

## MNI Fed Preview: December 2025

This preview includes [analyst expectations – click here](#)

**Meeting Dates:** Tue-Wed, Dec 9-10

**Decision/Statement/Summ. Of Econ Projections:** Wed Dec 10 at 1400ET / 1900UK

**Press Conference/Q&A:** Wed Dec 10 at 1430ET / 1930UK

**Minutes:** Wed Dec 31

**Links (likely URLs based on previous meetings):**

**Statement:** <https://www.federalreserve.gov/newsevents/pressreleases/monetary20251210a.htm>

**Summ. Of Econ Proj:** <https://www.federalreserve.gov/monetarypolicy/fomcproptabl20251210.htm>

**Implement. note:** <https://www.federalreserve.gov/newsevents/pressreleases/monetary20251210a1.htm>

**Press Conference:** <https://www.federalreserve.gov/monetarypolicy/fomcpressconf20251210.htm>

**MNI Review of Previous FOMC** ([October - link](#))

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## MNI POV (Point Of View): Winter Of Discontent

By Tim Cooper

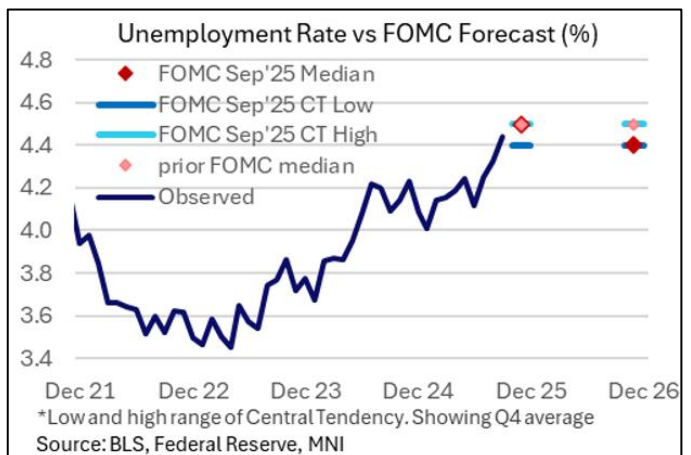
Dec 8, 2025

- The FOMC is expected to look through the data fog and deliver a “hawkish cut” on December 10, with a third consecutive 25bp reduction in the Fed funds rate range to 3.50-3.75%.
- While a December cut is over 90% priced, a follow-up cut in January is seen as having under 30% probability, and the next easing is only fully priced by next June.
- There will be the usual attention on the Summary of Economic Projections including the Dot Plot, but more attention than usual on the Statement to see how resolutely the easing bias remains.
- Forward guidance is likely to be amended to reflect a more patient stance on cuts. As such the market reaction to the meeting could hinge on how Chair Powell portrays the burden of proof for the next cut.
- Powell will highlight that the Committee is increasingly reluctant to ease further without additional evidence of labor market deterioration. But by the same token, he could express that’s not an insurmountable obstacle, and a follow-up easing is possible in the event of incoming data before end-January.
- The lack of major data since the September projections round portends only limited changes to the macro and rate forecasts. None of the end-year rate dot medians are likely to change, implying 25bp cuts in each of 2026 and 2027.

While the Fed is overwhelmingly expected to cut rates by 25bp on Wednesday December 10, there is a good argument for the FOMC to hold rates at 3.75-4.00%, and indeed it was made by Chair Powell at the October press conference. At that time an unexpectedly hawkish Powell said “a further reduction in the policy rate at the December meeting is not a foregone conclusion, far from it. Policy is not on a preset course...what do you do if you are driving in the fog? You slow down... the data may come back, but there is a possibility it would make sense to be more cautious about moving. Again, I am not committing to that, but I am saying it is certainly a possibility that you would say, we really can’t see, so let’s slow down.”

- The federal government shutdown-related data “fog” referred to by Powell has started to lift, but not significantly so, and what data we have received hasn’t been obviously supportive of a cut.
- The only major piece of Tier 1 data in the 6 weeks was a delayed set of September nonfarm payrolls that showed above-expected jobs growth but with an uptick in the unemployment rate to cycle highs. The logic to hold for now is straightforward on that basis: the FOMC thought a cut in September, and to a lesser extent in October, was warranted on risk management grounds after it turned out jobs growth was weaker than previously estimated earlier in the year and with further cracks showing.

- But further evidence of downside employment risks haven’t been overwhelming. Back in September inflation looked to have been coming down so tariffs didn’t look as onerous as once thought, but overall reports have had just enough signs of inflation spreading beyond imported goods (eg some services) for several participants to get concerned that inflation is not on course to back to target. Additionally, GDP growth has appeared to have been coming in closer to 4% than 2%, so the economy’s not really in need of stimulus. We go through all of the key inter-meeting data here, as well as the data we didn’t and aren’t going to get, here: [Macro Developments Since Previous FOMC Meeting](#)).



**Split Committee:** The uncertainty and the lack of clear development of downside risks to employment appeared to increase the degree of caution across the Committee following the October meeting, with the hawks becoming increasingly vocal.

- At this point we estimate 10 of 19 FOMC members go into the meeting leaning to a rate hold in December, with 9 in support. This is consistent with the message from the October meeting minutes which suggested that perhaps only a minority of the Committee was pushing for a follow-up cut in December, a subtle but important shift from the September Dot Plot in which there were 10 participants who a 3.6% rate by end-year and those who saw 3.9% or higher in their submissions.
- However, the core of the Committee – led by Powell – appears to see enough reason to stay the course.** By this we mean that the Committee set out in September on a course to cut 3x by year-end because the labor market was faltering and inflation is on course to descend to 2%. Additionally, at the time, the balance of risks made the employment side more concerning - and there's been no development compelling enough since that time to suggest that narrative has changed. If anything the latest macro projections are likely to show a downgrade to inflation this year with a potential nudge higher in the unemployment forecast.
- We haven't heard from Powell since the contentious October meeting but the key commentary in this regard came on Nov 21 from NY Fed President Williams who eyed "room for a further adjustment in the near term", an implicit signal of a similar viewpoint being held by core members. Support by the core of the Committee, which we presume includes Powell, should be enough to get a majority in favor of a rate cut.

**Lame Duck Powell:** The division and Powell's steering toward a cut has two implications for the December meeting.

First, while there will be the usual attention on the Summary of Economic Projections including the Dot Plot, there will be more attention than usual on the Statement to see how resolutely the easing bias remains. Not only will the decision to cut 25bp see multiple dissents (perhaps as many as 4, which would be the most since 1992, or 5, not seen since 1983, per NatWest), but the Statement will change to reflect a higher bar to further easing. That will be communicated in a change to forward guidance, which will probably revert to previous cautious language noting the Committee would be assessing the "extent and timing" of future cuts.

- More subtly, significant dissents would serve as a reminder that the Fed Chair can't and doesn't unilaterally set policy, particularly when it comes to corralling the regional presidents. The 2026 FOMC presidential voting roster is arguably even more hawkish than 2025's, with Logan and Hammack resolutely opposed to further cuts.
- Second and related to that: even as the decision to cut will underline the important influence of the Fed chair on decision-making and consensus building in uncertain environments, it will likely mark the last before Powell becomes a lame duck.**
- President Trump has said he'd likely name Powell's successor in early 2026, ahead of the January FOMC.
- Trump has been pretty clear that one of the criteria he is considering is the propensity to lower interest rates, saying in June "if I think somebody's going to keep the rates where they are or whatever, I'm not going to put them in." Current director of the National Economic Council (aka the White House's chief economist), Kevin Hassett is the perceived favorite to be named as the next Chair, has been an outspoken advocate of rate cuts, aligning himself to the President's outspoken views on monetary policy.
- Whether Hassett would be able to effectively sway the Committee toward further rate cuts remains to be seen, but prospects of his appointment appear to have helped keep market pricing for rates more dovish than the Dot Plot itself, looking for 75bp of cuts in 2026. We take note that several analysts see a prolonged rate hold until Powell's successor is in place by the June 2026 meeting, suggesting that future cuts may have less to do with incoming data than with the composition of the FOMC leadership.
- Given the personnel uncertainty, the Dot Plot itself could carry less signalling impact than usual. It's not expected to show any changes in end-year rate medians, with 2025 confirmed at 3.6% (though with an unusual amount of disagreement in the dot distribution), 2026 at 3.4% (implying one 25bp cut), with 2027 at 3.1% (another 25bp cut).
- Overall though the Dot Plot is set to show a FOMC that is reluctant to move quickly on cuts next year. We go through our Dot Plot expectations below.

#### Market Pricing Sees Another "Hawkish Cut", Will Powell Deliver?

Whereas the Fed had been expected to deliver a neutral or cut in October, Powell's commentary at the meeting meant that the overall communication meant a "hawkish cut" that caused a December easing to be called into question. The expectation by the market this time is firmly for a hawkish cut, whether looking at sell-side previews or market pricing. While a December cut is over 90% priced, a follow-up cut in January is seen as having around 25-30% probability, and the next easing is only fully priced by next June.

Meeting	Current FF Implieds (%), LH	Cumulative Change From Current Rate (bp)	Incremental Chg (bp)	Post-Sep FOMC (Oct 29)	Chg Since Then (bp)
Dec 10 2025	3.65	-23.6	-20.4	3.71	-5.6
Jan 28 2026	3.59	-30.2	-6.6	3.62	-3.0
Mar 18 2026	3.51	-37.7	-7.5	3.53	-1.6
Apr 29 2026	3.45	-43.7	-6.0	3.46	-1.0
Jun 17 2026	3.34	-55.4	-11.7	3.32	2.0
Jul 29 2026	3.27	-62.3	-6.9	3.23	3.7
Sep 16 2026	3.19	-69.8	-7.5	3.13	5.9
Oct 28 2026	3.15	-73.8	-4.0	3.08	6.9
Dec 09 2026	3.11	-78.1	-4.3	3.04	7.1

Source: MNI, Bloomberg Finance L.P.

- The market reaction could thus hinge less on the Statement/Dot Plot and more on how Powell portrays the burden of proof for the next cut. Powell will likely portray the December rate move as a move away from restrictiveness rather

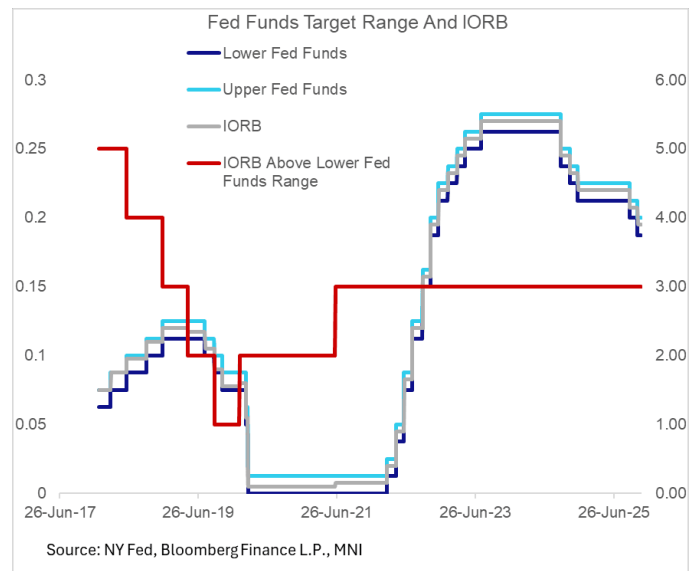
than a decisive move into accommodative territory, leaving the Committee still in a good position to respond to incoming data and developments.

- Put another way, Powell will highlight that - having lowered rates into what most of the FOMC considers to be a neutral range - the Committee will become increasingly reluctant to ease further in the absence of further evidence of employment deterioration.
- But by the same token, Powell could express that's not an insurmountable obstacle, and weak incoming data before end-January could mean that a follow-up easing is possible. One of the best reasons the Fed could have to skip the December meeting and wait until January to decide whether to cut is that there will be much more data available by then, including 2 more employment and CPI reports.

#### IORB Tweak, Reserve Management Purchases In Focus:

On the administered rates front, there has been increasing speculation that the interest rate paid on reserve balances (IORB) could be lowered relative to other policy rates as soon as the December meeting, with potential temporary market operations (TOMOs) announced alongside.

- The Fed has lowered interest on reserve balances (now called IORB, previously referred to as IOER) relative to the Funds range in previous episodes as it navigated a pullback in reserves. The FOMC ratcheted the administered rate lower by 5bp relative to the policy rate in each of June and Dec 2018, and May and Sep 2019, from 25bp above the lower bound to just 5bp above it, before increasing it again in 2020-21 back to 15bp.
- The FOMC may well have discussed this last month: KC Fed Pres Schmid in November mentioned lowering IORB, a technical adjustment which would see repo rates fall and in theory allow the Fed to hold fewer reserves than it otherwise would: "Another possible action could be to lower the interest rate that the Fed pays on reserves within the target band. Currently this rate is 15 basis points above the bottom of the band. Lowering the rate within the band would allow more space for other interest rates to move before bumping up against the top of the band. This would allow for a greater range of private intermediation of reserve demand before the Fed would feel the need to take action."
- With no mention of such a technical move in the October meeting minutes, however, and no clear signal from Fed leadership, prospects of an IORB change at this meeting are seen to have diminished.
- Meanwhile, reserve management purchases (probably in bills) are expected to start in the first half of 2026 as the Fed rebuilds its balance sheet to meet the underlying growth in liability demand. There is some speculation an announcement could be made at this meeting but that's not MNI's base case.



