
Weekly Economic Flash

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“I am open to the guidance of synchronicity, and do
not let expectations hinder my path.”

Dalai Lama

With the media blackout now in effect, we will get no Fed speakers until Chair Warsh's post-decision press conference October 28. However, a rundown of the most recent official comments suggest the Fed is poised to deliver a hold this month.

Background

Despite Chair Warsh's disdain for forward guidance, almost every other Fed official has been providing plenty of it. Here are the latest quotes from Fed officials. All seven Fed Governors as well as the New York Fed President always vote. The regional Fed Presidents are grouped by 2026 voters, 2027 voters, and 2028 voters.

Board of Governors

Chair Warsh, October 16: "We made very clear that we would deliver price stability, and we removed a dose of accommodation about a month ago. I don't prejudge meetings. I don't believe in saying now what I might do at the meetings that we have in the balance of this year."

Vice Chair Jefferson, October 1: "My colleagues and I will need to come to our own judgment, which may take more time."

Vice Chair Bowman, October 14: "I don't feel any urgency for taking further action at this point. We really need to take some time and understand how things will evolve within the economy."

Governor Waller, October 8: "If the economic data continue to come in as expected, I anticipate additional hikes to support a timelier return of inflation to our 2% goal. But there is some flexibility about when those hikes will occur."

Governor Barr, September 29: "[f]urther policy adjustments are likely to be needed to ensure inflation comes down to target in a timely fashion."

Governor Cook, October 1: "Our conventional view used to be that we would look through these supply shocks because tighter monetary policy is not going to have an effect on oil prices, not going to have an effect on a war. Now it is possibly the case that the optimal policy response could have different predictions depending on many different factors."

Governor Powell: Since stepping down as Chair back in May, Powell has not given any public comments on monetary policy after he vowed to keep a "low profile" and not act as a "shadow Chair."

2026 FOMC Voters

New York Fed President Williams, October 13: "I haven't changed my view that it may be appropriate to have one more rate hike. I don't think at this time I have any reason to believe that we would need to do more..."

Philadelphia Fed President Paulson, September 24: "Looking ahead, if conditions evolve as I expect, some modest further tightening may be warranted."

Cleveland Fed President Hammack, October 12: "Trimming the sails through frequent smaller adjustments reduces the risks of being blown far off course, of an inflationary mindset taking hold, and of taking longer to reach the destination."

Dallas Fed President Logan, October 1: "I currently estimate the target range needs to rise an additional 50 basis points or more to appropriately balance the outlook and risks for our dual mandate goals."

Minneapolis Fed President Kashkari, October 1: "We will do what we need to do to get inflation back down to our target. Now, the question is ultimately how high" rates have to go and added "I don't know the answer to that."

2026 FOMC Non-Voters That Become Voters in 2027

Chicago Fed President Goolsbee, October 14: "You must prevent the buildup of overheating because if you get overheating buildup on the demand side, that tends to be very persistent and hard to get rid of."

Richmond Fed President Barkin, October 13: "It seems clear to me at this point that these shocks are continuing, and that inflation is enduring, and that doing something about it makes some sense."

San Francisco Fed President Daly, October 6: "It doesn't seem like the demand for AI is going down. If anything, it seems like it's going up. I see it less as a one-off."

Atlanta Fed Interim President Venable*, August 11: "Inflation is too high, and it has exceeded the FOMC's goal of 2 percent for more than five years. The central questions about inflation are difficult ones, though - are the pressures pushing prices higher likely to recede in coming months? Will inflation then resume its moderation to 2 percent absent a change in monetary policy?"

*The Atlanta Fed is currently in the search process for its next President after Raphael Bostic retired this February. In the meantime, Venable's only views on monetary policy can be found in these quotes from her August essay [here](#).

2026 FOMC Non-Voters That Become Voters in 2028

Boston Fed President Collins, October 13: "I also currently expect that it will be appropriate to raise rates a bit further before the end of the year to ensure a timely and durable return of inflation to the Committee's 2% target."

St. Louis Fed President Musalem, October 8: "To bring inflation back to target in a timely manner, more monetary policy firming will be required. If a timely manner is something like 18 months, that kind of suggests that rates ought to be going up further in an appropriate period of time - in the next six to nine months."

Kansas City Fed President Schmid, October 6: "Personally, I think we have some work to do on the short rate, even though I would say that the yield curve right now is in a more traditional place."

Policy Implications

The September inflation data ran hot and would seem to support a hike at this meeting. However, it's clear from the recent official comments that a majority of the FOMC would like to hold rates at this meeting in order to better gauge how the economy is developing after the September hike. If the Fed does hold, we would expect three dissents (Hammack, Kashkari, Logan) in favor of a 25 bp hike. Furthermore, the minutes (to be released November 18) should show that a few non-voters (most likely Schmid, Musalem, and Goolsbee) also supported a hike.

Markets put only 15% odds on a hawkish surprise next week. While we expect a hold, we believe the odds of a hawkish surprise are much higher than 15% after the September inflation data.

With oil prices currently at the highest since May, there is no reason to believe that October inflation data also won't run hot. It shouldn't be a shock then that a hike at the December 8-9 FOMC meeting is fully priced in. After that, 25 bp hikes are priced in for the March and June FOMC meetings but of course, it will all depend on the data in 2027. The swaps market is also pricing in around 50% odds of a fourth hike over the next twelve months. If oil prices remain elevated, those odds are likely to rise.

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