administration, Chair Powell said that it would have no effect on monetary policy in the short term. He did clarify though that any administration's policies, as well as a host of other factors, could have an effect on the economy over time which would then help to shape Fed policy. It is no secret that President-elect Trump and Chair Powell have not seen eye to eye in the past regarding monetary policy. When asked if he would resign if asked to do so by President-elect Trump, Chair Powell answered simply "no". Further, in response to a similar question later in the Q&A session, he said it was not permitted under law for the President to fire or demote him from his position.

Tim: Chair Powell also answered a number of questions about interest rates and monetary policy. He indicated that the committee still feels policy is restrictive even with this latest cut. He explained that they are on a path to a more neutral monetary policy stance, and although some economic data has

come in stronger than expected since the meeting in September, that path is still intact. Specifically regarding inflation, he said that though the downward move in inflation can be a bumpy, with the last few readings being an example of that, the downward trending inflation story has not changed. Regarding the change in the inflation language in the statement, he said that it was not meant to indicate any future rate guidance, but simply to indicate where the Fed is along its rate reduction path.

Tim: Well, not a whole lot new here. Sounds like the Fed believes the soft-landing story is still intact and they are trying to adjust policy in the right amount and at the right pace to make sure things stay that way. No doubt we will see further market gyrations as the new administration takes power and the details and expectations sort themselves out. Just another bit of uncertainty to throw into the economic mix. So far, the Fed has done a good job navigating a number of recent economic storms, so there is no reason to think the change in administration will blow them off course. That's the FOMC update for November. 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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