Rough Transcript of Powell's Press Conference July 2025

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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. Despite elevated uncertainty, the economy is in a solid position. The unemployment rate remains low, and the labor market is at or near maximum employment.

Inflation has been running somewhat above our 2 percent longer-run objective. In support of our goals, today the Federal Open Market Committee decided to leave our policy interest rate unchanged. We believe that the current stance of monetary policy leaves us well positioned to respond in a timely way to potential economic developments. I will have more to say about monetary policy after briefly reviewing economic developments.

Recent indicators suggest that growth of economic activity has moderated. GDP rose at a 1.2 percent pace in the first half of the year, down from 2.5 percent last year. Although the increase in the second quarter was stronger at 3 percent, focusing on the first half of the year helps smooth through the volatility in the quarterly figures related to the unusual swings in net exports. The moderation in growth largely reflects a slowdown in consumer spending. In contrast, business investment in equipment and intangibles picked up from last year's pace.

Activity in the housing sector remains weak. In the labor market, conditions have remained solid. Payroll job gains averaged 150 thousand per month over the past three months. The unemployment rate, at 4.1 percent, remains low and has stayed in a narrow range over the past year. Wage growth has continued to moderate while still outpacing inflation. Overall, a wide set of indicators suggests that conditions in the labor market are broadly in balance and consistent with maximum employment.

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 and other data indicate that total PCE prices rose 2.5 percent over the 12 months ending in June and that, excluding the volatile food and energy categories, core PCE prices rose 2.7 percent. These readings are little changed from the beginning of the year, although the underlying composition of price changes has shifted: services inflation has continued to ease, while increased tariffs are pushing up prices in some categories of goods. 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-based 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 maintain the target range for the federal funds rate at 4-1/4 to 4-1/2 percent and to continue reducing the size of our balance sheet. We will continue to determine the appropriate stance of monetary policy based on the incoming data, the evolving outlook, and the balance of risks.

Changes to government policies continue to evolve, and their effects on the economy remain uncertain. Higher tariffs have begun to show through more clearly to prices of some goods, but their overall effects on economic activity and inflation remain to be seen. A reasonable base case is that the effects on inflation could be short-lived—reflecting 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 keep longer-term inflation expectations well anchored and to prevent a one-time increase in the price level from becoming an ongoing inflation problem. For the time being, we are well positioned to learn more about the likely course of the economy and the evolving balance of risks before adjusting our policy stance. We see our current policy stance as appropriate to guard against inflation risks. We are also attentive to risks on the employment side of our mandate. In coming months, we will receive a good amount of data that will help inform our assessment of the balance of risks and the appropriate setting of the federal funds rate.

At this meeting, the Committee continued its discussions as part of our five-year review of our monetary policy framework. We focused on potential revisions to our Statement on Longer-Run Goals and Monetary Policy Strategy and are on track to wrap up any modifications by late summer.

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.

REUTERS: There's a lot of lean in the markets and not to mention out of the administration for rate cut now in September. Is that expectation unrealistic at this point?

POWELL: So, as you know, today we decided to leave our policy rate where it's been, which where I would characterize as modestly restrictive. Inflation is running a bit above 2% as I mentioned, even excluding tariff effects. The labor market is solid historically low unemployment, financial conditions are accommodative and the economy is not performing as a restrictive policy we are holding it back inappropriately (as if.

So it seems to me and to almost the whole committee that the economy is not performing as a restrictive policy is holding it back inappropriately and modestly restrictive policy seems appropriate.

All that said, there's also downside risk to at the labor market, in coming months we will receive a good amount of data that will help inform our assessment of the balance of risks and the appropriate setting of the federal funds rate.

REUTERS: By 'coming months,' does that include the possibility, you will be getting essentially two rounds of jobs and inflation data between now and the September meeting. Is that potentially adequate to make a decision to lower rates at that point?

POWELL: You are right, we do have -- this is an intermeeting period where we will get two full rounds of employment and inflation data before the time of the September meeting. We have made no decisions about September. We don't do that in advance. We will be taking that information into consideration and all the other information we get. As we make our decision at the September meeting.

