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All Signal, No Noise

MARKET ANALYSIS

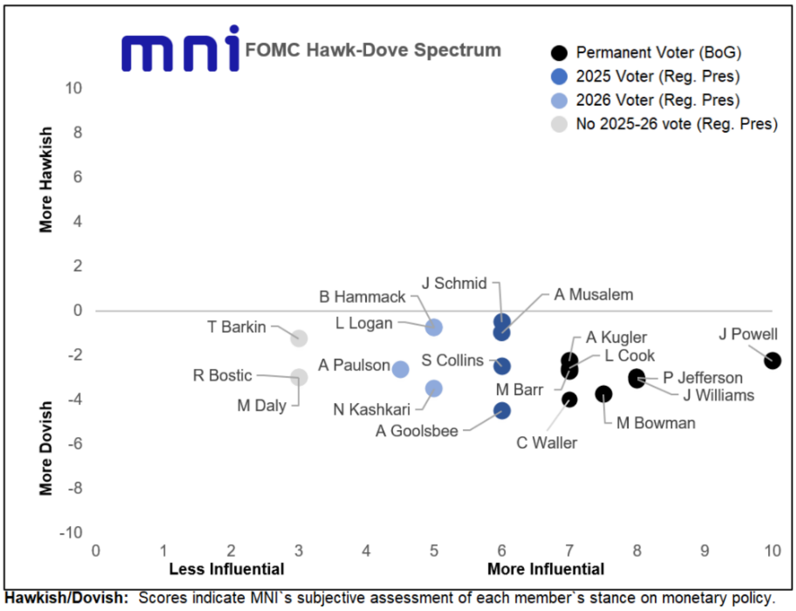
Key Inter-Meeting Fed Speak – Jul 2025

By Tim Cooper
July 23, 2025

Fed communications since the June FOMC meeting have been largely cautious on the inflation outlook, with little enthusiasm to resume easing until at least September if not beyond given prevailing uncertainty.

- While this sentiment was reflective of the June meeting's Dot Plot showing a split between participants eyeing either zero or two cuts by year-end, the limited incoming data since then doesn't seem to have swayed views.
- The most notable development has been a newly-vocal minority of two on the 12-member FOMC who appear ready to argue for cuts to resume in July.

- **Meeting By Meeting:** Powell largely took a July cut off the table from the outset, saying at the June FOMC meeting "it takes some time" for tariffs to be seen in prices he said then; "we feel like we're going to learn a great deal more over the summer on tariffs". He caused a minor stir on July 1 when he didn't refute the possibility of a rate cut at the July meeting: "Yeah,I really can't say - it's going to depend on the data. And we are going meeting by meeting. I mentioned, you know, how I'm thinking about that, but I wouldn't take any meeting off the table or put it directly on the table, it's going to depend on how the data evolve."
- To be sure, there are likely dissenters to a hold in July. Only two FOMC members have said that they would/could support a July rate cut, but both are permanent voters on the Board: Vice Chair Bowman ("I would support lowering the policy rate as soon as our next meeting ") Gov Waller (who delivered a July 17 speech titled "The Case for Cutting Now").
- We could easily see two dissents to a likely July rate hold, and Bowman and Waller are likely the 3-2025 cut Dots in the June SEP.
- **Uncertainty Prevails:** While a majority of participants appear open-minded to the argument that tariff inflation will prove transitory and that the labor market is "on the edge" (in Waller's words), almost all participants require more certainty in the data and broader developments before supporting a cut. "Uncertainty" was cited by many as a key reason to maintain a patient stance. For example, SF's Daly is concerned that the Fed could fall behind the easing curve but still only eyes two cuts this year, and not before the fall.



Hawkish/Dovish: Scores indicate MNI`s subjective assessment of each member`s stance on monetary policy. **-10** implies member believes aggressive easing warranted; **+10** is most hawkish, implies member believes aggressive tightening warranted. Scores around -2 to +2 considered relatively neutral.
Influence: The x-axis runs from **0** ('least influential') to **10** ('most influential'). Voters in the current year receive a minimum score of 6; the Chair receives a 10 and Board of Governors members receive at least 7. Those who are not voters in the current year are limited to a score of 5; among them, those due to vote next year receive higher influence scores (rising towards end of current year), and vice-versa. **Updated Jul 22, 2025**

- The most hawkish Board member – Gov Kugler (who is very likely to be replaced in January at the end of her term) – saw the June inflation reports pointing to tariff pressures beginning to show up in prices. Another 2025 voter, St Louis's Musalem, saw the possibility it could be several months if not quarters before tariffs' full impact would be felt.
- We haven't heard any other FOMC participants say they were seriously considering supporting a cut at the next meeting, with various members that see two cuts this year eyeing a later restart to easing (Daly / Kashkari specifically mentioned the fall/September respectively).
- In other communications, the latest Beige Book suggested that regional business contacts saw the biggest price increases from inflation are yet to come. The June meeting minutes noted "several participants commented that the current target range for the federal funds rate may not be far above its neutral level", pointing to an increasing number of participants that suspect the terminal rate may be higher than previously expected.

