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All Signal, No Noise

MARKET ANALYSIS

MNI FOMC Minutes Preview – Jun 2025

By Tim Cooper
July 8, 2025

The minutes of the June 17-18 FOMC meeting (released Wednesday Jul 9 at 2pm ET) should underline the Committee's patience in making its next rate move amid heightened tariff-related economic uncertainty, as encapsulated in the meeting's Dot Plot which showed participants largely divided between no cuts and 2 cuts by year-end.

- We have heard significant dovishness on the rate front from Board members Bowman and Waller since June's meeting, and while they appear to be outliers, it could be interesting to see whether any other members tend to agree with the view that the incoming tariff inflation will be largely transitory.
- In addition, we will be watching to see what the flavor of the discussion is around easing thresholds: how many months of inflation data would convince that tariffs are transitory, for instance, and would that be enough in itself to permit further rate cuts, or would it require a further deterioration in the labor market.
- With the Fed otherwise firmly in "wait-and-see"' mode, particularly since the June employment report looked too solid to cut at end-month, there will be some added focus this time on any discussion of the Fed's 5-year policy review. The new framework is due to be wrapped up by late summer (possibly at the Jackson Hole symposium in late August.
- Additionally, we will be watching for discussion on the format of the much-maligned "Dot Plot" - Powell noted at the press conference that the Committee discussed "enhancements to our suite of communication tools" at a high level, including the Summary of Economic Projections, and said that this would be reviewed in the fall.

Lack Of Support For A July Cut

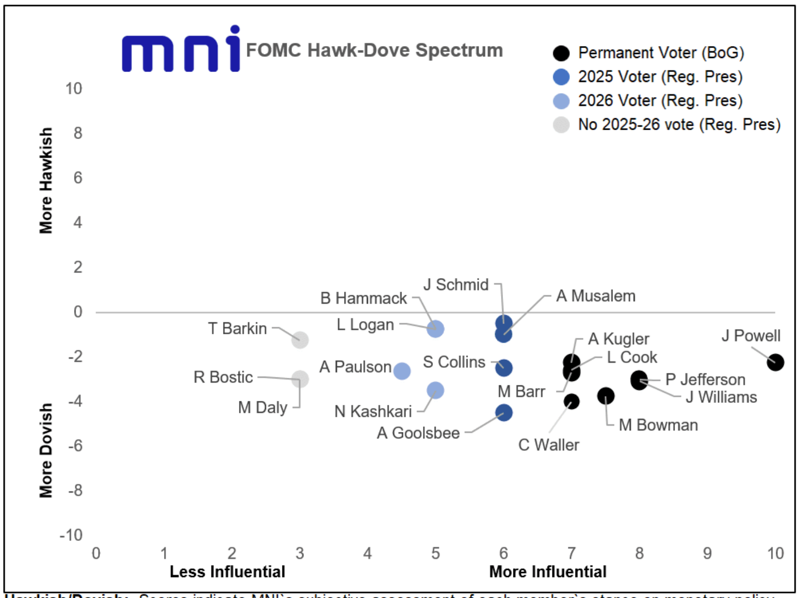
Reviewing inter-meeting communications so far, we start with the premise that Chair Powell largely took a July cut off the table at the June FOMC meeting ("it takes some time" for tariffs to be seen in prices he said then; "we feel like we're going to learn a great deal more over the summer on tariffs").

- He caused a minor stir on July 1 when he didn't refute the possibility of a rate cut at the July meeting: "Yeah,I really can't say - it's going to depend on the data. And we are going meeting by meeting. I mentioned, you know, how I'm thinking about that, but I wouldn't take any meeting off the table or put it directly on the table, it's going to depend on how the data evolve."
- Forcefully pushing back on it would have been too abrasive an approach for Powell, given a growing if small group of likely dissenters to a hold in July. Though only two FOMC members have said that they would/could support a July rate cut, but both are permanent voters on the Board: Vice Chair Bowman ("I would support lowering the policy rate as soon as our next meeting ") Gov Waller ("I think we're in the position that we could do this and as early as July").
- As we mused after Bowman's surprising dovish turn, we could easily see two dissents to a likely July rate hold, and she and Waller are likely the 3-2025 cut Dots in the June SEP.
- We haven't heard any other FOMC participants say they were seriously considering supporting a cut at the next meeting, with various members that see two cuts this year eyeing a later restart to easing (Daly / Kashkari specifically mentioned the fall/September respectively).