CNBC: You took out the word -- or the notion that uncertainty has diminished from this statement. Does that mean uncertainty has increased? The administration has struck several deals with large trading partners where it seems like we now know what the rate is going to be. Does knowing that rate add to your certainty to change policy or do you need to wait to see the economic effects?

POWELL: So, essentially the statement in our statement about uncertainty reflects what's going on at the last meeting. At the time of the last meeting, uncertainty had been moved down a little bit but it was more or less even this time so we took out had diminished because it didn't diminished further so not much in that.

CNBC: There have been several bills that have been struck and seem to know what the tariff rates are going to be with the large trading partners. Does that not add to the uncertainty or you are waiting for the economic effects to show themselves?

POWELL: You are right, it's been a very dynamic time for these trade negotiations, and lots and lots of events in the intermeeting period. But we are still a ways from seeing where things settle down. We are getting clearly more and more information and I think at this point people's estimates, our estimates, outside estimates of the likely effective level of tariffs is not moving around that much at this point. But at the same time, there are many, many uncertainties left to resolve. So is, yes, we are learning more and more. It doesn't feel like we are very close to the end of that process. And that's not for us to judge, but it feels like there's much more to come as well, looking ahead.

AXIOS: This morning we got a GDP report in which final domestic private purchases decelerated slowest pace since '22, a weakness in the interest sensitive sectors in residential investment, commercial structures. Are those not signs that monetary policy is too restrictive right now given current economic conditions?

POWELL: The GDP and PDFP numbers came in pretty much right where we expected them to come in. You got to look at the whole picture. So, certainly as I mentioned in my opening remarks, economic activity data, GDP, Private Domestic Final Purchases which we think is a narrower but better signal for future, for where the economy is going, has come down to a little better than 1%, 1.2%, I think, in the case of GDP for the first half. Whereas it was 2 1/2 last year. So that has certainly come down.

But if you look at the labor market, what you see is by many, many statistics, the labor market is kind of still in balance. It's things like quits, you know, job openings, and let alone the unemployment rate, they are all very, by many, measures, very similar to the way they were a year ago. So you do not see weakening in the labor market.

You do see a slowing in job creation but also a slowing in the supply of workers. So, you have got labor market that's in balance, albeit partially because both demand and supply for workers is coming down at the same pace and that's why the unemployment rate has remained roughly stable, which is why I said we do see downside risk in the labor market. Our two mandate variables, right, are inflation and maximum unemployment. Stable prices and maximum employment, not so much growth. So the labor market looks solid, inflation is above target, and even if you look through the tariff effects, we think it's still a bit above target. And that's why our stance is where it is.

But as I mentioned, you know, downside risks to the labor market are certainly apparent.

AXIOS: On labor, given the fluid labor supply situation is there a number for this jobs report we get on Friday that would look to you like equilibrium job growth?

POWELL: The main one is the unemployment job rate. It's true that the demand for workers in the form of, let's say payroll jobs, that number has come down but so as the breakeven number in tandem. As long as -- that puts the labor market in balance. The fact that it's getting into balance due to declines in both -- in supply and demand, though, I think does -- it is suggestive of downside risk so we, of course, will be watching that carefully.

NEW YORK TIMES: Two of your colleagues called for a quarter point cut today and I'm wondering what impacts of their argument were most compelling to you and how you are weighing your views against those on the committee who as of the June forecast were in the camp of the Fed holding interest rates steady for the remainder of the year.

And just in terms of the June SEP in particular, is that still the best representation of where the core of the committee is?

POWELL: So, on the dissents, what you want from everybody and also from a dissenter is a clear explanation of what your thinking is and what the arguments you are making. We had that today. Basically this was a good meeting around the table where people thought carefully about this and put their positions out there.