MNI Hawk-Dove Spectrum Eyes End-2026 Rate Views

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

- Kashkari and Bostic have publicly revealed their "dots" for 2025 and 2026, while Daly and Collins have implied theirs for 2025.
- Most of the Board are in the 2-cut median camp. Governors Cook and Jefferson haven't commented on monetary policy since the June FOMC meeting.
- At a guess, Gov Kugler is only board member who doesn't eye cuts this year, though that could also be Gov Barr, or Gov Cook who said pre-June FOMC that all possibilities, including hikes, were possible.
- Two of the more hawkish members, Musalem (2025 voter) and Dallas's Logan (2026 voter) have maintained largely hawkish stances in their post-June FOMC commentary. We assume they are "no-cutters" for this year. Logan said "monetary policy needs to hold tight for a while longer", while Musalem said re tariff-induced inflation that "I may be able to form a picture by October, November, December."
- We also haven't heard from new Philadelphia Fed President Anna Paulson (2026 voter) yet, though her predecessor Patrick Harker could easily have been any of 1, 2, or 3 cuts for 2025. We have him here as a rate-cut skeptic (in his last public appearance he suggested that the direction of the next move rates itself was a question).

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

Source: MNI Markets Team

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

MNI Guess Of 2026 Rate Dot In June SEP

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

Source: MNI Markets Team

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

July Beige Book: Economic Activity Improved, But Pessimism Persists

July's Beige Book notes that "economic activity increased slightly from late May through early July." Most Fed Districts reported flat growth: 7 were in that category (Boston, Cleveland, Atlanta, St Louis, Minneapolis, Kansas City, San Francisco), with 3 reporting slight/modest growth (Richmond, Chicago, Dallas) and 2 seeing modest declines (New York, Philadelphia). See table for summary of current conditions.

- This is a notable improvement from June when 3 reported flat growth, 3 slight/mild growth, and 6 slight/modest/moderate slowdowns/declines (NY and Philly remain in the latter category).
- That said, there wasn't much positivity on a sector-by-sector basis amid "ongoing caution by businesses", with consumer spending declining in "most Districts" and flat/slowing activity in most other sectors. Additionally, only 2 districts saw an expected improvement in activity going forward.

- **Per the Beige Book:** "Uncertainty remained elevated, contributing to ongoing caution by businesses. Non auto consumer spending declined in most Districts, softening slightly overall. Auto sales receded modestly on average, after consumers had rushed to buy vehicles earlier this year to avoid tariffs. Tourism activity was mixed, manufacturing activity edged lower, and nonfinancial services activity was little changed on average but varied across Districts. Loan volume increased slightly in most Districts. Construction activity slowed somewhat, constrained by rising costs in some Districts. Home sales were flat or little changed in most Districts, and nonresidential real estate activity was also mostly steady. Activity in the agriculture sector remained weak. Energy sector activity declined slightly, and transportation activity was mixed. The outlook was neutral to slightly pessimistic, as only two Districts expected activity to increase, and others foresaw flat or slightly weaker activity."

District-By-District Descriptions of Current Conditions - July 2025 Beige Book

	Econ Act	Employment	Inflation (Selling Prices)
Boston	Roughly flat	Expanded slightly	Increased modestly
NY	Decline modestly	Up slightly	Moderate
Phil	Decline modestly	Declined slightly	Increased modestly
Cle	Flat	Increased slightly	Increased modestly
Richmond	Grew modestly	Increased slightly	Moderate
Atl	Little changed	Relatively unchanged	Rose moderately
Chicago	Increased slightly	Increased modestly	Rose moderately
Stl	Unchanged	Unchanged	Increased moderately
Minn	Flat	Grew slightly	Eased (modest overall)
KC	Mostly unchanged	Grew slightly	Rose moderately
Dallas	Up slightly	Unchanged	Rose moderately
San Fran	Stable	Slightly lower	Increased modestly

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

Beige Book: Inflation Seen Rising More Rapidly By Late Summer

The July Beige Book's description of inflation suggested relatively steady price pressures compared with the June report, though it seems that what were previously "plans" to pass through tariff-related costs to customers have begun to materialize.

- In probably the most important finding for the FOMC, the biggest price increases are yet to come: "Contacts in a wide range of industries expected cost pressures to remain elevated in the coming months, increasing the likelihood that consumer prices will start to rise more rapidly by late summer."
- District-by-district, 4 Feds reported selling prices increased "modestly" (Boston, Philadelphia, Cleveland, San Francisco), 7 "moderately" (New York, Richmond, Atlanta, Chicago, St Louis, Kansas City), one "eased" (Minneapolis) and one "steady" (Dallas).
- The table below summarizes the recent evolution of the Beige Book's inflation characterization. (Our characterization is derived from the individual Fed reports, not the overall summary.)
- From the July report: "Prices increased across Districts, with seven characterizing price growth as moderate and five characterizing it as modest, mostly similar to the previous report. In all twelve Districts, businesses reported experiencing modest to pronounced input cost pressures related to tariffs, especially for raw materials used in manufacturing and construction. Rising insurance costs represented another widespread source of pricing pressure. Many firms passed on at least a portion of cost increases to consumers through price hikes or surcharges, although some held off raising prices because of customers' growing price sensitivity, resulting in compressed profit margins. Contacts in a wide range of industries expected cost pressures to remain elevated in the coming months, increasing the likelihood that consumer prices will start to rise more rapidly by late summer."

