ROUGH TRANSCRIPT OF POWELL'S PRESS CONFERENCE ON OCT. 29, 2025

CHAIR POWELL. Good afternoon. My colleagues and I remain squarely focused on achieving our dual mandate goals of maximum employment and stable prices for the benefit of the American people. Although some important federal government data have been delayed due to the shutdown, the public- and private-sector data that have remained available suggest that the outlook for employment and inflation has not changed much since our meeting in September.

Conditions in the labor market appear to be gradually cooling, and inflation remains somewhat elevated.

In support of our goals, and in light of the balance of risks to employment and inflation, today the Federal Open Market Committee decided to lower our policy interest rate by ¼ percentage point. We also decided to conclude the reduction of our aggregate securities holdings as of December 1. I will have more to say about monetary policy after briefly reviewing economic developments.

Available indicators suggest that economic activity has been expanding at a moderate pace. GDP rose at a 1.6 percent pace in the first half of the year, down from 2.4 percent last year. Data available prior to the shutdown show that growth in economic activity may be on a somewhat firmer trajectory than expected, primarily reflecting stronger consumer spending. Business investment in equipment and intangibles has continued to expand, while activity in the housing sector remains weak. The shutdown of the federal government will weigh on economic activity while it persists, but these effects should reverse after the shutdown ends. In the labor market, the unemployment rate remained relatively low through August. Job gains have slowed significantly since earlier in the year. A good part of the slowing likely reflects a decline in the growth of the labor force, due to lower immigration and labor force participation, though labor demand has clearly softened as well. Although official employment data for September are delayed, available evidence suggests that both layoffs and hiring remain low, and that both households' perceptions of job availability and firms' perceptions of hiring difficulty continue to decline. In this less dynamic and somewhat softer labor market, the downside risks to employment appear to have risen in recent months.

Inflation has eased significantly from its highs in mid-2022 but remains somewhat elevated relative to our 2 percent longer-run goal. Estimates based on the Consumer Price Index suggest that total PCE prices rose 2.8 percent over the 12 months ending in September and that, excluding the volatile food and energy categories, core PCE prices rose 2.8 percent as well. These readings are higher than earlier in the year as inflation for goods has picked up. In contrast, disinflation appears to be continuing for services. Near-term measures of inflation expectations have moved up, on balance, over the course of this year on news about tariffs, as reflected in both market- and survey-based measures. Beyond the next year or so, however, most measures of longer-term expectations remain consistent with our 2 percent inflation goal.

Our monetary policy actions are guided by our dual mandate to promote maximum employment and stable prices for the American people. At today's meeting, the Committee decided to lower the target range for the federal funds rate by 1/4 percentage point to 3-3/4 to 4 percent.

Higher tariffs are pushing up prices in some categories of goods, resulting in higher overall inflation. A reasonable base case is that the effects on inflation will be relatively shortlived—a one-time shift in the price level. But it is also possible that the inflationary effects could instead be more persistent, and that is a risk to be assessed and managed. Our obligation is to ensure that a one-time increase in the price level does not become an ongoing inflation problem.

In the near term, risks to inflation are tilted to the upside and risks to employment to the downside—a challenging situation. There is no risk-free path for policy as we navigate this tension between our employment and inflation goals. Our framework calls for us to take a balanced approach in promoting both sides of our dual mandate. With downside risks to employment having increased in recent months, the balance of risks has shifted. Accordingly, we judged it appropriate at this meeting to take another step toward a more neutral policy stance.

With today's decision, we remain well positioned to respond in a timely way to potential economic developments. We will continue to determine the appropriate stance of monetary policy based on the incoming data, the evolving outlook, and the balance of risks. We continue to face two-sided risks. In the Committee's discussions at this meeting, there were strongly differing views about how to proceed in December. A further reduction in the policy rate at the December meeting is not a forgone conclusion—far from it. Policy is not on a preset course.

At today's meeting, the Committee also decided to conclude the reduction of our aggregate securities holdings as of December 1. Our long-stated plan has been to stop balance sheet runoff when reserves are somewhat above the level we judge consistent with ample reserve conditions. Signs have clearly emerged that we have reached that standard. In money markets, repo rates have moved up relative to our administered rates, and we have seen more notable pressures on selected dates along with more use of our standing repo facility. In addition, the effective federal funds rate has begun to move up relative to the rate of interest on reserve balances. These developments are what we expected to see as the size of our balance sheet declined and warrant today's decision to cease runoff.

