

TRENDMACRO LIVE!

## Our Hot Take: It's Warsh

January 30, 2026

Donald Luskin

He's the best. So why would Trump pick him? And why would he agree to do it?



Donald J. Trump   
 @realDonaldTrump

I am pleased to announce that I am nominating Kevin Warsh to be the CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM. Kevin currently serves as the Shepard Family Distinguished Visiting Fellow in Economics at the Hoover Institution, and Lecturer at the Stanford Graduate School of Business. He is a Partner of Stanley Druckenmiller at Duquesne Family Office LLC. Kevin received his A.B. from Stanford University, and J.D. from Harvard Law School. He has conducted extensive research in the field of Economics and Finance. Kevin issued an Independent Report to the Bank of England proposing reforms in the conduct of Monetary Policy in the United Kingdom. Parliament adopted the Report's recommendations. Kevin Warsh became the youngest Fed Governor, ever, at 35, and served as a Member of the Board of Governors of the Federal Reserve System from 2006 until 2011, as the Federal Reserve's Representative to the Group of Twenty (G-20), and as the Board's Emissary to the Emerging and Advanced Economies in Asia. In addition, he was Administrative Governor, managing and overseeing the Board's operations, personnel, and financial performance. Prior to his appointment to the Board, from 2002 until 2006, Kevin served as Special Assistant to the President for Economic Policy, and Executive Secretary of the White House National Economic Council. Previously, Kevin was a member of the Mergers & Acquisitions Department at Morgan Stanley & Co., in New York, serving as Vice President and Executive Director. I have known Kevin for a long period of time, and have no doubt that he will go down as one of the GREAT Fed Chairmen, maybe the best. On top of everything else, he is "central casting," and he will never let you down. Congratulations Kevin! PRESIDENT DONALD J. TRUMP

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We are delighted.  
We've known Kevin Maxwell Warsh well for almost 23 years since he hosted us in the White House as a member of President George W. Bush's staff. He is man of great integrity, intelligence and heart. He is a good man.

- So in some sense it's odd that President Donald J. Trump would nominate him.

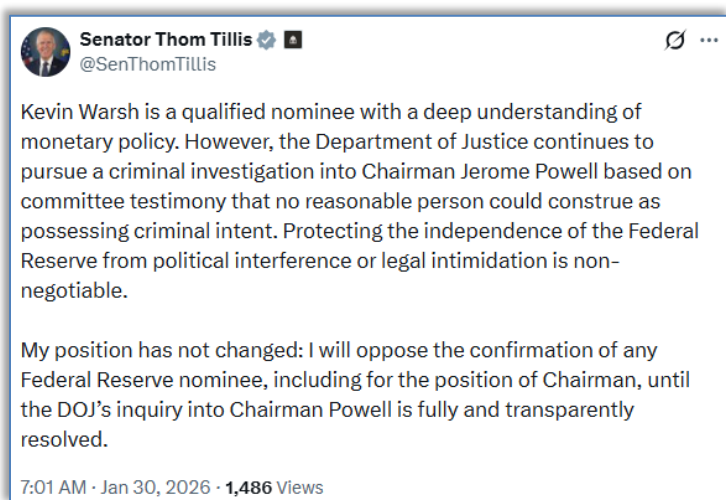
- Warsh will not be compliant as, say, Governor Christopher Waller would have been (as recently as Wednesday, for that reason we considered him the front-runner – see ["On the January FOMC, and Trump in Check"](#) January 28, 2026).

- Warsh is no MAGA warrior like Stephen Miran, nor a politico like Kevin Hassett. But then again, Chair Jerome

### Update to strategic view

**FEDERAL RESERVE, GOLD:** Trump has nominated Warsh for Fed chair. He is a man of great integrity, intelligence and heart. Warsh will not be compliant as Waller would have been. He is not a MAGA warrior like Miran, nor a politico like Hassett. He can easily get through the GOP Senate where is a known quantity, and understood as not beholden to Trump. Indeed, we are not sure why Trump would pick him. He has said he favors lower interest rates, but everyone including Powell does. By disposition he is a hard-money advocate in the canonical Republican mode, having come up through the Bush administration and worked for over a decade with Druckenmiller. He wants to radically shrink the Fed's balance sheet and roll back the Fed's "mission creep." Markets, especially gold, may go risk-off a bit in disappointment Trump didn't pick more of a dove, but we don't have a dove now either. We still expect three rate cuts this year. Given the Trump-Powell rivalry, we're not sure why Warsh would want to do this. We're glad he is answering the call to adventure.