MNI Hawk-Dove Spectrum Eyes End-2026 Rate Views

The MNI Markets Team's educated "guess" as to the June SEP submissions for the 2025 end-year dot is below. Recall that the median for end-2025 is 3.9% (2 cuts).

- Kashkari and Bostic have publicly revealed their "dots" for 2025 (and the case of the latter two, 2026), while Daly and Collins have implied theirs.



Hawkish/Dovish: Scores indicate MNI`s subjective assessment of each member`s stance on monetary policy. **-10** implies member believes aggressive easing warranted; **+10** is most hawkish, implies member believes aggressive tightening warranted. Scores around -2 to +2 considered relatively neutral.
Influence: The x-axis runs from **0** ('least influential') to **10** ('most influential'). Voters in the current year receive a minimum score of 6; the Chair receives a 10 and Board of Governors members receive at least 7. Those who are not voters in the current year are limited to a score of 5; among them, those due to vote next year receive higher influence scores (rising towards end of current year), and vice-versa. **Updated Jul 2, 2025**

- Most of the Board are in the 2-cut median camp. Governors Cook and Jefferson haven't commented on monetary policy since the June FOMC meeting. At a guess, Gov Kugler is only board member who doesn't eye cuts this year, though that could also be Gov Barr, or Gov Cook who said pre-June FOMC that all possibilities, including hikes, were possible.
- Two of the more hawkish members, St Louis's Musalem (2025 voter) and Dallas's Logan (2026 voter) also haven't spoken on current monetary policy since the June meeting, though are scheduled to make relevant commentary on July 10 and July 15, respectively. We assume they are "no-cutters" for this year.
- We also haven't heard from new Philadelphia Fed President Anna Paulson (2026 voter) yet, though her predecessor Patrick Harker could easily have been any of 1, 2, or 3 cuts for 2025. We have him here as a rate-cut skeptic (in his last public appearance he suggested that the direction of the next move rates itself was a question).

FOMC Member	Eyeing July Cut?	MNI Guess Of 2025 Rate Dot In June SEP
M Bowman (Perm. Voter)	Yes	3.6
C Waller (Perm. Voter)	Yes	3.6
J Powell (Perm. Voter)	No	3.9
J Williams (Perm. Voter)	No	3.9
M Barr (Perm. Voter)	No	3.9
M Daly	No	3.9
A Goolsbee (2025 Voter)	No	3.9
L Cook (Perm. Voter)	NA	3.9
P Jefferson (Perm. Voter)	NA	3.9
N Kashkari	No	3.9
S Collins (2025 Voter)	No	4.1
R Bostic	No	4.1
B Hammack	No	4.4
T Barkin	No	4.4
J Schmid (2025 Voter)	No	4.4
L Logan	NA	4.4
A Musalem (2025 Voter)	NA	4.4
A Kugler (Perm. Voter)	NA	4.4
P Harker	NA (Retired Jun 30)	4.4

Source: MNI Markets Team

Our FOMC Hawk-Dove Spectrum has shifted since pre-June FOMC to reflect some of the latest commentary on future easing. This is based in part on where we think (or in the case of Bostic and Kashkari, we know) they penciled in end-2026 rates in the June SEP (recall the median was 3.6%).

- We had to pick a "1 cut through end-2026" candidate and that is probably Logan, Hammack or Schmid - we guess the latter.
- Likewise despite Goolsbee not being the biggest dove for 2025, we think he probably continues to have the most dovish rate profile overall, with Bowman and Waller conversely front-loading their cuts.
- The Board is likely split largely between 3.4% and 3.6% end-2026, implying that most are eyeing 1-2 cuts in 2026 on top of 2 cuts by end-2025.

MNI Guess Of 2026 Rate Dot In June SEP

4.1	Schmid				
3.9	Logan	Musalem	Hammack	Barkin	Harker
3.6	Kugler	Barr	Collins	Powell	
3.4	Bostic	Williams	Jefferson	Daly	Cook
3.1	Bowman	Kashkari			
2.9	Waller				
2.6	Goolsbee				

Source: MNI Markets Team

We have a few Instant Answers questions for this release of the Minutes:
- Did any participant mention a potential scenario where rates would need to rise from current levels?
- Did staff or participants discuss the idea of lowering the ON RRP rate relative to the fed funds rate?
- Did any participant mention changing the IORB rate independently of changes to the fed funds rate?