Over the 3-1/2 years that we have been shrinking our balance sheet, our securities holdings have declined by $2.2 trillion. As a share of nominal GDP, our balance sheet has fallen from 35 percent to about 21 percent. In December, we will enter the next phase of our normalization plans by holding the size of our balance sheet steady for a time while reserve balances continue to move gradually lower as other non-reserve liabilities such as currency keep growing. We will continue to allow agency securities to run off our balance sheet and will reinvest the proceeds from those securities in Treasury bills, furthering progress toward a portfolio consisting primarily of Treasury securities. This reinvestment strategy will also help move the weighted average maturity of our portfolio closer to that of the outstanding stock of Treasury securities, thus furthering the normalization of the composition of our balance sheet.

The Fed has been assigned two goals for monetary policy—maximum employment and stable prices. We remain committed to supporting maximum employment, bringing inflation sustainably to our 2 percent goal, and keeping longer-term inflation expectations well anchored.

Our success in delivering on these goals matters to all Americans. We understand that our actions affect communities, families, and businesses across the country. Everything we do is in service to our public mission. We at the Fed will do everything we can to achieve our maximum employment and price stability goals. Thank you. I look forward to your questions.

WALL STREET JOURNAL: Chair Powell, are you uncomfortable about how market pricing has assumed a rate cut in the December meeting?

POWELL: As I just mentioned, a further reduction in the policy rate at the December meeting is not a foregone conclusion. That needs to be taken on board. There are 19 participants on the committee. Everyone works very hard and takes their obligation to serve the American people very seriously. At a time when we have tension between our two goals we have strong views across the committee. As I mentioned there were strongly different views today. The takeaway from that is we haven't made a decision about December and we’re going to be looking at the data that we have and how it affects the outlook and the balance of risks.

WALL STREET JOURNAL: Risk Management exercise. At what point do you conclude you have taken out enough insurance? Are you looking for some type of improvement in the outlook, or could this unfold along the lines of last year where you made a sequence of adjustments and waited to gather more information.

POWELL: So, the way I have been thinking about it is, the risks to the two goals, for a very long time, the risk was clearly of higher inflation. And then that has changed now. As we saw, particularly after we saw -- after the July meeting we saw downward revisions in job creation, and we saw a very different picture of the labor market and suggested there were higher downside risks to the labor market than we had thought.

That suggested the policy, which we had been holding at I would say a modestly, other people would say moderately restricted level, needed to move more in the direction over time of neutral.

If the two goals are equally at risk, you ought to be at neutral, because one is calling for you to hike, and one is calling for you to cut So, if that got back in balance, you would want to be neutral.

So, essentially it was a Risk Management. I would say today sort of the same logic. But as I mentioned, going forward is a different thing.

FINANCIAL TIMES: Was there any sort of consideration in investment we are seeing in AI and generation of household world through stock prices related to that?

POWELL: I don't think it is a driving factor for anybody. I would say, again, we have a situation where the risks are to the upside for inflation, and to the downside for employment.

We have one tool. We can't do both of those -- address both of those at once. Off very different situation. People have different forecasters, and they have different levels of risk aversion. Some people will be more averse inflation overrun, and some will be more averse to underruns of employment.

You put that together, and as you can see from the separate and the public discussion that goes on between the meetings they are very disparate reviews, as I pointed out in my remarks.

That leads me to say we haven't made a decision about December. I always say that. It is a fact that we don't make decisions, but I am saying something in addition here. That it is not to be seen as a forgone conclusion. In fact, far from it.

FINANCIAL TIMES: How much of the funding pressures we have seen in money markets are related to the U.S. Treasury issuing more short-term debt?

POWELL: That could be one of the factors, but the reality is, we have seen -- the things we have seen, the higher repo rates and Federal funds moving up, these are the various things we look for. We have a framework for the place we are trying to reach.

We said for a long time now, when we feel we are a bit above what we consider a level that is sample, we would freeze the size of the balance sheet. Reserves will continue to decline from that point forward as non-reserve liabilities grow.

