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FedSpeak Returns

With the two dissents to the Federal Open Market Committee (FOMC) decision in late July to hold rates steady, it was inevitable that Federal Reserve officials would offer diverse opinions in the days following. Fed speakers typically give their takes through prepared remarks, speeches, panels and other communications proliferating in the week following an FOMC meeting. The summer slows this somewhat, but last week, two policymakers issued opinions that countered the well-publicized dissent by Fed Governors Michelle Bowman and Christopher Waller.

Bowman and Waller preferred a 25 basis-point reduction in the federal funds target range, which still sits at 4.25-4.5%. Their combined opinions held significant weight not only because it's been more than thirty years since two sitting Governors dissented, but also because they sided with President Trump's desire that the Fed should ease policy immediately. He has, of course, made that stance quite public with his sharp criticism of Fed Chair Jerome Powell.

On Thursday, Atlanta Fed President Raphael Bostic said he continues to think only one quarter-point cut is appropriate by year-end. He is skeptical that the potential inflationary impact from tariffs will be a one-time occurrence—a stance some policymakers, pundits and politicians have taken. Fed Governor Lisa Cook pointed to the weak July jobs report and downward revisions of previous months as “concerning,” and suggested this could prove to be an “inflection point” toward an economic slowdown and need for policy to be more accommodative.

Others will surely weigh in soon, but the next time we will hear from Powell will be in a speech amplified by its serving as the keynote address for Kansas City Fed's widely watched central bank symposium in Jackson Hole, Wyo., in late August. The September FOMC meeting should be an intriguing one, indeed.

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.

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