Beige Book: Hiring Looking Solid Despite Lingering Uncertainty

The July Beige Book characterizes the labor market in fairly mixed fashion, though generally stable to slightly-positive across most Fed Districts compared with the June beige book. Arguably this is the most solid Beige Book on the employment front since the start of the year, though businesses continued to report holding off on hiring plans "until uncertainty diminished" . Wages were seen as flat-to-moderate.

- The biggest shift is that 7 of 12 Districts are now reporting employment increases (Boston, NY, Cleveland, Richmond, Chicago, Minneapolis, Kansas City), vs 3 in June's report; the number reporting flat/unchanged fell to 3 (Atlanta, St Louis, Dallas) from 7; the number seeing decreases remained at 2 (Philadelphia, San Francisco).
- Labor market conditions were overall seen mixed-to-looser in some respects, with tighter immigration policy and skilled worker shortages reducing supply, but on the other hand availability improving "for many employers" amid reduced worker turnover.
- Per the report: "Hiring remained generally cautious, which many contacts attributed to ongoing economic and policy uncertainty. Labor availability improved for many employers, with further reductions in turnover rates and increased job

applications. A growing number of Districts cited labor shortages in the skilled trades. Several Districts also mentioned reduced availability of foreign-born workers, attributed to changes in immigration policy. Employers in a few Districts ramped up investments in automation and AI aimed at reducing the need for additional hiring. Wages increased modestly overall, extending recent trends, with reports that ranged from flat wages to moderate growth. Although reports of layoffs were limited in all industries, they were somewhat more common among manufacturers. Looking ahead, many contacts expected to postpone major hiring and layoff decisions until uncertainty diminished."

Fed Minutes Clearly Signal A July Hold, While Keeping Future Options Open

The June meeting minutes captured a Committee that was leaning in a slightly more hawkish direction than earlier in the year, though probably no moreso than should have been expected. The Dot Plot released at the meeting already captured most of the story: a divided Committee retains its overall easing bias but needs varying degrees of certainty before supporting a resumption of the easing cycle.

- The main headline from the minutes was on the Committee's split on the rate outlook, which was encapsulated in the Dot Plot mostly split between two and zero cuts for the year.
- "Participants generally agreed that, with economic growth and the labor market still solid and current monetary policy moderately or modestly restrictive, the Committee was well positioned to wait for more clarity on the outlook for inflation and economic activity." "Most participants" thought a cut later this year would "likely be appropriate" with "some" seeing the "most likely appropriate path" being a hold through year-end, neither of which is a surprise given the Dot Plot.
- The primary area of interest within the rate outlook was whether anyone else on the Committee would join Waller and Bowman in supporting a July cut, and it turns out not: "A couple of participants noted that, if the data evolve in line with their expectations, they would be open to considering a reduction in the target range for the policy rate as soon as at the next meeting." With the Minutes taking no effort to massage this message, we take it as a clear signal that the Committee has no intention of cutting rates in July.
- With tariff policy crystallizing a little more clearly and uncertainty diminishing slightly, opinions were mixed as to the implications for the dual mandate targets. A minority clearly was concerned about labor market weakness, while it was interesting that "some" saw inflationary risks as gaining in importance vs employment since the May meeting. "Some participants commented that they saw the risk of elevated inflation as remaining more prominent, or as having diminished by less, than risks to employment. A few participants saw risks to the labor market as having become predominant."
- Overall the discussion of various risk scenarios to inflation and to the labor market/activity remained open-ended, providing optionality to act or not act according to incoming data and developments.

There was not much that was really new on the inflation outlook in the June minutes vs what we have heard from FOMC participants in the last 3 weeks. Overall, "participants noted that the progress in returning inflation to target had continued even though that progress had been uneven" (and in a nod to the hawks and perhaps a little surprising given decent inflation readings, "a few participants noted that there had been limited progress recently in reducing core inflation.").

- The viewpoints on tariffs' impact on inflation were not particularly novel. The overall - seemingly unanimous - message was that tariffs are "likely to put upward pressure on prices", but there is "considerable uncertainty, however, about the timing, size, and duration of these effects."
- The main language on tariffs being "transitory" is as follows - notice that "a few" thought tariffs would have a one-off impact (slightly more than the "couple" who could support a July cut) - but this was very much portrayed as a minority view: "While a few participants noted that tariffs would lead to a one-time increase in prices and would not affect longer-term inflation expectations, most participants noted the risk that tariffs could have more persistent effects on inflation, and some highlighted the fact that such persistence could also affect inflation expectations."
- On the cautious side of the table, "many" thought it would take "some time" for the rise in tariffs to be reflected in goods inflation, and "several" commented that inflation could be worse if "tariffs disrupted supply chains or acted as a drag on productivity." And additionally, "several" thought firms whose products aren't directly subject to tariffs could raise prices.
- On the more dovish side though, "many" thought the inflation impact could be more limited from the supply side - "if trade deals are reached soon, if firms are able to quickly adjust their supply chains, or if firms can use other margins of adjustment to reduce their exposure to the effects of tariffs".
- And on the demand side, "several participants observed that the pass-through of tariffs might be limited if households and businesses exhibit a low tolerance for price hikes or if firms seek to increase their market share as others raise their prices", with "a few" noting that smaller/tighter-margin businesses may have to pass costs through to a greater degree.
- Taking a more hawkish bent was the discussion of inflation expectations: it appeared consensus on the Committee that "longer-term inflation expectations continued to be well anchored and that it was important they remain so", but it's slightly surprising that so many ("several") were concerned about higher short-term expectations spilling over into near-term inflationary pressures: ("shorter-term inflation expectations had been elevated and that this development had the potential to spill over into longer-term expectations or to affect price and wage setting in the near term").

