

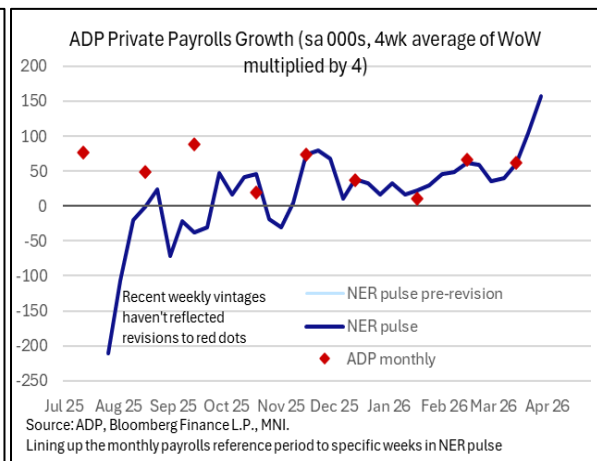
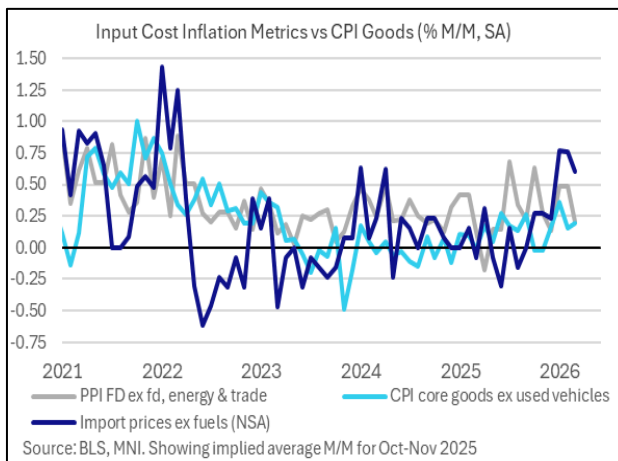
MNI U.S. Macro Weekly

MNI View: De-Escalation Drives Dovish Drift

April 17, 2026 – By Chris Harrison and Tim Cooper

Executive Summary

- Geopolitics has continued to dominate data and Fed speak this week, driving dovish shifts on Friday with Iran announcing the Strait of Hormuz is now “completely open” for commercial traffic for the remaining period of ceasefire (ending Monday) along with talks “probably” held this weekend.
- There are 16bp of Fed cuts priced for 2026 vs 6bp at the end of last week.
- March's PPI report was much tamer than expected. Energy was unsurprisingly the biggest upside contributor to pipeline inflation but core aggregates looked softer than they did earlier in the year.
- US import prices were also far softer than expected in March, including with some downward revisions to February's surprisingly strong report, but with non-fuel details showing further strength.
- That said, we judge analyst core PCE estimates for March are grouped around 0.26% (median)/0.27% (average) M/M vs 0.22-0.23 prior to PPI, following three months averaging 0.36% M/M.
- Weekly labor indicators were strong, with the ADP Pulse hitting a fresh high since it started in July, tracking with its strongest monthly increase since Dec 2024, along with low jobless claims.
- Early manufacturing surveys for April have seen some strong increases in manufacturing activity and also prices paid, but with limited initial feedthrough to prices received. On a related note, NFIB small business pricing plans surprisingly dropped to a joint low since Apr 2023.
- Ahead of next week's retail sales report, consumption indicators point to strong nominal growth but much weaker volumes. Even in nominal terms, higher gas prices are expected to have dampened spending on other categories with limited growth anticipated for the control group.
- The last Fed speak before the FOMC blackout has been mostly non-committal whilst assessing high uncertainty with the Middle East conflict (Williams, Waller, Daly). Miran now considers three or four cuts for 2026 vs four prior.
- Interestingly, the Beige Book's portrayal of the economy in the first edition of the Middle East conflict was not substantially different, and arguably even more robust, with more districts on net reporting slight/modest growth and gains in employment, with very little change in inflation reporting.
- Fed Chair nominee Warsh's nomination hearing is on Tuesday at 1000ET but Sen. Tillis is still set to block passage to the Senate and Senate Democrats on the committee want to delay the hearing until DoJ probes against Powell and Cook are dropped.
- President Trump has threatened to fire Powell if he doesn't leave once his Fed Chair term expires May 15. Powell has previously said “on the question whether I will leave while the investigation is ongoing: I have no intention of leaving the Board until the investigation is well and truly over, with transparency and finality”.

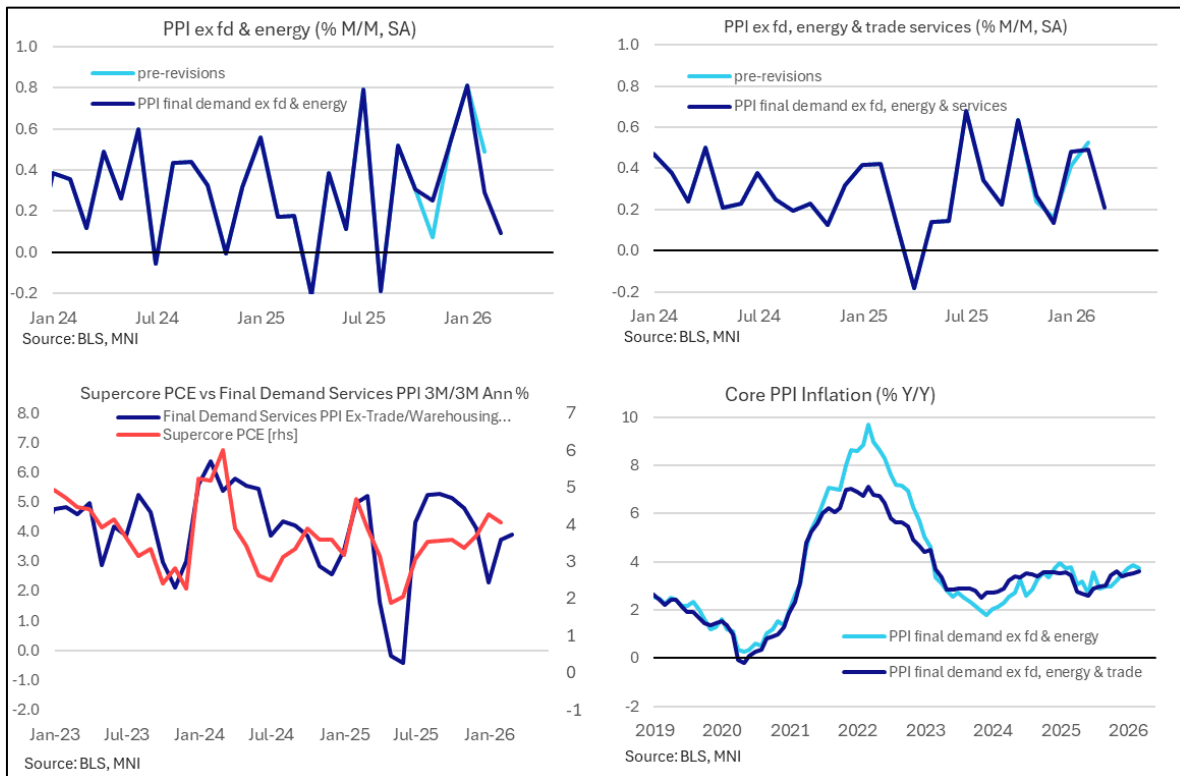


Inflation: Surprise Relief In Input Costs At Headline Level But Underlying Trend Still Robust

PPI Remains Too High For Comfort, But Some Relief In The Core Details

March's PPI report was much tamer than expected in the headline aggregates, with the added note of downward revisions to February's prints. Energy was unsurprisingly the biggest upside contributor to pipeline inflation, given the Middle East conflict's impact, but core aggregates looked softer than they did earlier in the year.

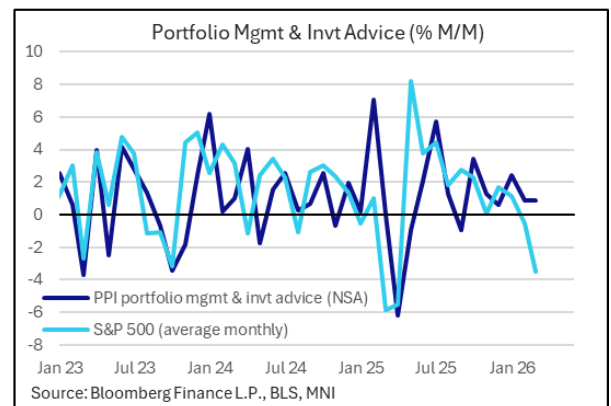
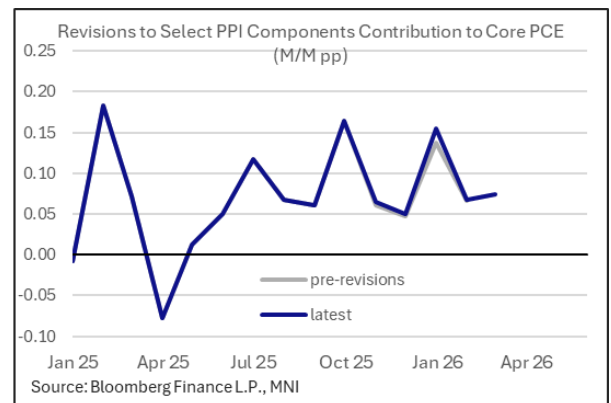
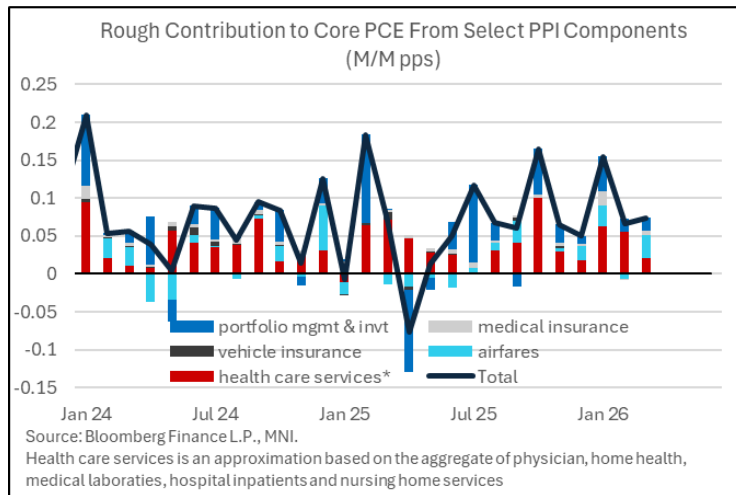
- Final demand PPI rose just 0.51% M/M (1.1% consensus), level with the 0.50% in February (rev down from 0.68%) meaning the latter was not a 7-month high but merely a 4-month high. Ex-food/energy likewise came in low, at 0.1% M/M (0.4% consensus), a 7-month low and coming after a downward revision to Feb (0.3%, was 0.5%). The preferred core metric, ex-food/energy/trade, printed 0.2% M/M (0.4% consensus), down from 0.5% in the prior two months (Feb was basically unrevised).
- This didn't reverse the recent uptick in run-rates, which still show 4.0% Y/Y for overall PPI (highest since Feb 2023) and 3.6% for core (highest since March 2023), though the figures weren't quite as high as feared (consensus for those two data points were 4.6% and 3.8%, respectively).
- Unsurprisingly, energy was the biggest contributor to headline. Final demand goods prices rose 1.6% M/M, with services flat. Final demand energy prices rose 8.5%, boosted by a 15.7% rise in gasoline prices. Prices for final demand foods actually fell, by 0.3% (the BLS took special note of fresh and dry vegetables prices falling 10.7% M/M).
- Under the hood, core details looked on the soft side. Final demand services and finished services each barely rose (0.05% M/M), the slowest for each since August 2025, with final demand services ex-trade seeing a similar deceleration; final demand goods ex-food/energy decelerated slightly to 0.25% from 0.32% for a 4-month low. Total finished PPI ex-food and energy overall decelerated to 0.07% M/M from 0.28% for the slowest since August 2025, cooling the 3M annualized rate to 4.5% from 6.3%.
- The softer core final demand services imply supercore PCE in remaining in the ~4% annualized range, too strong for comfort but perhaps not picking up as meaningfully as may have been expected so far. And as MNI notes separately, the PCE-implied details don't look so onerous.



