

## END OF AN ERA - POWELL'S PARTING



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FED WATCH TEAM

The Federal Reserve kept rates on hold at 3.5%–3.75% Wednesday for the third straight meeting, delivering the non-decision that markets had fully priced in. What they hadn't priced in: Powell isn't going anywhere.

The outgoing chair confirmed he will remain on the Board of Governors after his term expires on May 15. That move blocks President Trump from filling Powell's seat with a new appointee. Trump's current appointees on the seven-member board include Govs. Christopher Waller and Michelle Bowman, along with Stephen Miran, whose term has expired but who has continued to serve pending Warsh's confirmation. With Miran stepping down to make way for Warsh, Powell's decision to stay means the board's composition remains unchanged

The vote was anything but clean. Gov. Stephen Miran — who has dissented at every FOMC meeting since his confirmation last September — once again broke from the majority, pushing for a quarter-point cut. On the other side of the table, three regional Fed presidents wanted a different kind of message: Beth Hammack of Cleveland, Lorie Logan of Dallas, and Neel Kashkari of Minneapolis all supported the hold, but pushed back on the statement itself, arguing the committee should more explicitly signal that the next move isn't necessarily a cut. Four official dissents. The last time that happened was October 6, 1992.

The first question of Powell's final press conference went straight to the one that mattered most. Powell was unambiguous about why he's staying: It isn't about politics, and it isn't about verbal criticism from elected officials, a distinction he was

careful to draw. "These legal actions by the administration are unprecedented in our 113-year history, and there are ongoing threats of additional such actions. I worry that these attacks are battering the institution and putting at risk the thing that really matters to the public, which is the ability to conduct monetary policy without taking into consideration political factors." The things that have happened in the last three months, he said, have "left me no choice."

When pressed on whether staying was itself a political act, Powell rejected the framing entirely. And when asked about his colleagues, he offered a window into how broadly the concern runs inside the institution: there are widespread concerns among FOMC members that these attacks may continue. "That's all I'll say," he added. "And that would be a problem."

On Warsh, Powell was collegial. He hasn't seen his successor since a dinner in January, congratulated him on his Senate Banking Committee advancement Wednesday morning, and was explicit about his intentions as governor. "There's only ever one chair of the Federal Reserve Board. When Kevin Warsh is confirmed and sworn in, he will be that chair." On whether Warsh would resist political pressure, Powell kept it simple: "He testified very strongly to that effect in his hearing, and I'll take him at his word."

The most consequential exchange of the afternoon was Nick Timiraos pressing Powell on the easing bias — the language in the statement signaling the committee's cut orientation since late 2025. Powell noted that the number of committee members who could support shifting to a more neutral stance — where a hike is as likely as a cut — has grown since March. Core inflation is now at 3.2%, moving "albeit just a little bit, in the wrong direction" and three officials formally dissented over the language, all of them agreeing with the rate decision itself. "It's a much closer thing on the committee than it was in March." Nobody is calling for a hike — the disagreement is about what the statement signals for the next move.

When asked whether the easing bias survives if oil stays near \$120 by June, Powell noted new leadership will be at the podium and left the door open: "At a certain point, you would move — that conceivably could come as soon as the next meeting."

Powell pegs neutral at 3 to 4%, placing current policy at "the higher end of the range of what I would consider reasonable." The labor market, he said, doesn't make a strong case for policy looking meaningfully restrictive — "maybe mildly restrictive or neutral." The Fed is not in a hurry. On the four dissents, Powell offered what may be his most lasting framing: "We've really had four supply shocks — the pandemic, Ukraine, tariffs, and now Iran. Every supply shock drives up inflation and unemployment at the same time. And what do you do?" A divided Fed, in his telling, is not a broken one. It's the natural result of five years of genuinely hard problems.

