All Signal, No Noise

MARKET ANALYSIS

Key Inter-Meeting Fed Speak – Sep 2025

By Tim Cooper
September 11, 2025

Data since the July meeting will have convinced a majority of the 19-member FOMC to support restarting rate cuts in September. But while the Committee as a whole has shifted in a dovish direction over the summer, there is still something of a split headed into the meeting: we see 9 clearly in favor of a September cut (7 of whom are voters), 2 potentially opposed (1 is a voter), and 8 that sound unconvinced but may be persuaded by the time the meeting concludes (4 are voters).

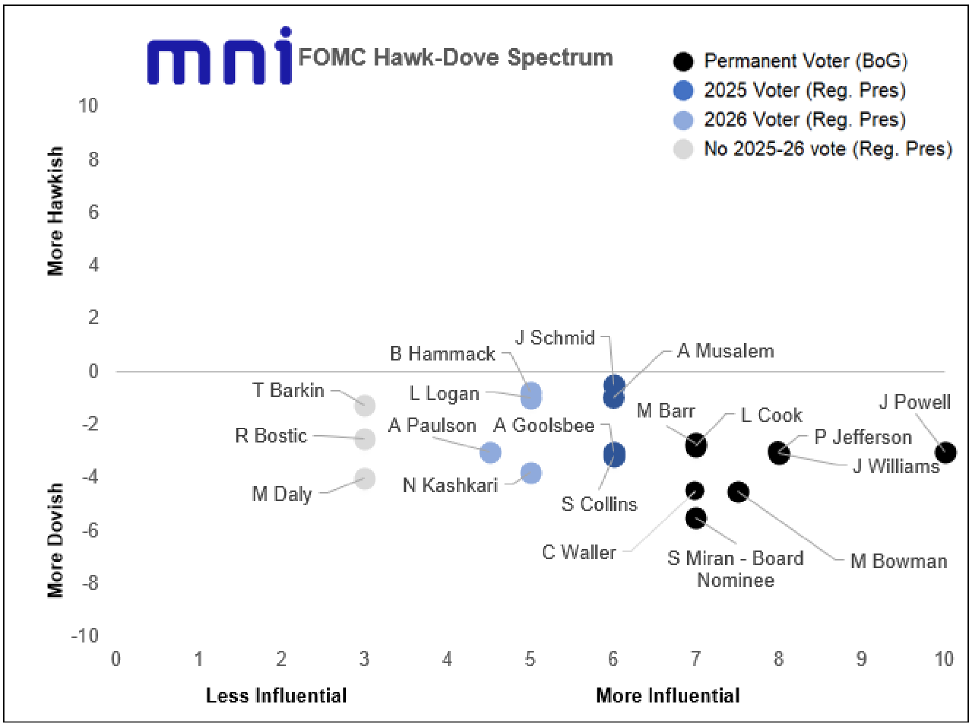
Indeed we think that most of the undecideds will have been convinced of the appropriateness of easing given recent data, particularly the August payrolls data and revisions after which we had only limited updates of FOMC participants' views before the pre-meeting blackout period began.

3 Outspoken Doves On The Board: In the first group are participants who have continuously been calling for rate cuts to resume since early this summer.

- That's clearly the case for **Governors Bowman and Waller**, who said that they voted against the central bank's "wait and see" rate policy in July because upside risks to price stability have diminished and it was time to proactively hedge against further weakening in the economy and the risk of damage to the labor market. Bowman said she'd support 3 rate cuts through year-end. And Waller said that he could see multiple cuts over the next 3-6 months, including in September.
- It's also almost certainly the case that Board nominee **Miran** would be among the biggest champions of rate cuts, the bigger question being whether he will be at the table in time for the September decision.
- None of the three has signalled they would support a 50bp cut but we wouldn't be shocked to see a dissent in that direction from this camp.

4 Board Members Probably Backing Powell To Cut: The remainder of the Board is largely amenable to a cut, we think.

- **Gov Cook** sounded increasingly minded to a September cut when she commented after the August payrolls report that the labor market could be at an "inflection point", though it's not certain she will even be participating in the meeting.
- That gets us **to Chair Powell**, who made a clear nod to a cut in his Jackson Hole keynote speech when he said "with policy in restrictive territory, the baseline outlook and the shifting balance of risks may warrant adjusting our policy stance." We haven't heard from Board members **Barr** or **Jefferson** since the July FOMC but they will almost certainly vote with Powell (as likely will Cook).