So, this happened -- some things have been happening for some time now, showing a gradual tightens in money market conditions. In the last three weeks or so we have seen more significant tightening and a very clear assessment we are at that place.

The other thing, the balance sheet is shrinking at a very slow pace now. We reduced it by half twice. So, there is not a lot of benefit to be, you know, holding on to get the last few dollars, because, again, with the balance sheets -- reserves are going to continue to shrink as non-reserves grow. There was support on the Committee as we thought about it to go ahead with this and announce on December 1 we will be freezing the balance sheet.

The December 1 date gives the markets a little time to adapt.

NEW YORK TIMES: If the labor market starts to strengthen somewhat, how much would that change your perception of how much interest rates need to fall from here. Would you be more concerned about underlying inflation and the possibility of second-round effects from tariffs?

POWELL: In principle if you see data that the labor market is strengthening or stabilizing, that would play into our conditions going forward.

The labor market is a place, for example, we get the state-level data on initial claims, sending sort of a fall of more of the same. We also get job openings. We will get lots of survey data, the Beige Book and things like that, so we will have a picture of what is going on in the labor market.

The fact we are not seeing an uptick in claims or a downtick in openings suggests that you are seeing maybe continued gradual cooling, but nothing more than that, so that does give you some comfort.

NEW YORK TIMES: But if the shutdown lasts longer and you don't have that in hand, I wonder if that hinders the Committee to look at the Labor Market and make the right policy condition, and how is that factoring into the debate about December?

POWELL: Sure. I mentioned what we get in the labor area. We get some data in inflation, some data in economic activity. And we will get -- we will have a picture of what is going on. We will also have the Beige Book again.

I would say, we are not going to be able to have the detailed feel of things, but I think if there were a significant or material change in the economy one way or another, I think we would pick that up through this. So, in terms of how it might affect December, it is hard to say. It is six weeks away, so we don't know what we are going to get.

If there is a very high-level of uncertainty, then that could be an argument in favor of caution about moving. But we will have to see how it unfolds.

CNBC: Was this a close call this way or the other way because you have a sense on both sides.

POWELL: I was referring to the extent it relates to December. We have two dissents. One for 50 and one for no cut. That was a strong, solid vote in favor of this cut.

The strongly differing views is really about the future, what does that look like. I think people are saying they are noticing stronger economic activity, forecasters are generally, broadly, raising their economic growth forecasts for this year and next year. In some cases quite materially.

In the mean time we see a Labor Market that is kind of, I don't want to say stable, but it is not declining case-by-case, but it may be continuing to gradually cool.

People have different forecasts and expectations about the economy and different risk tolerances. You read the seven and different speeches, you know there are different views on the Committee, to the point I said what I said.

CNBC: To follow-up on the balance sheet, if you stop the runoff now, does that mean you have to go back to actually adding assets some time next year so that the balance sheet doesn't shrink as a percentage of GDP and become a tightening factor?

POWELL: You are right. The place we will be on December 1 is the size of the Balance Sheet is frozen. As mortgage-backed securities mature, we will reinvest those this Treasury Bills which will foster more Treasury Balance Sheet and also shorter duration.

In the mean time, if you freeze the size of the balance sheet, the non-reserve liabilities, currency, for example, will continue to grow organically and because the Balance Sheet is frozen, you have further shrinkage in reserves, and the reserves is what we are managing that has to be ample.

That will happen for a time, but not for a long time. At a certain point you will want to start seeing reserves gradually growing to keep up with the size of the banking system and economy, so we will be adding reserves at a certain point. That is last point. Even then, we will be -- we didn't make decisions about this today, but we did talk today about the composition of the Balance Sheet.

There is a desire that the balance sheet be -- right now it whats a lot more duration than the outstanding universe of Treasury securities.

We want to move to a place where we are closer to that duration. That will take some time. We haven't made a decision about the ultimate end-point U but we agree we want to move more in the direction of a Balance Sheet that more closely reflects the outstanding treasuries, which mean as shorter duration Balance Sheet.

This is something that will take a long time and move very, very gradually. I don't think you will notice it in market conditions, but that is the direction of things.

BLOOMBERG: How are officials interpreting the latest CPI report? Some components came in lower than expected, but core inflation was still at 3%. At this moment, what are you learning about the drivers? Also, do you believe that the risks are greater that the Fed makes a mistake on employment or inflation?