<table>
<tr><th rowspan="2">Member</th><th rowspan="2">Role</th><th colspan="2">Voter</th><th rowspan="2">Monetary Policy Commentary Since June FOMC</th></tr>
<tr><th>'25</th><th>'26</th></tr>
<tr><td>J Powell</td><td>BOG, Chair</td><td>X</td><td>X</td><td>- On the rate outlook: “I think many paths are possible here… We could see inflation come in not as strong as we expect. And if that were the case, that would tend to suggest cutting sooner. We could see the labor market weakening, and that would also suggest cutting sooner. On the other hand, if we see inflation coming in higher or if the labor market were to, to remain strong, then we would probably be moving later.”
- “If you just look in the rear view mirror and look at the existing data that we've seen, you can make a good argument that that would call for us to be at a neutral level, which would be, you know, a couple of cuts, or maybe more, kind of thing. The reason we're not is the forecast by all Professional Forecasters that I know of on the outside and the Fed, do expect a meaningful increase in inflation over the course of this year." - Jun 24
- On a July rate cut: "Yeah, I really can't say - it's going to depend on the data. And we are going meeting by meeting. I mentioned, you know, how I'm thinking about that, but I wouldn't take any meeting off the table or put it directly on the table, it's going to depend on how the data evolve." – Jul 1
- On inflation: “"The things that are being sold at retail now, they might have been put into into inventory before the tariffs in February or March. So we think we should start to see this over the summer, in the June numbers, and in the July numbers. And if we don't... it may turn out that the pass through is less or more than we think. And I think we're going to be learning...we'll get an inflation number for June, we'll learn something, then we'll get it for July, as we go through the summer, we should start seeing this and if we don't, I think we're perfectly open to the idea that the passthrough will be less than we think, and if so, that'll matter for our policy." -Jun 24</td></tr>
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<tr><td>J Williams</td><td>NY Fed, VChair</td><td>X</td><td>X</td><td>- On the rate outlook: "Maintaining this modestly restrictive stance of monetary policy is entirely appropriate to achieve our maximum employment and price stability goals. It allows for time to closely analyze incoming data, assess the evolving outlook, and evaluate the balance of risks to achieving our dual mandate goals". - Jun 24</td></tr>
<tr><td>P Jefferson</td><td>BOG, VChair</td><td>X</td><td>X</td><td>- No commentary on current monetary policy since last FOMC meeting</td></tr>
<tr><td>M Bowman</td><td>BOG, VChair</td><td>X</td><td>X</td><td>- On the rate outlook: "With inflation on a sustained trajectory toward 2 percent, softness in aggregate demand, and signs of fragility in the labor market, I think that we should put more weight on downside risks to our employment mandate going forward…If inflation remains near its current level or continues to move closer to our target, or if the data show signs of weakening in labor market conditions, it would be appropriate to consider lowering the policy rate, moving it closer to a neutral setting." – Jun 23
- On a July rate cut: "Before our next meeting in July, we will have received one additional month of employment and inflation data. If upcoming data show inflation continuing to evolve favorably, with upward pressures remaining limited to goods prices, or if we see signs that softer spending is spilling over into weaker labor market conditions, such developments should be addressed in our policy discussions and reflected in our deliberations. Should inflation pressures remain contained, I would support lowering the policy rate as soon as our next meeting in order to bring it closer to its neutral setting and to sustain a healthy labor market. In the meantime, I will continue to carefully monitor economic conditions as the Administration's policies, the economy, and financial markets continue to evolve." – Jun 23
- On inflation: "the data have not shown clear signs of material impacts from tariffs and other policies. I think it is likely that the impact of tariffs on inflation may take longer, be more delayed, and have a smaller effect than initially expected...we should recognize that inflation appears to be on a sustained path toward 2 percent and that there will likely be only minimal impacts on overall core PCE inflation from changes to trade policy." – Jun 23</td></tr>
<tr><td>L Cook</td><td>BOG</td><td>X</td><td>X</td><td>No commentary on current monetary policy since last FOMC meeting</td></tr>
<tr><td>A Kugler</td><td>BOG</td><td>X</td><td>X</td><td>No commentary on current monetary policy since last FOMC meeting</td></tr>