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 Sep 11, 2025**

5 Regional President Voters: Among the 5 regional Fed voters in 2025, none have made it clear they will definitely support a September cut, but most have suggested they could. In order of most to least likely to support a cut:

- **Boston's Collins** said in July that her view at that time was that one rate cut by year-end would likely be appropriate. At Jackson Hole, she said "it is not a done deal in terms of what we do at the next meeting. But a range of possibilities is on the table and we are going to get more data between now and then."
- **Chicago's Goolsbee** said that while FOMC meetings in the fall are "going to be live", he didn't offer much in the way of overt support for a rate cut in September. Even after the August payrolls data, he expressed discomfort with recent trends in inflation, saying "I want to get more information. I am still undecided as we are going into this" - though August inflation data may have given him enough peace of mind to support a cut.
- **New York's Williams** has traditionally been considered a dove and we don't think there is much that would cause him to dissent to a cut decided by the wider Committee. He's said every meeting is "on the table" and "I anticipate it will become appropriate to move interest rates toward a more neutral stance over time."
- **St Louis's Musalem** has sounded worried about deviations from both the employment and price stability mandates, but noted that in early September that recent data have increased his perception of downside labor market risks – suggesting he could be amenable to a cut.
- **Kansas City's Schmid** has hinted that he wouldn't support a rate cut as soon as September, and could even dissent against such a decision, saying in August that "retaining a modestly restrictive monetary policy stance remains appropriate for the time being".

7 Mixed Views Among Regional Non-Voters: The remaining 7 on the FOMC are non-voters who appear split on a possible September cut, with 2 very likely in support, 1 seemingly opposed, 2 who could be persuadable, and 2 who haven't been heard from on rates since the July meeting.

- In the cutting camp: **San Francisco's Daly** has long had a base case of 2 cuts by year-end but said that 3 could be appropriate, noting in August that "It will soon be time to recalibrate policy to better match our economy", calling every meeting "live".
- And **Minneapolis's Kashkari** said in early August that his outlook for two rate cuts by year-end is still "reasonable" (and he said in June that this implied a "possible first cut in September").
- In the "persuadable" camp, **Atlanta's Bostic** may be minded to be patient as part of his "move and wait" approach, saying in mid-August that "I still have one cut on my outlook".
- Meanwhile, **Richmond's Barkin** has a "modest adjustment in rates" as his outlook as of late August, though has never really tipped his hand as to what that entails.
- The one possibly opposed is **Cleveland's Hammack** – she's one of the biggest hawks on the FOMC and suggested at Jackson Hole that she had a fairly high bar to cut, even after the July payrolls data in hand: "with the data I have right now, and with the information I have, if the meeting was tomorrow, I would not see a case for reducing interest rates."
- Another hawk, **Dallas's Logan**, hasn't discussed current monetary policy since the July meeting – she said in July that her base case was "monetary policy needs to hold tight for a while longer to bring inflation sustainably back to target".
- We haven't heard from **Philadelphia's Paulson** since she took her Fed President position ahead of the July meeting.

Member	Role	Voter		Monetary Policy Commentary Since July FOMC
		'25	'26	
J Powell	BOG, Chair	**X**	**X**	- **On the rate outlook:** "Our policy rate is now 100 basis points closer to neutral than it was a year ago, and the stability of the unemployment rate and other labor market measures allows us to proceed carefully as we consider changes to our policy stance. Nonetheless, with policy in restrictive territory, the baseline outlook and the shifting balance of risks may warrant adjusting our policy stance." **- Aug 22 (Jackson Hole keynote speech)** - **On the labor market:** "While the labor market appears to be in balance, it is a curious kind of balance that results from a marked slowing in both the supply of and demand for workers. This unusual situation suggests that downside risks to employment are rising. And if those risks materialize, they can do so quickly in the form of sharply higher layoffs and rising unemployment." **- Aug 22** - **On inflation:** "The effects of tariffs on consumer prices are now clearly visible. We expect those effects to accumulate over coming months, with high uncertainty about timing and amounts. The question that matters for monetary policy is whether these price increases are likely to materially raise the risk of an ongoing inflation problem. A reasonable base case is that the effects will be relatively short lived—a one-time shift in the price level. Of course, "one-time" does not mean "all at once." It will continue to take time for tariff increases to work their way through supply chains and distribution networks. Moreover, tariff rates continue to evolve, potentially prolonging the adjustment process. It is also possible, however, that the upward pressure on prices from tariffs could spur a more lasting inflation dynamic, and that is a risk to be assessed and managed. One possibility is that workers, who see their real incomes decline because of higher prices, demand and get higher wages from employers, setting off adverse wage–price dynamics. Given that the labor market is not particularly tight and faces increasing downside risks, that outcome does not seem likely….we cannot take the stability of inflation expectations for granted. Come what may, we will not allow a one-time increase in the price level to become an ongoing inflation problem." **– Aug 22**