POWELL: We didn't get PPI after CPI, which is important for translation into what we look at, which is PCE inflation, but we can still make a pretty good assessment of what that will be. When we get PPI, there might be some adjustments.

So, it was a little softer than expected. We always break it down to the three components. Basically you have seen goods prices increasing, and that is really due to tariffs.

That is compared to a longer run trend of very mild deflation in goods. That is moving inflation up.

On the other side of that, good news, the housing services inflation has been coming down, and has been expected to continue to come down.

If you remember a couple years ago that, is one kept expecting it to do that and now it has been doing that for some time and we expect that to continue.

That leaves the biggest category of services other than housing services. That has kind of been moving sideways over the last few months. A significant part of that is non-market services. We don't take a lot of signal about the tightness of the economy from that.

So, if you add all that up, a couple things to say. One, inflation away from tariffs is actually not so far from our 2% goal. We estimate -- people have different estimates of what that is, but it might be 5 or 6-tenths. If it is 2.8, core PCE, not including tariffs, might be 2.3, or 2.4, in that range. So that is not so far from your goal.

So, we look at that. The thing about tariff inflation is, the base case is that it will come, and it probably will increase further, but it is that it will be a one-time increase. We have been very focused for all of this year at making sure that is case, and thinking carefully about what are the pathways for which it could become something else, troubles of inflation.

One is a really tight labor market. We don't see that. Another could be inflation expectation moving, but we don't see that. So, we are watching this very carefully.

I think it is not the case we are just assuming that it will be one-time inflation. We understand fully this is a risk we have to monitor and ultimately manage.

BLOOMBERG: With the stubborn services of inflation, what are some of the things we could do to address that, especially when we are seeing potentially labor supply challenges.

POWELL: Well, again, the part of services inflation that isn't coming down as we would like it to is the non-market part of non-housing services. Overall that is something that we expect will come down. The non-market part of it should come down and largely reflects the higher stock prices and financial services that are computed, rather than paid, is a big part of that.

Also, we think policy is still modestly restrictive. That is the kind of thing that should lead to a gradually cooling economy. That is one of the reasons you see a gradually cooling labor market. Fed policy is modestly restrictive, so that should also help get that.

I want to say, we are absolutely committed to returning inflation to 2%. If you look at longer-term surveys or Market pricing, you will see that that is a credible commitment, and there should be no question that that is where we are going.

ASSOCIATED PRESS: There is a big system boom in AI infrastructure right now, as you know. Wondering if the existence of such a boom would indicate that rates are not that restrictive after all and could further cuts at this point fuel an absolute level of investment or market bubbles. How is the Fed thinking about that?

POWELL: You are right. There are a lot of data centers being built and other investments being made around the country and around the world.

Big US companies are just investing a lot of resources in thinking about how AI, which will be based on those data centers, or run-through of the data centers, will affect their businesses, so it is a big deal.

I don't think that the spending that happens to build data centers all over the country, especially interest-sensitive. It is based on longer-run assessments that this is an area where there is going to be a lot of investment and that it is going to drive higher productivity and that sort of thing.

I don't know how those investments will work out, but I don't think they are particularly interest-sensitive compared to other sectors.

ASSOCIATED PRESS: You did mention you do have data you are looking for in inflation and growth in the absence of government data. Could you give you as sense -- I think we know a lot about the jobs date out there. Can you give us a sense of what you are looking at to track inflation in the absence of government data? Thank you.

POWELL: So, it is a lot of things. It doesn't replace government data. You know all of these. I will mention some of the many, many names. Price snap, Adobe and others. And for wage inflation, there is ADP data, and on spending -- you are going to ask about spending at some point -- there are lots of other things we look at.

But again, it is many different sources. Again, including what we get out of the Beige Book, which will be sort of coming up mid-cycle as always.

It doesn't replace the government data, but it gives us a picture, again. I think if something material were happening, if there were material developments, I think we would pick that up. I don't think we will have a granular understanding of the economy while this data is not available.

REUTERS: I want you to elaborate a little bit about what you said about the continued shutdowns making it more difficult to move in December, and may make you more cautious.

To the degree you are relying on private data, that isn't the gold standard, or you are relying on your own survey or so the Beige Book, do you worry at some point you will have to start making policy by anecdote?

