



# Weekly Commentary

MAY 26, 2026

## Paige Wilhelm

*Senior Vice President*

*Senior Portfolio Manager*

*Federated Investment Counseling*

## New dawn at the Fed

It's officially a new era at the Federal Reserve. On Friday at a ceremony at the White House, President Trump swore in Kevin Warsh as Chair of the Fed's Board of Governors, succeeding Jerome Powell.

Thus ends one of the most drawn-out nomination processes in the central bank's history, as the president wanted to name someone amenable to holding interest rates lower than traditional monetary policy might recommend. Warsh has the pedigree, expertise and experience to be an excellent leader. Some of his proposals to change aspects of how the Fed operates, such as the reduction of its balance sheet, are sound, if difficult to pull off. But he may find the going tough as the economy is performing well and the Iran conflict continues to disrupt oil shipments. The latter threatens to send inflation higher in a more sustainable manner every day that the Strait of Hormuz is closed.

Lastly, Warsh will have to deal with the fact that Powell is staying on the Fed board. While the former chair says he will take a back seat, his influence will remain to some degree.

Views are as of the date above and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security or sector.

Federated Investment Counseling

G40461-19 (5/26)