- In a line of thinking expressed publicly by a few FOMC members, "some" said "that because inflation has been elevated for some time, there was a heightened risk of longer-term inflation expectations becoming unanchored if there is a long-lasting rise in inflation."

One hawkish note to the a largely unsurprising set of Fed minutes - we took note that "several participants commented that the current target range for the federal funds rate may not be far above its neutral level".

- The last time participants' comments on the neutral level was noted in the minutes was in January's edition, when only "a few" said the same thing - and the Fed funds rate hasn't changed since then.
- While the estimated range of the neutral range is notoriously wide, this shift in language could suggest that participants may be eyeing a slightly higher end-point than they had previously.
- It also adds to this comment from Chair Powell at his congressional testimony last month in which he suggested that the "neutral" level of rates could start in just "a couple" of cuts from here: "If you just look in the rearview mirror and look at the existing data that we've seen, you could make a good argument that it would call for us to be at a neutral level, which would be a couple of cuts or maybe more."

Member	Role	Voter		Monetary Policy Commentary Since June FOMC
		'25	'26	
J Powell	BOG, Chair	X	X	- **On the rate outlook:** "I think many paths are possible here… We could see inflation come in not as strong as we expect. And if that were the case, that would tend to suggest cutting sooner. We could see the labor market weakening, and that would also suggest cutting sooner. On the other hand, if we see inflation coming in higher or if the labor market were to, to remain strong, then we would probably be moving later." - "If you just look in the rear view mirror and look at the existing data that we've seen, you can make a good argument that that would call for us to be at a neutral level, which would be, you know, a couple of cuts, or maybe more, kind of thing. The reason we're not is the forecast by all Professional Forecasters that I know of on the outside and the Fed, do expect a meaningful increase in inflation over the course of this year." **- Jun 24** - **On a July rate cut:** "Yeah, I really can't say - it's going to depend on the data. And we are going meeting by meeting. I mentioned, you know, how I'm thinking about that, but I wouldn't take any meeting off the table or put it directly on the table, it's going to depend on how the data evolve." **– Jul 1** - **On inflation:** ""The things that are being sold at retail now, they might have been put into into inventory before the tariffs in February or March. So we think we should start to see this over the summer, in the June numbers, and in the July numbers. And if we don't... it may turn out that the pass through is less or more than we think. And I think we're going to be learning...we'll get an inflation number for June, we'll learn something, then we'll get it for July, as we go through the summer, we should start seeing this and if we don't, I think we're perfectly open to the idea that the passthrough will be less than we think, and if so, that'll matter for our policy." **-Jun 24** - "We haven't seen effects much yet from tariffs and we didn't expect to by now. We've always said that the timing, amount and persistence of the inflation would be highly uncertain, and it's certainly proved that. So we're watching. We expect to see over the summer some readings, higher readings, but we're prepared to learn that it can be higher or lower or later, or sooner than we'd expected. We expect to see over the summer some higher readings, but we're prepared to learn that it can be higher or lower or later, or sooner than we'd expected... We're simply taking some time, as long as the US economy is in solid shape, we think the prudent thing to do is to wait and learn more and see what those effects might be." **-Jul 1**
J Williams	NY Fed, VChair	X	X	- **On the rate outlook:** "Although we are only seeing relatively modest effects of tariffs in the hard aggregate data so far, I expect those effects to increase in coming months… Maintaining this modestly restrictive stance of monetary policy is entirely appropriate." **– Jul 16** - "Maintaining this modestly restrictive stance of monetary policy is entirely appropriate to achieve our maximum employment and price stability goals. It allows for time to closely analyze incoming data, assess the evolving outlook, and evaluate the balance of risks to achieving our dual mandate goals". **-Jun 24** - **On tariffs and inflation:** "We are seeing initial effects of tariff increases on core goods prices." **– Jul 16**
P Jefferson	BOG, VChair	X	X	- **No commentary on current monetary policy since last FOMC meeting**
M Bowman	BOG, VChair	X	X	- **On the rate outlook:** "With inflation on a sustained trajectory toward 2 percent, softness in aggregate demand, and signs of fragility in the labor market, I think that we should put more weight on downside risks to our employment mandate going forward…If inflation remains near its current level or continues to move closer to our target, or if the data show signs of weakening in labor market conditions, it would be appropriate to consider lowering the policy rate, moving it closer to a neutral setting." **– Jun 23** - **On a July rate cut:** "Before our next meeting in July, we will have received one additional month of employment and inflation data. If upcoming data show inflation continuing to evolve favorably, with upward pressures remaining limited to goods prices, or if we see signs that softer spending is spilling over into weaker labor market conditions, such developments should be addressed in our policy discussions and reflected in our deliberations. Should inflation pressures remain contained, I would support lowering the policy rate as soon as our next meeting in order to bring it closer to its neutral setting and to sustain a

