Paige Wilhelm
Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling

Fed officials not named Powell take spotlight

It's been a long time since investors have needed to parse through speeches by Federal Reserve officials other than Chair Powell. It's not that he has an iron grip, a la Alan Greenspan, but that his tenure has had few open disagreements between members of the Federal Open Market Committee (FOMC). Hardly even much nuance. That changed at the last FOMC meeting when Michelle Bowman, the most hawkish of the current voters, became the first Fed governor since 2005 to disagree with a decision, preferring a 25 basis-point rather than the announced 50 basis-point cut. Dissents are not uncommon during periods of monetary policy transition, but they are most often issued by a regional Fed bank president.

Last week saw several Fed governors and regional bank presidents giving their take in various forums, with many more scheduled this week. The most pertinent question is if the Fed will indeed cut rates another 75 basis points this year, as it projected at its September meeting. Inflation continues to tick down but remains higher than the Fed's 2% target and could get a boost if the longshoremen unions close East Coast ports this week in a wage dispute.

Data points for the other half of policymakers' mandate—the labor market—are not consistent. Weekly jobless claims actually declined last week, from 222,000 to 218,000. The September jobs report released Friday will provide some clarity, but a raft of data will come before the FOMC meeting November 7. In the meantime, we have to pay more attention than usual to Fed speakers not named Powell to tease out the potential policy action going into year-end.