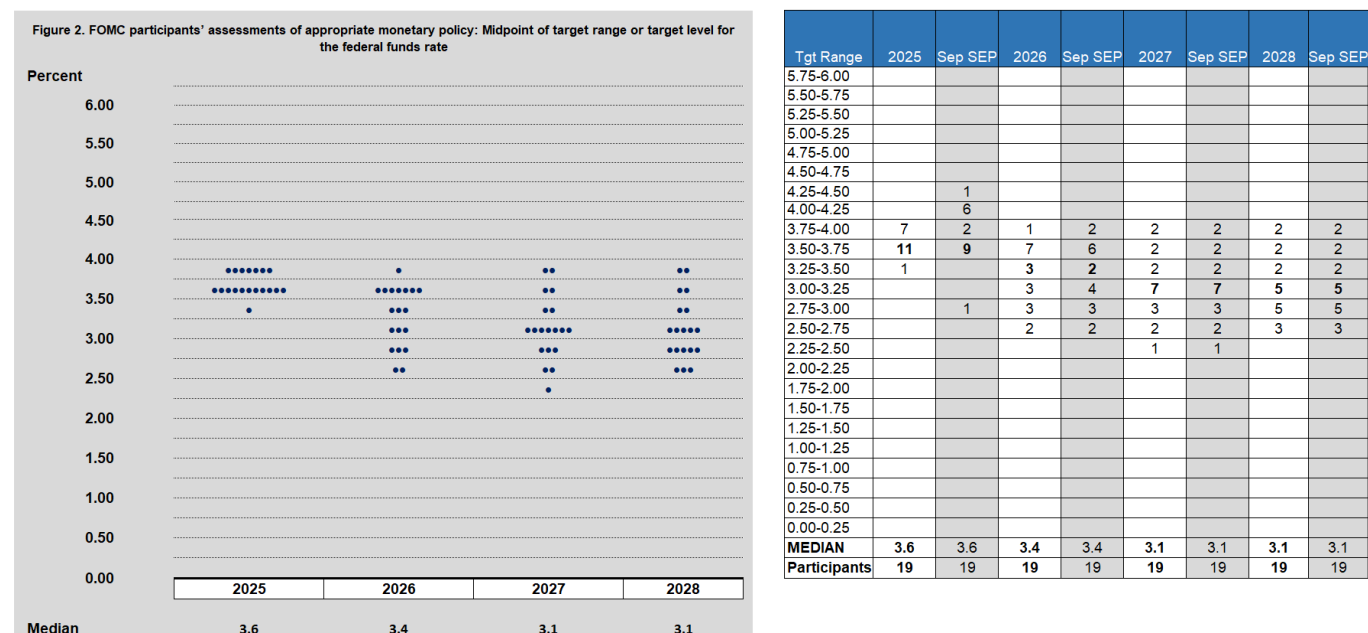


## SEP/Dot Plot: Steady Course

([Link to September FOMC Dot Plot/Projections](#))

The lack of major data since the September projections round portends only limited changes to the macro and rate forecasts in the December edition.

- None of the rate dot medians are expected to change, with 2025 confirmed at 3.6% (though with an unusual amount of disagreement in the dot distribution for an end-year SEP), 2026 at 3.4% (implying one 25bp cut), with 2027 at 3.1% (another 25bp cut).
- In short, we expect most of the attention to be on the rate distribution. For 2026, the September dots were closely poised between 3.4% and 3.1% (10 above 3.25% vs 9 below 3.25%). We don't see much change here but if anything the risks to the median skew to the downside. For example, if one member who put their dot at 3.4% in September also saw rates ending 2025 at 3.9%, they might mark-to-market the rate view one notch lower.
- We'll also be watching for any dots implying a 2026 hike (we would expect at least one seeing rates higher than 3.6%) with the solidity of a 2026 "hold" also in focus.
- The longer-run dot is broadly expected to remain at 3.0%. But once again with 10 at 3.00% or below and 9 above that level, it would only take 1 moving from 3.00% or below to above 3.00% to move the median higher, likely to 3.1%. That shift will happen at some point and it wouldn't be a shock to see it come this week.



Source: MNI Markets Team Expectations

As for the macroeconomic projections, there's likely to be a slight upgrade to GDP forecasts with some downshifting of PCE inflation in 2025/2026. There is some risk that the unemployment rate forecast shifts up slightly for 2025 but anything above 4.5% would be a major surprise.

Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents under their individual assessments of projected appropriate monetary policy, December 2025

Percent					
Variable	2025	2026	2027	2028	Longer Run
<b>Change in real GDP</b>	<b>2.0</b>	<b>1.9</b>	<b>1.9</b>	<b>1.8</b>	<b>1.8</b>
September projection	1.6	1.8	1.9	1.8	1.8
<b>Unemployment rate</b>	<b>4.5</b>	<b>4.5</b>	<b>4.3</b>	<b>4.2</b>	<b>4.2</b>
September projection	4.5	4.4	4.3	4.2	4.2
<b>PCE inflation</b>	<b>2.8</b>	<b>2.5</b>	<b>2.1</b>	<b>2.0</b>	<b>2.0</b>
September projection	3.0	2.6	2.1	2.0	2.0
<b>Core PCE inflation</b>	<b>3.0</b>	<b>2.5</b>	<b>2.1</b>	<b>2.0</b>	-
September projection	3.1	2.6	2.1	2.0	-
<b>Federal funds rate</b>	<b>3.6</b>	<b>3.4</b>	<b>3.1</b>	<b>3.1</b>	<b>3.0</b>
September projection	3.6	3.4	3.1	3.1	3.0

Source: MNI Markets Team Expectations

## Statement: Setting A Higher Bar For Future Cuts

([Link to October FOMC statement](#))

Going paragraph by paragraph through the previous (October) statement in italics:

*Available indicators suggest that economic activity has been expanding at a moderate pace. Job gains have slowed this year, and the unemployment rate has edged up but remained low through August; more recent indicators are consistent with these developments. Inflation has moved up since earlier in the year and remains somewhat elevated.*

*The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. Uncertainty about the economic outlook remains elevated. The Committee is attentive to the risks to both sides of its dual mandate and judges that downside risks to employment **rose in recent months**.*

- The opening paragraph should merely be marked-to-market, with the unemployment rate having edged up but (we think) “remains low” through September.
- There may have to be a tweak in the 2<sup>nd</sup> paragraph on the balance of risks to recognize that the available data is getting stale, and that the downside risks don’t appear to have risen in the most recent months as a result.

*In support of its goals and **in light of the shift in the balance of risks**, the Committee decided to lower the target range for the federal funds rate by 1/4 percentage point to 3-3/4 to 4 percent. **In considering additional adjustments to the target range for the federal funds rate**, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. **The Committee decided to conclude the reduction of its aggregate securities holdings on December 1.** The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.*

- The first key question about the new Statement is, will the FOMC tweak forward guidance to reflect a more patient stance in 2026? We think it’s likely it will revert to the previous language on future potential cuts, noting “in considering the extent and timing of additional adjustments...”
- This would maintain the overall easing bias while suggesting that the consecutive pace of reductions is set to slow in 2026, reinforcing the message from the Dot Plot and offering more reassurance to Committee hawks that there is a higher bar to any future easing.
- The hawkish risk here is that the Committee portrays the risks as being in balance or close to it; either way it’s likely the phrasing around “in light of the shift in the balance of risks” is removed as the so-called risk management cut phase is over.

- The paragraph will also change slightly reflect the end of QT as planned on Dec 1.

*In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.*

- MNI's Instant Answers questions for the meeting include a tally of dissenters.
- Gov Miran dissented in September and October in favor of a larger 50bp cut and we don't expect any more members to join him, but whether we get hawkish dissents – in addition to KC's Schmid who dissented in favor of a hold in October - is a key question.
- The market's base case is that Miran will dissent similarly again, with 1 or 2 more members joining Schmid (perhaps Musalem, Collins, or less likely, Barr or Goolsbee).
- **The Implementation Note** will reflect the end of QT on December 1. And separately but relatedly, could note that the Fed has made a 5bp downward adjustment in IORB in light of funding market rate developments – this would mean a 3.60% IORB rate (vs 3.90% currently, so a 30bp cut vs 25bp in the Funds rate).
- There could also be mention of plans to conduct temporary open market operations around quarter/year-end to prevent undue pressures.

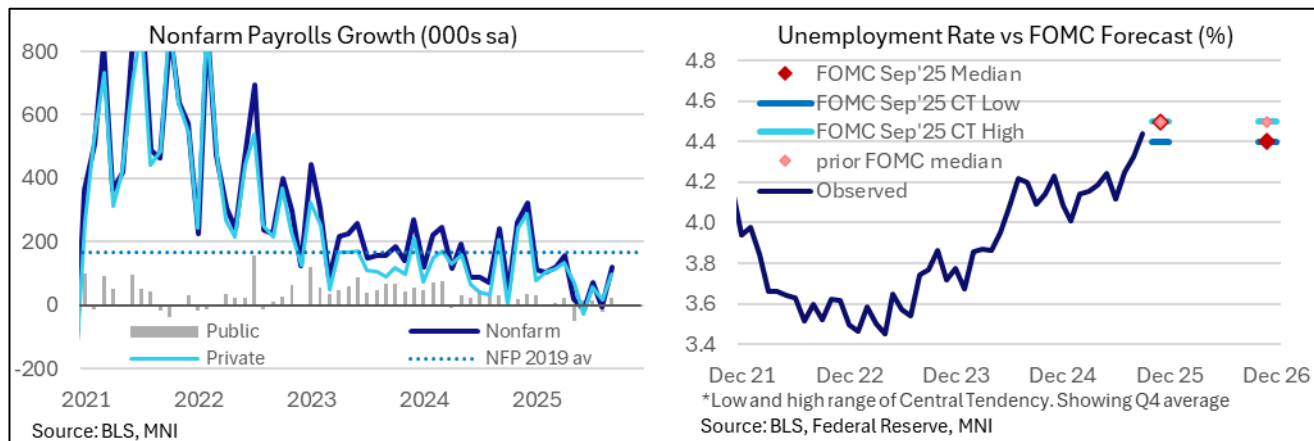
## Macro Developments Since The October 28-29 FOMC Decision

By Chris Harrison

The government shutdown may have concluded but the knock-on effects still cast a long shadow on data updates. The most consequential release since the last FOMC meeting was the September nonfarm payrolls report with surprisingly strong payrolls growth but more notably another push higher in the unemployment rate. GDP tracking meanwhile remains particularly robust in Q3 and into Q4 as well (the latter using more anecdotal evidence) but Q3 BEA data will only be released on Dec 23. Inflation data have also been lacking, only receiving September updates for PPI and PCE inflation since the last meeting. They suggest a high likelihood the FOMC will undershoot its 4Q25 core inflation forecast but equally it's at a still elevated rate and sees stubbornly high services inflation.

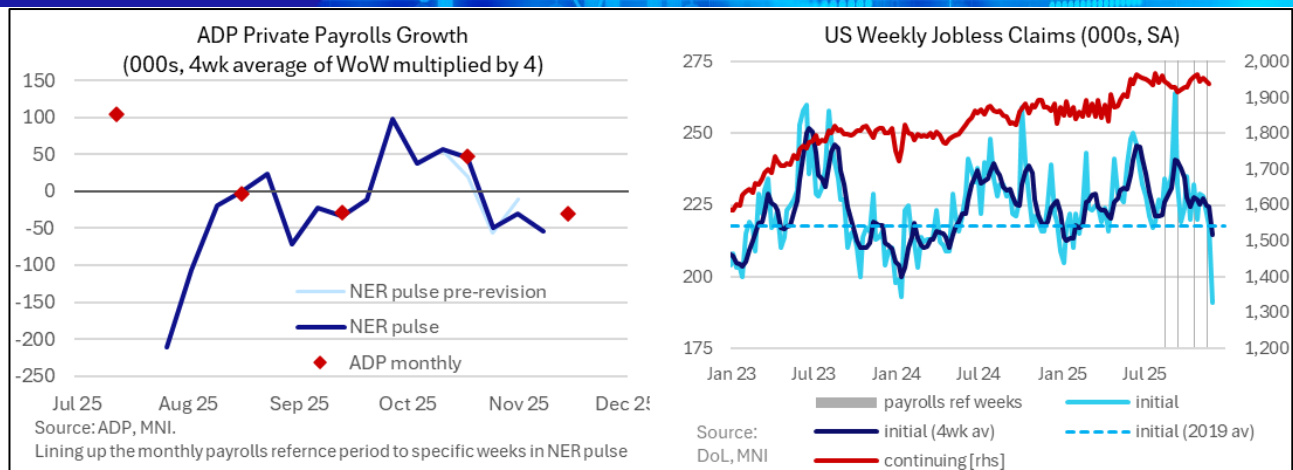
### Labor Market: Higher Unemployment Rate Causes Worry On FOMC

The last BLS nonfarm payrolls report the FOMC will have seen going into this meeting is the delayed September report released on Nov 20 (originally scheduled Oct 3). The next update will be the full November release set for Dec 16 which will include the establishment survey results for October (i.e. payrolls, hours worked and earnings) but won't include the household survey (i.e. unemployment rate) as it wasn't able to conduct the interview-heavy survey during the government shutdown. The payrolls data were surprisingly solid, with gains of 119k following a downward revised -4k for August and 72k in July. It meant trend job growth rates were at the lower end of the range of "breakeven" estimates, rather than pushing more materially below, and a very strong response rate to the survey should give more confidence that September's gains won't be revised away. However, the weaker household survey broadly leaned to a conclusion that the labor market is loosening or at least not showing material improvement in demand. The 4.44% unemployment rate in September is the highest since October 2021 (4.32% prior) and was above the consensus expectation of 4.3%. While it could be argued this represented a "healthy" rise, given that it came with a rise in participation, we didn't see it as unambiguously so as other metrics continued to point to continued soft labor demand. Philly Fed's Paulson, who has a voting role next year, noted that she still sees this unemployment rate as being in the "neighborhood of full employment". Other more hawkish members still cite inflation risks as their primary concern but then on the flip side members such as SF Fed's Daly warn on the potential for a non-linear deterioration in the labor market from here.