As I mentioned, you know, the majority of the Committee was of the view that inflation is a bit above target, maximum employment is at target. That calls for modestly restrictive, in my way of thinking, modestly restrictive stance right now. We had two dissenters, and we want that expression of your thinking. We certainly had that today around the table.

You ask about the June SEP. You know, I wouldn't -- you are right, that's what it says and that may well -- I couldn't point to it six weeks later as expressing people's thought. You can't do that. We don't run an SEP and I don't like to substitute in my own estimate of what the SEP might be. We don't have. I will say we haven't made decisions about monitoring all of the incoming data and asking ourselves whether the federal funds raised in the right place.

NEW YORK TIMES: On the policy being modestly restrictive, does that mean there's not much scope to reduce rates once the conditions for a cut are met barring a significant weakening of the labor market?

POWELL: Let me say my own estimate is modestly restrictive and there are a range of views of what the neutral rate is at this moment for our economy and others may say it's more restrictive or less restrictive even. At some point when we return to moving toward a more neutral stance, we will be making that judgment as we go. We don't have a preset course. It's not so mechanical as saying we have derived with great confidence the neutral rate and that is our destination. Nobody knows what the neutral way is. We know it works. How the economy will react over time to slightly looser policy.

WALL STREET JOURNAL: What have you learned over the last few months about the inflation generating and price pass-through process and to drill down the June CPI report showed evidence of tariff induced goods inflation. The tariff landscape is only starting to be settled with some of the more recent deals. Given the lags between when tariffs are announced and when they show up in goods prices is two months a long enough horizon to evaluate the impact and be confident that tariffs aren't impacting the broader inflation process?

POWELL: I think you have to think of this as still quite early days, and so I think what we are seeing now is substantial amounts of tariff revenue being collected on the order of 30 billion a month, which is, you know, substantially higher than before. And the evidence seems to be mostly not paid -- paid only to a small extent through exporters lowering their price and companies or retailers, sort of, people who are upstream, institutions that are upstream from the consumer are paying most of this for now. Consumers, it's starting to show up in consumer prices, as you know, in the June report, we expect to see more of that. And we know from surveys that companies feel that they have every intention of putting this through to the consumer. But, you know, the truth is, they may not be able to in many cases.

We are going to have to watch and learn empirically how much of this and over what period of time. I think we have learned that the process will probably be slower than expected at the beginning. But we never expected it to be fast. And we think we have a long way to go to really understand exactly how we will be. So, that's how we are thinking of it right now.

WALL STREET JOURNAL: Is the reticence to look through core good inflation being driven by the judgment that during the pandemic expectations proved more adaptive than anyone at the Fed expected, is it being driven by uncertainty over how restrictive policy is?

POWELL: You could argue we are a bit looking through goods inflation by not raising rates. We haven't reacted to new inflation. But, I mean, I wouldn't insist upon that. But I don't think -- I think the base case, I said -- as I said, a reasonable base case is that these are one-time price effects. Of course, in the end, there will not be, this is not turn out to be inflation because we will make sure that it's not. We will through our tools make sure this does not move from being a one-time price increase to serious inflation.

We want to do that efficiently, though, efficiently, and that means we want to do it, if you move too soon, you wind up maybe not getting inflation all the way fixed and you have to come back. That's inefficient. If you move too late you might do unnecessary damage to the labor market.

So, there won't be in the end a big inflationary problem. What we are trying to do is accomplish that in a way that is efficient. But in the end, there should be no doubt that we will do what we need to do to keep inflation under control. Ideally we do it efficiently.

BLOOMBERG: The One Big Bill, leaving aside the adjectives, do you expect to add stimulus to the economy in 2026 and would that be an argument for remaining on hold or cutting back on the number of rate cuts you would expect for next year?

POWELL: Of course let me just ritual disclaimer we don't express any judgments on fiscal legislation. When you say the biggest part of the bill was making permanent existing law on taxes, I don't think we see it as particularly system tiff. There should be some system lay tiff effect but shouldn't be significant for the next couple of years.

BLOOMBERG: To follow up, don't want to put this in terms of you and the president. Let me ask it this way. Do you have concerns about the cost of keeping rates elevated for longer in terms of interest rate charges?

