

[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'. Scene fades to black.

A female host named Jaime Agostino appears on screen. Below her is a gray graphic with a blue border on top and white letters that reads, 'Federal Open Market Committee Update- Jaime Agostino, VP of sales, marketing and education August 1, 2024.

Jaime: Hi, I'm Jaime Agostino, VP – Sales, marketing, and education with Vizo Financial, and this is your FOMC update for the July 2024 meeting.

Jaime: At its latest meeting, the FOMC chose to leave the target fed funds range unchanged, at a level of 5.25 to 5.50 percent, and they also maintained the rate on reserve balances at a level of 5.40 percent. The decision was a unanimous one and was expected by most in the marketplace. This marks 12 months since the FOMC last made changes to the overnight rate. The post-meeting statement had a few changes but not to the level some were hoping for. Job gains were changed from 'remained strong' to 'moderated' and the unemployment rate section was changed from 'remained low' to 'moved up but remains low'.

Jaime: The other difference was in the progress towards the committee's employment and inflation goal from 'have moved toward' better balance to 'continue to move into' better balance. The prior statement said the Committee remains highly attentive to inflation risks. It now reads, 'is attentive to the risks to both sides of its dual mandate', meaning stable prices (inflation) and employment. The remainder of the statement remained unchanged from their June meeting and ends with them saying they will continue to look at a 'wide range of information' in assessing the stance of monetary policy. Incoming data will continue to drive the Fed's rate decision between now and their September meeting.

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Jaime: Welcome back! Chair Powell started the press conference with his prepared remarks. He talked about the FOMC's focus on their dual mandate of maximum employment and stable prices and the progress that has been made over the last two years, with inflation falling from a peak of 7 percent to 2.5 percent and their commitment to returning inflation to 2 percent. He discussed the strength in the economy, with GDP lower than it was a year ago but still strong at 2.1 percent. On the employment front, he talked about supply and demand for labor coming into balance, with job gains still solid although lower than in the first quarter.

Jaime: The unemployment rate has increased to 4.1% but remains low. He said the labor market has returned to where it was pre-pandemic, strong but not overheated. He reiterated it won't be appropriate to reduce the fed funds rate until they have greater confidence that inflation is moving

sustainably towards their 2 percent goal, but recent readings have added to their confidence and more good data would strengthen their confidence further. He said the FOMC is prepared to respond to inflation and the economy, whether that means remaining on hold for longer if inflation persists or cutting rates if the labor market weakens or inflation falls unexpectedly.

Jaime: In the Q and A session, Chair Powel answered a number of questions about the potential of rate cuts at their September meeting and why none were made at this meeting. He said the Committee has made no decision about future meetings, including the September meeting. Chairman Powell stressed that the FOMC is looking at the totality of the data and not at a single data point. In answering another question about cuts in September he said if inflation continues to fall then a rate cut is on the table for September. But again, it will depend on the totality of the data.

Jaime: As for why there was no cut today, he said they feel we are getting closer to the point at which it will be appropriate to adjust policy, but we aren't quite at that point yet. He was also asked about the possibility of a 50bp cut at the September meeting, something some on the Street have been calling for. He said that a 50bp cut is not something they're currently considering. When asked about the weakening labor market he said it's something they are watching closely but that they're happy with the current balance they're seeing under their dual mandate. He doesn't see the current labor market as a major source of inflation and they feel the labor market is normalizing rather than weakening.

Jaime: There was something for everyone in today's statement and press conference. The FOMC statement was more hawkish than many were expecting, with no clear signal indicating a September rate cut was a given. However, with some of the adjustments made to the statement, one could remain confident in their belief that a rate cut is coming in September. Chairman Powell's press conference was decidedly more dovish than the statement, with Powell saying a September rate cut is on the table but stressing that their decision will depend on the totality of the incoming data. The key here is we will have two more inflation readings and two more employment reports before the September FOMC meeting. If both inflation reports continue to show inflation moving lower, there is a very strong chance the FOMC will lower the overnight in September.

Jaime: That's the FOMC update for July, thanks for watching.

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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