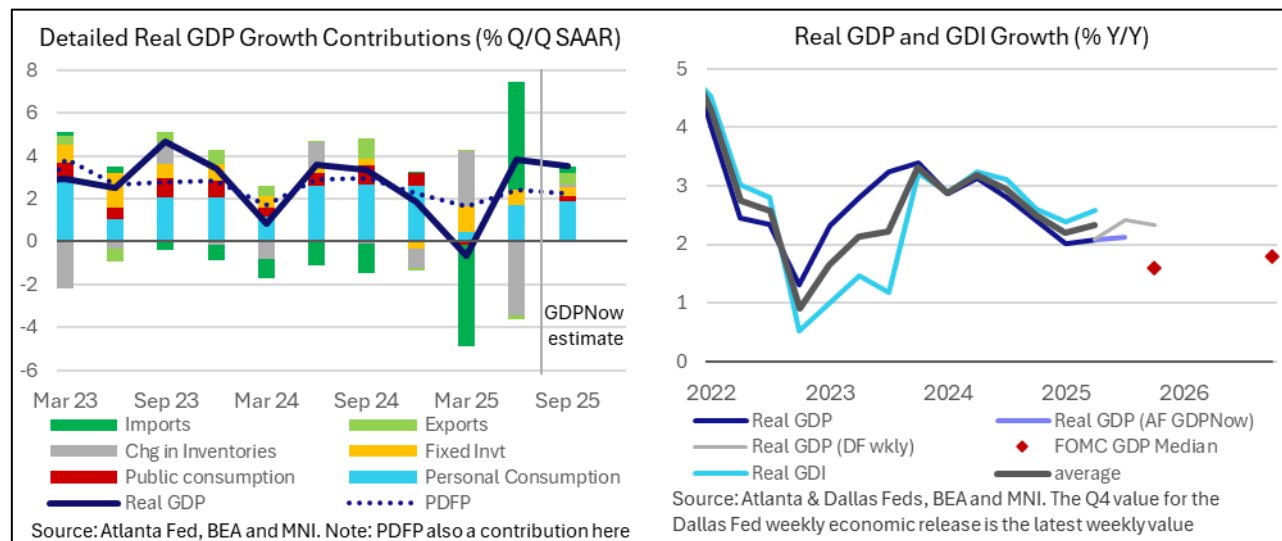
Since then, ADP employment surprisingly firmed in October after declining in September but November then returned to declining with a -32k drop for a third monthly decline in the space of four months. However, some unemployment rate trackers such as the Chicago Fed's nowcast point to no further deterioration in the labor market ahead, with this nowcast tracking at the same 4.44% in November after 4.46% in October. Granted, the surprise increase in the BLS unemployment rate in September has clearly appeared sufficient to sway Williams and seemingly other core FOMC members to the need for another cut in what might be viewed as a further insurance cut. Certainly, hawks will point to weekly jobless claims data not showing any additional deterioration in the labor market, with initial claims at very low levels even when looking through the latest slide to its lowest in three years in what looks like a Thanksgiving adjustment distortion. Granted, re-hiring conditions are softer as evidenced by continuing claims but they roughly remain at levels seen in payrolls reference periods from earlier in the year. We're still set to get two months of JOLTS data on the first day of the two-day FOMC meeting, for October and September, a useful update for alternate labor market metrics. Higher frequency Indeed job openings data suggest stabilization and a recent increase into November.





### Growth: Robust GDP Tracking But Still In The Dark On Official Data

Real GDP growth has likely been the main area where the FOMC has been surprised to the upside, especially since the last economic forecasts with the September SEP but also since the late October decision. The Atlanta Fed's GDPNow extended estimate eyes real GDP growth of 3.5% annualized in Q3, a useful tracker having now missed two official releases for Q3 originally scheduled for Oct 30 and Nov 26. Instead, the BEA is going to combine these two reports with an "initial" release that will include the alternate Gross Domestic Income series on Dec 23. Assuming the Atlanta Fed estimate is accurate – and it has tended to outperform analysts in recent quarters – it paints a only a slightly softer picture than the 3.84% in Q2, with a similar story for private domestic final purchases estimated at ~2.6% annualized after 2.86% in Q2. As for a more timely update, the Dallas Fed weekly economic index currently points to further robust GDP growth into Q4, tracking a little above 2% Y/Y in late November estimates. Whilst that implies more of the same since the 2.1% Y/Y back in Q2, the median FOMC forecast from September had this cooling to 1.6% Y/Y in Q4.



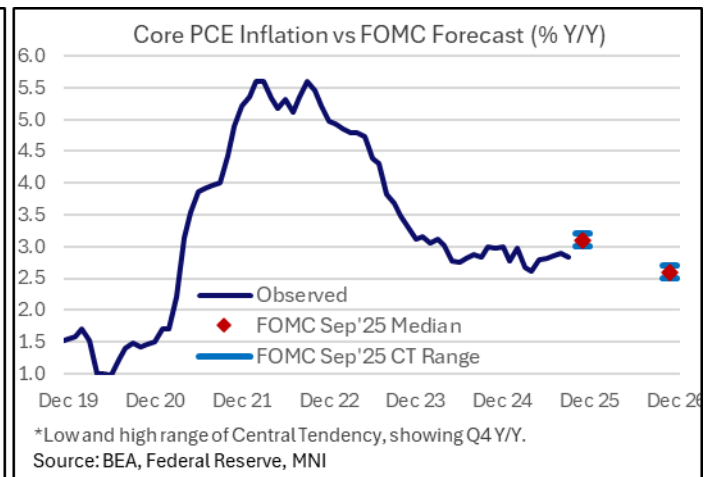
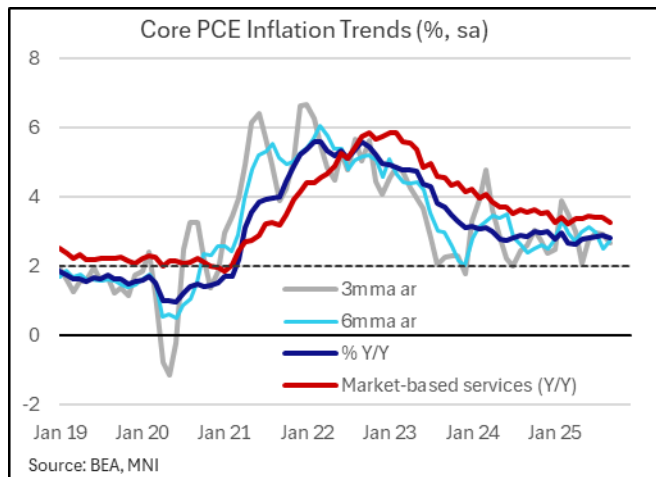
Various major business surveys, an important data source having not been disrupted by the government shutdown, also continue to point to generally robust activity. The November ISM services was stronger than expected in November as it surprisingly inched higher to 52.6 (+0.2pts) for its highest since February. The S&P Global US services PMI at 54.1 again offers a more optimistic assessment of current activity despite being revised down in its final November release, albeit with its smallest overshoot since April. More forward-looking implications are mixed though, with ISM services new orders slipping in November (but within a particularly volatile period that makes it hard to get a sense of trend) in contrast to the services PMI noting that activity was "supported by the firmest rise in new work of 2025 so far". Somewhat countering this services resilience, the ISM manufacturing index was lower than expected in November as it fell to 48.2 (-0.5pts) vs expectations of some stabilization. It's back at the low end a narrow range of 48.0-49.1 since March, having eased since Jan and Feb saw the first expansionary months above 50 since late 2022. Alternate anecdotal evidence points to more tepid activity, however. The Beige Book reported economic activity "was little changed since the previous report, according to most of the twelve Federal Reserve Districts, though two Districts noted a modest decline and one reported modest growth." The breadth of district responses did at least see a small improvement compared to the mid-October report.



## Inflation: In The Dark But Core PCE Likely Softer Than FOMC Forecast

The Fed has the least clarity on inflationary pressures, with very little official data to further the FOMC's understanding since the late October meeting. It had already seen the September CPI report after the BLS made an exception and released it on Oct 24 during the government shutdown on social security payment grounds. Since then, all we've seen are PPI and PCE reports for September which saw slightly more dovish outcomes compared to post-CPI tracking. The November CPI report will be published on Dec 18 whilst the October release has been cancelled save a few details for non-survey-based variables.

Core PPI inflation was softer than expected back in September and broadly chimes with underlying core goods CPI inflation, with a peak for post-tariff M/M inflation pressures having come earlier in the summer (June for our median estimate on the CPI side, July for core PPI). Core PCE inflation meanwhile came in on the soft side of already trimmed expectations at 0.20% M/M after 0.22% in Aug and an average 0.24% through May-Jul, with the peak monthly rate for the post-tariff period being 0.26% M/M back in June. Higher monthly core goods inflation was offset by softer core services. It saw core PCE inflation ease to 2.83% Y/Y after the 2.90% in August was its highest since February, and more recent run rates eye some further moderation with both the three- and six-month averages at 2.7% annualized. With services an area of increased concern recently in previous signs of tariff spillover, we note that market-based services inflation eased to 3.2% Y/Y after five consecutive months at 3.4%. Highlighting its still elevated nature, this series averaged 2.2% in 2017-19. Core inflation therefore is still stubbornly above the 2% inflation target but it still looks increasingly likely we'll see downward revisions to the FOMC median core PCE forecast of 3.1% Y/Y in 4Q25 with next week's SEP.



## MNI Instant Answers:

The questions that we have selected for this meeting are:

- Federal Funds Rate Range Maximum
- Number of dissenters voting in favor of hold if Fed cuts
- Number of dissenters voting for a cut (if Fed holds)
- Does the FOMC change its forward guidance to indicate a higher bar for additional cuts?
- Median Projection of Fed Funds Rate at End of 2026
- Median Projection of Fed Funds Rate at End of 2027
- Median Projection of Fed Funds Rate at End of 2028
- Median Longer Run Projection of Fed Funds Rate
- Number of 2025 Dots > 3.625%
- Number of 2026 Dots > 3.375%
- Number of 2026 Dots < 3.375%
- Number of 2026 Dots < 3.125%
- Interest Rate On Reserve Balances (IORB)
- Standing Overnight Repurchase Agreement Minimum Bid Rate

The markets team has selected a subsection of questions we think could be most market moving and will publish the answer to all of these questions within a few seconds of the Fed statement being released.

## mni Central Bank Watch - FED

05 December, 2025

MNI FED Data Watch List											
Inflation		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
CPI	% y/y	3.0	2.7	↑	2.4	↑					0.31
PCE Deflator	% y/y	2.8	2.6	↑	2.4	↑					1.35
UoM 1-Yr Inflation Exp	% y/y	4.1	4.7	↓	5.0	↓					-0.99
Inflation Swap 5y/5y	%	2.45	2.48	↓	2.44	↑					-0.87
Economic Activity		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
ISM	Index	48.2	48.7	↓	48.5	↓					-0.32
Industrial Production	% m/m	0.10	0.45	↓	-0.06	↑					-0.17
Factory Orders	% m/m	0.2	-4.8	↑	3.4	↓					-0.06
Housing Starts	K	1307	1282	↑	1490	↓					-1.03
Monetary Analysis		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
Corporate Spreads BBB/Baa	bps	1.06	1.06	→	1.19	↓					-1.03
Chicago Fed Financial Con	Index	-0.52	-0.53	↑	-0.47	↓					-0.54
Consumer Credit Net Chg	\$bn	13.1	9.2	↑	5.9	↑					0.61
New Home Sales	K	800	627	↑	642	↑					2.23
Consumer / Labour Market		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
Retail Sales	% m/m	0.2	1.0	↓	1.5	↓					-0.09
Consumer Confidence	Index	88.7	97.8	↓	98.4	↓					-1.21
Nonfarm Payrolls Net Chg	K	119	-13	↑	120	↓					0.74
Average Hourly Earnings	% y/y	3.8	3.7	↑	3.9	↓					-0.35
Markets		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
Equity Market	Index	6874	6460	↑	5912	↑					1.82
US 10-Year Yield	%	4.14	4.23	↓	4.40	↓					-1.43
US Yield Curve (2s-10s)	bps	57.7	61.2	↓	50.3	↑					0.05
USD TWI	Index	90.82	92.70	↓	91.63	↓					-0.80

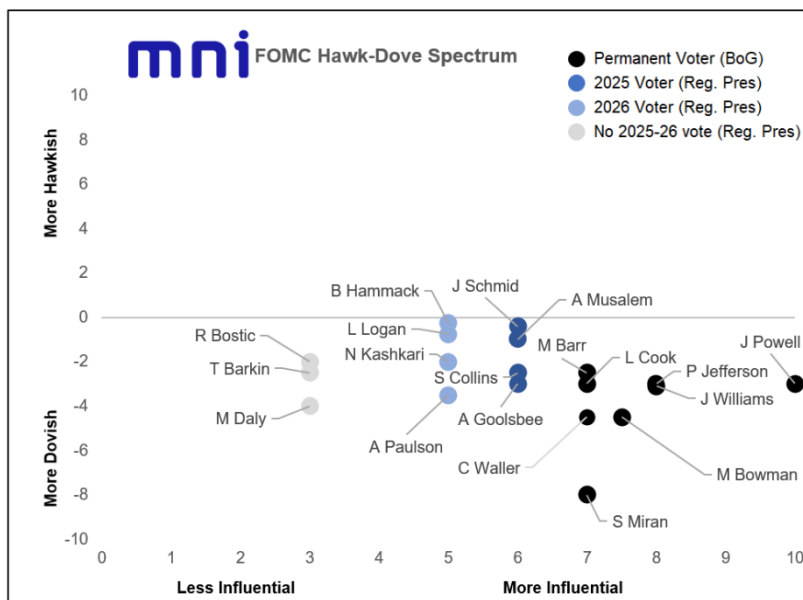
Source: MNI, Bloomberg Finance L.P.

# Key Inter-Meeting Fed Speak – Dec 2025

By Tim Cooper and Chris Harrison

Inter-meeting communications reinforced that the FOMC is finely split between those who would ease further and those who are resistant - if not outright opposed - to providing further accommodation.