PPI Details Point To Similar PCE Impulse To Feb

Our initial look at PPI details suggests we could see similar to slightly higher core PCE estimates from those centered around 0.22/0.23% (range 0.19-0.27) seen after CPI. We'll update as we see new analyst estimates.

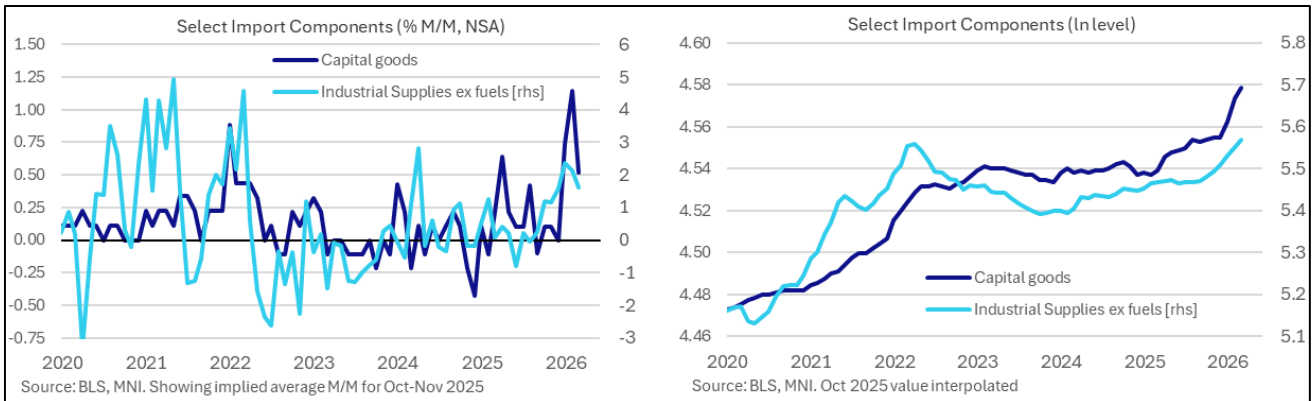
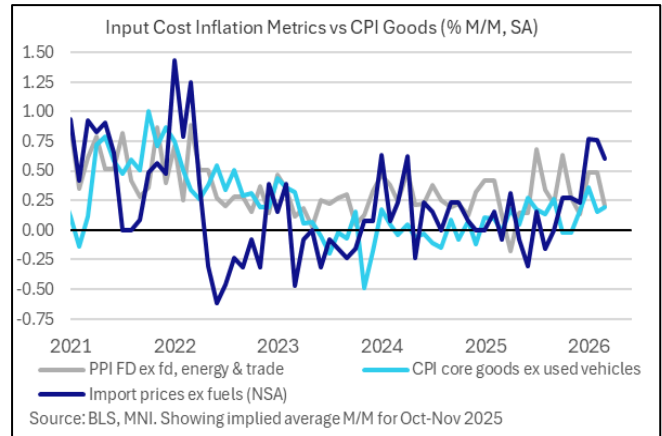
- Our simple proxy for PPI detail contributions to M/M core PCE inflation held at 0.07pps in March after an unrevised 0.07pps in Feb.
- It follows a marginally upward revised 0.15pp (+0.01pp) in Jan, building further on a 0.03pp upward revision last month, and an unrevised 0.05pps in Dec.
- Portfolio management & investment advice at 0.9% M/M may have been on the stronger side considering declines in equity markets in March.
- Whilst just one estimate, Nomura had pencilled in -1.3% M/M but that was part of their core PCE tracking at 0.19% M/M vs a wider range of analysts centered around 0.22/0.23% M/M. The 0.9% M/M increase was worth ~0.02pps to core PCE.
- Of the larger health care categories, heavily weighted hospital inpatient services slowed to 0.06% M/M after a strong 0.57% M/M in Feb, more than offsetting stronger physician services (0.24% after 0.0%) and home health (0.23% after 0.13%).
- A softer net healthcare contribution this month was largely offset by stronger airfares on higher energy prices.



Import Prices Surprise Softer But Still Solid Ex-Energy

US import prices were far softer than expected in March, including with some downward revisions to February's surprisingly strong report. However, large conflicting moves in energy components give mixed signals on an underlying basis but strip out the wider fuels category and monthly underlying inflation is still at some of its strongest rates in recent years. Upward pressure is concentrated in industrial supplies and tech-related capital goods.

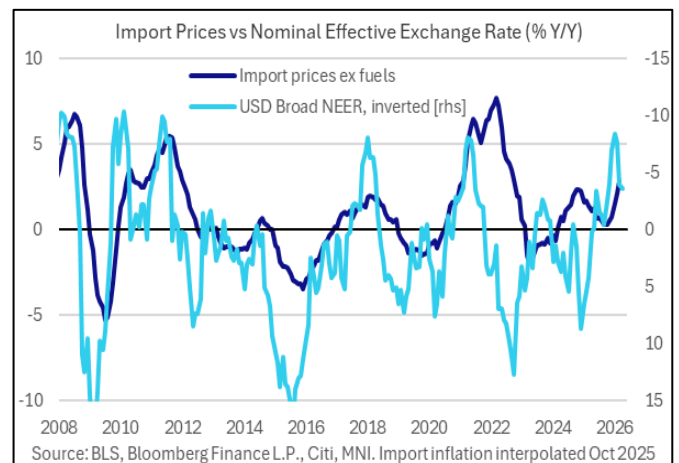
- Import prices increased 0.8% M/M (NSA, cons 2.3) in March after a downward revised 0.9% (initial 1.3), avoiding stronger increases expected in the first month of the US-Israel-Iran war.
- Import prices ex petroleum, the main 'core' measure which shows on screens, only increased 0.1% M/M (NSA, cons 0.3) after a downward revised 0.9 (initial 1.25%).
- However, import prices ex all fuels still increased a solid 0.6% M/M after two monthly 0.8% increases.
- The discrepancy comes from petroleum & petroleum product prices (6.2% relative importance) jumping 9.4% M/M vs natural gas import prices (0.5% relative importance) slumping -71% M/M.
- Highlighting different trends, overall import price growth accelerated from 1.0% to 2.1% Y/Y (fastest since Dec 2024), ex petroleum from 2.4% to 2.6% Y/Y (fastest since Oct 2022) and ex fuels from 2.2% to 2.8% Y/Y (fastest since Oct 2022).
- Back to monthly rates, non-fuel industrial supplies continue to be a strong driver (1.6% M/M after 2.1% in Feb and 2.4% in Jan). "Higher prices for finished metals shapes and advanced manufacturing and for major nonferrous metals-crude drove the advance."
- Capital goods import price inflation eased to 0.5% M/M after a downward revised 1.1% (initial 1.3%) for still the highest since at least 2000. "Higher import prices for computers, peripherals and semiconductors; civilian aircraft, engines, and parts; and industrial and service machinery contributed to the advance."
- Indeed, computer & electronic product import prices moderated but show little sign of relief, rising 0.7% M/M in Mar after 1.8% in Feb and 0.7% in Jan.



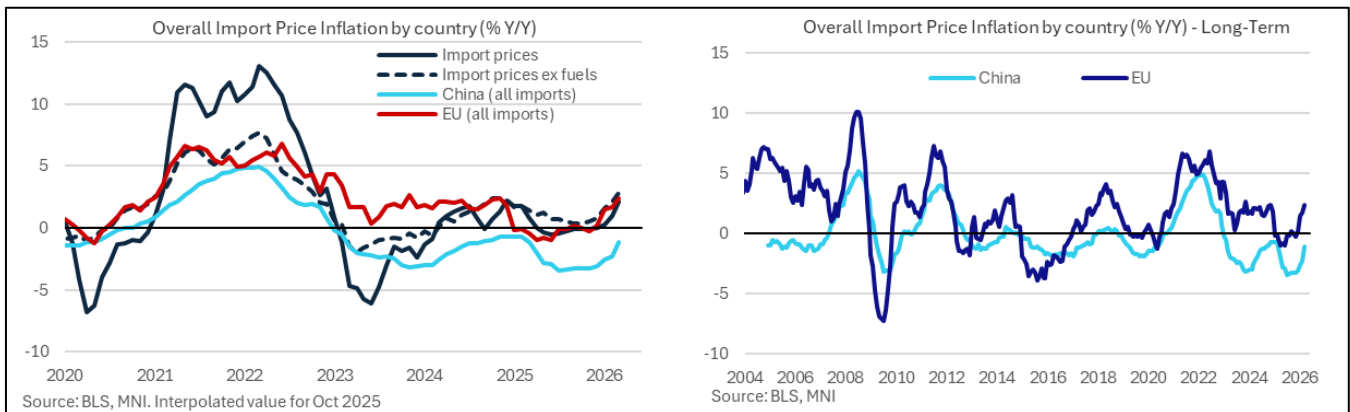
Solid Import Price Trends Extend In March

Broader import price trends continue to show 2Q-3Q2025 tariff concessions being firmly in the rear-view mirror, with prices continuing to increase at faster Y/Y rates across major trading partners (or fall by less in the case of China). Past USD trend depreciation will have been playing a role in recent increases and could continue to feed through in the near-term although we suspect should be close to peaking if current levels are maintained.

- China accounted for one of the largest upside drivers to US import price inflation in March, which as we touched on earlier was softer than expected but still saw strong ex-energy increases.



- Import prices from China increased 0.7% M/M (NSA) in March after 0.2% in Feb (revised from 0.5) in the revision-prone series compared to the peak tariff concessions of -0.8% M/M in both April and May 2025.
- EU import prices increased 0.3% after 0.6% M/M, whilst prices of manufactured items (very crudely omitting the energy impact) from Canada increased 1.8% M/M and from Mexico 0.2% M/M.
- As for Y/Y trends, import prices from China are now -1.1% Y/Y vs a historical low of -3.5% Y/Y in Jul 2025 and previous averages of -1.7% in 2024 and -1.4% in 2019. EU import prices are also relatively strong at 2.4% Y/Y (joint highest since Nov 2023).
- Canadian import prices are 1.0% Y/Y but with manufactured items only at 6.0 Y/Y (highest since Nov 2022), whilst Mexican import prices are at 1.3% Y/Y but with manufactured items relatively softer at 1.7% Y/Y vs a recent high of 2.2% Y/Y in September.