<tr><td>C Waller</td><td>BOG</td><td>X</td><td>X</td><td>- On the rate outlook: “You’d want to start slow and bring them down, just to make sure that there’s no big surprises. But start the process. That’s the key thing… We’ve been on pause for six months to wait and see, and so far, the data has been fine. ... I don’t think we need to wait much longer, because even if the tariffs come in later, the impacts are still the same. It should be a one-off level effect and not cause persistent inflation.” – Jun 20
- On a July rate cut: “I think we’re in the position that we could do this and as early as July…That would be my view, whether the committee would go along with it or not…If you’re starting to worry about the downside risk labor market move now don’t wait… Why do we want to wait until we actually see a crash before we start cutting rates? So I’m all in favor of saying maybe we should start thinking about cutting the policy rate at the next meeting, because we don’t want to wait till the job market tanks before we start cutting the policy rate.” – Jun 20</td></tr>
<tr><td>M Barr</td><td>BOG</td><td>X</td><td>X</td><td>- On the rate outlook: “"The economy is currently on a sound footing, with low and steady unemployment, and disinflation having continued at a gradual, albeit uneven, pace toward our 2 percent target. Looking forward, however, I expect inflation to rise due to tariffs. Higher short-term inflation expectations, supply chain adjustments, and second-round effects may cause some inflation persistence. At the same time, tariffs may cause the economy to slow and unemployment to rise. There is still considerable uncertainty about tariff policies and their effects. Monetary policy is well positioned to allow us to wait and see how economic conditions unfold." – Jun 24</td></tr>
<tr><td>A Goolsbee</td><td>Chic. Fed</td><td>X</td><td></td><td>- On inflation: “The surprise has been that, so far at least, we’ve had three months of inflation data where there hasn’t been much inflation…What we’re trying to figure out is: Is this all there is, or is there about to be something showing up in the inflation data?...if we do not see inflation resulting from these tariff increases, then, in my mind, we never left what I was calling the golden path…of the dirt is out of the air, then I think we should proceed” [with cuts]. – Jun 23</td></tr>
<tr><td>S Collins</td><td>Bos. Fed</td><td>X</td><td></td><td>- On a July rate cut: “We’re only going to have really one more month of data before the July meeting... I expect to want to see more information than that.” She says “that could mean one rate cut, it’s possible it means more than that, but I think the data will really need to tell us...I am not seeing an urgency." -Jun 26
- On the rate outlook: "While I continue to expect it will be appropriate to resume gradual policy normalization later this year, my outlook could change significantly as events unfold, and the economic impact of changes in various government policies comes into sharper focus. Much will depend on whether the “price shock” from tariffs dissipates quickly, without derailing inflation expectations, and on whether the associated slowdown in real activity is limited. For now, however, I see the current monetary policy stance as modestly restrictive, and well positioned to address a range of possible outcomes." – Jun 25
- "calibrating appropriate policy is challenging in contexts when projections of inflation call for a tighter policy stance while forecasts of real activity call for a looser one. The overall solid current conditions enable the Fed to take the time to carefully assess the incoming data and their implications for the economic outlook and the balance of risks to inflation and economic activity. Indeed, the recent back-and-forth in tariff policy, and the potential for more changes to come, validate the careful approach I call “active patience” that the Fed has taken since the beginning of the year." – Jun 25
- "I continue to see upside risks to my outlook for inflation and downside risks to my outlook for economic growth and the labor market. And I do not rule out scenarios with larger and more persistent tariff effects on inflation." – Jun 25</td></tr>
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Member	Role	Voter		Monetary Policy Commentary Since June FOMC
		'25	'26	
J Schmid	K.C. Fed	**X**		- **On inflation:** "Certainly, with the inflation of the past couple of years still in people's minds, I will be carefully watching the monthly price data for signs of broad-based price increases that might further challenge an already fragile price-setting psychology." **-Jun 24**
A Musalem	St. Louis Fed	**X**		- **Scheduled to speak Jul 10 09:00ET**