Member	Role	Voter		Monetary Policy Commentary Since July FOMC
		‘25	‘26	
J Williams	NY Fed, VChair	**X**	**X**	- **On the rate outlook:** Versus the current "modestly restrictive" policy, "looking ahead, if progress on our dual mandate goals continues as in my baseline forecast, I anticipate it will become appropriate to move interest rates toward a more neutral stance over time. This expectation reflects a delicate balancing of risks to our mandate goals... On the one hand, we need to keep the labor market in balance to ensure that the effects of tariffs do not spill over into a longer-lasting broad increase in inflation. On the other hand, maintaining a stance of 'too restrictive policy for too long' could increase risks to our maximum employment mandate." **- Sep 4** - **On a September cut:** "I definitely think that every meeting is [on the table] from my perspective ... again, the risks are more in balance, and we have to just see how kind of have the data play out." **– Aug 27** - **On inflation:** "There are clear signs that tariff increases are affecting consumer prices and that trade diversion is taking place... Fortunately, I am not seeing signs of amplification or second-round effects of tariffs on broader inflation trends...And longer-run inflation expectations have remained stable... All in all, I expect tariffs will boost overall prices by a total of between 1 and 1.5%, with these effects continuing through the first half of next year." **– Sep 4** - **On the labor market:** "First, the labor market is currently in balance and not adding to inflationary pressures. Second, the gradual cooling in the labor market is consistent with the slowing in overall economic growth and my assessment of monetary policy being modestly restrictive. Third, as we are seeing today, when there are sharp changes in labor supply, it can be challenging to assess the rate of job growth consistent with that of labor supply. I therefore put greater weight on other indicators of the level of labor market conditions in assessing the strength of the labor market." **– Sep 4** - Asked if he wouldn't "hit the panic button" if payroll growth remained weak, instead paying attention to the unemployment rate, wage growth and other gauges, Williams said "that's absolutely right... [but] if payroll growth became very negative.. that's, I think that's telling you something different." When asked, he doesn't provide an estimate of "breakeven" payrolls gains. **– Aug 27** - **On the Fed balance sheet:** QT is "going very smoothly" but overnight reverse repo facility takeup has fallen to "quite low" levels meaning the level of reserves "is expected to decline more meaningfully going forward as our asset holdings continue to shrink and other liabilities rise. We continue to closely monitor a range of indicators related to the ampleness of reserves." **– Sep 4**
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:** Says she supports 3 rate cuts the rest of 2025, including in September. "As I recognize that economic conditions are shifting, I believe that beginning to move our policy rate at a gradual pace toward its neutral level will help maintain the labor market near full employment and ensure smooth progress toward achieving our dual mandate…I see the risk that a delay in taking action could result in a deterioration in labor market conditions and a further slowing in economic growth.” **– Aug 9** - "The underlying trend in core PCE inflation appears to be moving much closer to our 2% target than is currently shown in the data… As I gain even greater confidence that tariffs will not present a persistent shock to inflation, I see that upside risks to price stability have diminished. With underlying inflation on a sustained trajectory toward 2 %, softness in aggregate demand, and signs of fragility in the labor market, I think that we should focus on risks to our employment mandate." **– Aug 9** - **On the July dissent in favor of a 25bp cut:** “Inflation has moved considerably closer to our target, after excluding temporary effects from tariffs, and the labor market remains near full employment. With economic growth slowing this year and signs of a less dynamic labor market, I saw it as appropriate to begin gradually moving our moderately restrictive policy stance toward a neutral setting. In my view, this action would have proactively hedged against a further weakening in the economy and the risk of damage to the labor market.” – Aug 1 dissent explanation
L Cook	BOG	**X**	**X**	- **On the labor market:** "We just received this jobs market report and this is concerning, you know, 35,000 jobs per month over the last three months ending in July. And there were major revisions to May and June. And these revisions are somewhat typical of turning points, which again, speak to uncertainty.... We want to know not just where we've been but where we're going. So if we're at an inflection point, we want to look at data, for example, that speak to inflection points. And it's not always payrolls - the unemployment rate is still a good indicator of slack in the system." **-Aug 6**
C Waller	BOG	**X**	**X**	**On the rate outlook:** "for me, I think we need to start cutting rates at the next meeting, and then we don't have to go in a locked sequence of steps. We can kind of see where things are going, because people are still worried about tariff inflation. I'm not, but everybody else is. So I would say over the next three to six months, we can see multiple cuts coming in, whether it's like every other meeting, every meeting, we'll have to wait and see what the data says and where we are headed." **– Sep 3** “What we want to do is start cutting because [of] the labor market, but we can always adjust the pace depending on how the data comes in… We kind of know we want to get towards neutral. We know roughly how much you might want to cut, say, 100, 150 basis points, but how fast we get there is going to depend on the data that comes in." **– Sep 3** A cut larger than 25 basis points may not be needed in September. "That view, of course, could change if the employment report for August, due out a week from tomorrow, points to a substantially weakening economy and inflation remains well contained.” **– Aug 28** **On the July dissent in favor of a 25bp cut:** “I believe that the wait and see approach is overly cautious, and, in my opinion, does not properly balance the risks to the outlook and could lead to policy falling behind the curve. The price effects from tariffs have been small so far, and since we will likely not get clarity on tariff levels or their ultimate impact on the economy over the course of the next several months, it is possible that the labor market falters before that clarity is obtained—if it ever is obtained. When labor markets turn, they often turn fast. If we find ourselves needing to support the economy, waiting may unduly delay moving