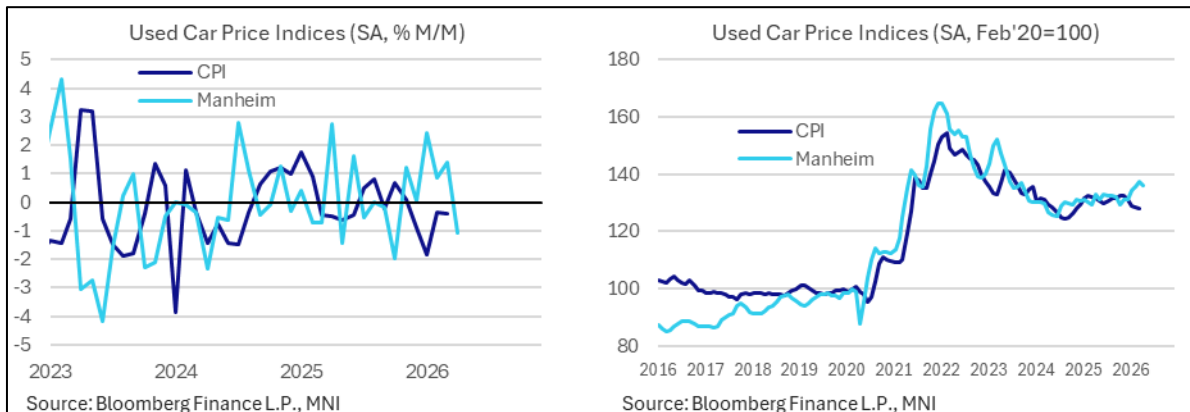


A More Detailed Look At Core PCE Estimates, Incl Legal Services Impact

- Post-PPI analyst unrounded core PCE estimates for March sat at 0.26% (median)/0.27% (average) M/M across the seven names noted below, up from closer to 0.22-0.23 prior to PPI.
- We suspect that is still largely the case after import prices as well with Morgan Stanley revised 1bp lower (updated in the figures below) but with Goldmans Sachs and JPM unrevised to give an idea of magnitude.
- There is more uncertainty than usual this month due to the handling of legal services, with the BEA usually taking the CPI series but briefly swapping to the PPI version in January when the CPI series spiked (by our calculations 11.6% M/M NSA). We calculated CPI legal services fell -4.4% M/M NSA in March (Nomura estimated -6.0% which we think is SA), but there has been no guidance as to whether the BEA will again switch to the PPI series, which by Nomura's estimate increased 0.7% M/M SA, or stick with CPI.
- This uncertainty has helped drive this month's range of estimates: MS at the bottom of the range assume PPI, JPM at the top assume CPI and Nomura, in line with the median, assume an average of the two:
 - MS: 0.22 (from 0.21 pre CPI, 0.23 pre import) – 0.26 if BEA uses PPI legal services
 - BofA: 0.24 (from 0.20 pre CPI)
 - Nomura: 0.26 (from 0.19 pre CPI) – 0.23 if BEA uses CPI legal services, 0.29 if PPI
 - TDS: 0.26 (from 0.23 pre CPI)
 - GS: 0.27 (from 0.22 pre CPI)
 - Barclays: 0.28 (from 0.27 pre CPI)
 - JPM: 0.32 (from 0.26 pre CPI) – 0.29 if BEA uses CPI legal services
- For what it's worth, the Cleveland Fed nowcast sits at 0.23% M/M.

Wholesale Used Vehicle Prices Show Signs Of Weakness After Strong Run

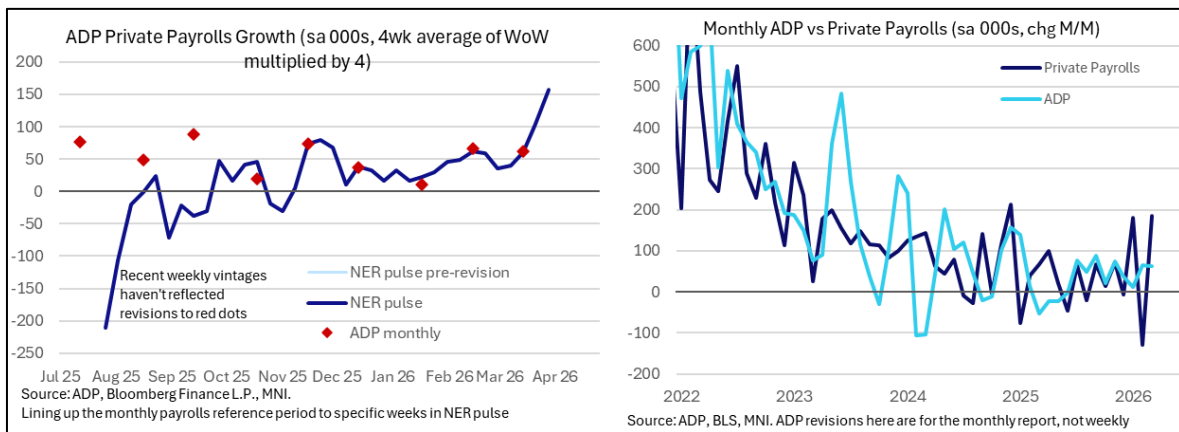
- Manheim used vehicle prices slipped -1.1% M/M in the first 15 days of April compared to March on a mix, mileage and seasonally adjusted basis.
- It tentatively suggests a pullback after five consecutive monthly increases worth an average 1.2% M/M through Nov-Mar.
- CPI used cars prices have been surprisingly reluctant to follow this strong patch of wholesale prices, with four consecutive monthly declines averaging -0.9% M/M to March. That includes a sizeable undershoot of analysts' expectations in the latest March release (-0.4% vs +0.4% expected).



Labor: Further Resilience

Weekly ADP Shows Another Strong Improvement

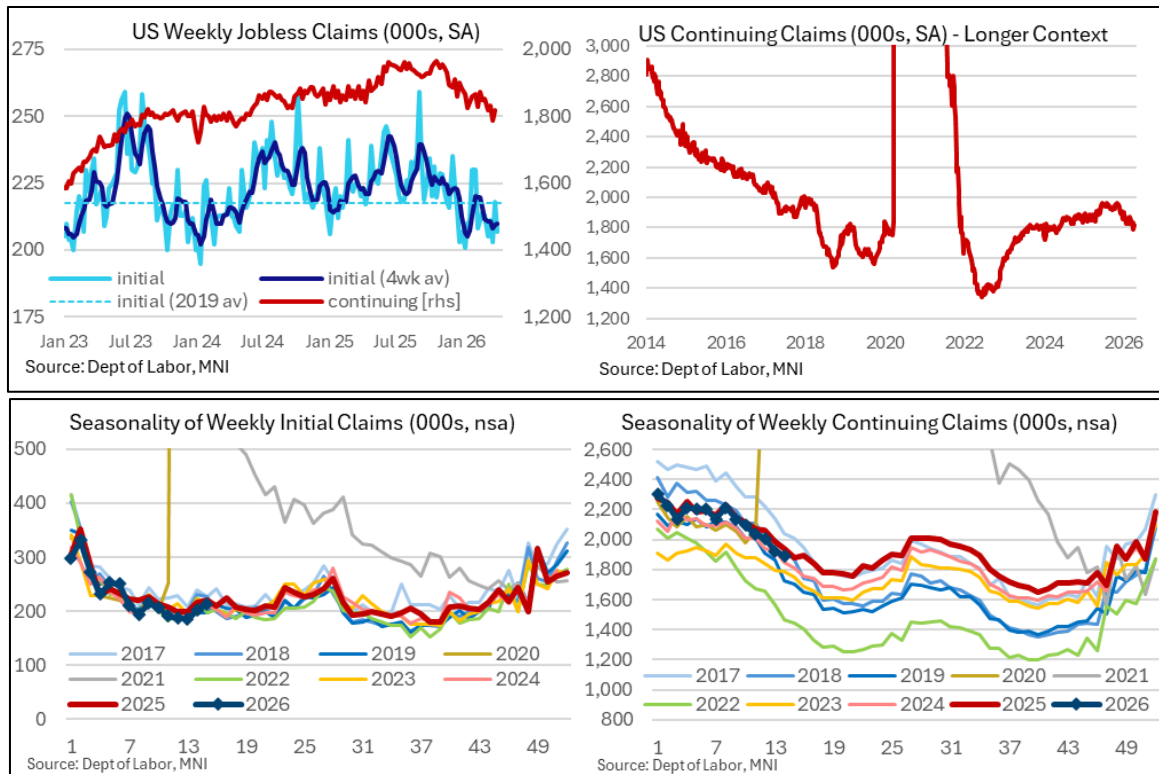
- ADP employment increased an average 39.25k per week in the four weeks to Mar 28, an impressive run compared to recent months and a fresh high for the weekly tracker since it started in July.
- It's equivalent to a 157k monthly increase compared to last week's implied 104k and the actual monthly 62k increase in the March report released the week before that.
- Half-way between monthly reports, it's tracking with its strongest monthly increase since Dec 2024.
- Whilst there are typical caveats about the limited correlation with BLS private payrolls, that has mainly been down to volatility in the BLS report in recent months whilst the ADP series has been steadier.



Another Low Fire, Somewhat Low Hire Jobless Claims Release

- Initial claims fell to 207k (sa, cons 213k) in the week to Apr 11, just shy of covering a payrolls reference period, after a downward revised 218k (initial 219k).
- Of the 12.1k increase in the non-seasonally adjusted level of claims, 8.3k came from NY. That's towards the earlier end of typical seasonal distortions but on the small side.
- The four-week average ticked another 1k higher to 210k but is still historically low, for example compared to the 218k averaged in 2019 when the unemployment rate had a three handle.
- Continuing claims of course remain at a relatively higher (i.e. weaker labor market) level but at least consolidate what's proving a sustained pullback from 2H25.
- Continuing claims increased to 1818k (sa, cons 1810k) in the week to Apr 4 after a downward revised 1787k (initial 1794k).
- The 1787k was its lowest since Apr 2024 whilst the latest 1818k compares with 1844k averaged in 1Q26 and 1931k in 2H25.

- Non-seasonally adjusted levels have pushed below those from 2025 in recent weeks, confirming that the seasonally adjusted profile isn't due to a more favorable seasonal adjustment process.

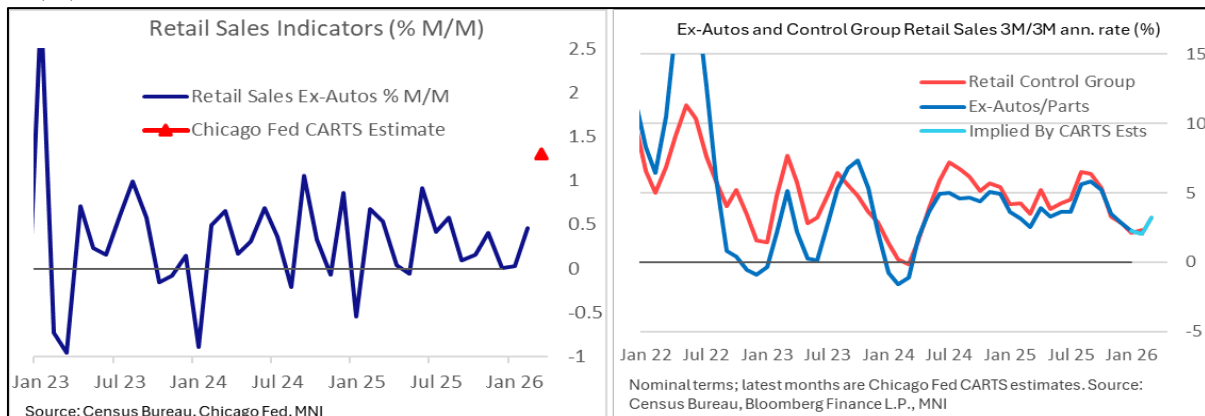


Consumption: Strong Nominal, Weak Volumes

CARTS Eyes Stark Contrast In Real Vs Nominal March Retail Sales

The final Chicago Fed Advance Retail Trade Summary (CARTS) retail sales ex-autos estimate for March is +1.3% M/M nominal, -0.7% M/M inflation-adjusted.

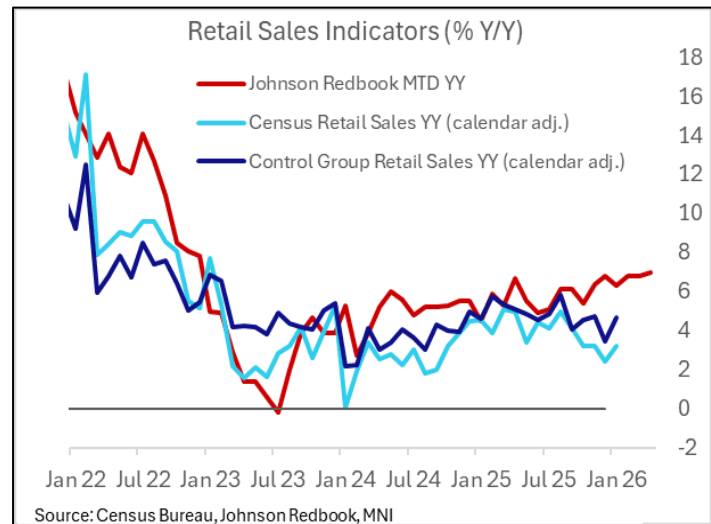
- That is exactly in line with the current Bloomberg median consensus for Tuesday's release of Census Bureau retail sales ex-autos +1.3%; it's an upgrade of 0.4pp to the nominal and real estimates from the prelim release (+0.9% M/M nominal, -1.1% inflation adjusted).
- It would be the highest monthly growth reading since January 2023, in nominal terms.
- But with gas prices rising over 20% in March, much of that wedge between the real and nominal numbers is energy-inflation related; consensus for retail sales ex-auto and gas is merely 0.2% M/M, with Control Group at 0.2% - both of which would be decelerations from February's data.
- That nominal-to-real translation will complicate interpretation for Q1 PCE, which looks to come in above 3% Q/Q SAAR in nominal terms but closer to 1% in volume terms.