POWELL: We have a mandate and that's maximum employment and price stability. And it is not something we do to consider the cost to the government of our rate changes. We have to be able to look at the goal variables congress has given us, use the tools they have given us to achieve those goals. And that's what we do.

We don't consider the fiscal needs of the federal government. No advanced economy Central Bank does that and it wouldn't be good for if we did do that, it would be good neither for our credibility, nor for the credibility of U.S. fiscal policy. So, it's just not something we take into consideration.

POLITICO: When it comes to the renovations of the Federal Reserve's headquarters that the administration has been looking into, do you see their interest in that issue as being directly tied to the president's push to get you to lower interest rates?

POWELL: Not for me to say. I will say we had a nice visit with the president, it was an honor to host him. It's not something that happens very often at the Federal Reserve to have the president come over, let alone to visit a building. But it was a good visit.

POLITICO: Are there any aspects of the project that they have raised that you see as making you reconsider any aspects of the project?

POWELL: This project was hatched and conceived almost a decade ago now and we went through the very long process of clearing it through historical preservation at the national

Capitol planning commission and a lot of back and forth. It was very constructive. We started out to do the work and we are very well along on that work. And I was quite pleased to have the president say multiple times that what he really wanted to see was us getting this construction completed as soon as possible. That is our focus. And that's what we are going to do.

WASHINGTON POST: What message do you take from the fact that inflation hit 2.1% last September and has bounced higher since, why do you think financial conditions are restrictive and neutral rates below 4% when inflation has stopped falling for almost a year?

POWELL: Inflation, when you talk about these 12-month inflation measures you're always battling residual seasonality. We will have, for example, two months of high inflation, sometimes early in the year and then inflation turns lower and a lot of that may be in artifact. That's why we look at the 12 month numbers.

I think inflation is most of the way back to 2%. There are things like the catch-up inflation, so, for example, all the insurance costs that are now, they are only now going through inflation but they actually reflect inflationary pressures from two, three years ago. So, that's got to go through.

In addition, now we have three or four tenths of inflation in core inflation from tariffs. So, and we can't really separate that out. We are not going to have a separate kind of inflation that is at the tariffs. We are always going to be dealing with the whole, all of inflation. But the composition as I mentioned has really changed. And, you know, if you go back to the last couple of years, it was all about services inflation, which was being very sticky. Now services inflation is coming down nicely. Goods inflation was well behaved before. And now goods inflation is going up. So, the story has really changed. That's partially because of tariffs. It's also partially because we have restrictive policy in place and we have seen that -- the result of that gradually work its way through the services economy.

WASHINGTON POST: Are you comfortable that the BLS can continue performing their mission effectively if they take an 8% reduction in headcount and authorize spending as the administration has proposed.

POWELL: I'm not going to comment on the administration's proposal. As I have said, I think we are getting the data that we need to do our jobs, and I think it's really important that good data helps, not just the Fed, it helps the government, but also helps the private sector. You know, people in the economy, they use this data a lot, too. So, it's quite important for our economy, and certainly for the Fed's work and other government agencies' work that we continue to get better at data. That's what we have been doing for 100 years, we have been getting better and better and better. It's very hard to accurately capture in realtime the output of a 20 plus trillion dollars economy and the United States has been a leader in that for 100 years and we really need to continue that, in my view.

FOX BUSINESS: How concerned are you with the data coming in showing no significant upward trend in inflation over the past six months, and that the wait and see approach for inflation is actually giving companies cover to raise prices?

POWELL: Policies is restrictive. When we start cutting it will go towards neutral. What may be giving -- it's not our policy stance. Some companies will certainly be taking advantage of the fact of the tariffs and all of the discussion of how -- you know, companies will raise prices when and as they can and so you saw it famously in the first administration of President Trump during those tariffs. Washing machines were tariffed, but dryers weren't. But what do you know, the price of dryers went up, too, just like washing machines. So companies will often just take, they will cross the street in a group, if you know what I mean, that will happen.