Member	Role	Voter		Monetary Policy Commentary Since July FOMC
		'25	'26	
				toward appropriate policy." **– Aug 1**
S Miran - nominee for vacant seat	BOG	**X**	**X**	- "I couldn't be more in agreement that independence of the central bank is of paramount importance for the economy, for financial markets, for the long run stewardship of the country, all of those are completely I'm in complete accord with. Look, the President nominated me because I have policy views that I suppose that he liked.... If I'm confirmed to this role, I will act independently, as the Federal Reserve always does, based on my own personal analysis of economic data, my own personal analysis of the effects of economic policies upon the economy, and act based on my judgment of the best economic policy possible. That said, I'm always happy to hear views from every source possible." **– Sep 4** - **On inflation:** "At the aggregate level, when you look holistically across the inflation data, there's just no evidence of [tariffs] whatsoever… we think that there's a very strong reason for thinking of very profound service disinflation coming up in the near future, as net migration has come to zero because of the President's strong border policies." **-Aug 12**
M Barr	BOG	**X**	**X**	- **No commentary on current monetary policy since last FOMC meeting**
A Goolsbee	Chic. Fed	**X**		- **On the rate outlook:** Says he is "undecided" on a rate cut at the September FOMC. "I'm not allowed to speak for the rest of the Fed. I want to get more information. I am still undecided as we are going into this. If it looks like the labor market is deteriorating on grounds of more than just the monthly payroll numbers, I want to emphasize again when you have population growth changing behind-the-scenes, just the aggregate monthly pay off growth is not a great indicator of the business cycle. If we start to see deterioration across all of the four horsemen of truth in the labor market, the unemployment rate, the hiring rate, if we start to see layoffs, we would be nervous on the employment side of the mandate....to me, until we get more convincing evidence otherwise, I still think we are most likely in a full employment space where we are generating jobs and the economy continues to grow." - **– Sep 5** (post-August nonfarm payrolls) - Says meetings in the fall are "going to be live" but he's "uneasy" about the idea that tariffs have only a one-off impact on prices, and "the hardest thing that a central bank ever has to do is try to get the timing right when there are moments of transition." **– Aug 13** - "I'm not speaking for them, but I see my colleagues on the FOMC grappling with the same thing I'm trying to figure out, which is: Are we still on the "golden path" where the economy's doing fine and inflation is going to come back down? Or are we getting into something where the costs are going to start rising again? And then we've got to be a little uneasy." **– Aug 13** - "One risk would be we get back into an environment where costs are rising. We've been above the 2% target for four and a half years now. I was still feeling okay about that, even though we've been above for four and a half years because it was coming down. If we get into an environment where it's not coming down, we're above four and a half years and it's going the wrong way, and that's looking persistent. That would be a that would be a problem. And in my opinion, the Fed will have to act. And on the other side, if we have a more traditional slowing of the economy and there are some warning signs in the labor market, that would no longer be the soft landing, we would have we would have had the hard landing. And so I kind of think both sides of that, we've got to keep an eye on." **– Aug 13** - **On the latest inflation data:** "In the last inflation reports we also had this uptick in inflation coming from services. We want to make sure that is more of a blip and not a more ominous indicator...if the inflation numbers come in and they give some indication that the inflation from tariffs is not looking to be an uptick in inflation on services, it does not look to be persistent. It looks to be more like a temporary blip in the arena. That would provide comfort to me that we are still on what I was calling the golden path." **– Sep 5** - "We had a couple of months of quite mild and favorable inflation readings, and now we've gotten, let's call it one month, where there are some concerning elements…if we start getting more reports like the latest one on overall inflation… that would be more concerning." **– Aug 13** - "It's been a little mixed…I feel like we still need another, at least, to figure out if we're still on the golden path… I do think we're going to be in the business of trying to figure out which part of these price increases are we ignoring because we think they're transitory, and which ones are we responding to… if we keep getting inflation reports like the first two out of the four [in August], I would be very comfortable that the dust is out of the air."" **-Aug 15** - **On the labor market:** "I think the state of the labor market is pretty strong." **– Aug 13**
S Collins	Bos. Fed	**X**		- **On the rate outlook:** Says that a September cut is not a "done deal". Asked what is the harm in cutting 25bp or 50bp in September, she says, "it is about the balance... I would say it is not a done deal in terms of what we do at the next meeting. But a range of possibilities is on the table and we are going to get more data between now and then." **– Aug 22** - "The risks on the two sides have come into rough balance. So, that is a really complex context for monetary policy, when you could see the unemployment rate rising and you could see higher inflation. You know, my baseline is not one that is as concerned about inflation expectations rising at the moment. Earlier in the year I had more concerns about that. I would say that at the moment monetary policy is modestly restrictive. That is actually appropriate for a period where inflation is elevated. We have not brought back price stability, which I am totally committed to. But at the same time there are those risks with the slower employment growth that could lead unemployment rates to rise and balancing those risks. I think at the moment where we are is appropriate, but if we start to see worsening labor market risks relative to inflation, and starting to dial back the restrictiveness." **– Aug 22** - **On the labor market and inflation:** "On the labor market side, while the job growth has slowed, at the same time a number of those indicators are quite healthy. And so, on that side of it, I think there are