Redbook Sales Remain Solid At Start Of Q2

Retail sales rose 7.0% Y/Y in the week ending April 11, per this week's Johnson Redbook index release. That constitutes the month-to-date gain, which while below retailers' targeted 7.2% would still represent a post-2022 high.

- A lot of that nominal gain looks to be inflation-driven, with April CPI looking to come in around 4% Y/Y and core closer to 3%, but even that implies overall sales volume growth remains positive by this metric. We get the March Census Bureau data next week.
- The anecdotal section, once again, didn't make any mention of the war in the Middle East or the impact of higher energy prices. "The first week of April went well. Sales were largely driven by seasonal items as retailers entered the final month of the first quarter. Many stores closed on Easter Sunday so that employees could spend time with their families, which meant Easter week sales were based on six days instead of seven compared to last year. People celebrated by getting together, sharing meals, going to church, and holding Easter egg hunts. Retailers are working to keep prices low to help families make their budgets go further."

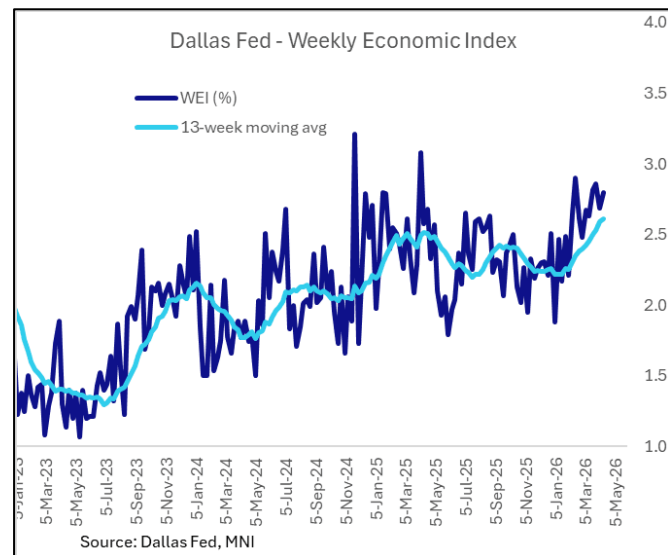


Broader Growth: Eyeing Q2 GDP Acceleration

Dallas Fed Weekly Econ Indicator Still Pointing To Q2 GDP Acceleration

The Dallas Fed's weekly economic index (WEI) continues to post a solid pace of implied GDP growth through early April, at 2.80% Y/Y for the week ended April 11 (scaled to four-quarter GDP growth).

- That brought the 13-week (ie quarterly) moving average is 2.61%, a fresh post-Nov 2022 high and a notable acceleration since the start of the year.
- Roughly speaking, the 2.5% seen through March is almost exactly in line with the Atlanta Fed's 1.3% Q/Q SAAR estimate for Q1.
- The next Atlanta Fed GDPNow update won't be until Tuesday after March retail sales / inventories data. If the current pace of posted Y/Y growth is sustained through the entire quarter though, the WEI would point to Q2 GDP growth of closer to 4-5% Q/Q SAAR.
- That being said, there will probably be some diminishing in Y/Y readings toward the end of Q2 - the current Y/Y is reflecting in part a negative base effect from the first weeks of the peak of US tariff fears around April 2025.

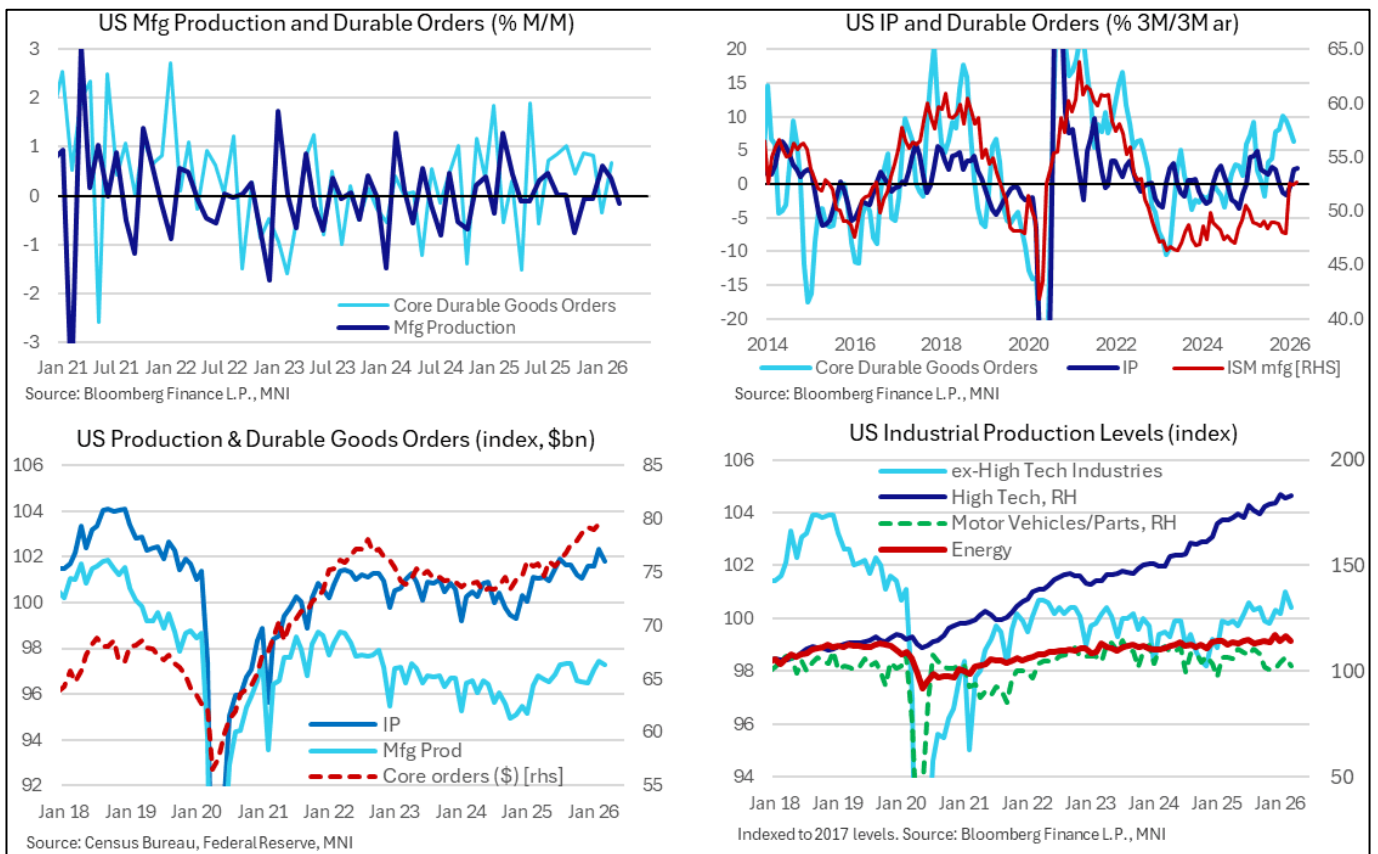


Industrial Production Setback In March Amid Otherwise Solid Quarter

Industrial production posted an unexpected decline in March, but this was partly driven by a revision to the base of comparison and largely reflected weakness in utilities and mining rather than manufacturing. While there were signs of broader manufacturing softness in March, we take greater signal from forward looking indicators in

suggesting that activity in Q1 remained relatively solid, though business investment remains an outperformer vs consumer and nonindustrial sectors.

- Headline IP fell 0.54% M/M vs expectations of a 0.1% rise - but the upward revision to prior to +0.74% from +0.15% helped mitigate the shortfall. And the composition of the pullback was only slightly concerning: manufacturing production fell by 0.15% M/M after +0.35% (upward rev from 0.2%), but it was the always-volatile utilities industry that drove the March downside (-2.3% after +1.8%), with mining also posting a notable pullback (-1.2% after +2.1%).
- There were signs of softness across some key segments: "Production slowed in most market groups in March; declines in the indexes for consumer goods, for business equipment and supplies, and for materials were partially offset by growth in the output of construction supplies and of defense and space equipment. Declines were widespread among consumer goods industries."
- Consumer durables production's 1.8% decline was led by a 2.8% drop in automotive production, while for nondurables it was largely energy-related (-2.1% consumer energy production). Of note, tech investment remains an area of strength, with information processing equipment (+0.9%, after +0.7%) helping offset a pullback in overall business equipment investment (-0.3%, driven by a 2.2% drop in transit equipment).
- Capacity utilization for manufacturing fell 0.2pp to 75.3%, with bigger falls for mining and utilities leading to an overall "miss" in cap utilization (75.7%, vs 76.3% consensus and 76.1% prior).
- Overall this leaves business equipment and energy industry materials production near its 2019 levels (having dropped sharply during Covid), while durable/nondurable consumer goods and production is stagnant at below 2019 levels. As such the manufacturing expansion looks precariously narrowly focused on tech, but likewise there is little indication of a reversal in overall expansion.
- With ISM and regional Fed manufacturing posting solidly expansionary readings through March, durable /capital goods orders posting continued strength, and equipment investment is set to be the single biggest driver of GDP growth in Q1 (eclipsing private consumption) amid AI/data center expansion as well as new investment tax incentives coming into play, the immediate outlook for US industry is stronger than the IP headline aggregates would seem to imply.

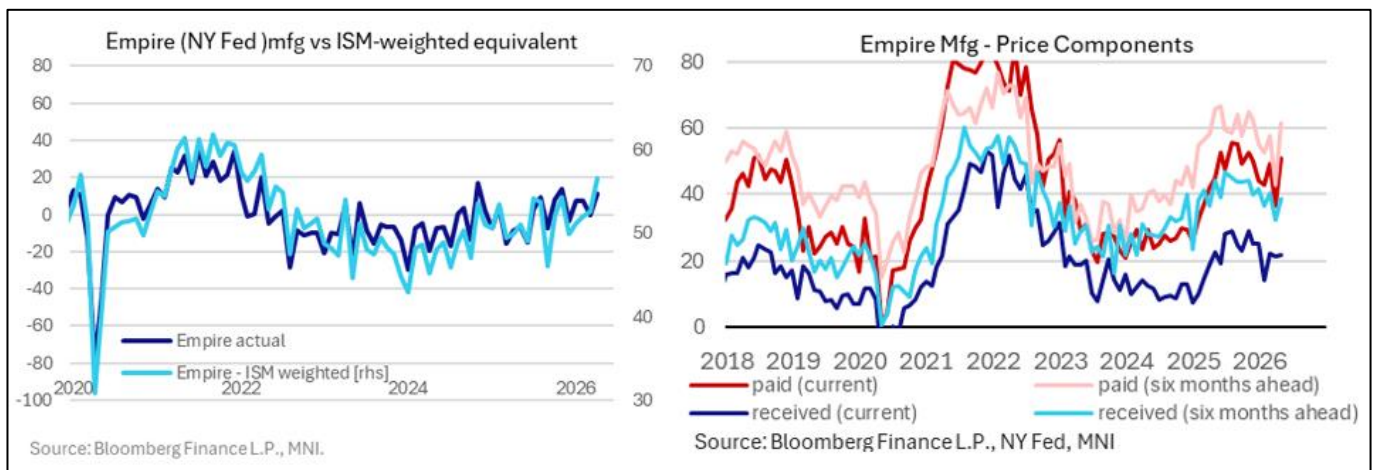


Business Sentiment: Manufacturing Activity Impresses

Empire Manufacturing Jump Translates To Strong ISM

The NY Fed's Empire manufacturing survey showed an impressive jump in the headline General Business Conditions index in April to 11.0 vs a negative reading in March (-0.2) in which it was something of a regional outlier to the downside.