We don't see a lot of that. I mean, what we see now is, basically, the very beginnings of whatever the effects turn out to be on goods inflation. And, you know, I will say again, they may be less than people estimate or more than people estimate. They are not going to be zero. Consumers will pay some of this. Businesses will pay some of this. Retailers will pay some of this. But, you know, we are just going to have to see it through.

FOX BUSINESS: Some additional tariffs have been in place since February. And things, you know, really haven't broken yet with the economy. So, how do you justify to somebody who is looking for a house, who is facing a 7% mortgage and maybe can't afford those rates? How do you justify that?

POWELL: Well, so the housing is a special case, right? We don't set mortgage rates at the Fed. We set an overnight rate. And the rates that go into mortgages are longer-term rates, like Treasury rates might be 30-year rates, it may be shorter than that, but it's not the overnight feds rate. It’s not that we don’t have any effect. We do have an effect but we are not the main effect.

There are other things going on in the housing sector, and one of those is just there’s kind of a long-term housing shortage that we have. We haven’t built enough housing, this is not something the Fed can help with. But and that will be the case even after things normalize.

So, I think the best thing that we can do for housing is to have 2% inflation and maximum employment. And that’s what we can contribute to housing. There are lots of other jobs to do for the private sector in congress but that’s what we are trying to get to. We have made a lot of progress toward that. We have a very good labor market right now. Inflation, we were very close to 2%. We are seeing some goods inflation move us away but so far not very far away.

ASSOCIATED PRESS: Can you give us more about what kind of economic data does the Fed need to see before you will be ready to cut? Do you need inflation back nearly to target? Are there other things in the pricing that you look for? Do you need to see weakening in the job market? What kind of things are you looking for?

POWELL: I mean ultimately it's -- it could be any of those things, right? But, you know, if you saw that the risks to the two goals were moving into balance, if they were fully in balance, that would imply that you should move toward a more neutral stance on policy. This is the special situation we are in, which is we have two-sided risks, risks to both of our goals. When we pause, inflation was above target and the labor market was pretty good. So, you know, that was a time when policy -- policy was restrictive when we pause and to be restrictive is to be supporting a return to our inflation target, right.

As the two targets get back into balance, you would think you would move it in a way closer to neutral and the next steps that we take are likely to be in that direction.

What will it take? You know, it will just -- it will be the totality of the evidence. As I mentioned, there's quite a lot of data coming in which before the next meeting, will it be dispositive of that? You know, it's really hard to say. We don't make those decisions right now. So, we will have to see.

ASSOCIATED PRESS: I guess in terms of inflation, though, for example, some people would point to if it remains only in goods and it doesn't bleed over to services, then maybe that's evidence that the tariff effect is going to be a temporary one-time thing. Is that kind of thing affect your thinking or do you need to see the number come down closer to 2?

POWELL: We will look at everything. You know, it's -- as I mentioned, you know, a pretty reasonable base case is that this will be a one-time price increase. And in the end, we will make sure that that's the case. We are just trying to do that efficiently. And efficiently means getting the timing right. And if we cut rates too soon, maybe we didn't finish the job with inflation, the history is dotted with examples of that, if you cut too late, then maybe you are doing unnecessary damage to the labor market. So, we are trying to get that timing right. And that's effectively what we are doing.

FINANCIAL TIMES: Just a question on the dollar. We have seen it decline quite heavily this year. I was wondering if there's been any discussion about that at the meeting and to what degree that may be complicating your attempts to get inflation back to target.

POWELL: This goes back to the Division of Labor between the Fed and the treasury, as I'm sure you know and the treasury only speaks to this, speaks to the dollar.

It's not something that's been a topic of, you know, major discussion at all at the Fed. I wouldn't say it doesn't come up -- the transcripts, when they come out in a few years, it will probably reflect some mentions of the dollar but it will never be a major focus.

