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## **Powell reveals his vote**

It is too early to know exactly how Russia's invasion of Ukraine will impact the global economy, but Federal Reserve Chair Jerome Powell agrees with the commonly held belief that we should expect higher prices. The combination of Russia's large role as supplier of energy commodities and the disruption to already bogged-down supply chains will create "upward pressure on inflation at least for a while," he said in testimony before the Senate Banking Committee on Thursday.

The bigger news came when he spoke to the House Committee on Financial Services the day before. There, Powell all but settled the debate of how high the first Fed hike will be, saying he would endorse lifting the federal funds target range by 25 basis points. Similar to former heads of the central bank, Powell's influence essentially means his vote counts more than other voters on monetary policy. So, the chance of the Federal Open Market Committee (FOMC) approving a 50 basis-point hike on March 16 is very low. His remarks were helpful to markets and investors, who have found themselves in limbo as inflation has risen—and war arisen—since the last FOMC meeting. All eyes will now be on the course of rate hikes for the rest of the year, laid out by the members in materials accompanying the meeting statement.