POWELL: You know, this is a temporary state of affairs. We will do our jobs and collect every scrap of data we can find, evaluate it and think carefully about it. That is our jobs. That is what we are going to do.

If ask me, could it affect the December meeting, I am not saying it is going to, but yeah, you could imagine -- what do you do if you are driving in the fog? You slow down. So, that could or could not. I don't know how that will play into things.

We may get the data -- the data may come back, but there is a possibility it would make sense to be more cautious about moving. Again, I am not committing to that, but I am saying it is certainly a possibility that you would say, we really can't see, so let's slow down.

REUTERS: As a follow-up in the debate in this meeting, we saw recently some pretty big layoff announcements coming from Amazon and others, and wandering the that figured into the discussion at all, but you are starting to see this turn, the tension between growth and employment starting to be resolved, to the detriment of employment.

Secondly, some of the stresses starting to appear in the bottom spur of the K shape, as they call it. Household health premiums that will possibly be going up, things like that. Have those become a factor in your policy discussion?

POWELL: Those are things we are watching very, very carefully. To start with the layoffs, you are right. You see a significant number of companies either announcing that they are not going to be doing much hiring, or actually doing layoffs.

Much of the time they are talking about AI and what it can do. So, we are watching that very carefully. Yes, it could absolutely have implications for job creation. We don't really see it in the initial claims data yet.

Now, it is not a surprise that we don't. It takes some time for it to get in there, but we are watching that really carefully.

But again, don't see it yet in the initial claims data.

On the K-shaped economy thing, I would say the same thing, or similar thing.

We are -- if you listen to the earnings calls or the reports of, you know, big public consumer-facing companies, many, many of them are saying there is a bifurcated economy there, and that consumers at the lower end are struggling and buying less and shifting to lower-cost products.

But at the top people are spending, at the higher income and wealth -- so, much, much anecdotal data on that.

So, we think there is something there.

FOX BUSINESS: I want to take a crack at the further reduction of rates that are not a foregone conclusion. You said far from it. If it is not lack of data as the reason December is not a foregone conclusion, what other things could be the concern then?

POWELL: Well, the perspective is on people in the Committee, we now moved 150 basis points, and that we are down into -- you are in the range between 3 and 4, where most estimates of -- many estimates of the neutral rate live in the 3% to 4%. You are there now. You are above the median number for the Committee.

I think there are people on the Committee who have higher estimates of the neutral rate, and you can argue these positions since it can't be directly observed.

I think for some part of the Committee, you know, it is time to maybe take a step back and see whether there really are downside risks to the labor market, or see whether, in fact, the growth -- the stronger growth we are seeing is real.

Ordinarily the labor market is a better indicator of the moment tum of the economy than the spending data.

In this case that gives as more downbeat read. So people have, again -- we cut 50 more basis points in the last two meetings. There was a sense, for some, let's pause here kind of thing.

And a sense from others wanted to go ahead. But that is why I say differing views, strongly differing views.

FOX BUSINESS: So on the division then, you are talking about going forward. What is more important in this division? Is it inflation risks, employment risks, or is there a deeper philosophy division among the Board.

POWELL: Look, everybody on the Committee is committed to doing the right thing to achieve our goals -- deeply committed -- some of that is different forecasts, but a lot of that is also different risk aversions to the different variables, which is common through all Federal Reserves.

People just have different risk tolerances, let's say. That leads to you people with disparate views. You know that from the speeches you have been listening to from my colleagues.

So, we are at a place where we have, in fact, cut two more times. Now we are 150 basis points closer to neutral, whatever that may be, than we were a year ago.

There is a growing chorus now of feeling like maybe this is where we should at least wait a cycle. Something like that. That is what it is. It is what you would think it would be. Again, you have seen it in the September summer projections and public remarks of the FOMC participants, and I am telling you, you can expect that in the minutes. I am telling you, that is what happened in the meeting.

ABC NEWS: What is your explanation for why the job market is weakening right no now, and what will this rate cut do to improve the job forecaster?

POWELL: So, I think there are two things affecting the job market. One is just a dramatic reduction in the supply of new workers. That is two things. That is declining labor force participation, which is a cyclicality thing, then declining immigration, a big policy change that began in the last administration and has been accelerated now.