Member	Role	Voter		Monetary Policy Commentary Since July FOMC
		‘25	‘26	
				arguments for taking a bit more time. But I am very focused on how those downside risks are evolving. And then on the inflation side what I'm hearing is that it is early days in terms of the impact of tariffs coming through enterprises over time." **– Aug 22**
J Schmid	K.C. Fed	**X**		- **On the rate outlook:** He says the Fed is "on a good path", with policy currently "modestly restrictive". He said “As you get closer to the optimum dual mandate numbers it actually becomes more difficult to make decisions on the margins relative to where that policy rate should go", and that the Fed would be watching upcoming inflation data". Overall he says the inflation rate is "trending closer to 3 than 2", and that inflation is a bigger risk to the Fed's goals than employment. He also says that the above-consensus PPI data for July “was a bit eye-opening". **– Aug 21** - He sees policy as "not very restrictive" and close to neutral and appears to view the debate over tariff-driven inflation as something of a distraction. “With the economy still showing momentum, growing business optimism, and inflation still stuck above our objective, retaining a modestly restrictive monetary policy stance remains appropriate for the time being. Though of course this is a position that I will continually reassess as we receive new data and information on inflation, the labor market, and the economy more generally." **– Aug 12** - While "the Fed cannot offset the effect of higher tariffs on prices, [] what the Fed can do is monitor demand growth, provide space for the economy to adjust, and keep inflation on a path to 2 percent. Overall, I am anticipating a relatively muted effect of tariffs on inflation, but I view that as a sign that policy is appropriately calibrated rather than a sign that the policy rate should be cut." **– Aug 12** - "My support for a patient approach to changing the policy rate is based on two connected arguments. First, while monetary policy might currently be restrictive, it is not very restrictive. And second, given recent price pressures, a modestly restrictive stance is exactly where we want to be." **- Aug 12** - "While it is true that payroll growth was weak over the summer, a broader set of indicators suggest a labor market that is in balance..on the other side of the mandate, inflation remains too high." **- Aug 12**
A Musalem	St. Louis Fed	**X**		- **On the rate outlook:** "the current modestly restrictive setting of the policy rate is consistent with today's full employment labor market and core inflation nearly one percentage point above the Fed's 2% target... In the coming weeks and months, I will continue to update my outlook and m assessment of the balance of risks to seek a forward-looking path of interest rates that best positions monetary policy for achieving and maintaining maximum employment and price stability for all Americans." **– Sep 3** Says that he supported the July decision to hold rates as the FOMC is missing on its inflation target but not its employment target. “Given the economy where it stands today, it seemed appropriate to maintain the policy rate at a constant for now. Looking into the future, there is a risk that we may miss on both sides of our mandate.” **– Aug 8** - **On a Sept cut:** “I will be updating my outlook and balance of risks all the way up and until two days, three days before the meeting.” **– Aug 22** “For me, it’s too early to say exactly what policy I will be able to support.” **-Aug 14** - **On the labor market:** “Recent data have further increased my perception of downside risks to the labor market. These include a higher proportion of longer-term unemployed workers, rising unemployment rates for demographic groups that are more sensitive to economic cycles, and substantial downward revisions to payroll growth estimates" as well as the upcoming QCEW benchmark revisions. - **On inflation:** "I expect the effects of tariffs will work through the economy over the next two to three quarters and the impact on inflation will fade after that". with inflation "resum[ing] convergence toward 2% in the second half of 2026".**– Sep 3** "In terms of the balance of risks, what I've been doing over the last two months is I've been revising my assessment of downside risks to the labor markets slightly higher, as I've seen some deterioration in some of the underlying full employment numbers, and I've been revising my assessment of the risk of persistent above target inflation slightly lower, in part because the pass through so far of tariffs on to inflation has been low, only at around 20% as measured by St Louis economists, and that's 20% of a theoretical full passthrough scenario. That's low, but there's still uncertainty…. Pursuing a balanced approach requires care.” **– Sep 3**
B Hammack	Clev. Fed		**X**	- **On the rate outlook:** "I think that there's a lot of data we're going to get between now and September. And I walk into every meeting with an open mind about what the right thing to do is. But with the data I have right now, and with the information I have, if the meeting was tomorrow, I would not see a case for reducing interest rates." **– Aug 21** - **On the balance of risks:** "My biggest concern is that inflation has been too high for the past four years, and right now it's been trending in the wrong direction and so I think it's really important that we stay modestly restrictive to make sure that we can bring inflation back under control... When I take the balance of things, there's a lot to be focused on the labor side, but the inflation side is is right now giving us a place where we're not at our target. We're at our target on the employment side. We're worried that maybe possibly that could break down, but we know we're missing on the inflation side, and to me, we need to stay laser focused on that to make sure we can bring inflation down." **-Aug 21** - **On the labor market:** “We could see some weakening on the labor side… and if we see that, it would be something that we might want to respond to.” **-Aug 1** Asked how she would regards another weak jobs report (with negative revisions), Hammack says overall payrolls growth may not be the best indicator of a weakening labor market, given a reduction in immigration (ie labor supply): "with the changes that have happened in immigration policy, it's not clear that that headline growth number is going to be as informative as things like the unemployment rate, the vacancies to unemployed ratio, other things that we're looking at on the employment side of the mandate, and that's because we've seen a massive shift ... so yes labor demand may be coming down but labor supply has come down pretty dramatically as well. And so our goal of maintaining employment around maximum needs to look at both sides of that, and it could be that even