B Hammack	Clev. Fed		**X**	- **On the rate outlook:** "When clarity is hard to come by, waiting for additional data will help inform the path ahead. It may well be the case that policy remains on hold for quite some time before the Committee initiates very modest cuts to return policy to a neutral setting...Given the resilience of the economy thus far, the risks from maintaining the current policy setting appear low, and I don't see a weakening in the economy that would merit imminent rate cuts, though I remain attentive to that possibility." "Looking ahead, if both sides of our mandate come under pressure, then holding the policy rate steady for some time may be the best choice to balance the risks coming from further elevated inflation and a slowing labor market." She says again, "I would rather be slow and move in the right direction than move quickly in the wrong one." **– Jun 24** - "I do believe that we are still modestly restrictive, and only very modestly restrictive." "You know, there are a wide range of estimates for the neutral rate in the US that would range from 2% to 4.6% and so that's a pretty wide bucket." [She said in prepared remarks that she saw estimated only "very modest cuts" required to get back to neutral] **– Jun 24**
A Paulson	Phil Fed		**X**	- **Became President after Patrick Harker retired end-June**
N Kashkari	Minn. Fed		**X**	- **On the rate outlook:** "Since March, we have seen much larger than expected tariffs announced and then modestly pulled back, suggesting that an inflation boost is likely coming. At the same time actual inflation data indicate renewed progress toward our inflation target. These opposing signals have led me to maintain my outlook for two cuts over the remainder of 2025, implying a possible first cut in September, barring some surprising development before then. If we were to cut in September and then the effects of tariffs showed up this fall, I believe we should not be on a preset easing course. If the data called for it, we could hold the policy rate at the new level until we gained greater confidence that inflation was headed back to our target." **- Jun 27** - He also sees a further 3 cuts in 2026 (to 3.1%) and another in 2027 (to 2.9%) with his longer-run rate at - 2.9%. **- Jun 27**
L Logan	Dall. Fed		**X**	- **Scheduled to speak Jul 15 19:30ET**
T Barkin	Rich. Fed			- **On the rate outlook:** "At our last meeting, the FOMC held the federal funds rate steady. The fog is dense for us too, and there is little upside in heading too quickly in any one direction. Given the strength in today's economy, we have time to track developments patiently and allow the visibility to improve. When it does, we are well positioned to address whatever the economy will require." **- Jun 28** - "I do believe we will see pressure on prices....To date, these increases have had only modest effects on measured inflation, but I anticipate more pressure is coming… A large retailer told me that the lack of much increase in his May prices reflected the lack of much increase in his input costs when he purchased those products in February, under the then prevailing lower tariff levels. It takes months for his goods to move through inventory to his customers. To see the impact of the big tariff increases inApril and May, he suggested we wait and see July and August prices." **-Jun 26**
R Bostic	Atl. Fed			**On the rate outlook:** Bostic says that in addition to his latest Dot Plot submission for 1 cut in 2025, he has 3 cuts for 2026. **-Jun 30 MNI Connect event** - "I would say I like to move in a direction when I know which direction to move in, and that would, for me, require more information than we have today...I want to make sure that I have some confidence that I know for sure which direction the economy is going in and our mandates, before really feeling comfortable that we should move now...I think we actually have some luxury to be patient." **-Jun 30 MNI Connect event** - "It'll take a while for all these businesses to figure out exactly where their endpoint is. And you know, by some estimates, this could stretch into 2026 before businesses do all the things they're going to do, and that assumes that the tariff situation is not extended even further moving forward... I think the further implication of this is that what we will see with prices is such a more continuous evolution over time, as opposed to the textbook story of tariffs, which is a one time step up, right?... This doesn't look like it's going to be like a step like that, it would be much more incremental over time, and we'll have to see sort of what that means for overarching inflation dynamics." **-Jun 30 MNI Connect event**
M Daly	S.F. Fed			- **On the rate outlook:** "My modal outlook has been for some time that we would begin to be able to adjust the rates in in the fall and I haven't really changed that view... It's both sides of our mandate that have really come into frame since we brought inflation down from the the really high levels to something that's closer to our target. Ultimately, we have to watch both sides and that's what I'm doing, and then the fall looks promising for a rate cut." This implies that she maintains her previously stated view (from both the December and March SEPs) of 50bp of cuts by end-2025 **-Jun 24** - **On tariff passthrough impacts on inflation:** "It's not my modal, but it's increasingly possible, is that this just doesn't amount to as much as the models and history would tell us, because businesses find ways to absorb the cost, and they split it out in the production chain, and ultimately consumers pay less." **-Jun 24**