So, a big part of the whole story is the supply side story. In addition, labor demand has declined.

The unemployment rate has gone down. Meaning the demand for workers has gone down a little more than supply.

So, that is what is going on. And it is mostly a supply function. It is mostly a function of the change in supply. I think. And many people think.

So, the question then is, what does the -- our tool do, which supports demand.

So, I would say, when you are in a situation where job creation, if you adjust for likely over-counting in the way that the BLS does it work, it is pretty close to zero.

So, maximum employment doesn't, on a sustainable basis, if you are creating zero jobs, if it is an equal lib yum or imbalance, it is a pretty curious balance.

So, I thought, and many of my colleagues thought -- in fact you saw in the last two meetings, it with us appropriate for us to react by supporting demand with our rates. We have done that. We reduced so rates are looser. I would not say they are accommodative right now, but they are meaningfully less tight than they were.

That should help so at least the labor market doesn't get worse, but it is a complicated situation. Some people argue this is supply, and we really can't affect it much with our tools, but others argue, as I do, that there is an effect from demand and we should use our tools to support the labor market when you see this happening.

ABC NEWS: You also mentioned tariffs causing one-time hike increase. Should American consumers, families, continue to see the prices go up this year because of tariffs?

POWELL: So, the basic expectation is that there will be some additional increased inflation, because it takes a while for tariffs to work their way through the production chain, and finally get to consumers.

We see this now from the tariffs that were put in place, now many months ago. We are see those affects. But if you put tariffs in -- they have been coming into effect consistently in February, March, April, May, and that is all happening. So, that will continue to happen for some time, probably into the spring.

These are not big increases. These are a 10th or so on inflation, or maybe a particular product that has been tariffed, but overall they are fairly modest. 2.8% inflation, you may get 2 or 3 more tenths, maybe.

But then as all the tariffs are in, they stop generating inflation. You have a one time price grease. This is how we believe and hope that it will work out.

Once the last tariff is put on something, at that point it becomes a higher price-level, but it stops going up, if you will. Prices stop going up.

They will just be at that level. Then measured inflation will come back down to non-tariff inflation. Non-tariff inflation is not so far from 2% now.

Now, consumers are not interested in that story. Their prices are higher. More than that, the reason they are so unhappy about inflation is the inflation we had in 2021, 2022 and 2023. You can say prices aren't going up as much, but that doesn't mean that people aren't feeling those higher prices from the inflation we had two or three years ago. They are, and that is why a large part of the public, if you sample people, inflation is still very much making people unhappy.

It is nice that prices are not going up as fast as they were, but they are still much higher than they were.

It will take some time for that effect to wear off. As real incomes rise, it will feel better over time, but that will take time.

BLOOMBERG: Do you have concerns that equity markets are close to being overvalued at this point?

POWELL: We don't look at any one asset price and say, hey, that is wrong. It is not our job to do that. We look at the overall financial system. We ask whether it is stable, whether it could withstand shocks, right?

So, banks are well capitalized, while some households are clearly under stress in the aggregate. Households are in good shape financially, relatively manageable levels of debt.

At the lower income, you are seeing a drop in the longtime auto, but very good otherwise. It is a mixed picture, but not an overly troubling picture. Again, it is not appropriate.

We don't set asset prices. Markets do that.

BLOOMBERG: You must be well aware, by lowering interest rates you are contributing to additional asset price increases. I wonder how you balance the idea that lowering rates would help the labor market with the reality that it seems more likely to be stimulating increased inform in AI, which is rationale for thousands of job cuts that have been announced in the last few weeks.

POWELL: Yes. I don't think interest rates are an important part of the Data Center story. I think people think they are great economics in building these Data Centers, and they are making a lot of money building them, and they think they have very high present value and all that sort of thing.

It is not really about 20 basis points here or there. You know, we use our tools to support the Labor Market, and to create price stability. That is what we do. That is our two jobs, right?

So, we are here, by lowering rates at the margin that will support demand, and that will support more hiring, and that is why we do it.

Now, no 25 basis point, or even 50-basis point hike will be a dispositive thing, but ultimately lower rates will support more demand, and that will support hiring over time.

Of course, we also have to be careful about this, which is what we have been doing, because we know wherein flation is, and we know -- I told you the story. It is a complicated story, but this is the best assessment we can make, and, you know, because there is uncertainty around inflation and the path ahead for inflation that, is why the pace we are going has been a careful one.