Member	Role	Voter		Monetary Policy Commentary Since July FOMC
		‘25	‘26	
				though we're seeing much slower headline job growth numbers, it could be that the labor market is still in balance and so we'll need to look at that closely." **– Aug 21** - **On inflation:** “It's just now I think that we're starting to see some of those [tariff] impacts play through into the economy. It usually takes three to four months for to start seeing the early impacts of tariffs, and so we're just at that point right now, just past that three to four month mark. I do expect from the conversations I've had that we're not going to see the full impact of tariff pass through until sometime next year...it could be that we're still continuing to see some of these impacts in Q1 and Q2 in terms of whether tariffs are going to be a one time price level impact or more persistently inflationary." **– Aug 21** - "We have to look at, if we're missing, by how much and for how long do we expect those misses to last? And right now, we're missing by much more on the inflation side than we're missing on the employment side." **– Aug 1**
A Paulson	Phil Fed		**X**	- **Became President after Patrick Harker retired end-June, No commentary on monetary policy yet**
N Kashkari	Minn. Fed		**X**	- **On the rate outlook:** Says that his outlook for two rate cuts by year-end is still "reasonable" (he said in June that this implied a "possible first cut in September") though suggests that the Fed could reverse course if it turns out tariffs are too inflationary for comfort. - "I would love to not have to [backtrack on cuts], but I'm realizing that these tariff effects are going to take a lot longer to really become clear. And if virtually all the other economic data is pointing to a cooling economy and a slowing economy, how long can we wait until the tariff effects become clear? That's just weighing on me right now. And so if the best of all the options is we make some adjustments, and then we have to pause, or even then we have to reverse course. That might be better than just sitting here on hold until we get clarity on tariffs." **– Aug 6** - **On the labor market:** "if you want to look at supply and demand in any market, look at the price. The price of labor is wages, and wage growth is declining. It's been declining for some time. That tells me, yes, the labor market is cooling." **– Aug 6** - **On the BLS data:** "I have had no reason to doubt the integrity of the BLS data...Ultimately, you cannot fake economic reality, even if, in the worst case scenario, imagine that numbers are being faked for anybody's political benefit. People are going to feel what they feel. Companies are either going to be hiring or they're not. And so Americans are going to feel the economy and so convincing them that inflation is not real is not a very effective strategy. Convincing somebody that the jobs number are better than they really are, I don't think it's actually going to work. So I don't even see the point of [manipulating the data]." **– Aug 6** - **On Gov Kugler's replacement:** "There's... 19 of us at the table all making our best case about what's happening in the economy, and you have to persuade your colleagues. And if this person comes in and makes great arguments that we all find very persuasive, they can have a lot of influence." **– Aug 6**
L Logan	Dall. Fed		**X**	- **On the Fed balance sheet:** Sees "more room to reduce reserves" and anticipates market participants will use the standing repo facility if necessary in September. "That will allow us to continue gradually bringing reserves to a more efficient level with market rates close to, but perhaps slightly below, interest on reserves on average over time…while we have made strides in enhancing the effectiveness of the discount window and Standing Repo Facility, it would be worthwhile to consider further steps, such as increasing or removing limits on the SRF's size or centrally clearing those transactions." **– Aug 25** - She suggests that the Fed could shift to overweighting Treasury bills in its portfolio, over time: "it makes sense for the FOMC to hold primarily Treasuries in the long run, as we've repeatedly said we intend to do" and suggests that the Fed could in the long run "make its asset purchases proportional to Treasury issuance. In the medium term, overweighting Treasury bills in our purchases could more expeditiously move our current mix of holdings closer to matching the market." However, "the FOMC has made no decisions on the long-run composition of its Treasury holdings, and I look forward to continuing to discuss this topic with my colleagues". **– Aug 25**
T Barkin	Rich. Fed			- **On the rate outlook:** "modest movement in the economy" implies a "modest adjustment in rates". That said, "I don't know that there will be modest movement in the economy. That's what we're going to have to see when we get there. So, that's my forecast, but the forecast could change." **– Aug 26** - On the September decision: "I know I have three-and-a-half weeks before our next meeting... I make the best call I can on the day, with all the information." **– Aug 26** - While he says the "the fog" of uncertainty in multiple areas "is lifting", he appears to suggest that more time and data is still needed before making any decisions: "at our July meeting, with the labor market near most estimates of maximum employment and inflation above target, the FOMC continued to hold the fed funds rate at a modestly restrictive level. We may well see pressure on inflation, and we may also see pressure on unemployment, but the balance between the two is still unclear. As the visibility continues to improve, we are well positioned to adjust our policy stance as needed." **– Aug 12** - “I am getting a smell of a stronger July on the consumer side…if you look at weekly credit-card data, for example, it looks a lot healthier… the underlying dynamics still feel very healthy to me. People have jobs. Real wages are going up.” **- Aug 14**
R Bostic	Atl. Fed			- **On the rate outlook:** “For the rest of this year, I still have one cut on my outlook… that also is predicated on the notion that labor markets stay solid. If they weaken considerably, that balance of risks starts to look differently and the appropriate path will look different as well.” **– Aug 13** - **“**Today, I think my strategic approach would be ‘move and wait.’ It might be that it will take some time for the economy to evolve after a move that we do, in ways that make clear sort of what the next step would need to be.” **-Aug 17** - **On tariff inflation:** “This has not been a one-time thing where you wake up on one day and everybody knows what all the tariffs are…I think more and more that we will still be seeing strategic adjustments into 2026.” **– Aug 7**