Member	Role	Voter '25	Voter '26	Monetary Policy Commentary Since June FOMC
				healthy labor market. In the meantime, I will continue to carefully monitor economic conditions as the Administration's policies, the economy, and financial markets continue to evolve." **– Jun 23** - **On inflation:** "the data have not shown clear signs of material impacts from tariffs and other policies. I think it is likely that the impact of tariffs on inflation may take longer, be more delayed, and have a smaller effect than initially expected...we should recognize that inflation appears to be on a sustained path toward 2 percent and that there will likely be only minimal impacts on overall core PCE inflation from changes to trade policy." **– Jun 23**
L Cook	BOG	**X**	**X**	**No commentary on current monetary policy since last FOMC meeting**
A Kugler	BOG	**X**	**X**	**On the rate outlook**: "Inflation.. remains above the FOMC's 2 percent goal and is facing upward pressure from implemented tariffs. Moreover, I judge that inflation is likely to increase further as tariff effects build up during the rest of the year...Given the stability in the employment side of our mandate, with the unemployment rate still at historically low levels, elevated short-run inflation expectations, and goods inflation rising due to the upward pressure from tariffs, I find it appropriate to hold our policy rate at the current level for some time. This still-restrictive policy stance is important to keep longer-run inflation expectations anchored. " **-Jul 17** **On inflation:** "I see firmer core goods inflation as already partially reflecting the pass-through of increased tariffs, which has been shown by research done at the Fed.18 In addition, CPI and PPI reports released in the past two days show that increases in core goods prices were more broad-based in the month of June." **-Jul 17** **On tariffs and inflation:** "While many forecasters may have been expecting a sooner and sharper increase in overall inflation, there are many reasons to think that larger effects of tariffs are still coming. First, businesses built up inventories ahead of anticipated tariff increases, giving them leeway to still sell goods at pre-tariffed prices. Second, given the many changes in implemented tariff policies, businesses may not yet be passing the higher tariffs to their selling prices because they are waiting for greater clarity. Third, businesses, especially larger ones, may also be waiting to capture market share from others that hike prices sooner. Fourth, the current environment of still-elevated short-run inflation expectations makes it easier for workers to seek higher wages and business to charge higher prices, which could increase the persistence of price hikes going forward. Fifth, tariff rates could increase further, as seen in newly proposed reciprocal tariffs for several countries and the new tariffs on copper introduced last week, putting further upward pressure on prices." **– Jul 17**
C Waller	BOG	**X**	**X**	- **On the rate outlook:** "The risks to the economy are weighted toward cutting sooner rather than later. If the slowing of economic and employment growth were to accelerate and warrant moving toward a more neutral setting more quickly, then waiting until September or even later in the year would risk us falling behind the curve of appropriate policy." If headline inflation data report modest, temporary increases from tariffs that are not unanchoring inflation expectations and the economy continues to grow slowly, he would support "further 25 basis point cuts to move monetary policy toward neutral" later this year. **– Jul 17** - **On a July cut:** ""I never want to commit to an action before the meeting. If everybody committed before, you do not need to have the meeting to have a discussion. The goal is to go to the meeting, sit down, listen to all sides. People try to convince me of their views and I try to convince them of my views and make a decision on what you think is the right outcome, how the data is coming in. I don't think I can be any more clear as to what my position is and why I think we need to do this. It is how I read the data and how I think about going forward." - **On a July dissent:** "It is often the case that you dissent if you think it very clear at this moment in time this is the important thing to do. If you are going to go "I am going to dissent at every meeting no matter what happens" then you do not have to show up, everybody knows what you're going to do. It is important to make sure if you dissent you do it carefully and you have the right reasons and it is not going to turn into a serial dissenting case. That is how I take my job seriously. I would only think about doing this; I dissented on the balance sheet slow down earlier this year. That is the situation we are in now." **– Jul 18** - **On restrictive rates:** "The data imply the policy rate should be around neutral, which the median of FOMC participants estimates is 3%, and not where we are - 1.25 to 1.50 percentage points above 3%. While I sometimes hear the view that policy is only modestly restrictive, this is not my definition of 'modestly.'" **– Jul 17** - **On tariffs and inflation:** "If there is a constant sequence of higher and higher tariffs that will get this rolling impact on prices, that is true. If it is just a question of delaying it, that does not change my argument. Whether you see the spike in July or in June or August or September, when it happens is irrelevant for the economics. That is a nonstarter. Firms could also just spread it out in smaller increments over several months. The total effect ends up being the same. They just get there later and it will be smaller amounts. The bigger thing is if we continually get another wave of tariffs and other waves of tariffs, that is when things become more problematic thinking about what will happen with inflation." **– Jul 18** - **On the balance sheet:** He says reserves are currently abundant, and says his estimate of the "ample" level is around $2.7T (vs around $3.3T now). So "I believe we can likely continue to let a share of maturing and prepaying securities roll off our balance sheet for some time, reducing reserve balances." * He says that "the duration of our asset portfolio is far too long for the liabilities we need to hold for an ample-reserves system", including over $2T in MBS. - He says that "if the Fed moved forward with a maturity-matching strategy as I suggest, it would hold about half of its Treasury securities in shorter-dated bills." However "moving our portfolio toward shorter-duration securities will be a slow process unless we were to take the dramatic step of selling existing securities to replace them with Treasury bills. When reserves hit their desired ample level and we need to increase securities holdings in line with growth in autonomous factors, like currency and the TGA, we can actively