POLITICO: On AI, I am wondering, it seems like a lot of the economic growth we have been seeing is Fed by investments in AI.

How worried are you about what the sudden contraction in tech investment would mean for the overall economy? Is there enough strength in other sectors. Specifically, are there any lessons you take from the 1990s and how you might approach what is happening right now?

POWELL: This is different in the sense the companies so highly valued actually have earnings and stuff like that. If you go to the '90s and the dot com era, these were ideas rather than companies. There was a clear bubble there.

I won't go into particular names, but they have earnings, and it looks like they have Business Models and profit and that kind of thing, so it is really a different thing.

You know, the investment we are getting in equipment, although things that go into creating data center and feeding the AI, it is clearly one of the big sources of growth in the economy.

Consumer spending, also, is much bigger than that, and has been growing and defied a lot of negative forecasts, and continuing to do so this year.

Consumers are still spending. It may be mostly higher-end consumers, or maybe skewed that way, but the consumer is spending, and that is a big, big chunk of what is going on in the economy, substantially bigger than AI.

You can point to growth, I mean, actually -- growth as opposed to level, but consumer spending is a much bigger part of the economy.

POLITICO: Why do you think the labor market is slowing so much even though consumer spending is strong?

POWELL: The supply of workers has dropped very, very sharply, due to mainly immigration, but also lower labor force participation.

That mean there is the less need for new jobs, because there isn't this flow into the pool of labor that, you know, where people need jobs.

There aren't those people now. There is not a supply of workers showing up for jobs.

In addition, demand is also going down, and so has labor force participation has declined, this is more of a sign, in this case, of demand, as well as trend so, I think you are seeing some softening.

You know, the economy is growing at a slower rate than it was. 2.4% last year, we think 1.6% this year. It could have been a couple tenths higher if not for the shutdown, and, of course, that will reverse, but you still have the economy growing at a moderate pace.

WASHINGTON POST: I wanted to ask if you could elaborate on how you think of policy in context with the data drought. Does it make you inclined to stick with your plans, or proceed with added caution because of uncertainty?

POWELL: Well, we will know when we face that question, if we face that question. It will probably be argued both ways, but I have said a couple times here that if you really aren't getting information, and you really don't know, and the economy looks like it’s solid, stable, and hasn't really changed, there will be an argument. I don't know how persuasive it will be, but there will be an argument you slowed down where you can't see as far ahead.

Others may argue -- but you are perfectly right -- you could also argue things haven't really changed, but you might not know that. I don't know whether we will face this or not. I hope we don't. I hope by the December meeting we are getting a better flow of data, but we will have to do our jobs one way or the other.

WASHINGTON POST: You said several years ago the overall amount of capital in the system was about right. As the Fed moves forward with a revised proposal, and moves to the G-SIB surcharge, has that changed at all, or are you planning to significantly reduce the amount of capital in the system? Thanks.

POWELL: So, there are discussions going on among the agencies, and I don't want to get ahead of the discussions. I continue to think the level of capital as I said in 2020, was about right. There has been much capital added since then through various mechanisms, but I look forward to -- I know these discussions are really just getting going. They haven't gotten to the point where they have a whole kind of plan and that kind of thing, so I really don't have much to say on that.

NBC NEWS: Is the weakness in the jobs market accelerating? And who is at risk if the interest rate cuts are not the effective medicine for a further slowdown in the labor market?

POWELL: So, we do not see the weakness, as you put it, the weakness in the job market accelerating. I would say -- and, again, we didn't get the September employment report, payroll report, but we do get -- we look at unemployment claims are still supported. You can look at the numbers. The same thing with the job openings we get from indeed. There is no story over the last four weeks. It is stable. You don't see anything saying the job market, were really any part of the economy is making a significant deterioration. But I mentioned, you see big companies making announcements of either layoffs, or the idea that they can -- they won't need to hire.

Their number of employees is not expected to go up over a number of years. There may be different people working there. say that, too, but they don't need a bigger head count.

You don't see it in the aggregate numbers. But job creation is very low, and the job finding rate for people who are unemployed is very low.

The unemployment rate is very low, as well. 4.3% is a low unemployment rate.