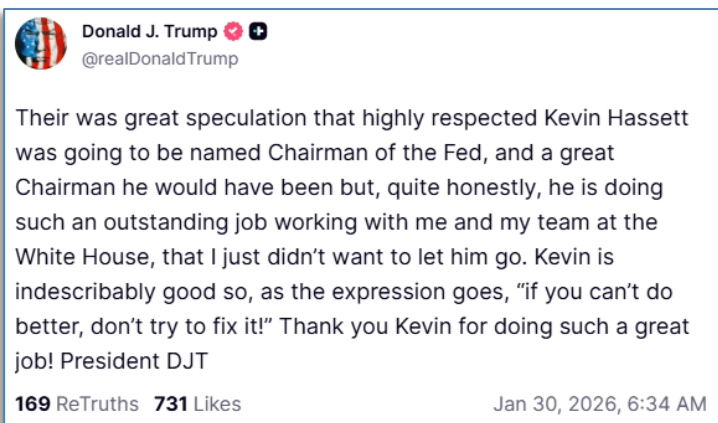
Powell's video two weeks ago revealing the grand jury subpoenas served on the Fed made it politically impossible for Trump to nominate anyone seen as on his payroll (again, see ["On the](#)



[January FOMC, and Trump in Check"\).](#)  
Powell has made it so that only an outsider to Trumpworld, as Warsh is, can get through the Senate Banking Committee.  
 Indeed, Warsh is something of a GOP darling – it will be easy. But it may require that the Powell probe be resolved first

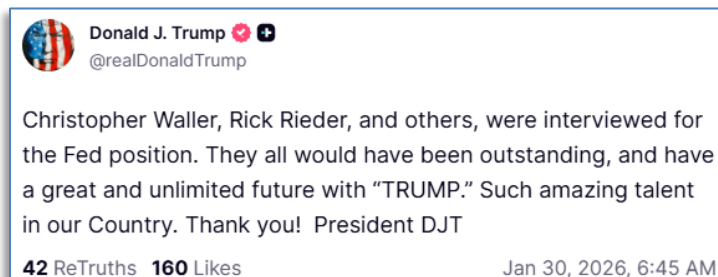
(please see the tweet from Senator Thom Tillis to that effect, at left).

- Warsh is no dove. Yes, [he has said he wants lower interest rates.](#) But so does Powell and everyone else on the Fed, at least according to the “dot plots.” It’s a question of how much and when.
- Warsh is a hard-money advocate not very outside the canonical Republican policy mode – after all, he came to Washington in the orbit of the Bush dynasty, and has worked with Stanley



Druckenmiller since leaving the Fed in 2011. He would be horrified at the weak-dollar prescriptions of MAGA figures like Miran. He has been committed for years to radically shrinking the Fed’s balance sheet (which [he see as enabling lowering interest rates](#)). Last year he [positioned](#)

[himself as a reformer](#), advocating an end to what he calls the Fed’s “mission creep,” reigning in overweening bank regulation, and slimming down its bloated staff – especially its hundreds of PhD economists who busy themselves by finding new and exciting ways to be wrong.



- We really doubt that Trump understands any of this, or he wouldn't have picked Warsh.
- Now here we have to tread carefully, because

Kevin will probably read this...

- We're really not sure why Warsh would want to take this job at this time. With Trump's rivalry with Powell now spun up into outright lawfare – and given that Warsh will surely not kowtow to Trump's future demands should he find them at all objectionable – and, for that matter, given his Bush dynasty roots... Why, dear God, why?
- Well, for whatever reason, we feel we are fortunate that he has answered the call to adventure.

#### How should markets take Warsh's nomination?

- If you believe markets always want lower interest rates and easier money, then Warsh is not the ideal choice. We can't rule out a small risk-off correction while this news is absorbed, especially in assets traditionally thought of as inflation hedges, such as gold.
- But buy the dip. Because so what? We don't have an easy-money Fed now anyway. Warsh is not a change for the worse in that dimension.
- We're still expecting three rate cuts this year (see ["Predictions for 2026 \(And a Very Hot Take on Venezuela\)"](#) January 5, 2026).
- Like any chair, Warsh will be one vote and he will face a divided Board of Governors – just how divided being a function of whether Powell stays on when he is no longer chair. As of this writing, just a few minutes after [Trump's Truth Social post making the announcement](#) (please see the previous page), we don't know – but think it likely – that Warsh is being nominated to fill the Governor seat vacated tomorrow by Miran.
- And his desired reforms, be they dovish or hawkish, will run up against a very entrenched bureaucracy. Some will happen, many won't.
- If you believe, as we do, that Warsh is a man of integrity and good judgment who will try to reform the Fed into a better institution, then he is an excellent choice.

#### **Bottom line**

Trump has nominated Warsh for Fed chair. He is a man of great integrity, intelligence and heart. Warsh will not be compliant as Waller would have been. He is not a MAGA warrior like Miran, nor a politico like Hasset. He can easily get through the GOP Senate where is a known quantity, and understood as not beholden to Trump. Indeed, we are not sure why Trump would pick him. He has said he favors lower interest rates, but everyone including Powell does. By disposition he is a hard-money advocate in the canonical Republican mode, having come up through the Bush administration and worked for over a decade with Druckenmiller. He wants to radically shrink the Fed's balance sheet and roll back the Fed's "mission creep." Markets may go risk-off a bit in disappointment Trump didn't pick more of a dove, but we don't have a dove now either. We still expect three rate cuts this year. Given the Trump-Powell rivalry, we're not sure why Warsh would want to do this. We're glad he is answering the call to adventure.

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