Member	Role	Voter		Monetary Policy Commentary Since July FOMC
		'25	'26	
M Daly	S.F. Fed			- **On the rate outlook:** "It will soon be time to recalibrate policy to better match our economy. Congress has given the Fed two goals: full employment and price stability. Both are in tension at the moment, with tariffs pushing inflation higher and the labor market showing signs of slowing. But as I said in a recent speech, I think tariff-related price increases will be a one-off. It will take time before we know that for certain. But we can't wait for perfect certainty without risking harm to the labor market." **– Aug 29** - Says her base case of 2 cuts by year-end is reasonable but 3 could be appropriate depending on labor market deterioration. "Policy is likely to be too restrictive for where the economy is headed. So for me, that calls for recalibration" including moving to neutral "over the next year or so." **– Aug 14** - "I would lean to thinking that every meeting going forward is a live meeting to think about these policy adjustments." **– Aug 4** - "The labor market has softened. And I would see additional slowing as unwelcome. All this means that we will likely need to adjust policy in the coming months." **– Aug 6** - **On the labor market:** "not bad right now [but] … you know the direction of change is going the wrong way… we can't simply ignore that it is softening." **– Aug 14** - **On a 50bp cut:** "Fifty sounds, to me, like we see an urgent-I'm worried it would send off an urgency signal that I don't feel about the strength of the labor market. I just don't see that. I don't see the need to catch up." **-Aug 14**

August Beige Book: Improved Activity, But Labor And Price Concerns Linger

The Fed's latest Beige Book pointed to a slightly improved assessment of current economic activity in August versus the prior edition in July, with selling price pressures remaining modestly/moderately to the upside. However, expectations were for future price increases (in part due to tariffs), and the latest edition suggests that labor market conditions have weakened. The table below summarizes the region-by-region findings.

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

	Econ Act	Employment	Inflation (Selling Prices)
Boston	Expanded slightly	Declined slightly	Increased modestly
NY	Decline slightly	Relatively unchanged	Rose moderately (and accelerating)
Phil	Increased modestly	Unchanged	Increased modestly
Cle	Increased slightly	Unchanged	Increased modestly
Richmond	Grew modestly	Largely unchanged	Moderate
Atl	Decline slightly	Unchanged	Rose moderately
Chicago	Increased modestly	Rose slightly	Rose moderately
Stl	Unchanged	Unchanged	Increased moderately (and accelerating)
Minn	Decline slightly	Declined slightly	Increased modestly
KC	Generally flat	Fell modestly	Rose moderately
Dallas	Expanded modestly	Unchanged	Increased modestly
San Fran	Edged down slightly	Fell slightly	Increased modestly

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

July FOMC Minutes: Cautious On Inflation Risks

In keeping with a divided Committee, the **July meeting minutes** contained slightly mixed messages about the FOMC's view of the outlook for inflation, labor market, and ultimately policy. But overall the minutes were more cautious about inflation than the labor market, and the key passage - which appears to have generated a slightly hawkish market reaction - is "participants generally pointed to risks to both sides of the Committee's dual mandate, emphasizing upside risk to inflation and downside risk to employment. A majority of participants judged the upside risk to inflation as the greater of these two risks, while several participants viewed the two risks as roughly balanced, and a couple of participants considered downside risk to employment the more salient risk."

- Given that, it's no surprise the minutes more broadly paint a cautious outlook on inflation, though it's not far removed from what we've heard from various members including Chair Powell at the press conference. Per the minutes: "with regard to the outlook for inflation, participants generally expected inflation to increase in the near term. Participants judged that considerable uncertainty remained about the timing, magnitude, and persistence of the effects of this year's increase in tariffs. In terms of timing, many participants noted that it could take some time for the full effects of higher tariffs to be felt in consumer goods and services prices."
- In these minutes, "a couple" almost certainly refers to dissenting Governors Bowman and Waller. They also saw inflation trends as more benign than the majority ("Many" participants saw inflation remaining "somewhat above" target with tariffs becoming "more apparent in the data"), and close to target ex-tariffs. So this small minority saw little to worry about on the inflation front, but plenty to be concerned about on the jobs front.
- Same as in the June meeting, only "a few" had a "transitory" base case view of tariffs' impact on inflation.
- But compared with June's meeting minutes, which said "**most** participants noted the risk that tariffs could have more persistent effects on inflation", the outlook on inflation persistence appeared to be a little more mixed in July. For instance, "a few participants stressed that current demand conditions were limiting firms' ability to pass tariff costs into prices." And just "a few" remarked "that tariff-related factors, including supply chain disruptions, could lead to stubbornly elevated inflation and that it may be difficult to disentangle tariff-related price increases from changes in underlying trend inflation."
- Despite that seemingly more mixed set of opinions, overall there clearly was concern by the majority over longer-term inflation issues stemming from tariffs that kept many on the Committee cautious: "Several participants emphasized that inflation had exceeded 2 percent for an extended period and that this experience increased the risk of longer-term inflation expectations becoming unanchored in the event of drawn-out effects of higher tariffs on inflation....Regarding upside risks to inflation, participants pointed to the uncertain effects of tariffs and the possibility of inflation expectations becoming unanchored."