NBC NEWS: To make these cuts, is it the lower income workers you are thinking about, or those that might have their jobs automated, is there a particular market?

POWELL: So, our tools don't allow us to target any demographic or income level. I do think that people -- we saw this during the global financial crisis and the long recovery. If you have beneficial labor market conditions it benefits people.

The last two or three years the people at the lower end of the income spectrum were getting the biggest benefits, and lots of things were happening in that space demographically, which were very constructive.

We are not at that place right now. A stronger labor market is the best thing we can do for the public.

It is also a part of our job, half of our job. It is absolutely the best thing we can do for people along with keeping prices statement those two things. Inflation also hurts people on fixed incomes more than other people.

AXIOS: As you know the 12 Reserve Bank president terms are up for renewal at the end of February. I am wondering if you can give us a timeline for when the board will consider those appointments, and whether we can expect everywhere to be re-upped, or if we can expect some changes?

POWELL: So, it is a process we go through under the law. The way the law works, we have a reappointment process every five years for all of the reserves – each of them and all of them. We are in the middle of that process. We will complete it in a timely way. That is really all I can say.

AGENCE FRANCE-PRESSE: in three consecutive meetings you had dissents going in both directions, and the future rates of tax cuts. The role provided over the FOMC meetings, and if so, how?

POWELL: I would not say that. No. You have to take what comes. What comes right now is a pretty challenging situation, where we have, first of all, 4.3% unemployment. We have an economy that is growing close to 2%. So, you know, overall it is a good picture, but in terms of our policy, we have upside risks to inflation, downside risks to employment. This is a very difficult thing for a central bank, because, you know, one of those calls for rates to be lower. One calls for rates to be higher. We can't do both, so we have to balance the two.

It is a challenging thing. As we have worked our way through this process, you would expect there would be a range of views across the Committee on what to do, and the speed with which we should do it. And that is what we have. That makes a lot of sense to me.

All these people are people that take their jobs very seriously, work very hard at this, and want to do what is right for the American people, but they have different views on what that is.

It is an honor to work among people that care that much. It is, but I don't feel it is unfair, or anything like that. It is just a time when we are making quite difficult adjustments in real time, and I believe we will get through this. I think we have done the right thing so far this year. I think it was appropriate for us to be careful about this. I think it would not be appropriate to ignore or assume away the inflation issue.

At the same time the risk of higher, more consistent inflation has declined significantly since April.

If we do wind up resuming rate cuts at some point, we will. But at some point, we are trying to get to the end of the cycle with the Labor Market in good place, and with inflation on its way to 3%, or at 2%. So that is all we are trying to do, and doing it under quite challenging circumstances, and doing the best we can.

YAHOO FINANCE: Both regional and large banks have taken losses on loans and delinquencies, when you see one cockroach, there may be more, Jamie Dimon says. I am curious how you see the low losses, or does it pose a risk for the economy. Is it a warning sign?

POWELL: We watch the credit conditions very carefully. You are right. We have seen rising defaults in subprime credit for a time now. Now you have seen a number of subprime automobile credit institutions having significant losses, and some of those losses are showing up on the books of banks. We are looking at it carefully. We are paying close attention.

I don't see at this point a broader debt issue. It doesn't seem to be something that has very brood application across financial institutions. But you know, we are going to be monitoring this quite carefully, and making sure that is the case.

YAHOO FINANCE: Separately, many, you yourself, have said we are in a bifurcated economy right now with high network individuals continuing to spend with the lower income pulling back. How much of consumer spending continuing hinges on the stock market remaining strong. In some way, does the market help key the economy buoyant.

POWELL: So, there is some relationship there, but remember, the more wealth someone has, the lower an additional dollar of wealth matters.

So, your marginal propensity to consume declines quite dramatically as you reach levels of stock market wealth.

So the stock market, it would affect spending if the stock market went down, but it wouldn't drop sharply unless there were quite a sharp drop in the stock market.

People at the lower end of income and wealth have a much higher marginal propensity to consume an incremental dollar of income or wealth, but they don't have the stock market wealth.

It is certainly a factor supporting consumption right now. But -- and you would see it if you saw material corrections in spending. But it wouldn't be -- you shouldn't think that it will -- dollar-for-dollar, stop consumption, because that wouldn't be the case. Thank you very much.