- This was a 5-month high in the index, suggesting a shrugging-off of Iran war-related impact (Survey collected between April 2 and 9, which partly captured the April 7 announcement of a ceasefire).
- The most impressive component of the survey was New Orders which soared to 19.3 from 6.4 for the highest since April 2023. Employment rose to 9.8 from 5.8, a less impressive jump, but reaching the best level since December 2022.
- Shipments improved too while delivery times and inventories were relatively flat, meaning that the overall translation into the national ISM Manufacturing gauge was 56.6, up from 52.6 prior, which was the best since April 2022.
- The most clearly cautionary note from the MidEast war impact came from prices: current prices paid jumped to 51.0 from 36.6 for a 6-month high, with expected 6-month prices paid reaching 61.6 vs 43.1 prior for a 5-month high. Prices received, both current and expected, also ticked higher.

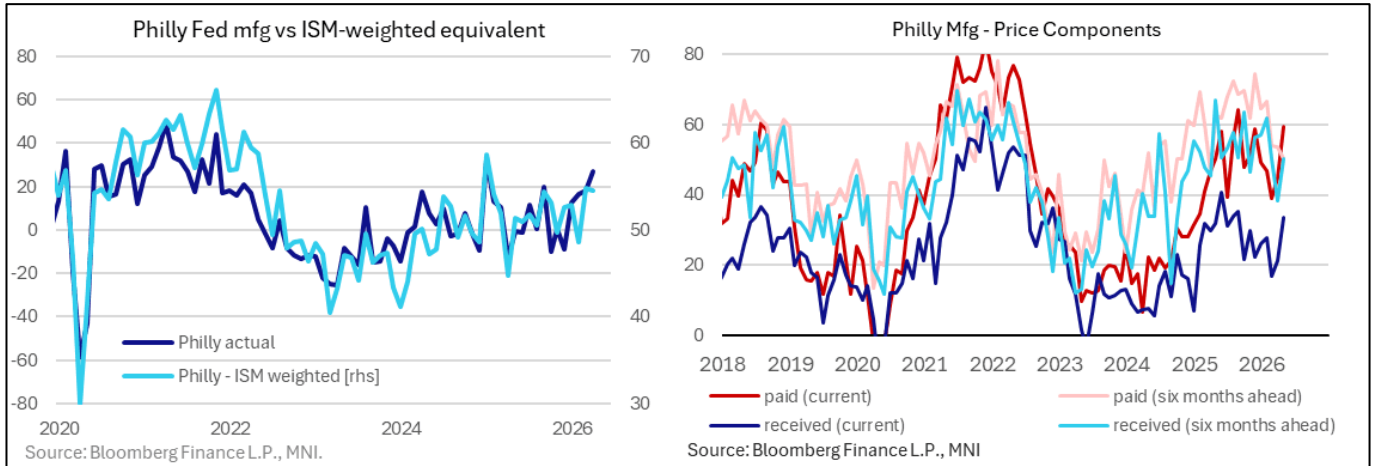


Philly Manufacturing Impresses As Firms See Transitory Price Jump

April's Philadelphia Fed manufacturing survey was much stronger than expected, with the headline index (General Business Conditions 26.7 from 18.1, highest since January 2025 and vs 10.0 consensus) underpinned by solid underlying details. Current price indications soared, but there's a hint firms think the war-induced energy shock will prove temporary.

- Standing out in the survey were a near-12 point jump in Shipments to 34.0, the best since May 2022, and New Orders soaring over 24 points to 33, best since November 2021. 6-month Capex expectations, one of the more closely watched sentiment gauges, jumped to 35.2 from 25.8 for the best since last August.
- The weak spot was Employment which fell to a 10-month low -5.1 (0.8 prior) for a 2nd sub-zero month in 3. And from an ISM translation perspective, there was also a pullback in Delivery Times and Inventories.
- Overall the national ISM-equivalent PMI was 54.5, from 54.8 prior - though the latter had been a 14-month high so activity looks to be holding up at strong levels. Combined with the very strong Empire release this month in the neighboring New York region, and the national manufacturing picture looks very solid in April so far, despite the ongoing conflict in the Middle East.
- On that note though, also like Empire, Philly's current prices gauges soared: current Prices Paid rose to 59.3 from 44.7, with received at 33.5 making a similar jump (21.2 prior). This is suddenly the highest current prices paid since June 2022, up from a 13-month low of 38.9 as recently in February and illustrating the impact of energy prices on manufacturers.

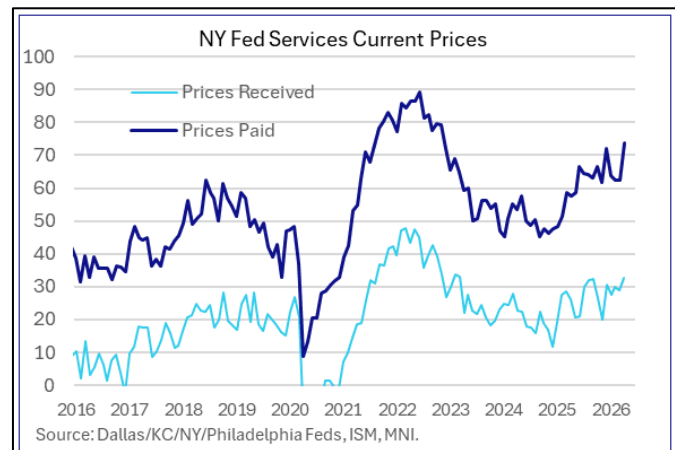
- The survey ran through April 13 so the uptick in activity/sentiment may reflect the Iran-US ceasefire agreement reached earlier this month, but clearly, price pressures are building in a way they haven't since 2022.
- It may be some comfort that manufacturers may see this as transitory: the 6-month expectation for prices paid actually dipped to 50.2 from 53.7 for the lowest since August 2024; however the consumer price implications aren't quite so straightforward as passthrough looks to be elevated with 6-month Prices Received up almost 12 points to 50.2.

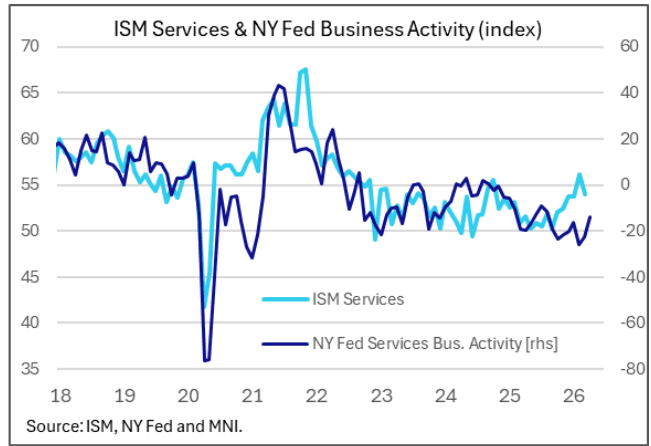
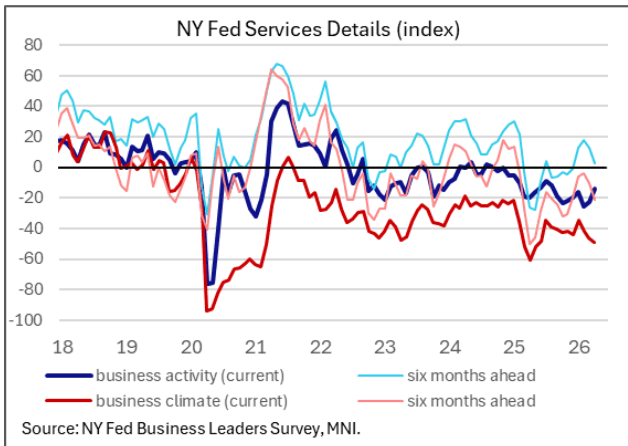


Mixed NY Fed Services Report Shows Spiking Prices, Limited Passthrough

The New York Fed's Business Leaders Survey was mixed in April. It pointed to an improvement in regional services sector activity, with the current General Activity index rising to a 6-month high -14.0 (-20.0 consensus, -22.6 prior). But that still implied a decline in activity, and sentiment was actually a little weaker, with the Business Climate index dipping to -49.3 from -46.2 for an 11-month low.

- And the 6-month outlooks for both indices deteriorated sharply, to the lowest levels since late 2025. The report summarized forward-looking sentiment: "firms expect little change in activity over the next six months. Employment is expected to grow only slightly. Firms' expectations for future price increases remained elevated, and supply availability is expected to worsen considerably. Firms planned only modest increases in capital spending."
- There was an 8th consecutive contraction in employment, while current prices paid jumped 11+ points to 73.8 for the highest since November 2022 as supply availability worsened "significantly" per the report. Prices received ticked up only modestly, suggested limited passthrough, but also reached a post-Nov 2022 high.
- There's probably more signal to be taken from the "hard" current data than the forward-looking sentiment. The results are a reflection of the survey taking place in early April, capturing both the Iran-US war ceasefire announcement but also the month-long spike in energy prices.
- NY-region services sector sentiment is clearly weaker than that of manufacturing, which has remained buoyant per the latest Empire report, and in any case the headline activity index has been underperforming the improvement in the national ISM for the last several months.

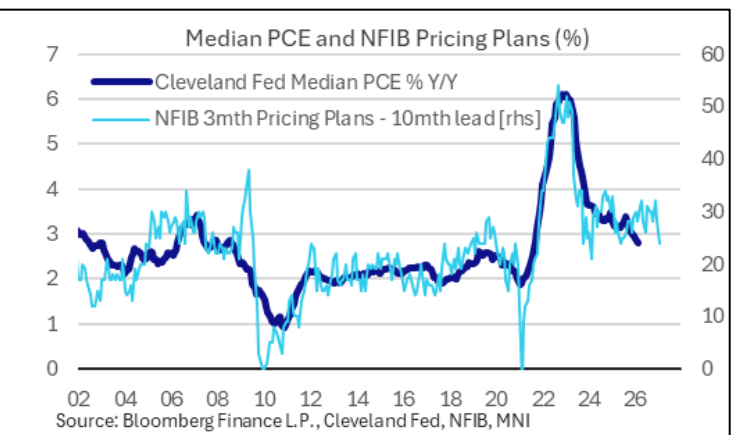
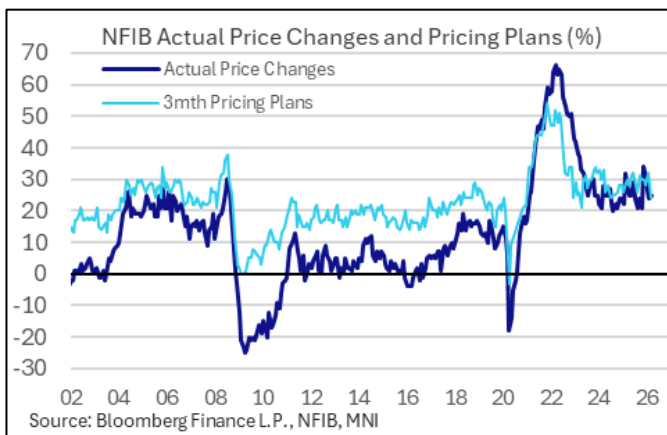
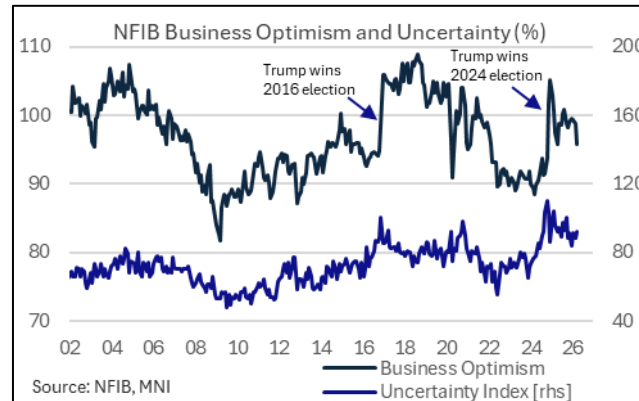




NFIB Price Plans Slip To One Of Softest Since Pandemic

NFIB small business optimism softened in March to its joint lowest under the second Trump administration whilst price setting expectations saw a notable cooling considering a backdrop of sharply higher energy prices.