- Overall there were no members who became more dovish on the rate outlook since October, while there were signs that at least a few have become more hawkish. While we include the most relevant commentary by each member since the last meeting in the table below, we summarize our assessment of the current state of play among the 19 FOMC participants as follows:
- 10 members go into the meeting leaning to a rate hold in December:** Hammack, Logan, Schmid (current voter), Collins (current voter), Kashkari, Bostic, Barr (current voter), Musalem, Barkin, and Goolsbee (current voter).
- 9 support a cut:** Waller (current voter), Bowman (current voter), Miran (50bp – current voter), Daly, Paulson, Powell (current voter), Williams (current voter), Cook (current voter), Jefferson (current voter).
- This is consistent with the message from the October meeting minutes which suggested that perhaps only a minority of the Committee was pushing for a follow-up cut in December, and isn't really much of a shift from the September Dot Plot in which there were 10 participants who saw 3 or more total cuts by end-year and those who saw 2 or fewer (9) in their submissions.
- But as the breakdown above suggests, there is likely to be a sufficient voting bloc in favor of a cut at this meeting,** with the core leadership on the Board holding sway. The key commentary in this regard came on Nov 21 from NY Fed President Williams who eyed "room for a further adjustment in the near term", an implicit signal of a similar viewpoint having been adopted by core members including Chair Powell (who hasn't commented on monetary policy since the last meeting).
- Additionally we think it's unlikely that all of Barr, Goolsbee and Collins would outright dissent at this meeting in favor of a hold. Generally speaking, some of the fence-sitters would probably be placated by a "hawkish cut" that included more cautious language on future easing in the Statement and from Chair Powell in the press conference.
- This leaves a potential vote breakdown at this meeting looking like: 9 in favor of a 25bp cut, 1 in favor of 50bp, 2 in favor of a hold (likely Schmid and one other, probably Musalem), with risks of an 8/1/3 split.



**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 Dec 8, 2025**

Member	Role	Voter		Monetary Policy Commentary Since October FOMC
		'25	'26	
J Powell	BOG, Chair	X	X	No commentary on current monetary policy since last FOMC meeting
J Williams	NY Fed, VChair	X	X	<p>NY Fed Pres Williams (permanent FOMC voter) doesn't often provide much clear guidance on his rate cut preferences, which makes his comments in a <a href="#">speech</a> on <b>Nov 21</b> indicating his support for a December cut ("in the near term") notable, particularly after the September payrolls release:</p> <p>- "I view monetary policy as being modestly restrictive, although somewhat less so than before our recent actions. Therefore, I still see room for a further adjustment in the near term to the target range for the federal funds rate to move the stance of policy closer to the range of neutral, thereby maintaining the balance between the achievement of our two goals."</p>

Member	Role	Voter		Monetary Policy Commentary Since October FOMC
		'25	'26	
P Jefferson	BOG, VChair	X	X	<p>Vice Chair Jefferson's <b>Nov 17</b> speech sounded on the cautious side re further easing - he's likely one of the 9 FOMC members who anticipated cutting rates in Sep, Oct and Dec (in his September Dot Plot) and if forced to guess we would think he is still marginally in favor of a December cut. Here he again highlights "increased downside risks to employment compared to the upside risks to inflation, which have likely declined somewhat recently".</p> <ul style="list-style-type: none"> <li>- But his increasingly cautious tone is echoing the broader Committee; on Nov 7 he said "it makes sense to proceed slowly as we approach the neutral rate", this time he says there is a "need to proceed slowly as we approach the neutral rate."</li> <li>- Today he says: "I supported last month's decision to reduce our policy rate by 1/4 percentage point. That step was appropriate because I see the balance of risks as having shifted in recent months as downside risks to employment have increased. The current policy stance is still somewhat restrictive, but we have moved it closer to its neutral level that neither restricts nor stimulates the economy. The evolving balance of risks underscores the need to proceed slowly as we approach the neutral rate."</li> <li>- "Heading into our next meeting, it remains unclear how much official data we will see before then. With respect to the path of the policy rate going forward, I will continue to determine policy based on the incoming data, the evolving outlook, and the balance of risks. I always take a meeting-by-meeting approach. This is an especially prudent approach at this time."</li> </ul>
M Bowman	BOG, VChair	X	X	- <b>No commentary on current monetary policy since last FOMC meeting</b>
L Cook	BOG	X	X	<p>Gov Cook said in a <b>Nov 3</b> speech that she viewed the decision to cut rates in October "as appropriate, because I believe that the downside risks to employment are greater than the upside risks to inflation", while noting that this cut was "another gradual step toward normalization" keeping rates "modestly restrictive, which is appropriate given that inflation remains somewhat above our 2 percent target."</p> <ul style="list-style-type: none"> <li>- We continue to believe Gov Cook had 75bp of 2025 cuts penciled into her September Dot Plot, alongside most of the Fed Board, and is probably leaning toward a December cut.</li> <li>- In the speech she says "policy is not on a predetermined path... Every meeting, including December's, is a live meeting" and reiterates that in Q&amp;A: "We see some softening in the labor market. We don't see extensive softening in the labor market. We see progress towards inflation. ... So I see us moving in the right direction. So given that we are likely moving in the right direction, I thought a 25 basis point cut was appropriate. But again December is a live meeting and I'm attentive to all the indicators that I mentioned and many others...there's a lot to look at."</li> <li>- On the labor market: "the latest available indicators suggest that the labor market remains solid, though gradually cooling...Since August, more recent labor-market indicators, such as UI claims, job postings, and individuals' assessments of job availability, signal little change to the August reading—at most a small uptick. Taken together, the slightly rising unemployment rate indicates the labor market is softening, but only modestly so." She indicates in Q&amp;A that the labor market hasn't deteriorated as much as had been feared, though points out that some of her concern over the labor market is "because of something that we know is a statistical regularity of the labor market. It can turn very quickly, it can deteriorate very quickly. There can be nonlinear effects. So I'm watching this very, very carefully."</li> <li>- On inflation: "I expect inflation to remain elevated for the next year. Nonetheless, the effect of tariffs on prices, in theory, should represent a one-time increase." She notes that long-run inflation expectations "are low and stable at this juncture". "My assessment is that inflation is on track to continue on its trend toward our target of 2 percent once the tariff effects are behind us. The big caveat is that tariff effects must prove not to be persistent and that monetary policy remains appropriately focused on achieving that goal."</li> </ul>
C Waller	BOG	X	X	<p>Gov Waller on Fox Business on <b>Nov 24</b> continued to advocate for a December cut but then talked on a trickier January meeting:</p> <ul style="list-style-type: none"> <li>- "My concern is mainly labor market, in terms of our dual mandate. So I'm advocating for a rate cut at the next meeting. You may see a more of a meeting-by-meeting approach once you get to January." The latest data suggest the labor market remains weak, though he added a flood of delayed economic reports to be released after the December gathering could make the January decision "a little trickier."</li> <li>- On Dec 16 and 18 NFP and CPI reports: "If it suddenly shows a rebound in inflation or jobs, or the economy's taking off, then it might give concern. I still don't think the labor market is going to turn around in the next six weeks to eight weeks."</li> </ul> <p>Gov Waller continued to call for a December rate cut in a speech on <b>Nov 17</b>, unsurprising given has been one of the FOMC's biggest proponents of easing since the summer. He says that the lack of official government data amid the shutdown is not a material reason to skip a cut.</p> <ul style="list-style-type: none"> <li>- "I believe the challenge presented by this missing data has been overstated in many quarters. Policymakers and forecasters are not "flying blind" or "in a fog." While it is always nice to have more data, as economists, we are skilled at using whatever available data there is to formulate forecasts. Despite the government shutdown, we have a wealth of private and some public-sector data that provide an imperfect but perfectly actionable picture of the U.S. economy."</li> <li>- In fact he gives a couple of examples of "reconciling conflicting data" led to the better take on policy (2022 in the inflation ramp-up, and earlier this year when corporate contacts/anecdotes suggested a low hire/low fire environment and not a robust jobs market.</li> <li>- He namechecks multiple alternative indicators including the UMichigan consumer survey's weakness ("I worry that restrictive monetary policy is weighing on the economy, especially about how it is affecting lower- and middle-income consumers.") and ADP ("In September and October, ADP reported that businesses</li> </ul>



Member	Role	Voter		Monetary Policy Commentary Since October FOMC
		'25	'26	
				<p>created a net total of only 6,500 jobs a month. And the latest weekly data are even weaker) in making his case that further policy easing is warranted.</p> <ul style="list-style-type: none"> <li>- And he rebuts the notion that reduced supply is the driving dynamic in the labor market: "It is clear to me that the data are saying that there has been a greater reduction in demand than supply. I'm not seeing or hearing stories of an acceleration in wage growth, an increase in job openings, or a rise in the quits rate. The overwhelming share of the data I have cited so far supports the weaker demand story. There is definitely a reduction in supply, but, to me, that is masking the extent of the reduction in demand that I am concerned about. When outcomes are uncertain, policymakers must manage the risks, and the evidence is pointing toward a greater risk that low job creation is predominantly demand driven. This has implications for monetary policy."</li> <li>- In short, his "reading of the data leads me, at this moment, to support a cut in the FOMC's policy rate at our next meeting on December 9 and 10 as a matter of risk management."</li> <li>- "With underlying inflation close to the FOMC's target and evidence of a weak labor market, I support cutting the Committee's policy rate by another 25 basis points at our December meeting...I am not worried about inflation accelerating or inflation expectations rising significantly. My focus is on the labor market, and after months of weakening, it is unlikely that the September jobs report later this week or any other data in the next few weeks would change my view that another cut is in order."</li> </ul>
S Miran	BOG	X	X	<p>Gov Miran in a Bloomberg TV interview on <b>Nov 3</b> predictably called again for the Fed to cut more aggressively, following his dissent in favor of a 50bp cut for the second straight meeting.</p> <ul style="list-style-type: none"> <li>- "The Fed is too restrictive, neutral is quite a ways below where current policy is... Given my rather more sanguine outlook on inflation than some of the other members of the committee, I don't see a reason for keeping policy as restrictive."</li> <li>- In that interview he mentioned credit market risks as another reason to ease policy. "I wonder if what we're seeing now in some of the distresses that you see in private markets means that financial conditions have actually been tighter, but it's masked by the fact we don't get marks for those on a regular basis... When you have a series of seemingly uncorrelated credit problems that had been masked for a while and then suddenly come to light, it tells you something about the stance of monetary policy...The longer you keep policy restrictive the more you run the risk that monetary policy itself causes a downturn in the economy."</li> <li>- <b>On Nov 10</b> in a CNBC interview he said that a 50bp cut in December was "still appropriate", with a 25bp cut "a minimum". "We've got new inflation data which were better than expected... On top of that, labor-market data have come out with the labor market continuing in the trajectory it was on, which is one of gradual softening".</li> </ul>
M Barr	BOG	X	X	<p>Gov Barr didn't have much to say in a moderated conversation on community development on <b>Nov 6</b> that would refute that he is one of the FOMC members who doesn't currently support a December cut.</p> <ul style="list-style-type: none"> <li>- He noted "we made a lot of progress on" bringing inflation down, "but we still have some work to do", describing the labor market as "low-hire, low-fire" meaning "we have to pay careful attention to making sure that the labor market is solid".</li> <li>- He appeared to note greater caution on the inflation outlook in a <b>Nov 20</b> appearance: "I am concerned that we're seeing inflation still at around 3% and our target is 2%, and we're committed to getting to that 2% target...so we need to be careful and cautious now about monetary policy, because we want to make sure that we're achieving both sides of our mandate." He said of the September payrolls report released earlier in the day that the labor market is "kind of cooling".</li> </ul>
A Goolsbee	Chic. Fed	X		<p>Chicago Fed's Goolsbee (a 2025 FOMC voter) said on <b>Nov 20</b> that he's uneasy about front-loading rate cuts amid still above target inflation.</p> <ul style="list-style-type: none"> <li>- Inflation "seems to have kind of stalled out and, if anything, given warnings of going the wrong way. So that makes me a little uneasy."</li> <li>- "And I still have this unease about too many front-loaded rate cuts before we actually see evidence that the uptick in inflation is transitory."</li> <li>- His hesitation is about the short term, as he is still hearing from businesses in some sectors that further price increases are coming. But he still believes rates can come down more in the medium term.</li> <li>- <b>On Nov 6</b> he said while there remains uncertainty about the degree to which downside risks exist in the labor market, the relative lack of inflation data leaves him uneasy about future cuts: "We have very little private sector information about inflation. ...If there are problems developing on the inflation side, it's going to be a fair amount bit of time before we see that, where if it starts to deteriorate on the job market side, we're going to see that pretty much right away. So that makes me even more uneasy, maybe, I'd say with front loading rate cuts and counting on the inflation that we have seen in the last three months to just be transitory and assume that they're going to go away."</li> </ul>
S Collins	Bos. Fed	X		<p>Boston Fed Pres Collins (2025 FOMC Voter) - who previously suggested she wouldn't support a December rate cut - said on CNBC on <b>Nov 21</b> that the latest jobs data hasn't really changed her view.</p> <ul style="list-style-type: none"> <li>- Collins says of the jobs data: "It was from September, and it was mixed. It didn't significantly change what I'm seeing. What it showed is a bit more job growth, perhaps, than I'd expected... the unemployment rate ticked up. That wasn't a big surprise, and some of that seems to be higher labor force participation. So I'm still really focused on the weekly claims data, which I think helps to give a pulse of how things are evolving."</li> <li>- On the upcoming rate decision: "I think a mildly, moderately, mildly restrictive policy is very appropriate right now... that makes me hesitant as I look forward to think about what the next policy move should be. ...here's some reasons why I'm hesitant, but again, I'm going to feature factor in all of the different information. One of them is that resilient demand that I talked about that could put pressures on prices</li> </ul>