Little Concern Over Labor Market; Rates: At the same time, the July minutes suggested labor market concerns were relatively muted for most on the FOMC: "participants observed that the unemployment rate remained low and that employment was at or near estimates of maximum employment".

- To be sure, "regarding the outlook for the labor market, some participants mentioned indicators that could suggest a softening in labor demand" and "a number of participants noted that softness in aggregate demand and economic activity may translate into weaker labor market conditions, as could a potential inability of some importers to withstand higher tariffs."
- But there was no panic evident in the minutes, and "some participants" noted (in line with comments by Powell and others) "that slower output or employment growth was not necessarily indicative of emerging economic slack because a decline in immigration was lowering both actual and potential output growth as well as reducing both actual payroll growth and the number of new jobs needed to keep the unemployment rate stable."
- The weak July employment data released 2 days after this meeting are seen as a key reason to expect a September cut, so that's an important line of reasoning that - if repeated by Chair Powell on Friday - could signal that it will take more conclusive evidence of labor market deterioration for a majority to decide on a rate cut.
- On that front, the minutes repeated the June minutes' line that "several participants commented that the current target range for the federal funds rate may not be far above its neutral level", and noted that "almost all participants agreed that, with the labor market still solid and current monetary policy moderately or modestly restrictive, the Committee was well positioned to respond in a timely way to potential economic developments."
- We had wondered whether the minutes would include any insight at all on rate cut timing, though here the language was as vague as expected, pointing to potential for an informed assessment of the tariff situation to be made in the coming months. Participants "noted that it would take time to have more clarity on the magnitude and persistence of higher tariffs' effects on inflation. Even so, some participants emphasized that a great deal could be learned in coming months from incoming data, helping to inform their assessment of the balance of risks and the appropriate setting of the federal funds rate; at the same time, some noted that it would not be feasible or appropriate to wait for complete clarity on the tariffs' effects on inflation before adjusting the stance of monetary policy."
- Echoing what Chair Powell has said, participants saw policy as well-positioned, allowing the Committee in the case of tariff-related inflation / expectation pressures to "maintain a more restrictive stance of monetary policy than would otherwise be the case, especially if labor market conditions remained solid". Though they could also "establish a less

restrictive stance" "if labor market conditions were to weaken materially or if inflation were to come down further and inflation expectations remained well anchored". And as previously stated, were both sides of the dual mandate to be at risk simultaneously, participants would assess the distance of each from target and act accordingly.

Reserves "Abundant", Quarter-End SRF Takeup Eyed: The July meeting devoted some discussion to the ongoing drawdown in reserves amid the Treasury cash rebuild. Overall, the Committee seem to be comfortable with the trajectory of reserves, despite some caution that reserves could be headed into "ample" from the current "abundant" territory.

- With regard to near-term funding pressures, namely potential for the mid-September tax date and Q3 quarter-end posing risks, the minutes suggest that while there may be some temporary acute liquidity issues, they can be resolved by takeup of the standing repo facility.
- As such, there was no real discussion of a shift in balance sheet management policy, particularly with QT proceeding "smoothly" and rerserves remaining "abundant", though vigilance of money market conditions would continue to be important.
- **SOMA Manager Perli:** "Market indicators continued to suggest that reserves remained abundant; however, ongoing System Open Market Account (SOMA) portfolio runoff, a substantial expected increase in the TGA balance, and the depletion of the ON RRP facility were together likely to bring about a sustained decline in reserves for the first time since portfolio runoff started in June 2022. Against this backdrop, the staff would continue to monitor indicators of reserve conditions closely. The manager also noted that there would be times—such as quarter-ends, tax dates, and days associated with large settlements of Treasury securities—when reserves were likely to dip temporarily to even lower levels. At those times, utilization of the SRF would likely support the smooth functioning of money markets and the implementation of monetary policy."
- **And the broader FOMC:** "Several participants remarked on issues related to the Federal Reserve's balance sheet. Of those who commented, participants observed that balance sheet reduction had been proceeding smoothly thus far and that various indicators pointed to reserves being abundant. They agreed that, with reserves projected to decline amid the rebuilding of the TGA balance following the resolution of the debt limit situation, it was important to monitor money market conditions closely and to continue to evaluate how close reserves were to their ample level. A few participants also assessed that, in this environment, abrupt further declines in reserves could occur on key reporting and payment flow days. They noted that, if such events created pressures in money markets, the Federal Reserve's existing tools would help supply additional reserves and keep the effective federal funds rate within the target range. A couple of participants highlighted the role of the SRF in monetary policy implementation—as reflected in increased usage at the June quarter-end—and expressed support for further study of the possibility of central clearing of the SRF to enhance its effectiveness."