- The optimism index fell more than expected in March to 95.8 (cons 97.9) after 98.8 in February to match the 95.8 in Apr 2025 after broad tariff announcements.
- The uncertainty index rose 4pts to 92 for its highest since Sep 2025 but it remains some way off the high of 110 in Oct 2024 ahead of the presidential election.
- The most notable aspect of the report to us though is the further decline in price plans for the next three months, with the second 4pt drop to a net 24% expecting increases.
- It leaves a joint low with Jul 2024 for the lowest since Apr 2023. It's a sizeable rolling over having recently peaked at 32% in Jan to match the 32% in Jun 2025 - findings that interestingly match the two strongest months in our calculation of median core goods inflation.
- It also sees a shift closer to historical averages with 21-22% averaged in 2017-19 pre-pandemic.
- Separately, the net share reporting price increases compared to three months ago ticked up 1pt to 25% after a cumulative 10pt decline over three months chipped away at a huge 13pt jump to 34% in Nov (highest since Mar 2023).
- The breadth of these actual price changes remain wider than the 11-12% seen pre-pandemic.

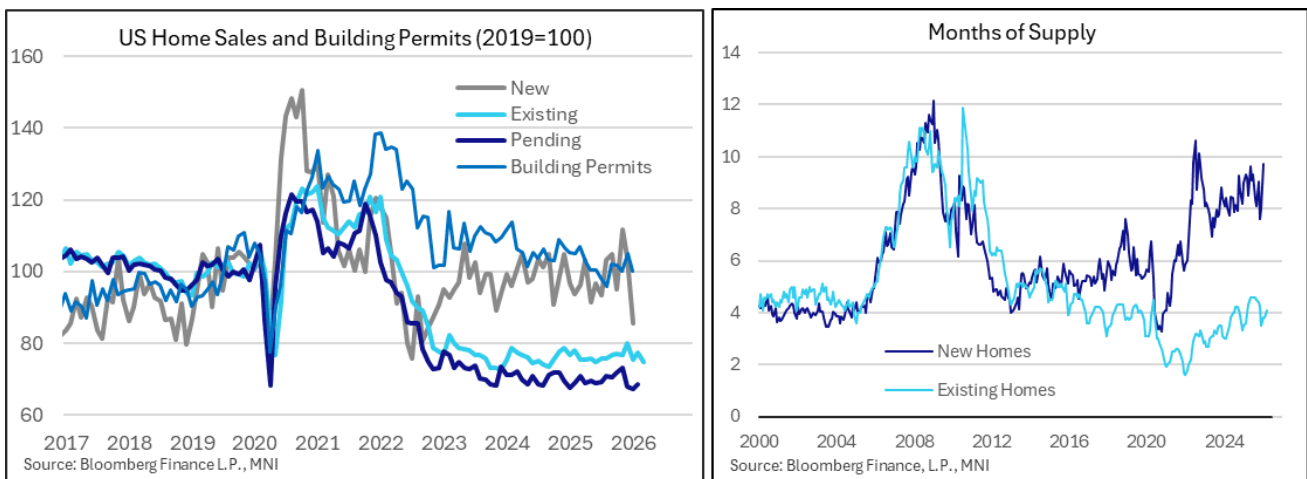


Housing: Little Relief In Sight

Little Relief In Sight For Soft Home Sales

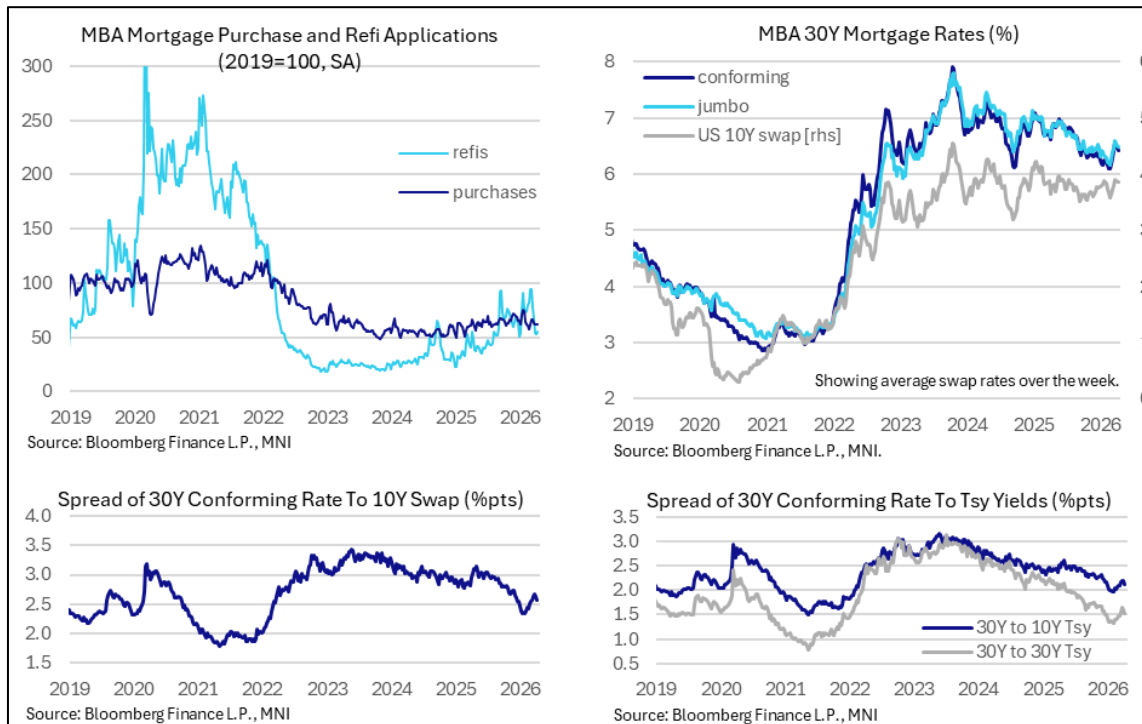
Existing home sales fell sharply in March, from 4.13M to 3.98M, marking the joint-lowest since September 2024 and below the expected 4.05M.

- Current sales represent the equivalent of 4.1 months of supply, the highest ratio since November, suggesting loosening supply conditions. There was a decline in sales in each of the four US regions, though median sales prices (NSA) were up 1.4%.
- The pullback shouldn't be a major surprise, given the sharp drop in pending home sales (leading indicator of existing sales) in both December and January to the lowest level in series history (going back to at least 2001) before a modest bounce in February.
- And likewise it shouldn't be a surprise that rising mortgage rates and rising uncertainty given the war in the Middle East and its impact on inflation. The NAR's Chief Economist Lawrence Yun noted "Lower consumer confidence and softer job growth continue to hold back buyers."
- It was a weak housing market going into the conflict, including plummeting new home sales in January (we don't get Feb/Mar data until early May) and it would be surprising if there was anything resembling a near-term recovery in the coming months given multiple headwinds.



New Purchase Mortgage Applications Fade Second Weekly Drop In Rates

- MBA composite applications ticked up 1.8% (sa) last week after four consecutive declines, three of which were in excess of 10% weekly drops.
- It was driven by refis after particularly heavy declines (+5% after -44% over four weeks) although new purchase applications showed caution as they fell -1% after a cumulative -6% over the same four-week period.
- 30Y confirming mortgage rates fell 9bps to 6.42%, chipping away at some large increases through March under the US-Israel-Iran war.
- To put latest levels in context, 30Y mortgage rates were at 6.09% in late February (lows since Sep 2022) before peaking at 6.57% across the last week of March.
- A renewing tightening in mortgage spreads helped this week although there is still a lingering wedge above multi-year lows in Jan/Feb. Specifically, the spread of average 30Y rates over average 10Y Tsy yields fell 6.6bps to 212bp (cycle low of 197bps in early Feb) whilst the spread to the average 10Y swap rate fell 7.2bps to 256.5bp (cycle low of 233bp in Jan).



Fed Personnel

- **Warsh hearing set for Tuesday but Tillis still set to block it and Senate Democrats want delay**
- **Trump threatens to fire Powell if he doesn't leave**

Warsh Hearing Should Be Delayed, All Banking Panel Democrats Say (Apr 16)

The nomination hearing for Kevin Warsh to become the next Fed chair should be delayed until the probes of Jerome Powell and Lisa Cook are closed, the Democrats on the Senate banking panel say in a letter to the chair of the committee. More from Bloomberg, [here](#).

Trump Returns To Threats To Fire Powell, This Time If He Stays On (Apr 15)

"TRUMP ON FED'S POWELL: IF HE DOESN'T LEAVE, I HAVE TO FIRE HIM" - Reuters

**TRUMP: NOT PLANNING TO DROP PROBE ON POWELL" - bbg

- A reminder that Powell at the March FOMC press conference indicated he has no indication of leaving the Board until the DOJ probe is "well and truly over": "So if my successor is not confirmed by the end of my term as Chair, I would serve as Chair pro tem until he is confirmed. That is what the law calls for, that's what we've done on several occasions-including involving me-and that's what we're going to do in this situation. And while I'm at it, on the question whether I will leave while the investigation is ongoing: I have no intention of leaving the Board until the investigation is well and truly over, with transparency and finality, and I would refer you to the statement that was in the Fed's brief that you all have seen."
- It follows Senate Banking Committee chairman Scott telling Fox Business on Tuesday (as cited by Bloomberg) that Senator Tillis will support Fed Chair nominee Warsh's confirmation, with the hearing due to take place next week, only for CNN reporting Tillis as saying he still plans to block the nomination. Part of Scott's rationale appears to be that he is confident that the DoJ investigation will be concluded soon.
- Warsh's confirmation hearing has been set for Tuesday Apr 21 at 1000ET.

Fedspeak: Williams Warns On Guidance In Current Climate, Beige Book Holds Up Well

- Williams continued to describe monetary policy as well positioned in a speech, with a reluctance to provide further guidance given day-to-day uncertainty but ultimately still expecting rate cuts at some point.
- Outright dove Miran sees three or four cuts this year vs four cuts prior.
- Waller still appears to see a path to rate cuts later this year to support the labor market, but cautions that the impact of the war in the Middle East could mean holding rates for longer.
- The Beige Book's portrayal of the economy in the first edition of the Middle East conflict was not substantially different, and arguably even more robust, with more districts on net reporting slight/modest growth and gains in employment, with very little change in inflation reporting.

Miran Hints At Further Trimming Of Rate Cut Calls For 2026 On Near-Term War Impact (Apr 16)

Governor Miran (voter, dove) appears to have trimmed his rate cut views a little further, now being open to three cuts for the year vs four previously. "If I were writing down a dot today, I might have three. I might have four. I haven't made up my mind." He previously pencilled in 150bp of cuts for 2026 with the Dec SEP before 100bp in Mar SEP. He had stuck to ~100bps of cuts when speaking Mar 30, although that was over "a" year: "I think that we could be about a point easier, gradually done over the course of a year"

- He expects 12-month PCE inflation to be running at around 2% in the middle of next year. "I don't have a reason for thinking that the energy events - the war - has changed the modal outlook for inflation relative to where it was before the war,"
- "If the energy crisis remains, stays in place for a long period of time, or gets worse, it raises the distribution of risks further out. It still hasn't, in my mind, raised the modal outcome 12 to 18 months from now, but it's raised risks that it raises the modal inflation forecast for 12 to 18 months from now."
- **"*MIRAN: NEUTRAL POLICY RATE ABOUT 0.5% IN REAL TERMS" - bbg**

Similar rhetoric having as recently as Mar 6 estimated the nominal neutral rate was probably around 2.5-2.75% and advocated cutting to neutral to then re-evaluate.