Member	Role	Voter		Monetary Policy Commentary Since October FOMC
		'25	'26	
				<p>and cause firms to pass more of the tariffs through. You know, at the same time there is weakness for many consumers, especially lower income, watching that really carefully, and what that really seems tied to is high price levels."</p> <ul style="list-style-type: none"> <li>- That said she seems in the "dovish hold" camp, still eyeing further cuts further down the line: "My baseline says that maintaining mildly restrictive policy is appropriate to ensure that we get that disinflation and then over time, I would absolutely expect to normalize further, but I think doing so cautiously, gradually is appropriate, and I'm hesitant to get too far out ahead, given the moves we've already made and some of the inflation concerns that I hear."</li> </ul>
J Schmid	K.C. Fed	X		<p>KC Fed President Schmid maintained his hawkish stance on monetary policy in a speech on <b>Nov 14</b> - recall he was the lone dissenter in favor of a rate hold at the October FOMC. He sounds as though he would argue for another hold in December (he is not a voter in 2026).</p> <ul style="list-style-type: none"> <li>- In a speech that largely echoes his statement explaining that dissent, he says "By my view inflation remains too high, the economy shows continued momentum, and the labor market—though cooling—remains largely in balance. Also, I view the current stance of monetary policy as being only modestly restrictive, which is about where I think it should be."</li> <li>- He says "Financial market conditions are not indicating tight monetary policy....the real economy is also not showing signs of being overly restricted...In the end, I will judge the restrictiveness of monetary policy by how the economy evolves, both in the data and based on what I'm hearing from contacts. Right now, I see an economy that is showing momentum and inflation that is too hot, suggesting that policy is not overly restrictive."</li> <li>- Like other FOMC members re the federal government shutdown data postponements he says that while "we are missing some of the key benchmarks that guide policy, it would not be accurate to say that we are flying blind", but instead of citing alternative indicators, says his decision to dissent in October was "importantly informed by what I have been hearing in my district."</li> <li>- Based on commentary from contacts, Schmid concludes "Overall, the message is that inflation is too high. And I agree: Inflation is too high. The most recent data suggest that inflation is running in the 3 percent range, above the Fed's 2 percent objective, and spreading, with a growing proportion of goods and services experiencing higher prices... though tariffs are likely contributing to higher prices, my concerns are much broader than tariffs alone."</li> <li>- He's blunt about keeping inflation expectations anchored: "Inflation has been above the Fed's 2 percent objective for over four years. I don't think we have room to be complacent. History has shown us that persistent inflation can shift the psychology around price-setting, and inflation can become ingrained. Were that to occur, re-anchoring inflation at 2 percent would be more difficult and costly. It is unlikely that we will still be talking about soft landings in that situation... I take small comfort in most measures of inflation expectations having not moved up."</li> <li>- And he's less concerned about the labor market: "the job market has cooled, but some of this cooling likely reflects important structural changes in labor markets rather than a cyclical downturn in the economy. That said, I will be monitoring the labor market closely for signs of a more significant deterioration."</li> <li>- In the end, "I do not think further cuts in interest rates will do much to patch over any cracks in the labor market...However, cuts could have longer-lasting effects on inflation as our commitment to our 2 percent objective increasingly comes into question."</li> <li>- Schmid's Oct 31 essay explaining his dissent in favor of a rate hold: "By my assessment, the labor market is largely in balance, the economy shows continued momentum, and inflation remains too high...I do not think a 25-basis point reduction in the policy rate will do much to address stresses in the labor market that more likely than not arise from structural changes in technology and demographics."</li> </ul>
A Musalem	St. Louis Fed	X		<p>Musalem cautioned on <b>Nov 13</b> that there's limited room to ease monetary policy after already lowering the central bank's benchmark overnight rate 150 bps since 2024.</p> <ul style="list-style-type: none"> <li>- "We need to proceed and tread with caution, because I think there's limited room for further easing without monetary policy becoming overly accommodative...Remember, inflation is still at 3% and I believe policy right now is somewhere between modestly restrictive and neutral and is probably getting closer to neutral than to modestly restrictive."</li> <li>- "I believe we need to continue to lean against above-target inflation, while providing some support to the labor market."</li> <li>- On the economy, he said on Nov 10 that "We're going to get, I think, a substantial rebound in the first quarter."</li> </ul>
B Hammack	Clev. Fed	X		<p>Cleveland Pres Hammack, perhaps the most hawkish member of the Committee and a 2026 FOMC voter, warned on <b>Nov 20</b> that rate cuts could prolong inflation and reiterated the risks of high inflation when talking about a mixed payrolls report.</p> <ul style="list-style-type: none"> <li>- "Inflation has been running above the Fed's 2% objective for four and a half years. Lowering interest rates to support the labor market risks prolonging this period of elevated inflation, and it could also encourage risk-taking in financial markets"</li> <li>- Financial conditions are quite accommodative today, reflecting recent gains in equity prices and easy credit conditions, she said.</li> <li>- "Easing policy in this environment could support risky lending. It could also further boost valuations and delay discovery of weak lending practices in credit markets".</li> <li>- "This means that whenever the next downturn comes, it could be larger than it otherwise would have been, with a larger impact on the economy."</li> <li>- Asked about the figures in an interview with CNBC later on, Hammack said the report was "mixed" but stale, given the delay, and reiterated the risks of high inflation. "We are seeing some signs of softening</li> </ul>

Member	Role	Voter		Monetary Policy Commentary Since October FOMC
		'25	'26	
				<p>in the labor market, but we're still seeing elevated signs of inflation and so we have to balance those two things as we're looking at our dual mandate," she said.</p> <ul style="list-style-type: none"> <li>- <b>She gave a speech Nov 6</b> decrying current policy as "only barely restrictive, if that", arguing that "at this point, I don't think there is more that monetary policy can do without risking a fall off the wire... Comparing the size and persistence of our mandate misses and the risks, inflation is the more pressing concern. This argues for a mildly restrictive stance for our policy rate to ensure that inflation returns to 2% in a timely fashion." In other words, she remains of the view that no further cuts are warranted until further notice.</li> <li>- She weighed in on the apparent labor market vs GDP disconnect, saying "I wouldn't want to be cutting rates into accommodative territory. Again. I have a lot of humility. So I recognize that my view of r-star is just one person's view. And there's tremendous uncertainty surrounding it. So we need time to see how things play out and to see how the economy is performing. But as I talked about, to me, I think the best, you know, the best indication we get is just the performance of the economy. And when I look at the growth numbers, when I look at the consumption numbers, it seems like we're in a pretty robust, healthy economy right now."</li> </ul>
<b>A Paulson</b>	Phil Fed		X	<p>Philadelphia Pres Paulson, a 2026 FOMC voter, gave a useful update on <b>Nov 20</b> after limited public appearances since she replaced Harker in July, pushing for caution around a December cut. She had positioned herself in-line with the median FOMC dot prior to the October meeting (which had pointed to cuts in Sept, Oct and Dec) but now doesn't appear as ready to support another cut next month. Speaking on the jobs report, she viewed the higher u/e rate as still being in the "neighborhood of full employment" and generally viewed the September data as encouraging.</p> <ul style="list-style-type: none"> <li>- Supported past two cuts, as expected: "So, with upside risks to inflation and downside risks to employment, monetary policy has to walk a fine line. In my judgement, the 25-basis-point rate cuts at the September and October meetings were appropriate and have helped to keep policy on that line."</li> <li>- Echoing comments from Vice Chair Jefferson: "But each rate cut raises the bar for the next cut. And that's because each rate cut brings us closer to the level where policy flips from restraining activity a bit to the place where it is providing a boost. So, I am approaching the December FOMC cautiously."</li> <li>- "On the margin, I'm still a little more worried about the labor market than I am about inflation, but I expect to learn a lot between now and the next meeting."</li> <li>- "The unemployment rate ticked up to 4.4 percent in September from 4.3 percent in August, still in the neighborhood of full employment. I usually focus on the quarterly pattern in labor market data because job gains can move around a lot from month to month. Indeed, in August jobs declined by 4,000 and, in September, that flipped and 119,000 jobs were created. On balance, I view the data for September as encouraging. Taking a step back from the recent monthly data, over the year, we've seen job gains slow substantially, but labor supply has been declining, too."</li> <li>- Time needed to assess tariff passthrough on inflation: "My base case is that tariffs will increase prices but that they won't lead to an ongoing inflation problem. So far, the evidence is consistent with this view, but it will take time to fully confirm or refute it."</li> </ul>
<b>N Kashkari</b>	Minn. Fed		X	<p>Minneapolis Fed President Kashkari (a 2026 FOMC voter) has made a hawkish shift in his views on rates over the last couple of months, based on comments in a Bloomberg interview on <b>Nov 13</b>.</p> <ul style="list-style-type: none"> <li>- He told Bloomberg that the data argued for a pause at the October FOMC: "The anecdotal evidence and the data we got just implied to me underlying resilience in economic activity, more than I had expected".</li> <li>- Since the October meeting, data point to "more of the same", and thus for the December FOMC, "I can make a case depending on how the data goes to cut, I can make a case to hold, and we'll have to see."</li> <li>- This is definitely a more hawkish view for Kashkari vs an essay he wrote after September's meeting that he not only supported the cut at that meeting but also penciled in 25bp cuts in October and December.</li> </ul>
<b>L Logan</b>	Dall. Fed		X	<p>Dallas Fed President Logan, a 2026 FOMC voter and among the most hawkish members of the committee, reiterated she'll find it difficult to support another rate cut in December. Her comments on <b>Nov 21</b> came the day after the payrolls report.</p> <ul style="list-style-type: none"> <li>- "With two rate cuts now in place, I'd find it difficult to cut rates again in December unless there is clear evidence that inflation will fall faster than expected or that the labor market will cool more rapidly."</li> <li>- "In the absence of clear evidence that justifies further easing, holding rates steady for a time would allow the FOMC to better assess the degree of restriction from current policy".</li> <li>- "Elevated asset valuations and compressed credit spreads aren't just indications that policy most likely isn't very restrictive. They're also indications that the fed funds rate needs to offset tailwinds from financial conditions."</li> <li>- She said after the October decision that she didn't see a need to cut rates that week.</li> </ul>
<b>T Barkin</b>	Rich. Fed			<p>Richmond Fed President Barkin (non-2025/2026 FOMC voter) concluded a speech on <b>Nov 18</b> ("Operating with Limited Data") by saying that he's not guiding as to his policy preferences for the December FOMC meeting: "You may notice nothing I just said gives any guidance for our next meeting. That's intentional, as I think we have a lot to learn between now and then."</p> <ul style="list-style-type: none"> <li>- Barkin is almost always reluctant to reveal his rate policy views, so his lack of guidance is not a surprise, but we've considered him as being toward the neutral-to-hawkish-leaning side of the FOMC as he has expressed a generally sanguine view about risks to both the labor market and inflation. As such this latest commentary could be considered slightly dovish-leaning because, unlike some of his regional Fed president colleagues on the FOMC (including many who vote this year and next), he doesn't suggest he is necessarily opposed to a December cut.</li> <li>- He says "on net, we are seeing pressure on both sides of our mandate, with inflation above our target and job growth down. But we also see mitigants on both sides, with consumer pushback and productivity</li> </ul>



Member	Role	Voter		Monetary Policy Commentary Since October FOMC
		'25	'26	
				<p>improvements limiting inflation and labor supply slowing at roughly the same pace as labor demand, reducing the hit to unemployment....When the lighthouse [of data] goes dark, you might remain on your preexisting path at first, but soon enough, you will want to throttle back until you get more visibility. That's not a particularly comfortable place to be, so I am looking forward to some illumination, from the data as it returns or from our outreach."</p> <ul style="list-style-type: none"> <li>- Generally it sounds like his view hasn't changed considerably since mid-October, citing both private sector data and "what my team is hearing" from contacts. A few selected quotes:</li> <li>- On activity: "Demand remains healthy....The elevated uncertainty that businesses perceived earlier in the year seems to be abating. But in our outreach, the feel is very different by sector."</li> <li>- On the labor market: "While the unemployment rate has ticked up this year, it was still historically low at 4.3 percent through August. Employment growth, on the other hand, is soft."</li> <li>- On inflation: "Inflation is still above target... On the positive side, shelter price growth is easing, and oil prices remain low; on the other hand, goods price growth has remained higher than its recent norms, and we are seeing some pressure in non-housing core services like insurance. We unfortunately have fewer quality alternative data sources for inflation, as it is easier to monitor the price of coffee than to assess the mix of price changes across the entire consumer basket. Our outreach leads me to believe inflation remains somewhat elevated but isn't likely to increase much."</li> </ul>
<b>R Bostic</b>	Atl. Fed			<p>Atlanta Fed President Bostic (non-voter in 2025/26) - who announced earlier in the day he'd be retiring at the end of his term in February 2026 - explained in a speech on <b>Nov 12</b> titled "Weighing the Risks: Why Inflation Tips the Scales" that "I view the Committee's monetary policy today as marginally restrictive and favor keeping the funds rate steady until we see clear evidence that inflation is again moving meaningfully toward its 2 percent target. By my lights, that is an appropriate position in this volatile environment. "</p> <ul style="list-style-type: none"> <li>- This relative hawkishness is not a particularly surprising development: he'd already expressed reluctance over further easing, saying following October's decision to cut that he "eventually got behind" that decision and suggesting that he would prefer to move more slowly on rates given the lack of clarity. However he puts a finer point on his arguments in this speech.</li> <li>- "The job of an FOMC participant is to confront this tension and weigh the trade-offs inherent in determining the appropriate setting for monetary policy. Right now, it is an extremely close call....but... despite shifts in the labor market, the clearer and urgent risk is still price stability."</li> <li>- He cites alternative indicators available amid the federal government shutdown to make his case, including business surveys and regional Fed labor market indicators. He concludes "I see little to suggest that price pressures will dissipate before mid- to late 2026, at the earliest" Meanwhile, "Put simply, I'm not detecting unambiguous signals of a serious cyclical labor market downturn."</li> <li>- And " If we were experiencing broad-based cyclical labor market weakness, I would expect to also see signs of broader economic softening. That's not showing up on my radar." He cites his Fed's GDP nowcast as showing 4% growth in Q3.</li> <li>- "In these circumstances, moving policy near or into accommodative territory risks pumping fresh blood into the inflation beast and threatening to untether the inflation expectations of businesses and consumers. I simply do not think that is the proper trade-off we should contemplate right now."</li> </ul>
<b>M Daly</b>	S.F. Fed			<p>SF Fed President Daly (non 2025-26 FOMC voter) shifted to backing a December rate cut in an interview with the WSJ published on <b>Nov 24</b> having previously not made her mind up.</p> <ul style="list-style-type: none"> <li>- "On the labor market, I don't feel as confident we can get ahead of it. It's vulnerable enough now that the risk is it'll have a nonlinear change."</li> <li>- An inflation breakout, by contrast, is a lower risk given how tariff-driven cost increases have been more muted than anticipated earlier this year, she said.</li> <li>- While the economy has settled in a "low-hiring, low-firing" equilibrium for some time, she sees greater risks that the balance ultimately would break in a negative direction. "If that persists, and you add some additional layoffs, or companies say, 'My output's not growing as much as I thought...and I'm going to reduce my employment,' then I think we are very vulnerable to that"</li> </ul>

## November Beige Book: Activity Little Changed From Six Weeks Ago

Below is MNI's summary table of the 12 regional Fed district-by-district descriptions of economic activity, employment, and inflation in the November Beige Book vs the prior edition in October.