FINANCIAL TIMES: I think the amount of data in CPI is up to 35%. Is there any discussion of that as well, is there any consideration of looking into alternative measures, data scraping and so on in order to just ensure you have got a good read on what's happening to prices in the U.S. economy?

POWELL: You know, so, we are monitoring the situation. We do, of course -- I mean as you know during the pandemic, we look at whole lot of new kinds of data. People are looking at big datasets that you can get from all sorts of places. And we do all of that. But we really -- the government data really is the gold standard in data and we need it to be, you know, to be good and be able to rely on it. And we are not going to be able to substitute for that.

ABC NEWS: President Trump has obviously invoked your name a lot. He has personally pressured you. Are you concerned the way that conduct might impact the Fed's independence going forward?

POWELL: I'll just say that, so I think that having an independent Central Bank has been an institutional arrangement that has served the public well. And as long as it serves the public well, it should continue and be respected.

If it didn't serve the public well, then it wouldn't be something that we should just automatically defend. But what it gives us and other central banks, what gives you is the ability to make these very challenging decisions that in ways that are focused on the data and the evolving outlook, the balance of risks and all of things we talk about, and not political factors.

So, governments all over the advanced economy world have chosen to put a little bit of distance between direct political control of those decisions and the decisionmakers.

So, if you were -- if you were not to have that, that would be a great temptation, of course, to use interest rates to affect elections, for example. And that's something that we don't want to do.

So, I think that's pretty widely understood. Certainly it is in congress. And, I mean, I think it's very important, I'll just say that.

BLOOMBERG: You mentioned a slowdown in consumer spending and I wanted to see if you could walk us through what was the discussion with the Committee around that. We have seen delinquency rates rising for upper income households. How do you see that evolving in the next few months and how much vulnerability is that for the economy going forward?

POWELL: Consumer spending has been very, very strong for the last couple of years and had repeatedly forecasters, not just us, had been forecasting it would slow down. And now maybe it finally has. So, I would say, you know, if you talked to credit card companies, for example, they will tell you that the consumers in solid shape and that spending is at a healthy level. It's not growing rapidly but it's at a healthy level and delinquency are not a problem. Generally, if you look at the banks and when the banks talk about in their earnings calls, the performance of credit has been good. So, essentially you have a consumer that's in good shape and is spending, not at a rapid rate. But it is true, and, again, right in line with what we expected, the GDP data that we got this week.

So, and I think it's still a little bit difficult to interpret because you have these massive swings in net exports which may also be affecting, you know, some of that can be affect consumer spending as well.

Look, it's one of the data points that we pay most careful attention to. And there's no question that it's slowed. And we are watching it closely. But we also watch the labor market and the performance of inflation, those are our two variables that we are assigned to maximize.

BLOOMBERG: Governor Waller said the labor market is on edge and he was pointing to weaknesses on the private sector. I was wondering, you have said that the main number to look at is the unemployment number overall. But what was the discussion about the state of the private jobs market?

POWELL: So, I'm not going to talk about any individuals, you know, any individual's comments, I wouldn't do that. But look, I think what we know is that private sector job creation, certainly in the last report, we will see on Friday, but had come down a bit. And if you take the QCEW adjustment seriously, it may be close to zero, but the unemployment rate is still -- was still low. So, what that is telling you is that, you know, demand for workers is slowing but so is the supply. So, that's -- it's in balance, oddly enough. You have got a very low unemployment rate and it's kind of been there for a year as job creation has moved down, but also we know that, you know, because of immigration policy really, the flow into our labor forces is just a great deal slower and those two things have slowed more or less in tandem.

If you look for things, like I mentioned quits, look at wages, wages are gradually cooling. I look at vacancies to unemployment. Those things have been pretty stable for -- they haven't really moved a lot in a full year. So, I think if you take the totality of the labor market data, you have got a solid labor market.

But I think you have to see that there are downside risks. It's not -- you don't see weakening in the labor market, but I think you have got downside risks in a world where unemployment is being held down because both demand and supply are declining. I think that's -- it's worth paying close attention to it and we are.