Monetary Policy Still Well Positioned, Now's Not The Time For Forward Guidance – Williams (Apr 16)

NY Fed's Williams (voter, leaning dove) has continued to describe monetary policy as well positioned in a speech ([link](#)). The ongoing uncertainty stemming from the Middle East conflict sees a reluctance to provide further guidance from a permanent voting member who pre-war saw further rate cuts as warranted, something he still expects conditional on inflation returning to the 2% target to prevent a rise in real rates.

- "This is an unusual set of circumstances, but the current stance of monetary policy is well positioned to balance the risks to our maximum employment and price stability goals,"
- Higher tariffs have contributed between 0.5-0.75pps to PCE inflation, at 2.8% in February ahead of the war, and should begin to wane over the next few quarters.
- If the conflict ceases and energy supply disruptions ease "reasonably soon," energy prices should come down, and the higher energy prices seen in March and April should partially reverse later this year.
- If not, the war could result in a large supply shock with pronounced effects that simultaneously raises inflation through a surge in intermediate costs and commodity prices and dampens economic activity, Williams said, noting increasing supply disruptions related to energy and related goods.
- "This has begun to play out already. While the data have not pointed to significant broad-based supply-chain bottlenecks yet, we are seeing increasing disruptions related to the supply of energy and related goods. Not only are elevated energy prices showing up in the rising cost of fuel, but there are also pass-through costs in the form of higher fares, groceries, fertilizer, and other consumer products."
- However: "There are still no signs of significant second-round effects from tariffs spilling over to the rest of the economy. Underlying inflation excluding imported goods has been moving in the right direction."

- Mixed labor market: "It's a reasonably good labor market if you have steady employment. But in a low-hire, low-fire labor market, it's not so good if you are looking for a job or worried you may need one soon." Following in Q&A, he adds that he doesn't think AI is the cause of a weaker US labor market last year.

In media Q&A after the event, he added: "Given all the different things that keep changing day to day, week to week, it doesn't make sense for us to try to be giving strong forward guidance." Still, once inflation begins to ease there will be room for rate cuts to ensure policy remains only modestly restrictive. "As inflation comes back to 2%, we need to bring down nominal interest rates so the real interest rates don't rise kind of mechanically," he said.

Gov Waller: If MidEast Crisis Persists, May Have To Hold Rates Longer (Apr 17)

Gov Waller's speech published Friday ahead of the pre-FOMC meeting blackout period ([text](#)) is titled "One Transitory Shock After Another", and cautions that what appears to be a transitory inflation shock amid the conflict in the Middle East could turn out to be more lasting.

- He sounds like he could still support rate cuts later this year (he's one of the 3 or 4 biggest doves on the Committee in this respect) and it should be noted that his remarks were likely prepared before Friday's revelations that a more lasting US-Iran peace could be reached in short order. But his prescribed monetary policy response to the crisis "depends on how the conflict evolves and its effect on the economy, both highly uncertain. These will have a major influence on the path of policy." And this may include holding rates for longer, having previously said that he decided not to support a March rate cut due to inflation concerns stemming from the Iran-US war.
- Even in a favorable scenario in the war (perhaps not unlike the one that may now be unfolding) in which "the Strait of Hormuz opens and trade flows return somewhat to normal, then I can look through the effect of recent higher energy prices on inflation because I know it will unwind, and my focus will be on how the labor market evolves in the current no-hire, no-fire environment. Here, abstracting from the effects of tariffs and energy, I see a forecast in which underlying inflation would continue to move toward 2 percent, leaving me cautious about rate cuts now and more inclined toward cuts to support the labor market later this year when the outlook is more steady."
- He also considers a more adverse scenario in which inflation : "But the longer energy prices remain elevated and the Strait is constrained, the greater the chances that higher inflation gets embedded across a wide variety of goods and services, various supply chain effects start to emerge, and real activity and employment start to slow. I will be particularly attentive to indications that this latest price shock, on top of the effects from tariffs, has moved up inflation expectations. A slower economy would restrain demand for goods and services, and perhaps soften the increase in prices, but I expect higher inflation than in the first scenario and that it would be elevated for some time. In this case, I also believe we would have a weaker labor market. High inflation and a weak labor market would be very complicated for a policymaker."
- And "If I face this situation, I'll have to balance the risks to the two sides of the Fed's dual mandate to determine the appropriate path of policy, and that may mean maintaining the policy rate at the current target range if the risks to inflation outweigh those to the labor market."
- He cites inflation expectations as key to ascertaining the dangers of higher sustained inflation, particularly given a series of shocks this decade that threatened to push expectations higher: "While intellectually it makes sense to look through each shock, with a sequence of shocks, policymakers need to be more vigilant. This is because if the shocks hit one after another, they will keep inflation elevated for quite some time. The standard "look through" can become problematic if businesses and households start to believe inflation is persistently high and it affects their price- and wage-setting behavior."

Daly Sees Policy In A Good Place, Only A Bit Of Consumer Softening (Apr 17)

SF Fed's Daly ('27 voter) sees monetary policy in a good place with previously expected cuts not suitable right now. She details a range of scenarios with a) rates on hold through the year that leave good restraint on inflation, b) hikes if inflation really takes off or c) a return to mild cuts.

- "I came in thinking before the oil price shock, I thought, well, okay, we can continue to adjust the rate down to neutral. So that would be 1 or 2 cuts as the economy's fundamentals continue and inflation continues to come down. At this point, we've got oil prices up and inflation is printing higher. And what I'm looking for is does that spill into other goods and services. It hasn't yet. But I think right now policy is in a very good place. Slightly restrictive, not constraining the economy so much that the labor market is faltering, not letting go of the reins completely so that inflation has no bridle. And that's a good place to be. So being in a wait and see the data mode and wait and see how the conflict resolves is a really nice place to be.
- The scenarios are we could leave that completely like it is this year. And that would be a good restraint on inflation. But not so restrictive to hurt the labor market. We could find ourselves if inflation really took off. Not my modal outlook, but if it did then we'd have to adjust the policy up. If we found that the labor market was faltering or that this conflict ended quickly and the inflation started to come back down, we could adjust like we had think it was one cut that was penciled in March []. That's about where I was in March. At this point. I think I wouldn't be surprised if the market pricing is for zero cuts this year, and that's really taking on board the fact that the oil price shock persists, at least for the end of the year."

Daly color on growth risks, watching consumers with just a little bit of softening so far but most businesses optimistic:

- "Typically you would think of an oil price shock having both inflation and growth effects. But we're not that energy dependent in the United States. And so it's probably less on a growth effect and probably more on the inflation effect, because consumers are already paying higher prices at the pump. The piece that I worry the most about in this is that consumers are already facing a lot of things. They're vulnerable, persistently high oil prices chip away at their disposable income. And that means that at some point they'll have to give up on other goods and services. And that means that you get into this dynamic of a slowing economy, slowing demand. So those are the things we're watching. I haven't seen those things form yet. You just see a little bit of indication. But consumers are still out there. And most businesses we talk to, we just had a variety of meetings this week. Think this is going to be done quickly. And they're optimistic about the second half of the year. We'll see."

Beige Book: Growth Resilient Amid Breakout Of War (1/3)

The Fed's April Beige Book makes heavy mention of the conflict in the Middle East, which broke out after the response for the prior edition (February's) were compiled. That said, the portrayal of the economy in this edition was not substantially different, and arguably even more robust, with more districts on net (8 vs 7) reporting slight/modest growth and gains in employment (4 vs 3; and just 1 seeing declines vs 3 prior), with very little change in inflation reporting (9 vs 8 describing "moderate" price pressures). Our summary of the main sections is below.

- Economic activity was described as follows: "The conflict in the Middle East was cited as a major source of uncertainty that complicated decision-making around hiring, pricing, and capital investment, with many firms adopting a wait-and-see posture....On balance, consumer spending increased slightly despite harsh winter weather in some regions and higher fuel prices. Many Districts continued to report signs of consumer financial strain, increased price sensitivity, and rising demand at food banks and other social service organizations, while spending among higher-income consumers was resilient.
- On a sector-by-sector basis: "Manufacturing activity rose slightly to moderately in most Districts. Banking sector activity was generally steady with loan demand stable to up moderately.... Housing market activity softened across several Districts as heightened uncertainty and rising mortgage rates dampened buyer demand. Commercial real estate markets improved, with strength in industrial properties, especially data center projects. Office markets saw solid demand for Class A space but weaker demand for lower-tier properties. Energy activity was up slightly as oil prices rose, though many producers remained cautious about increasing drilling due to uncertainty about the persistence of higher prices. Agricultural activity was mixed, and several Districts reported that rising crop prices helped offset steep price increases of fertilizer and fuel. Business outlooks varied amid widespread uncertainty about future conditions."

District-By-District Descriptions of Current Conditions - Apr 2026 Beige Book (Apr 15, 2026)

	Econ Act	Previous Report	Employment	Previous Report	Inflation (Selling Prices)	Previous Report
Boston	Declined slightly	Flat	Stable on balance	Down slightly	Increased moderately	Rose modestly
NY	Continued to decline modestly	Continued to decline modestly	Steady	Flat	Remained moderate	Remained moderate
Phil	Grew slightly	Grew modestly	Declined slightly	Increased modestly	Rose moderately	Moderate increases
Cle	Increased modestly	Increased modestly	Increased slightly	Flat	Remained robust, intensifying further	Remained robust
Richmond	Grew at a modest rate	Grew at a modest rate	Increased slightly	Increased slightly	Grew moderately	Grew moderately
Atl	Grew modestly	Grew at a modest to moderate pace	Flat	Flat to slightly down	Rose modestly	Flat to slightly up
Chicago	Increased slightly	Rose slightly	Unchanged	Flat	Rose moderately	Rose moderately
Stl	Unchanged	Unchanged	Unchanged	Unchanged	Increased moderately	Increased moderately
Minn	Increased slightly	Down slightly	Rose slightly	Down slightly	Increased modestly	Increased modestly
KC	Grew slightly	Increased slightly	Little to no change	Unchanged	Increased modestly	Increased slightly
Dallas	Rose slightly	Expanded moderately	Edged up	Grew slightly	Remained moderate	Modest-to-robust
San Fran	Largely stable	Slowed slightly	Generally stable	Stable on net	Remained moderate	Rose moderately

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

Beige Book: Input Price Pressures Increasingly Acute (2/3)

Inflation pressures didn't appear to be much worse in the April Beige Book than in the prior edition, but it was clear that while overall price rises weren't particularly onerous, there was increasingly intense pressure across some sectors. Margins compressed, and tariffs continued to be a consideration. Overall, 9 districts characterized price increases as moderate/robust (was 8 in the prior Beige Book), with 3 seeing increases as modest (was 4 prior).

- The report describes price growth as having "remained moderate overall, with the vast majority of Districts reporting moderate increases and others pointing to modest growth. Generally, input cost increases outpaced selling price growth, compressing margins. Energy and fuel costs rose sharply in all Districts, attributed to the Middle East conflict, leading to higher freight and shipping costs and higher prices for plastics, fertilizers, and other petroleum-based products. Input cost pressures beyond energy-related increases were also widespread. Several Districts reported rising prices for metals due to tariffs, such as steel, copper, and aluminum. Technology costs rose for both hardware and software. Insurance premiums and health care costs continued to climb."