- The Beige Book showed a net improvement for economic activity on the below district-by-district comparison.
- It's a small improvement though, with the overall summary still classifying economic activity as "little changed" according to most of the twelve districts. Two noted a modest decline whilst one reported modest growth.
- However, there were net dovish developments across employment and inflation on a breadth basis, as shown below, including around half of districts noting weaker labor demand.



### District-By-District Descriptions of Current Conditions - Nov 2025 Beige Book

	Econ Act	Previous Report	Employment	Previous Report	Inflation (Selling Prices)	Previous Report
Boston	Expanded slightly	Ticked up overall	Edged lower	Unchanged	Modest increases	Rose moderately
NY	Declined modestly	Declined slightly	Declined slightly	Unchanged	Eased slightly	Mostly unchanged
Phil	Modest declines	Increased slightly	Declined slightly	Increased slightly	Rose moderately	Rose moderately
Cle	Increased slightly	Unchanged	Flat	Increased slightly	Rose moderately	Robust increase
Richmond	Grew modestly	Grew modestly	Unchanged	Unchanged	Moderate	Moderate
Atl	Unchanged	Little changed	Levels remained flat	Unchanged	Increased modestly	Rose moderately
Chicago	Rose slightly	Little changed	Increased slightly	Unchanged	Rose moderately	Rose moderately
Stl	Unchanged	Unchanged	Unchanged	Unchanged	Increased moderately	Rose moderately
Minn	Flat	Declined slightly	Declined slightly	Declined slightly	Increased moderately	Rose modestly
KC	Slowed slightly	Declined slightly	Declined slightly	Declined slightly	Increased modestly	Rose moderately
Dallas	Weakened slightly	Little changed	Continued to fall	Declined	Increased moderately	Rose slightly
San Fran	Mixed	Edged down slightly	Largely held steady	Little changed	Rose modestly	Rose modestly

Source: Federal Reserve, MNI. MNI's characterization is derived from the individual Fed reports, not the overall summary

### October FOMC Meeting Minutes: Tepid-At-Best Support For December Cut

The biggest anticipated focus in the October FOMC meeting minutes ([link](#)) was on the degree to which support for a December cut was signaled. In short, the minutes suggest that it may only be a minority of the Committee that is pushing for a follow-up cut.

- That's largely in line with MNI's view that a majority of the broader Committee may be leaning to a December hold based on post-October FOMC commentary, though it doesn't necessarily mean that would-be cutters in December make up a majority of the 12-member voting contingent.
- First off, this passage makes it pretty clear it was hardly an overwhelming majority of the 19 participants who supported an October cut, and in fact it may well have been a minority:
- *"Many participants were in favor of lowering the target range for the federal funds rate at this meeting, some supported such a decision but could have also supported maintaining the level of the target range, and several were against lowering the target range."*
- Recall that "many" is technically considered to be less than a "majority/most" members when it comes to Fed speak.
- Here's what it says about December. Note that while "most" saw future cuts as appropriate, "several" of them didn't see another 25bp cut at the December meeting. And the "several" that saw a December cut is possibly less than "many" or "some", per Fed speak parlance - indeed it's indicated to be fewer than the "many" who thought it would likely be appropriate to hold through yearend.
- *"Participants expressed strongly differing views about what policy decision would most likely be appropriate at the Committee's December meeting. Most participants judged that further downward adjustments to the target range for the federal funds rate would likely be appropriate as the Committee moved to a more neutral policy stance over time, although several of these participants indicated that they did not necessarily view another 25 basis point reduction as likely to be appropriate at the December meeting. Several participants assessed that a further lowering of the target range for the federal funds rate could well be appropriate in December if the economy evolved about as they expected over the coming intermeeting period. Many participants suggested that, under their economic outlooks, it would likely be appropriate to keep the target range unchanged for the rest of the year. All participants agreed that monetary policy was not on a preset course and would be informed by a wide range of incoming data, the evolving economic outlook, and the balance of risks."*

# MNI Policy Team Insights

Selected Policy Insights From Pre-FOMC Blackout Period – For Latest Articles, See [Marketnews.com](https://www.marketnews.com)

## MNI INTERVIEW: Fed To Slow Easing, '26 Cuts Not Certain - Clouse

By Evan Ryser (Nov 21, 2025)

WASHINGTON - The Federal Reserve is nearing a point where interest rate cuts will move at a slower pace and potentially even stop altogether as economic growth holds up, meaning further easing in 2026 is not a certainty, former deputy director of the Fed Board's Division of Monetary Affairs Jim Clouse told MNI.

"A go-slow pattern is likely to emerge, whether that means they will or will not ease by 25 basis points in December or not. It's really kind of kind of a coin flip," said Clouse, who stepped down from his role in May, in an interview. "What is important is what they communicate about where the likely future trajectory of the funds rate will go."

Clouse pointed to the Fed's October meeting minutes released this week showing policymakers expressing a range of views. In particular, a group of officials do not see the stance of monetary policy as clearly restrictive.

"I'm guessing that they have not really made a formal decision yet on what they will do in December," he said. "There is a wider range than usual of views about what the appropriate next step is. It's not like a slam dunk either way." (See: [MNI INTERVIEW: High Bar For More Cuts As Neutral Nears-Kaplan](#))

### 2026 CUTS NOT ASSURED

Clouse expects communications at the December meeting to imply that further easing next year is not set in stone.

"If they do end up easing a quarter point, I would anticipate a somewhat hawkish, or at least non-committal policy statement/press conference around where the path of policy would be going forward," said Clouse, who is now a senior fellow at the Andersen Institute for Finance and Economics.

"In other words, I wouldn't expect their communications to be suggesting that further easings after December were a definite thing."

At the next meeting, FOMC policymakers are set to submit their forecasts for the Summary of Economic Projections. The September SEP saw a median participant expecting the fed funds rate to end 2026 at 3.4%, with a range from 2.6% to 3.9%.

### TWO-SIDED RISKS

Clouse, who was Secretary of the FOMC for five years and was responsible for the preparation of the minutes of FOMC meetings, said growth appears resilient but has softened of late.

"The pace of expansion appears to have slowed, and there do seem to be some downside risks to employment, particularly after the kind of very weak job numbers that came in in the middle of the summer," he said, adding that the most recent September jobs report has likely not altered committee members' views of the outlook.

"A lot of the FOMC participants are concerned about the fact that inflation remains above their target, and has actually edged up some by some metrics," he said. "The delays in data certainly make the FOMCs job harder." (See: [MNI INTERVIEW: Fed Dec Pause Would Preserve Options - Sheets](#))

## MNI INTERVIEW: Fed Dec Pause Would Preserve Options - Sheets

By Evan Ryser (Nov 17, 2025)

WASHINGTON - The Federal Reserve should lean toward holding interest rates steady at its next meeting in December to continue to put downward pressure on inflation and keep its policy options open, the former director of the Division of International Finance at the Fed Board of Governors, Nathan Sheets, told MNI.

"I probably lean at this moment 60-40 to wanting to pause in December and wait and see where we land," Sheets said. If they cut, "I don't think that would be a mistake" but "its not something that can be taken back" if inflationary pressures build.

"The Fed has missed its inflation target for four years in a row" and inflation is "going the wrong direction," Sheets said. "On the other hand, the labor market has softened" but is not collapsing.

The FOMC will need to analyze incoming data after the government shutdown, which still could provide sufficiently clarity about the need for a cut at the next meeting, he said. (See: MNI INTERVIEW: High Bar For More Cuts As Neutral Nears-Kaplan)

## CLOSE CALL

Sheets said if he had been on the FOMC he would have voted for a cut in October. But he is concerned about the path for inflation.

"With tariff inflation you tend to look through it, but you have to be careful with that narrative and see if it is necessarily true," he said. "Should you really be totally excluding it."

Excluding the effects from tariffs "feels to me a little aspirational," rather "than the Fed devising its monetary policy strategy to get it back," he said. A moderate degree of pressure on inflation is a reasonable argument. "But it's a close call. I lean toward sticking, but a cut would not be a huge mistake."

Sheets questions whether underlying inflation is really moving in the right direction. "I'm not so persuaded by non-shelter services. It's like Missouri. I want to see it. Show me," he said, referring to the state's famous sobriquet. "I'd like to see non-shelter services behaving better."

"A much more robust set of data and a much more robust capacity to be able to evaluate the economy in January is one reason I would feel a little more comfortable cutting in January. I might be even able to have a little bit of sense anecdotally as to whether I'm seeing a little bit perkier pass through of tariff inflation or not in January." (See: MNI INTERVIEW: More Fed Cuts Risk Inflation Spike-Weinberg)

## HARD TO REVERSE

Measures of activity have been pretty solid and another complication is the Fed is getting closer to the neutral rate of interest, he said. "It's a conflicted committee and that's all exacerbated by not having the data."

"If I get to January and I have already cut on incomplete data in December but now things are looking perkier on the inflation front, you can't hike. All I can do is pause," he said. "It's harder to take it back. One preserves optionality by remaining steady in December and it gives leverage on inflation."

Sheets also noted the risk that new policymakers on the FOMC next year will help to add a dovish posture. "That is a risk to the downside of lower rates."

## MNI INTERVIEW: US Job Market Continues To Slow - Glassdoor

By Evan Ryser (Nov 14, 2025)

WASHINGTON - The U.S. job market is continuing to slow but there are no signs of a more worrisome decline, Glassdoor chief economist Daniel Zhao told MNI, adding that the Federal Reserve should continue its fight against inflation.

"The Fed is taking out an insurance premium at a time when the rest of their household budget might not be able to afford it," he said. "There's still the inflation side of the dual mandate that the Fed needs to worry about, and we aren't seeing signs yet of a sharp deterioration in the job market."

"Overall, the holistic picture we're seeing is still a job market that is slowing, if not sluggish," Zhao said about Glassdoor labor market data. "The job market is still slowing steadily. We don't see any reason to believe that trend has stopped."

The Fed lowered borrowing costs for a second straight meeting in October, though recent speeches and appearances from policymakers have shown officials are so far split on the prospect of a third cut in December. The government's data deluge will be key for the Fed and half of interest-rate traders bet the Fed would cut its interest rate in December, according to the CME FedWatch tool. (See: MNI INTERVIEW: High Bar For More Cuts As Neutral Nears-Kaplan)

## SLOWING STEADILY

Glassdoor, an employment site that is part of Indeed, collects tens of thousands of employee ratings and their data suggest layoffs were down in October but increased significantly year-over-year, Zhao said in an interview. Employee anxiety about layoffs has risen over the last few years.

"The recent wave of layoff announcements came at the end of October, so its possible workers have not had the opportunity to react. Instead, we might see employee sentiment at the start of November start to incorporate this news."

Glassdoor's employee confidence index, a new report that provides a real-time pulse on the economy from the lens of employees, dropped in October and is now at the lowest level since June, which was a record low, he said. "Clearly, employees feel sour about the current job market," Zhao said.

"We've seen that in the past where a small rise in the unemployment rate tends to beget a much larger one," he said. But, "we aren't seeing signs of those cracks really starting to take hold in the labor market quite yet."

Salaries dropped month-over-month in October and September but increased year-over-year in October. "The picture for pay is that it is slowing in the short run, but overall it has not deteriorated rapidly," Zhao said. (See: MNI INTERVIEW: Fed Will Cut In Dec, More Next Year-Reinhart)

## CLEAN READ

Zhao is expecting continued impacts from the government shutdown in the monthly jobs report, particularly when it comes to government payrolls, and a negative overall payrolls print is "absolutely" possible. He's not expecting a "clean read" in the BLS jobs reports until the December report is released in January.

The impetus for hiring growth is largely limited to the healthcare sector, he said. "Healthcare is really the only industry that is consistently adding jobs month-over-month, whereas if you look at all the other industries put together, they've actually lost jobs."

"We know that there are tens of thousands of federal workers who have rolled off of federal payrolls because their voluntary severance payments are ending. That is a real trend, regardless of how it shows up in the data."

## MNI INTERVIEW: High Bar For More Cuts As Neutral Nears-Kaplan

*By Pedro Nicolaci da Costa (Nov 14, 2025)*



WASHINGTON - Federal Reserve officials should think twice before lowering interest rates again because borrowing costs are already close to neutral levels while inflation remains well above target, former Dallas Fed President Robert Kaplan told MNI.

"The bar for further cuts for me goes up substantially because we're getting closer to neutral and, with inflation running above target, I want to have an extremely good reason for lowering the fed funds rate to what I think is about neutral," said Kaplan, now vice chairman of Goldman Sachs, in an interview.

The FOMC will need to analyze incoming data to make a "gametime" decision on whether to cut rates in December, said Kaplan, suggesting that he would be more inclined to pause.

"The problem is that if inflation does not improve, and I think at least for the next six months there are more reasons to think it might back up a bit or go sideways or back up a bit and improve, then I really want to be convinced that this labor market weakening is more persistent and maybe even intensifying," he said. (See MNI INTERVIEW: Tariff Price Boost Still Percolating-Schoenle)

The central bank has two main options for its December decision, said Kaplan. It could opt to deliver a dovish pause, where it keeps rates on hold but leaves open the possibility of further cuts if jobs weaken materially. Alternatively, policymakers could opt for a hawkish cut that suggests this is the last reduction for some time.