Member	Role	Voter '25	Voter '26	Monetary Policy Commentary Since June FOMC
				accumulate bills, if we do not take other actions sooner." **– Jul 10**
M Barr	BOG	**X**	**X**	- **On the rate outlook:** ""The economy is currently on a sound footing, with low and steady unemployment, and disinflation having continued at a gradual, albeit uneven, pace toward our 2 percent target. Looking forward, however, I expect inflation to rise due to tariffs. Higher short-term inflation expectations, supply chain adjustments, and second-round effects may cause some inflation persistence. At the same time, tariffs may cause the economy to slow and unemployment to rise. There is still considerable uncertainty about tariff policies and their effects. Monetary policy is well positioned to allow us to wait and see how economic conditions unfold." **– Jun 24**
A Goolsbee	Chic. Fed	**X**		- **On inflation:** "The surprise has been that, so far at least, we've had three months of inflation data where there hasn't been much inflation…What we're trying to figure out is: Is this all there is, or is there about to be something showing up in the inflation data?...if we do not see inflation resulting from these tariff increases, then, in my mind, we never left what I was calling the golden path…of the dirt is out of the air, then I think we should proceed" [with cuts]. **– Jun 23** - **On recent tariff announcements:** ""I'm hopeful that when we go back and talk to [businesses] now, they don't say, 'Oh, this is putting us back to where we were on April 3... But I don't know, because this has just happened...The more we keep adding things to the mix that make it hard to figure out, 'Are prices going to be rising or not?' The more it's just throwing more dirt back in the air." **– Jul 11**
S Collins	Bos. Fed	**X**		- **On a July rate cut:** "We're only going to have really one more month of data before the July meeting... I expect to want to see more information than that." She says "that could mean one rate cut, it's possible it means more than that, but I think the data will really need to tell us...I am not seeing an urgency." **-Jun 26** - **On the rate outlook:** "Calibrating appropriate policy in this context is challenging. However, continued overall solid economic conditions enable the Fed to take the time to carefully assess the wide range of incoming data. Thus, in my view, an "actively patient" approach to monetary policy remains appropriate at this time." **– Jul 15** "calibrating appropriate policy is challenging in contexts when projections of inflation call for a tighter policy stance while forecasts of real activity call for a looser one. The overall solid current conditions enable the Fed to take the time to carefully assess the incoming data and their implications for the economic outlook and the balance of risks to inflation and economic activity. Indeed, the recent back-and-forth in tariff policy, and the potential for more changes to come, validate the careful approach I call "active patience" that the Fed has taken since the beginning of the year." **– Jun 25** - "While I continue to expect it will be appropriate to resume gradual policy normalization later this year, my outlook could change significantly as events unfold, and the economic impact of changes in various government policies comes into sharper focus. Much will depend on whether the "price shock" from tariffs dissipates quickly, without derailing inflation expectations, and on whether the associated slowdown in real activity is limited. For now, however, I see the current monetary policy stance as modestly restrictive, and well positioned to address a range of possible outcomes." **– Jun 25** - "In my view, the economy continues to be in a good place overall, close to the Congressionally mandated objectives of price stability and full employment. However, going forward, I expect to see some upward pressures on inflation, as well as some downward pressures on employment and economic growth." **- Jul 15** - **On tariffs and inflation:** "Services inflation has continued to moderate, especially on a 12-month basis, despite continued unevenness. This moderation reflects a more balanced labor market". But core goods inflation "has picked up some, recently, and is currently running above the rates that prevailed before the pandemic. Some of these recent movements in goods inflation are likely tariff-related". She notes that "most" firms "plan to pass along some - even if not necessarily all - of the tariff costs" (pointing to ISM data) while the "typical household has the resources to at least partly offset a tariff-induced loss in purchasing power… it seems likely that core PCE inflation will be in the vicinity of 3 percent by year's end, before resuming its decline. Concerning the labor market side of our mandate, tariffs should slow demand and hiring, though not necessarily by a large amount." **-Jul 15** - "it seems likely that the economy will move away, at least temporarily, from the favorable conditions I have just described. Tariff policy is the main driver, with higher broad-based tariffs than last year likely leading to a rise in inflation, higher unemployment, and slower GDP growth." **-Jul 15** - **On labor market-induced inflation:** "when adjusted for productivity, the pace of [Employment Cost Index] growth has been running around 2 percent recently, which is consistent with the Fed's 2 percent inflation target. Therefore, even though some indicators show wages still rising somewhat faster than before the pandemic, given recent productivity developments, I do not see wage growth as placing additional pressure on inflation." **-Jul 15**
J Schmid	K.C. Fed	**X**		- **On inflation:** "Certainly, with the inflation of the past couple of years still in people's minds, I will be carefully watching the monthly price data for signs of broad-based price increases that might further challenge an already fragile price-setting psychology." **-Jun 24**
A Musalem	St. Louis Fed	**X**		- **On the rate outlook:** "The economy is a good place. The labor market is at or around full employment. It has some downside risks, but it's looking stable and good. Inflation is running slightly above or somewhat above our target. There are some upside risks to inflation. Looking ahead, monetary policy is modestly restrictive and financial conditions are supportive of growth." **– Jul 10** - On a 3-month basis there have been "very positive inflation trends in core and headline [PCE] in goods and in services, and those are very welcome developments". **– Jul 10** - **On inflation:** "inflation to increase going forward, mostly owing to tariffs". On whether tariffs will be temporary or more persistent, "it's too soon to tell which way it's going to go…it's going to take time for the tariffs to settle what people are actually paying and therefore how they're passing through", in part because businesses are waiting months to pass through any higher costs. Additionally he is mindful of "second round