### FED: New Fed likely confirmed between June-July 2026

Federal Reserve Chair Timeline from Nomination to Confirmation  
Last 4 Fed Chairs

	Greenspan		The "Bernanke"		Yellen		Powell		Warsh	
	Date	# Days since Ann.	Date	# Days since Ann.	Date	# Days since Ann.	Date	# Days since Ann.	Date	# Days since Ann.
Nomination Announced	6/2/1987	-	10/24/2005	-	10/9/2013	-	11/2/2017	-	3/4/2026	-
Senate Banking Committee Hearing	7/21/1987	49	11/15/2005	22	11/14/2013	36	11/28/2017	26	4/21/2026	48
Committee Vote	7/28/1987	56	11/16/2005	23	11/21/2013	43	12/5/2017	33	4/29/2026	56
		<b>+7</b>		<b>+1</b>		<b>+7</b>		<b>+7</b>		<b>+8</b>
Senate Floor Confirmation Vote	8/3/1987	62	1/31/2006	99	1/6/2014	89	1/23/2018	82		<b>+50-70</b>
		<b>+6</b>		<b>+76</b>		<b>+46</b>		<b>+49</b>		

Source: Fundstrat

June to July 2026

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### What Comes Next: The Warsh Era

While today's decision landed largely as anticipated, the room's attention has been

shifting toward the incoming chair for weeks. Last week, Kevin Warsh appeared before the Senate Banking Committee — and his testimony offered the clearest preview yet of what a Warsh Fed looks like in practice.

On the question of political independence, Warsh was unambiguous. The president, he said, "didn't ask, didn't demand, didn't require" interest rate cuts in any meeting between them. Powell took him at his word Wednesday. Markets should too, for now.

On policy, Warsh's views represent a meaningful departure from the framework Powell leaves behind. He has argued that forward guidance causes the Fed to "hold onto forecasts longer than it should," producing errors. He is skeptical of the dot plot. He wants deliberation held closer to the meeting itself, without the pre-commitment that forward guidance creates. He also believes core PCE is an imperfect inflation measure and has signaled interest in alternative data sources. And critically, he views tariff and energy-driven inflation as one-time in nature — not a reason to hold rates higher indefinitely.

That last point matters. It is also, notably, not far from what Powell said Wednesday. The tariff pass-through, in Powell's base case, resolves over the next two quarters. The energy shock moves through "fairly quickly." If that timeline holds, Warsh inherits a cleaner inflation picture than today's numbers suggest — and with it, more room to move.

But he also inherits a committee that made clear today it will not move on conviction alone. Three regional presidents dissented specifically to push back on the idea that the next move is a cut. The easing bias is, by Powell's own admission, a much closer question than it was six weeks ago. And Powell himself will be sitting at the table.

June is when we find out what the Warsh Fed actually looks like. Until then, the committee has spoken, and it isn't in a hurry.

## Market Reaction

**S&P 500 Price Reaction to April 2026 FOMC Meeting**

1 Minute Price Chart 1:00PM – 4:00PM EST



Source: Fundstrat, Bloomberg

Markets proved to be slightly volatile today during the press conference. The market's immediate response to the 2PM decision was negative, likely reflecting the four dissents and their hawkish implications, causing a -0.24% decline in the S&P 500. The press conference however yielded a more positive move, as 15 minutes in the market reversed after Powell addressed the easing bias language, saying that the majority of the committee did not support the transition from cutting language to hiking language and that there isn't really a need to indicate a change in policy stance given the current levels of uncertainty, as new economic developments in the near-term could very well change that view. The S&P 500 climbed 0.41% through the end

of the conference following Powell providing clarity on the dissents, ultimately ending the day flat (-0.04%) from yesterday's close. On the bond side, yields moved meaningfully, with the 2-year up 9 basis points to 3.93% and the 10-year up 5 basis points to 4.40%, suggesting the bond market took the hawkish dissents more seriously than equities did. Headlines related to the Strait of Hormuz and major Magnificent 7 earnings releases also contributed to today's price action.

See you in June Fed Watchers!

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