The problem with the latter option, said Kaplan, is that it could leave policymakers offside if the employment picture firms into next year, as it well could. "If the labor market does firm, we're in neutral. With inflation this much above target, I really don't want to be in neutral."

Kaplan sees the neutral rate at around 3.5-3.75%, not far from the current federal funds rate of 3.75-4%.

While economists believe most of boost to inflation from tariffs is already in the rearview mirror, Kaplan's business contacts indicate the bulk of the impact could be yet to come. "I think their view is you're going to see a bigger brunt into next year, because the destocking will have been exhausted."

## SHUTDOWN DRAG

Kaplan said forthcoming data are likely to show added weakness because of the just-ended government shutdown, and the absence of survey information thus far had helped the case of Fed hawks by depriving doves of fresh evidence of job market weakness.

"You want to use every bit of the time between now and December 9 to keep assessing what's really going on with the labor market and what's likely to go on," said Kaplan.

He said the data vacuum has been less relevant to the outlook than the actual drag on growth from the shutdown itself. Business activity is generally sluggish at the moment, but tax incentives that will kick in early next year and deregulatory measures that are improving the backdrop should have a stimulatory effect, added Kaplan.

## FED INDEPENDENCE

As the Fed faces a leadership transition with the looming nomination of a new chair, Kaplan said the institution is well placed to resist any perceived threats to its independence.

"The culture at the Fed right now by and large is very strong, and people are really trying to adhere to making the best judgment they can without regard to political influence or political considerations," he said.

"The concern would be, if you had enough personnel changes – maybe more than just the chairman but others. I think the challenge for whoever is running the Fed and the team is to adhere to that ethic."

## December 2025 FOMC Analyst Views: Split Decision, Same Dots

By Tim Cooper, Chris Harrison and Moritz Arold – Dec 8 2025

All but one of the 33 analysts' previews of the December meeting anticipates a 25bp rate cut (Unicredit is the exception), with the vast majority seeing a "hawkish cut" in terms of the communications.

- **SEP/Dot Plot:** The vast majority of analysts expect unchanged Fed funds rate dot medians in the updated SEP vs the prior edition in September, implying 1 cut in 2026 and another in 2027. Some see the longer-run dot rising to 3.1% from 3.0%.
- **Statement:** Almost all analysts expect a shift in the forward rate guidance, to reflect less propensity to cut in 2026. Opinions vary on the vote split, ranging from 10 in favor of a 25bp cut with 2 dissenters, to 7 in favor of a 25bp cut with 5 dissenters. None expect a unanimous vote.
- **Future action:** Analysts' views of total cuts in 2026 range from 25bp to 125bp, with a median of 50bp. Notably, several analysts expect rate cuts to resume only in the 2<sup>nd</sup> half after Chair Powell's successor is in place.

Table sorted by the most to the least aggressive rate cutting outlooks (in terms of basis points by year-end 2026, where Fed outlooks for 2026 could be ascertained from their FOMC meeting preview), with the exception of Unicredit which is the only bank that sees the Fed on hold in December. Where MNI hasn't seen a December meeting preview, we have left them out of the table.

	Dot Plot - Fed Funds Rate				Analyst Expectations For...		Rate Outlook
	2025	2026	2027	Longer Run	Dec Vote Split (-25bp/-50bp/hold)	2026 Cuts (bp)	
Sept Actual	3.6	3.4	3.1	3.0			
Dec - Analysts Median	3.6	3.4	3.1	3.0	9 / 1 / 2	50	
Commerzbank						125	25bp cut in Q1, 4 cuts from June
ABNAMRO						75	75bp of further cuts by Q3
BMO						75	25bp cuts in Mar, Jun, Q3
NatWest	3.6	3.4	3.1	3.1	7 / 1 / 4	75	50bp cut in June, 25bp in July
Rabobank						75	25bp in March, June, September
Scotiabank						75	75bp cumulative by Spring
SEB	3.6	3.4	3.1	3.0	9 / 1 / 2	75	
TD	3.6	3.4	3.1	3.0	9 / 1 / 2	75	25bp cuts quarterly to Q3
ANZ						50	March and June
Barclays	3.6	3.4	3.1	3.0	9 / 1 / 2 (at least 2 holds)	50	March and June
BofA	3.6	3.1	3.1	3.1	9 / 1 / 2	50	25bp cuts in Jun and Jul
Goldman Sachs	3.6	3.4	3.1	3.0	2 to vote for a hold	50	25bp cuts
ING						50	25bp cuts in Mar and Jun
Morgan Stanley	3.6	3.4	3.1	3.0	At least 3 to vote for a hold	50	25bp cuts in Jan and Apr
Wells Fargo	3.6	3.4	3.1	3.0		50	25bp cuts in Q1 and Q2
CIBC						25	25bp cut in Q1
Deutsche	3.6	3.4	3.1	3.0		25	25bp cut in Sep
JPMorgan	3.6	3.4	3.1	3.1	9 / 1 / 2	25	Final 25bp cut in Jan
Westpac						25	25bp cut in H1, most likely by March
Unicredit	3.6	3.4	3.1			50	25bp in June and Q4 (but assuming on hold in Dec)
Citi		3.4					
MUFG	3.6	3.4	3.1	3.0			
Societe Generale	3.6	3.4	3.1	3.0	10 / 1 / 1		
UBS	3.6	3.4	3.1	3.0	3 vote for a hold		
Wrightson ICAP							25bp cuts in Oct and Dec

SOURCE: MNI, Analyst Fed Previews

# Analysts' Key Comments

## Analysts looking for the FOMC to leave the Fed Funds target rate unchanged in December:

**UniCredit:** UniCredit believe Wednesday's decision "remains a close call" but they "expect the Fed to remain on hold, despite forward rates currently pricing in more than a 90% likelihood of a rate cut.". It is "shaping up to be the most contentious for years, with officials divided on whether to cut rates or not. We had expected the Fed to keep rates on hold, but recent events point to a rising risk of a third consecutive 25bp cut."

- **SEP/Dot Plot:** "The updated macro forecasts and "dot plot" are likely to be little changed but arguably less useful than in the past given the absence of key data and the end of Jerome Powell's term as chair in May."
- **Future action:** "If the Fed holds rates steady next week, then we expect two cuts next year, in June and 4Q26, taking the target range to 3.25-3.50%. If the Fed cuts rates by 25bp next week, then we would only expect one rate cut next year, in June, also leaving the target range at 3.25-3.50%."
- "We have assumed political interference will have a modest impact on Fed policy, as the new chair is likely to push for lower rates on arrival. However, we have not assumed Trump will get de-facto control of the Fed as this would require a sequence of events to occur (for example, if in January 2026 the Supreme Court were to rule that Fed Governor Lisa Cook can be fired, and if in February a majority on the Fed board refuses to appoint regional Fed presidents not aligned to Trump), but this is a non-negligible risk."

## Analysts looking for the FOMC to cut rates by 25bp in December:

**ABNAMro:** ABN Amro thinks "The end-of-2025 dots will show the still divided stance of the committee, and will reveal what Powell was up against. The 2026 dots will likely be dispersed, with both substantial rate cuts, rate hikes, and everything in between, reflecting the uncertainty in the outlook. We expect the projections to show moderately higher unemployment, while inflation projections are likely relatively stable."

- **Future action:** 75bp of further cuts by Q3

**ANZ:** ANZ think the FOMC will cut in a highly contested decision as available data on balance "suggests there has been a slowing in activity and job creation".

- **SEP/Dot Plot:** Much changes unlikely
- **Press conference:** Powell to "signal a cautious approach to future rate cuts, balancing concerns about softness in hiring against elevated inflation"
- **Future action:** 25bp cuts in March and June

**Barclays:** Barclays expect the FOMC will cut rates by 25bp "amid elevated downside risks to employment, but to signal a pause in January". At least three dissents are likely; four would be the most since October 1992.

- **Statement:** "We expect the statement to indicate a likely pause in January, by inserting hawkish language such as "the extent and timing of additional [rate] adjustments." We expect at least two hawkish dissents (Musalem and Schmid) and one dovish dissent (Miran)."
- **SEP/Dot Plot:** 3.4% end-2026 Fed funds median, 3.1% 2027-28, 3.0% longer-run. Expecting "little change in economic projections". "While rates would be lowered to 3.625% at next week's meeting, we expect the dot plot to show that seven of the 19 participants would have favored a higher policy rate, while Governor Miran, instead, would have favored a rate below 3%. We expect this disagreement to be reflected in projections for future years as well, with the range of dots in 2026-28 broadly mimicking the range of estimates of the longer-run neutral rate, from 2.6% to 3.9%."
- Core PCE inflation 3.0% (-0.1pp) 2025, 2.6% (unch) 2026, real GDP growth: 1.6% (unch) 2025, 2.0% (+0.2pp) 2026 and u/e rate 4.5% (unch) 2025, 4.4% (unch) 2026.
- **Press conference:** "We expect Chair Powell to reinforce the message that a pause is likely at the January meeting, provided the labor market does not suddenly deteriorate, and to mention that the FOMC remains very divided about the future course of policy"
- **Future action:** 25bp cuts in March and June

**Berenberg:** Berenberg think "The recent uptick in the unemployment rate [...] and the November Beige Book, which paints a dismal labour market picture, appears to provide enough support" for a cut at the upcoming meeting.

- **Future action:** 25bp in June

**BMO:** BMO notes that "A cut is not a proverbial slam dunk, given that there are many Fed officials who have openly stated their opposition to cuts. Still, the Fed rarely surprises the market, and key speakers did not push back earlier on as the market leaned into a cut."

- **Future action:** 25bp cuts in Mar, Jun, Q3.

**BNY Mellon:** "The guidance for subsequent months will likely be vague, with data dependence back in vogue now that new readings on the current state of the economy are finally arriving. A new set of dots will be released, although we do not expect them to coalesce around a clear rate path for 2026", writes BNY Mellon.

**BofA:** In addition to the 25bp rate cut, BofA sees actions taken on the balance sheet: "We think the Fed will announce: (1) term repo operations, and (2) reserve management purchases (RMPs) starting in Jan. We see low chance of an IOR cut but see higher likelihood of a parallel reduction in IOR & SRF. The risk for Powell is that these measures could elicit additional dissents."

- **Statement:** Description of labor market conditions to omit unemployment "remained low", but forward guidance to be tweaked to indicate that the bar for additional cuts has risen.
- **3 dissents:** 2 hawkish (Schmid and another president), and Miran, though risks Waller and Bowman dissent if balance sheet measures are implemented.
- **SEP/Dot Plot:** Slight upgrades to growth, lower for inflation; 3.1% 2026 Dot, through 2028, with longer-run up to 3.1%.
- **Press conference:** "Powell is facing the most divided committee in recent memory. We expect him to try to deliver a hawkish cut as a compromise. We're skeptical about whether he will be able to pull this off."
- **Future action:** 25bp cuts in Jun and Jul.

**CBA:** CBA think a cut at the meeting will be coming as "the labour market has weakened while tariff-inflation impulse has been weaker than expected"

**CIBC:** CIBC writes that "the committee is clearly divided, so Powell may opt for a compromise statement that provides comfort to the hawks by underscoring that the central bankers are still keeping a close eye on inflation in judging the room to ease further in 2026. There might be several FOMC voters who would prefer to wait for the more complete data picture they will have in January."

- **Future action:** 25bp cut in Q1

**Citi:** Citi "expect a hawkish cut at Wednesday's FOMC. As we explained two weeks ago, the unemployment rate, now a shade below 4.5%, is close enough to the Fed's September SEP to justify the final cut of the year."

- **SEP/Dot Plot:** "We expect the Fed to leave the 2026 dot plot unchanged with one more cut in the new SEP".
- **Press conference:** "With two jobs reports between the Dec and January FOMC we expect Powell to not rule out a possible cut in January or March, but he will be hesitant to guide the market in any dovish manor. January FOMC pricing should remain tepid, and risks for a cut may fall coming out of the meeting."
- **Future action:** "Our economists expect the next two NFP reports to justify a January cut, but we do not like receiving Jan FOMC at these levels (~7bp of cuts priced in). A long in Z6 is likely to outperform if the unemployment rate moves higher in either the Nov or Dec NFPs."
- **Balance sheet:** "On the balance sheet and funding markets, the Fed is likely to keep their SOMA portfolio policy unchanged. This month they stopped QT and started rolling MBS paydowns into T-bills. We do not expect the Fed to take any proactive measures at the meeting for year-end repo as there are not many tools at their disposal. They may lower IORB by 5bp within the target range, which is effectively a 30bp rate cut, but the chance is low (Fed funds and IORB should move 1:1). We continue to expect an announcement on outright T-bill purchases, to grow the balance sheet, at the January meeting although there is a risk for later Q1/early Q2 2026. Doing this at the December meeting may be too much of a dovish signal to the market."

**Commerzbank:** Commerzbank expect a 25bp cut but "perhaps with some reservations".

- **Statement:** "In purely numerical terms, the camp in favor of unchanged interest rates is currently slightly ahead. However, the governors seem to be leaning more toward an interest rate cut, as does the influential president of the New York Fed, John Williams. The decisive factor is likely to be which way Fed Chair Powell leans and how successful he is in persuading other members to follow him. In any case, there could be a historic number of dissenting votes at the December meeting. The last time there were three dissenters from the majority opinion was in 2019, four in 1990, and five in 1983."
- **Press conference:** "Powell would probably combine an interest rate cut with more hawkish communication. This could be part of an agreement to achieve broader support. It is conceivable that there will be guidance that the bar for further interest rate cuts is now significantly higher."
- **Future action:** "Powell's remaining term as Fed chair until mid-May will see three more meetings, at which we expect only one further cut in total. [...] That is likely to change beginning with the June meeting, however, as Powell's successor as Fed chair takes office. Our favorite for this position is economist Kevin Hassett, who currently works in the government as chairman of the National Economic Council. Hassett is considered a close and loyal confidant of Trump. [...] We expect the Fed to cut its key interest rate at each of its four meetings starting in June, which would push the upper bound of the target range for the Fed Funds Rate down to 2.50%."