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<tr><td></td><td></td><td></td><td></td><td>effects and the dollar has depreciated and that could contribute to inflation going forward and "to make sure that short term inflation expectations ... don't seep into longer term inflation expectations." – Jul 10
- He suggests that it could be a while before he has enough "certainty" over the inflation impact from tariffs: "There's a scenario where we could be in Q4 of this year or Q1 or Q2 of next year, and tariffs are still working themselves through the economy... I think as we progress through the year, I'm going to get more comfortable in understanding what the total impact of tariffs may be. I expect that to begin to show up in data with June, July, August, September data. I don't expect it to be the end of it, but it's possible. I may be able to form a picture by October, November, December. It's possible. I may not form a picture. Again, I'm not looking for a complete certainty, but I'm looking for sufficient confidence in one direction or another." – Jul 10
- On the labor market: "We're in a low hiring, low firing environment. When I go around and I talk to companies and I talk to a lot of companies, I'm not hearing about layoffs."</td></tr>
<tr><td>B Hammack</td><td>Clev. Fed</td><td></td><td>X</td><td>- On the rate outlook: "When clarity is hard to come by, waiting for additional data will help inform the path ahead. It may well be the case that policy remains on hold for quite some time before the Committee initiates very modest cuts to return policy to a neutral setting...Given the resilience of the economy thus far, the risks from maintaining the current policy setting appear low, and I don't see a weakening in the economy that would merit imminent rate cuts, though I remain attentive to that possibility." "Looking ahead, if both sides of our mandate come under pressure, then holding the policy rate steady for some time may be the best choice to balance the risks coming from further elevated inflation and a slowing labor market." She says again, "I would rather be slow and move in the right direction than move quickly in the wrong one." – Jun 24
- "I do believe that we are still modestly restrictive, and only very modestly restrictive." "You know, there are a wide range of estimates for the neutral rate in the US that would range from 2% to 4.6% and so that's a pretty wide bucket." [She said in prepared remarks that she saw estimated only "very modest cuts" required to get back to neutral] – Jun 24
- "I do think we're pretty close to where the neutral rate is and so I see an economy that's resilient. I see one that's working really well, and I don't see a need to really reduce [interest rates] unless we see material weakening on the labor side...The modestly restrictive stance that we have right now is important because inflation is still running above our target…"I think wait and see is the best place for us to be because I think we don't know exactly what [tariff] impacts are going to be...I think it's important that we wait and see how all of the new policies that have been put forward are going to impact inflation" because "we're not there yet on the inflation side of the mandate." – Jul 14</td></tr>
<tr><td>A Paulson</td><td>Phil Fed</td><td></td><td>X</td><td>- Became President after Patrick Harker retired end-June</td></tr>
<tr><td>N Kashkari</td><td>Minn. Fed</td><td></td><td>X</td><td>- On the rate outlook: "Since March, we have seen much larger than expected tariffs announced and then modestly pulled back, suggesting that an inflation boost is likely coming. At the same time actual inflation data indicate renewed progress toward our inflation target. These opposing signals have led me to maintain my outlook for two cuts over the remainder of 2025, implying a possible first cut in September, barring some surprising development before then. If we were to cut in September and then the effects of tariffs showed up this fall, I believe we should not be on a preset easing course. If the data called for it, we could hold the policy rate at the new level until we gained greater confidence that inflation was headed back to our target." - Jun 27
- He also sees a further 3 cuts in 2026 (to 3.1%) and another in 2027 (to 2.9%) with his longer-run rate at 2.9%. - Jun 27</td></tr>
<tr><td>L Logan</td><td>Dall. Fed</td><td></td><td>X</td><td>- On the rate outlook: "All this adds up, for me, to a base case in which monetary policy needs to hold tight for a while longer to bring inflation sustainably back to target—and in this base case, we can sustain maximum employment even with modestly restrictive policy." -Jul 15
- "But even though that's my base case, other possibilities are quite plausible. Inflation could turn out to be less persistent and less responsive to tariffs…In setting monetary policy, we have to balance a wide range of risks, including the risk that we misjudge which scenario the economy is in. If we cut rates too soon, inflation could get stuck above our target, and households and businesses might come to expect further price increases. History teaches that when higher inflation expectations become entrenched, the road back to price stability is longer, the labor market is weaker, and the economic scars are deeper. Yet if we don't cut rates soon enough, the labor market could weaken more. Those job losses, too, would be painful. But we'd have the option of cutting rates further to get employment back on track. For now, I believe monetary policy is well positioned to achieve the FOMC's goals of maximum employment and price stability and to respond appropriately as the outlook changes." – Jul 15</td></tr>
<tr><td>T Barkin</td><td>Rich. Fed</td><td></td><td></td><td>- On the rate outlook: "At our last meeting, the FOMC held the federal funds rate steady. The fog is dense for us too, and there is little upside in heading too quickly in any one direction. Given the strength in today's economy, we have time to track developments patiently and allow the visibility to improve. When it does, we are well positioned to address whatever the economy will require." - Jun 28