Inflation - Nature of reported price increases plus passthrough & tariff considerations:

	Distribution of price increases		Passthrough	Tariffs
	Moderate	Modest		
Nov 26, 2025	Seven characterized as moderate, none as robust	Four characterized as modest	"The extent of passthrough of higher input costs to customers varied, and depended upon demand, competitive pressures, price sensitivity of consumers, and pushback from clients."	"There were multiple reports of margin compression or firms facing financial strain stemming from tariffs. Prices declined for certain materials, which firms attributed to sluggish demand, deferred tariff implementation, or reduced tariff rates."
Jan 14, 2026	Eight characterized as moderate, none as robust	Four characterized as modest/slight	"Several contacts that initially absorbed tariff-related costs were beginning to pass them on to customers as pre-tariff inventories became depleted or as pressures to preserve margins grew more acute. But contacts in a few industries—like retail and restaurants—were reluctant to pass costs along to price-sensitive customers."	"Cost pressures due to tariffs were a consistent theme across all Districts."
Mar 4 2026	Six characterized as moderate, one robust, one "modest-to-robust"	Four characterized as modest/slight	"Some firms continued to pass tariff-related cost increases through to their customers, and others began to do so after having absorbed previous increases. Still, most Districts received reports of some firms holding selling prices stable despite higher costs because their customers were increasingly price sensitive. "	"Nine Districts mentioned that tariffs contributed to increased costs."
Apr 15 2026	Eight characterized as moderate, one robust	Three characterized as modest	"Generally, input cost increases outpaced selling price growth, compressing margins."	"Several Districts reported rising prices for metals due to tariffs, such as steel, copper, and aluminum."

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

Beige Book: Best Labor Report For Several Months (3/3)

April's was the strongest Beige Book since July 2025 in terms of the breadth of regional headcount gains. 4 districts saw slightly higher employment levels, marking a sequential rise from 1 in November, 2 in January, and 3 in February. See summary table below.

- This was of course indicative more of stability rather than a vastly improving labor market (and "overall wage competition remained muted", in line with the "low hiring, low firing" theme), but we highlight that just 1 district saw a decline in headcount - the fewest since March 2025.
- From the national report: "Most Districts described labor demand as stable, with low turnover, minimal layoffs, and hiring mostly for replacement. Several Districts noted increased demand for temporary or contract workers, as firms remained cautious about committing to permanent hires. Many Districts reported that labor availability had improved, although difficulty finding some skilled workers, especially in the skilled trades, persisted. While most Districts indicated that AI had not yet significantly impacted overall staffing levels, some noted that AI-driven productivity improvements had enabled many firms to delay or reduce hiring. Wages generally continued to rise at a modest to moderate pace. Some Districts noted continued wage pressures for some roles in health care and the skilled trades, though overall wage competition remained muted."

Labor market - The distribution of Districts reporting increases, no change or decreases in headcount:

	Increase	No Change	Decrease
Sep 4, 2024	5 (slight or modest)	Generally flat or up slightly	
Oct 23, 2024	More than half reported slight or modest	The remainder reported little or no change	
Dec 4, 2024	Employment levels were flat or up only slightly across Districts		
Jan 15, 2025	6 (slight)	6	
Mar 5, 2025	4 (slight)	7	1 (slight)
Apr 23, 2025	1 (modest), 4 (slight)	4	3 (slight)
Jun 4, 2025	1 (modest), 2 (slight)	7	2 (slight)
Jul 16, 2025	1 (modest), 6 (slight)	3	2 (slight)
Sep 3, 2025	1 (slight)	7	3 (slight), 1 (modest)
Oct 15, 2025	2 (slight)	7	2 (slight), 1 ("declined")
Nov 26, 2025	1 (slight)	5	5 (slight), 1 ("declined")
Jan 14 2026	1 (modestly), 1 (slight)	7	3 (slight)
Mar 4 2026	1 (modestly), 2 (slight)	6	3 (slight)
Apr 15 2026	4 (slight/edged up)	7	1 (slight)

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

STIR: Dovish Shift As Strait of Hormuz Re-Opens For Remainder Of Ceasfire

De-escalation has again defined the week with Iran on Friday announcing the Strait of Hormuz is now “completely open” for commercial traffic for the remaining period of ceasefire (ending Monday). President Trump responded saying the Strait is fully open and ready for full passage although said the naval blockade will remain in full force as it pertains to Iran. Trump also added that Iran has agreed to suspend its nuclear program indefinitely ahead of talks that will “probably” be held this weekend. There have however been less positive remarks from Iranian sources concerning the continued US blockade and scope for Iran’s enriched uranium to be transferred.

We end the week on a dovish note, with 16bp of Fed cuts priced for 2026 vs 6bp at the end of last week.



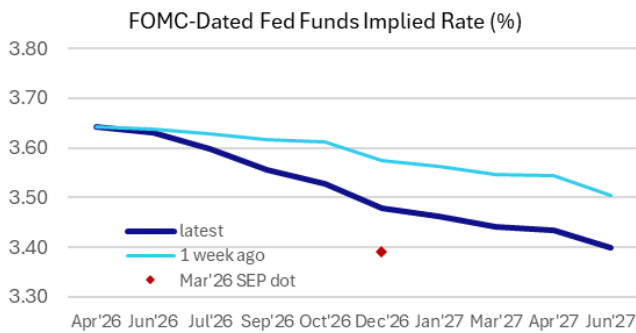
Implied shift in Dec 2026 Fed Funds effective rate from current level. Source: Bloomberg Finance L.P.

FOMC-dated Fed Funds futures implied rates

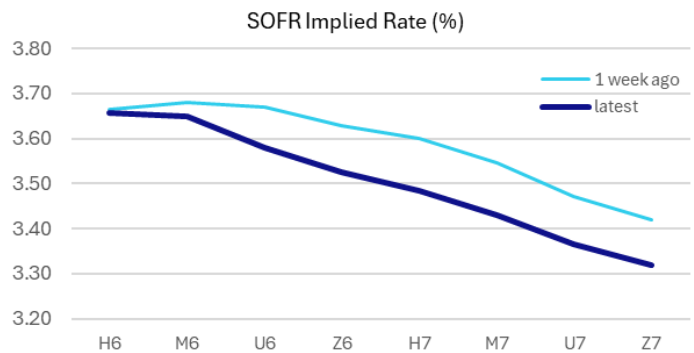
Meeting	Latest			pre CPI (Apr 10)			chgin rate bp	levels from Apr 7 pm pre-ceasefire			chgin rate bp
	%	step (bp)	cum. (bp)	%	step (bp)	cum. (bp)		%	step (bp)	cum. (bp)	
Effective	3.64			3.64				3.64			
Apr'26	3.64	0.2	0.2	3.64	0	0.2	0.0	3.65	1	1	-0.6
Jun'26	3.63	-1.2	-1.0	3.64	0	0.0	-1.0	3.64	-1	0	-0.7
Jul'26	3.60	-3.2	-4.2	3.63	-1	-1.2	-3.0	3.64	0	0	-4.0
Sep'26	3.56	-4.3	-8.5	3.61	-2	-3.3	-5.2	3.64	0	0	-8.5
Oct'26	3.53	-2.8	-11.3	3.60	-1	-4.2	-7.1	3.65	1	1	-12.1
Dec'26	3.48	-4.8	-16.1	3.55	-5	-9.4	-6.7	3.62	-3	-2	-13.8
Jan'27	3.46	-1.6	-17.7	3.53	-2	-11.0	-6.7	3.61	-1	-3	-14.5
Mar'27	3.44	-2.1	-19.8	3.51	-2	-12.8	-7.0	3.61	0	-4	-16.3
Apr'27	3.44	-0.7	-20.5	3.50	-1	-14.0	-6.5	3.60	0	-4	-16.5
Jun'27	3.40	-3.7	-24.2	3.47	-3	-17.2	-7.0	3.56	-4	-8	-16.5

Source: Bloomberg Finance L.P., MNI. Assuming same EFFR-target lower bound spread from latest fix going ahead

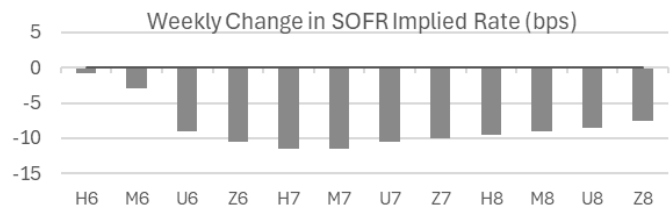
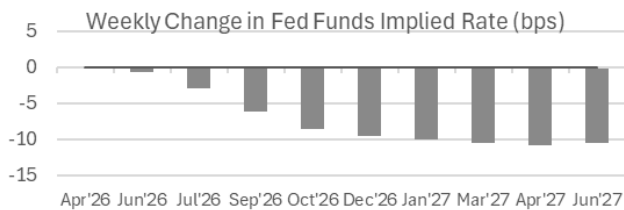
Weekly changes:



Source: Bloomberg Finance L.P., MNI. SEP median dot shows implied effective basis with current spread to lower bound



Source: Bloomberg Finance L.P., MNI.



The US Macro Week Ahead: An Important Tuesday With Retail Sales and Warsh Hearing

It's a mostly quiet data week ahead, clearly headlined by the **March retail sales** report on Tuesday. Consensus currently looks for strong overall sales, owing to the surge in gas prices, but with a much more subdued control group. The final Chicago Fed's advance estimate eyes ex-auto sales rising a strong 1.3% M/M nominal but with volumes slipping -0.7% M/M. That nominal-to-real translation will complicate interpretation for Q1 PCE, which looks to come in above 3% Q/Q SAAR in nominal terms but closer to 1% in volume terms.

Fed Chair nominee **Kevin Warsh's nomination hearing** is also due on Tuesday at 1000ET in front of the Senate Committee on Banking, Housing and Urban Affairs. Having kept a low profile in recent months, his remarks will be closely watched for latest view on rates and the economic outlook especially under recent challenges faced by the Middle East conflict. Beyond more traditional monetary policy matters, he said last year "I think what we need is regime change at the Fed, and that's not just about the Chairman, it's about a range of people...it's about breaking some heads, because the way they've been doing business is not working." He unconventionally has said that the Fed should reduce the size of its balance sheet in order to bring down interest rates, contrary to the conventional wisdom of the impact of QE vs QT.

There have been some delays to the hearing, due to both objections on the committee and putting together financial disclosures with assets worth at least \$100m, which has seen it start to come close to the May 15 end date to Jerome Powell's Chair role. Senate Banking Committee chairman Tim Scott (R-SC) said this week that he believed Senator Thom Tillis (R-NC), who has been a longstanding block to the process, will support nominee Warsh's confirmation as he is confident that the DoJ investigation into Fed renovations will be concluded soon. Tillis has since reiterated he plans to block the nomination whilst the probes are outstanding. All Democrats on the committee have signed a letter arguing for the hearing to be delayed until the probes into both Chair Powell and Governor Cook are closed.

In the event that the committee is unable to send Warsh's nomination to the Senate, Powell gave this update at the March FOMC press conference: "So if my successor is not confirmed by the end of my term as Chair, I would serve as Chair pro tem until he is confirmed. That is what the law calls for, that's what we've done on several occasions- including involving me- and that's what we're going to do in this situation. And while I'm at it, on the question whether I will leave while the investigation is ongoing: I have no intention of leaving the Board until the investigation is well and truly over, with transparency and finality, and I would refer you to the statement that was in the Fed's brief that you all have seen." President Trump has since threatened to fire Powell if he stays on as Governor, with Powell's Governor role running until Jan 31, 2028.

Date	ET	Impact	Event
21 Apr	0815	***	ADP Employment Report
21 Apr	0830	**	Philadelphia Fed Nonmanufacturing Index
21 Apr	0830	***	Retail Sales
21 Apr	0855	**	Redbook Retail Sales Index
21 Apr	1000	**	NAR Pending Home Sales
21 Apr	1000	*	Business Inventories
21 Apr	1000	***	Kevin Warsh Nomination Hearing
21 Apr	1130		Fed Governor Chris Waller [within FOMC blackout]
22 Apr	0700	**	MBA Weekly Applications Index
23 Apr	0830	**	WASDE Weekly Import/Export
23 Apr	0830	***	Jobless Claims
23 Apr	0945	***	S&P Global Flash PMI
24 Apr	1000	***	UMich Surveys of Consumers