**Danske:** Danske "see a good case for the Fed to signal a cautious stance where future rate cuts will come at a slow pace" but think a cut in December will be coming as "even if rates are cut to 3.5% - 3.75%, they will still be high enough to dampen the economy and inflation pressures"

**Deutsche:** Deutsche writes that "A stronger growth profile and still above-target inflation should also lead most officials to remain cautious about further cuts, particularly as they approach the central tendency range for the neutral rate. This is a theme Chair Powell is likely to elaborate on in his press conference."

- **Statement:** Forward guidance to move decisively in a hawkish direction: "In considering the extent and timing of additional adjustments".
- If 4 or more participants dissent, it would be the first time since 1992.



- **SEP/Dot Plot:** 3.4% end-2026 Fed funds median, 3.1% through 2028, 3.0% longer-run.
- **GDP up slightly for 2025 and to 2.1% 2026,** 2025 unemployment up to 4.6% but PCE slightly lower in 2025/26.
- **Press conference:** "We anticipate Powell will send an implicit signal that the hurdle is relatively high for another cut in early 2026."
- **Future action:** 25bp cut in Sep

**Desjardins:** Desjardins think "it's hard to know whether they'll decide to cut rates or stand pat" but edge in favor of a cut as "given the expectations of weak fourth-quarter GDP growth, the fact that tariffs have so far only modestly affected consumer prices, and the general uncertainty stemming from the data gaps caused by the government shutdown".

**GS:** Goldman Sachs see a solid case for a cut. "Job growth remains too low to keep up with labor supply growth, the unemployment rate has risen for three months in a row to 4.4%, other measures of labor market tightness have weakened more on average, and some alternative data measures of layoffs have begun to rise recently, presenting a new and potentially more serious downside risk."

- **Statement:** Most investors expect a hawkish cut, though this could be interpreted in a number of ways. It is not realistic to expect the FOMC to box itself in too much by signaling a very strong bias toward a pause in January because if the labor market is still actively softening at that point, a cut might be appropriate. [...] But the meeting will likely have a few hawkish elements. First, the statement will likely borrow the "extent and timing of additional adjustments" language used a year ago to convey that the bar for any further cuts will be somewhat higher."
- "There will most likely be two hawkish dissents in the statement, and we expect five participants to register soft dissents in their 2025 dots. But we are not sure that all of this would add up to meaningful new information for the market."
- **SEP/Dot Plot:** Unchanged median dots for 2026 and 2027. "We expect the median GDP growth forecast to rise for 2025 (+0.4pp to 2%) and 2026 (+0.2pp to 2%) and the median core PCE inflation forecast to decline by 0.1pp to 3% for 2025 and 2.5% for 2026, above our 2026 forecast of 2.2%."
- **Press conference:** "Powell will also likely get across that the bar has risen in his press conference and will likely again make a point of explaining the views of participants who opposed a cut."
- **Future action:** xxx

**ING:** Of the FOMC's new Dot Plot, ING writes that "The most dovish they could possibly be is to put a second rate cut for their 2026 forecast, but they will be reluctant."

- **Statement:** "prospect that we see four members vote for a no-change decision."
- **Future action:** 25bp cuts in Mar and Jun

**JPMorgan:** JPM's assessment is that "Given that next week's move is a close call, there is a widely held view that it will be a "hawkish cut." We generally agree with this view."

- **Statement:** "To reference "the extent and timing" of additional adjustments, a subtle shift to indicate a cut is less likely at subsequent meetings." At least 2 dissents in favor of a hold and 1 in favor of a larger cut.
- **SEP/Dot Plot:** Higher GDP, lower PCE for this year; 7 to 9 dots to pencil in no cut at this meeting; median dot 3.4% in 2026 with 3.1% in 2027, median longer-run dot could rise to 3.1%.
- **Press conference:** "Powell will stress that with policy rates close to neutral, the time for risk management cuts is past and that further cuts would only come with a material deterioration in the labor market."
- **Future action:** Final cut in January.

**MS:** Morgan Stanley revert to their previous call of rate cuts in December, January and April for a terminal 3-3.25%, "given the Fed's communication heading into the blackout period, near-certain market pricing, and history that says the Fed would prefer not to surprise the market."

- **Statement:** "We think the Chair trades a rate cut in December for language changes in the statement that signal 1) risk-management cuts are done, and 2) any future cuts will be data dependent (e.g., have a higher bar). After all, as we have noted in our previous writing, the data do not have to deteriorate to justify cuts if the Fed views the cuts as risk-management cuts."
- "A more hawkish turn would be if Powell had to trade a rate cut in December for more stringent language" such "With this adjustment, the Committee sees policy as close to neutral and thus positioned to move in either direction as required by incoming data."
- "Kansas City Fed President Schmid already dissented against a cut in October and will likely do so again. We also pencil in dissents from Reserve Bank Presidents Collins and Musalem."
- **SEP/Dot Plot:** Not expecting any change to dot plot median.
- New economic forecasts are to "reflect mark-to-market edits rather than new thinking on the path of the economy", only affecting 2025 and 2026 estimates. Real GDP growth could be +0.1pp higher for both 2025 and 2026 whilst core PCE could be 0.1pp lower in 2025 but then unrevised in 2026 and 2027. "For the unemployment rate, the 4.5% the FOMC was expecting for the end of 2025 still looks reasonable. There's risk of the projection moving a tenth higher, but little chance it moves a tenth lower."
- **Press conference:** "We expect Chair Powell to signal that the recalibration phase of monetary policy is now complete. His message will likely emphasize that the current stance is better positioned to respond to potential risks on both sides of the mandate. From this point forward, any additional adjustments will be considered on a meeting-by-meeting basis and guided by incoming data."

- **Future action:** 25bp cuts in January and April.

**MUFG:** MUFG see a base case of a hawkish 25bp cut with 55% probability, with other options a neutral cut (35%) and dovish cut (10%). The 2026 dot will be key: "If [the 2026 dot] remains at 1 cut, it's at extreme odds with what markets expect for 2026. Yes, it only takes one forecaster to move down into the 3.375% midpoint to shift the dots to two cuts in '26. Yet, we have a hard time justifying hawks shifting their forward outlook (i.e. lowering dots) to drive a dovish tone."

- **SEP/Dot Plot:** Unrevised with 3.4% end-2026 Fed funds median, 3.1% end-2027. The neutral cut case would see a median two cuts rather than a single cut.
- **Press conference:** "Powell would likely signal that the decision was a "close call" and that with the target rate near neutral, the bar for future cuts is higher now."
- **Operations:** "We believe the Fed will introduce measures (further operations and potential rate tweaks) into and out of year-end and will announce them at the upcoming December FOMC"

**Natixis:** "Though we count up to six possible candidates for a dissent, we think ultimately Chair Powell will be able to muscle through a strong majority in favor of a cut."

**NatWest:** NatWest thinks "the committee will steer attention away from cut, emphasizing caution moving forward".

- **SEP/Dot Plot:** 2026 Dot 3.4%, 2027-28 and longer-run 3.1%.
- **Statement:** On dissents: "A 7-5 vote. 7 in favor of -25bps. 5 dissents: 1 favors -50bps and 4 favor no cut" which would mark the narrowest margin since May 1983 (also a 7-5 vote).
- To change forward guidance to mention "in considering any additional adjustments", while also removing "in light of the shift in the balance of risks".
- **Press conference:** Powell to "put markets on notice that a pause to the easing cycle could come soon."
- **Future action:** 50bp cut in June, 25bp in July

**Rabobank:** Rabo think the Fed will continue cutting rates past December. While "The delayed impact of the tariffs on consumer price inflation could slow down the descent of the federal funds rate target range, especially in the first half of 2026. In addition, we could still see inflationary effects from the AI investment boom", President Trump's influence will see a "determined effort to get policy rates back to neutral or even below that".

- **Statement:** "Williams' speech and the Beige Book suggest that the FOMC statement will likely repeat that downside risks to employment rose in recent months."
- **Press conference:** "Powell will probably downplay any dissent as something that follows from a challenging situation with upside inflation risk and downside employment risk. Regarding the January meeting, he is likely to stress that the Fed is data-dependent and makes decisions meeting-by-meeting."
- **Future action:** March, June, September 25bp cuts as Trump's influence increases.

**RBC:** RBC writes that "With some softer data during the blackout, we doubt the hawks will put up a major fight."

**Scotiabank:** Scotia think to not cut now would "risk severe market dislocation effects", "the FOMC to great vulnerabilities shortly thereafter when nonfarm payrolls for October and November arrive", and a cut being a low cost option, favorable from a risk management perspective.

- **SEP/Dot Plot:** "Similar to the last one"
- **Future action:** 75bps of further easing by Spring as "growth is likely to soften" and "array of job market readings that point toward material slowing".

**SEB:** SEB expect a third consecutive cut from the FOMC but for it to also "send a neutral message about rates at the next meeting in January."

- **Statement:** "Several members are likely to dissent to the decision; Collins and Schmid for unchanged and Miran for a 50bp cut, unless his vote is needed to secure a 25bp cut."
- **SEP/Dot Plot:** Dot plot to be repeated from September. "However, it would only take one member to shift the rate projection for 2026 lower, and only two to raise it. This is an uncertain factor and suggests a downside risk to the forecast for 2026."
- "We do not expect FOMC members to make any large changes in their economic projections in December. Consensus forecasts suggest small upside risks to the Fed's growth projections for 2025 and 2026 and slight downside risks to their core inflation projections."
- **Future action:** "We continue to expect another 75 bp of cuts in 2026 to a more neutral level of 2.75-3.00% by the end of 2026. Our main scenario is still a gradually cooling labour market and a modest and temporary impact on inflation from tariffs. This should allow the Fed to look beyond tariffs and to return rates to a neutral level to guard against upside risks to unemployment."

**SocGen:** SocGen analysts say that "While easing is anticipated, the tone will remain hawkish, signaling caution and a slower path than markets expect."

- **SEP/Dot Plot:** no changes to dots medians.
- **Statement:** Miran to dissent for a 50bp cut, Schmid for a hold.

**TD:** TD thinks "December will be judged again by markets as a hawkish rate cut as was the case in October".

- **SEP/Dot Plot:** Unchanged medians for 2026-28, and longer-run.
- **Statement:** Forward guidance could change to "In considering the extent and timing of additional adjustments". To acknowledge that QT has ended and that they are carefully monitoring whether reserves are ample for next steps.
- Three dissents: Schmid and Musalem for a hold, and Miran for 50bp cut.
- **Press conference:** "Powell might begin to offer clues about the new direction of balance sheet operations at next week's post-meeting press conference."
- **Future action:** 25bp cuts quarterly to Q3

**UBS:** UBS expect a large majority to have supported a 25bp rate cut this week, with the initial question whether the statement shifts to a balanced risk assessment. Powell should reiterate a meeting-by-meeting approach.

- **Statement:** The question will not be what changes per se, in our view, but what is added. That risks have risen in recent months is somewhat irrelevant at this point. The question is the relative assessment of the risks in December and looking ahead and how much the three rate cuts have addressed those risks. What would be hawkish in our view would be a balanced risk assessment, something like "The committee judges that the risks to achieving its employment and inflation goals are roughly in balance." That is not our base case, but that would be a strong signal that the voting members of the FOMC assess that the three 25 bp rate cuts in a row have repositioned policy adequately to address the downside risks to the labor market. If so, a meaningful further surprise would be needed for more rate cuts."
- A baseline of 9-3 in favor of a rate cut. "We expect at least two dissents against the December rate cut" with Musalem and Schmid. Other potential dissents come from Goolsbee and Collins. "Whether Stephen Miran dissents in favor of lower rates is a close call."
- **SEP/Dot Plot:** The inflation projections should be "revised lower on net" whilst keeping a "similar array" of dots as in the September SEP. They see core inflation at 3.0% in 2025 (-0.1pp), 2.5% in 2026 (-0.1pp) and 2.0% in 2027 (-0.1pp)
- **Press conference:** "The general message from the Chair will likely be a combination of data dependence and that being incrementally closer to neutral after the December cut, the bar gets higher for further cuts from there. We would not be surprised to hear Chair Powell use the phrase, "mid-cycle adjustment," which historically has been three 25 bp rate cuts."
- **Future action:** "In our estimation the Federal Reserve will start erring on the low side with reserve management purchases. We expect that to start with at least a regular \$40 billion per month purchase program of bills, starting early next year, January would be our base case but otherwise February, announced at the January meeting, if starting sooner does not materialize."

**Wells Fargo:** Wells Fargo expects the FOMC to proceed with returning policy toward "a more neutral stance" at this meeting.

- **SEP/Dot Plot:** 3.4% end-2026 Dot, 3.1% 2027-28, 3.0% longer-run. Econ forecasts largely unchanged.
- **Statement:** Potential for 3-4 dissents. Forward guidance could say "In considering the timing and extent of any additional adjustments..."
- **Future action:** 25bp cuts in Q1 and Q2.

**Westpac:** Westpac thinks the FOMC is "likely to take this opportunity to deliver the next 25bps of easing. With the data as it is, it will be billed as a risk management decision, with further easing to be timed to match the evolution of the economy and risks."

- **Future action:** 25bp cut in March. Hold thereafter.

**Wrightson ICAP:** "A "hawkish cut" that does not preclude further action in January but also does not create a presumption of more easing probably comes closest to reflecting the center of gravity of views on the Committee."

- **SEP/Dot Plot:** Some risks of a more dovish direction, with potential for a 3.1% 2026 end-year Dot.
- **Statement:** "We would not be surprised by one dovish dissent and up to two hawkish objections. However, we cannot rule out the possibility of an even greater number of dissents, especially on the hawkish side."
- Re IORB, "We're mentioning this just as a formality because we had said earlier that we thought that the Fed might lower the IORB by five basis points within the target range in response to the tightening in market rates. However, the October FOMC minutes did not report any committee discussion of the issue. It is unlikely that the Fed would spring a tweak on the market with no advance notice, so that possibility appears to be shelved for now."