MARKETPLACE: Was there talk in the meeting about cutting rates and what was the case against that at the meeting?

POWELL: We have an economic go around where people talk about the economy, yesterday and then monetary policy. All around the table everyone gives their views. The discussion around policy was the majority view was still what it has been, which is that inflation is running above target, maximum employment is right at target. That means policy should be a little bit restrictive, somewhat restrictive because we want inflation to move all the way back to its target. So, that's where people have been and still are.

Two of our members felt that the time had come to cut and for the reasons that they are going to express. I won't tell you the reasons. They will issue some kind of a thing in the next day or so.

But that's the story. And I would say, you know, well argued, very thoughtfully argued all around the table, good arguments and it's a situation where an unusual situation. The economy is in good shape. But it's an unusual situation where you have risks to both your employment mandate and your inflation mandate. That's the nature of a supply shock. And it's probably not surprising that there would be differences and different perspectives on that, as well as different views of where the neutral rate is so different views of how tight policy is.

So, we have those, I will say what you hope is that people, you know, explain their positions very thoughtfully and clearly and we absolutely had that today. All the way around the table. I would call it one of the better meetings I can recall from that standpoint.

MARKETPLACE: You have said you are waiting to be confident inflation is heading towards your 2% target before you start cutting rates. When you do get that confidence, would you be in favor of lowering rates right away?

POWELL: It's not quite the way I would put it. You know, I said that's why we think policy should be restrictive is because, you know, inflation is above target. When we have risks to both goals, one of them is farther away from goal than the other and that's inflation. Maximum employment at goal. That means policy should be tight because tight policy is what brings inflation down.

If you came to the view that the risks of the two were more in balance, that would imply that policy shouldn't be restrictive. It should be more neutral stance. And that would be somewhat lower than we are now. That's the framework I think I would be taking.

And we will have to see. We are going to be, obviously, looking at a lot of data in the next cycle. It is one of the cycles where we have two employment and two inflation reports. And we will see where that takes us.

CNBC: A metric that you like to cite a lot is the final sale to domestic purchasers, that was down to 1.2% gain in second quarter from a 1.9% in Q1, suggesting there's some softening in underlying demand. Wondering if you look at that and you combine that with some of the housing numbers, the weakness that you acknowledged at the top of your remarks that the housing market is, in fact, weak and the inflation numbers from GDP today came down to 2.1% for headline, 2.5% for core. I'm wondering how much more movement you would need to see from these data points before you would be comfortable with cutting in, say, September.

POWELL: It's going to be the total. Hard to answer that specifically. PDFP I think for the first half the product domestic final purchases or final sales as people call it was 1.6 on the first half. GDP I believe was 1.2%. The whole half, you mentioned the quarters. Those are slower. But GDP is bumpy quarter to quarter, half to half and often gets revised, you know, after the fact.

The labor market data, we still think is -- continue to think is the best data we have on the economy. And that shows a 4.1% unemployment rate. It shows wages, you know, still at a healthy level. But moving ever closer to what we would regard as long-run sustainable consistent with longer-run productivity and 2% inflation. So, the labor market is actually still quite solid.

Inflation is above target even ignoring tariffs, it's a little bit above target and tariffs. So we are watching all of that. And, again, trying to do the right thing and what is a challenging situation because you are being pulled in two directions and you have to decide which of those it took to go in and actually at some point if they are sort of equally at risk then you really want to be at a neutral policy stance which we are not right now.

CNBC: Is it safe to say if the data stays in line with where it is now then you wouldn't be comfortable cutting in September?

POWELL: I'm not going to say that, no. I just think we are going to need to see the data and it can go in many different directions. The inflation data and the employment data. And we are going to make a judgment based on all of the data and based on that balance of risks analysis that I mentioned.

MARKETWATCH: The Treasury secretary has said recently it would be confusing for the markets if you stayed on as a governor after your term as Chair ends and I was wondering if you had any update for us on a decision on that front?

POWELL: Sorry, I do not have any update for you.