- "I do believe we will see pressure on prices....To date, these increases have had only modest effects on measured inflation, but I anticipate more pressure is coming… A large retailer told me that the lack of much increase in his May prices reflected the lack of much increase in his input costs when he purchased those products in February, under the then prevailing lower tariff levels. It takes months for his goods to move through inventory to his customers. To see the impact of the big tariff increases inApril and May, he suggested we wait and see July and August prices." -Jun 26</td></tr>
<tr><td>R Bostic</td><td>Atl. Fed</td><td></td><td></td><td>On the rate outlook: Bostic says that in addition to his latest Dot Plot submission for 1 cut in 2025, he has 3 cuts for 2026. -Jun 30 MNI Connect event</td></tr>
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<tr><td></td><td></td><td></td><td></td><td>- "I would say I like to move in a direction when I know which direction to move in, and that would, for me, require more information than we have today...I want to make sure that I have some confidence that I know for sure which direction the economy is going in and our mandates, before really feeling comfortable that we should move now...I think we actually have some luxury to be patient.” -Jun 30 MNI Connect event
- "It'll take a while for all these businesses to figure out exactly where their endpoint is. And you know, by some estimates, this could stretch into 2026 before businesses do all the things they're going to do, and that assumes that the tariff situation is not extended even further moving forward... I think the further implication of this is that what we will see with prices is such a more continuous evolution over time, as opposed to the textbook story of tariffs, which is a one time step up, right?... This doesn't look like it's going to be like a step like that, it would be much more incremental over time, and we'll have to see sort of what that means for overarching inflation dynamics." -Jun 30 MNI Connect event</td></tr>
<tr><td>M Daly</td><td>S.F. Fed</td><td></td><td></td><td>- On the rate outlook: "My modal outlook has been for some time that we would begin to be able to adjust the rates in in the fall and I haven't really changed that view... It's both sides of our mandate that have really come into frame since we brought inflation down from the the really high levels to something that's closer to our target. Ultimately, we have to watch both sides and that's what I'm doing, and then the fall looks promising for a rate cut." This implies that she maintains her previously stated view (from both the December and March SEPs) of 50bp of cuts by end-2025 -Jun 26
- "I really am of a view that it's time to think about formalizing or adjusting, perhaps not normalizing just yet, but at least adjusting the interest rate... I see two cuts as a likely outcome, but you know, again, those uncertainty bands around everyone's projections. Doesn't matter if you're a zero or two or a three, there's just a large amount of uncertainty there." – Jul 10 MNI Connect event
- “One of the ways you can make a policy mistake is to wait for something to materialize that doesn't. And so it's useful now to sort of recognize that waiting for inflation to rise or become persistent could leave us behind in terms of adjusting the policy rate, and I don't want to be doing that. I don't want to be behind on that, because ultimately, the commitment we continue to talk about, I must have said this hundreds of times in all my outreach across the country and in my district, is we want to restore price stability, but do it without harming growth in the labor market." – Jul 10 MNI Connect event
- Daly repeated her view that the U.S. economy is "in a good place" and the FOMC's median projection for two rate cuts for this year is "a reasonable outlook to have." “I wouldn’t want to see more weakness in the labor market, I really wouldn’t want to see that. Which is why you can’t wait for ever, thinking that inflation is just around the corner so you have to wait until you know. Clarity in central bank is overrated. We want some clarity, but we can’t wait for clarity” otherwise will be backwards looking and by then it’s too late.” – Jul 17
- On a September cut: "what I'm looking for is the continuation of what we've been seeing... inflation in recent months has come down....incoming information that does suggest that we're on a sustainable path down to 2% so I think that's good news. I'd like to see the labor market continuing to stay in the balance that I see it in....with those two factors, then I think just the normal fundamentals of the economy would suggest that we can move to a less restrictive point of interest rates. And so that would mean a cut." – Jul 10 MNI Connect event
- On tariff passthrough impacts on inflation: "It's not my modal, but it's increasingly possible, is that this just doesn't amount to as much as the models and history would tell us, because businesses find ways to absorb the cost, and they split it out in the production chain, and ultimately consumers pay less.” -Jun 26
- “She doesn't see much tariff impact in CPI (" just less of an impact than we've been seeing"); says she hasn't seen evidence that non-direct importers are raising prices: "The sectors that haven't had any impact of tariffs just are coming down as we would expect." – Jul 10 MNI Connect event
- "one scenario for tariff inflation is "You get an impact... even if it's delayed and it's persistent. I don't see that as most likely. I don't see the evidence rolling in thinking this is going to be a very persistent impact". Another is for a "delayed impact, but it is going to be a one off, which we can ultimately look through". And she sees as increasingly possible "it just doesn't materialize [into] a large increase in price inflation for consumers, because the businesses find ways to adjust.'– Jul 10 MNI Connect event</td></tr>
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