

TRENDMACRO LIVE!

On the April FOMC

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Three dissenters see nonexistent easing bias in the statement. They're signaling something.

There are two major elements in play with this FOMC meeting – one policy, the other politics.

POLITICS FIRST In today's post-meeting presser Powell said "This is my last Press Conference as chair." He seems to assume that Kevin Warsh, advanced today in the Senate Banking Committee, will be confirmed by Senate in time for the June FOMC. He went on to say,

"I welcomed the announcement last Friday by the U.S. attorney for the District of Columbia that she had closed the criminal investigation. She also noted however she would not hesitate to restart the investigation. Over the weekend, the Department of Justice provided assurances that they will not reopen the investigation unless there's a criminal referral from the Fed's Inspector General and, absent such a referral, if they do appeal the recent court decision, they would not seek as part of that appeal to restart the investigation or send new subpoenas.

"I've said that I will not leave the Board until this investigation is well and truly over with transparency and finality and I stand by that. I am encouraged by recent developments and watching the remaining steps in this process carefully. My decisions on these matters will continue to be guided entirely by what I believe is in the best interest of the institution and the people we serve. After my term as chair ends on May 15th I will continue to serve as a governor for a period of time to be determined. I plan to keep a low profile as a governor. There's only ever one Chair of the Federal Reserve Board. When Kevin Warsh is confirmed and sworn in he will be that Chair. Once sworn in his colleagues will elect him to Chair the FOMC as well. Our success in delivering our goals matters for all Americans. I'm confident the Fed will continue to do its work with objectivity, integrity and a deep commitment to serve the American people."

The game is still afoot, and Powell is playing it. He'll hold his governor's seat hostage – it's his leverage in making sure the investigation, whoever conducts it, resolves in his favor.

Update to strategic view

FEDERAL RESERVE, US MACRO: No rate hike, as expected. There were four dissents, the most in more than 20 years. Miran wanted a rate cut. Three regional presidents wanted no easing bias in the meeting statement. But there was no easing bias in the statement. When asked about it, Powell acted as though there were. We have an important tell here: the dissenters and Powell are both saying that there is more of an easing bias than there appears to be. Powell was gracious in welcoming Warsh, who was advanced by Senate Banking this morning. He said he will stay on as governor until further notice, in light of the reality that the investigation of the Fed's building rehab cost overruns are not "well and truly over." For now that denies Trump an open chair for Miran, who will leave the board when Warsh takes his governor's seat.

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Meanwhile, Powell's remarks about Warsh were very kind and supportive – as they well and truly should be.

And, meanwhile, President Donald J. Trump is denied an open seat in which to install a lackey like Governor Stephen Miran. For now, Miran is out, because Warsh will be taking his governor's seat.

NOW POLICY Rates were left unchanged, as fully expected by markets. No changes were announced in the ongoing rebuilding of the Fed's asset portfolio.

Today's [FOMC statement](#) differed from [March's](#) in two respects: tagging energy prices as the prime cause of inflation, and tagging the war in Iran as a source of economic uncertainty – and yet these small and rather obvious changes drove four dissents, the most in more than 20 years.

“Recent indicators suggest that economic activity has been expanding at a solid pace. Job gains have remained low, [on average](#), and the unemployment rate has been little changed in recent months. Inflation ~~remains somewhat~~ is elevated, [in part reflecting the recent increase in global energy prices](#).”

“The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. [Uncertainty](#) [Developments in the Middle East are contributing to a high level of uncertainty](#) about the economic outlook ~~remains elevated. The implications of developments in the Middle East for the U.S. economy are uncertain.~~”

One of the four dissents came from Governor Stephen Miran. Shocker. He wanted a rate cut. He always wants a rate cut.

But other three came from regional presidents Beth Hammack, Neel Kashkari and Lorie Logan, who “who supported maintaining the target range for the federal funds rate but did not support inclusion of an easing bias in the statement at this time.”

- *Uh... do you see any easing bias? Literally, what the hell are they talking about? We are left to imagine what might have been said in the meeting that provoked this, but their dissent is specifically with respect to the statement, which completely lacks an easing bias.*
- *For them to imagine this bias suggests that they are, well... biased? We discuss here dissents here in the context of policy, but somehow is it politics? Are they digging in ahead of the arrival of Kevin Warsh, who cleared the Senate Banking Committee this morning?*
- When asked about the dissents in [today's post-meeting presser](#), Powell acted at first as though there is, in fact, an easing bias in the statement. Later in his response, he made it sound as though the dissenters in fact did not object to what was in the statement, but

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what wasn't – that is, an explicit avowal of a shift in the direction of tightening bias.

Too bad this is shrouded in such confusion – this is absolutely the number one policy question at this moment.

- Specifically, the issue is how the Fed will interpret higher inflation index readings arising from higher oil prices, which are merely an exogenous consequence of the war in Iran. The dilemma in a nutshell: raise rates because high oil prices mean inflation, or lower rates because they threaten economic contraction?
- In the [March post-meeting presser](#) Powell said that, as far as inflation is concerned, it is “standard learning that you ‘look through’ energy shocks” provided that inflation expectations stay anchored, which they have (see [“On the March FOMC”](#) March 18, 2026). We agree that this is appropriate posture. An exogenous energy shock is not the same thing as “inflation,” and does not itself call for a rate hike.
- And Powell saying that is hardly an “easing bias.”
- In today's post-meeting presser Powell did not address the “look through” doctrine specifically, so we have to assume his prior position stands. The closest he got was in two passages:

“I don't know what gas prices are going to do for the rest of the year. And it will depend on how long the Strait remains closed and how co quickly it can reopen and that kind of thing. But remember when gas prices go up, that's disposable income coming out of people's pockets so they're going to spend less on other things. So there will be a hit to GDP. So it's a question whether spending, you know, goes down to offset the inflationary effects.”

And...

“The good news is we think our policy stance is in a very good place for us to wait and see. We're right kind of at the high end of neutral or perhaps mildly restrictive. The labor market shows more and more signs of stability. Whereas inflation is kind of misbehaving. So maybe a little bit of restriction or the high end of neutral is the right place to be.”

- Is that an “easing bias” just because he believes, like virtually everyone else, that an oil shock can damage growth, and that as a starting position, policy is at least a little restrictive?

From all this confusion we have to pluck out an inference which, we have to admit, the market doesn't seem to agree with.

- Going into this meeting, the fed funds futures markets were priced to reflect no rate cuts – nor any rate hikes – this calendar year. That's not an easing bias.

- As of this writing, the futures see a 10% chance of one rate hike this year. That's not an easing bias.
- Yet we have three dissenters on the FOMC who think there is an easing bias. We have a chair who doesn't say there isn't.
- There *is* an easing bias – whether or not it is expressed as such in the statement as the dissenters say. They are hallucinating that. But there must be a reason why they are, and why Powell isn't telling them they're wrong.
- *There's an easing bias.*
- *There will be at least one rate cut this year. Probably more.* For our money, the fed funds futures are the only markets in the world we can say are seriously mispriced.

Bottom line

No rate hike, as expected. There were four dissents, the most in more than 20 years. Miran wanted a rate cut. Three regional presidents wanted no easing bias in the meeting statement. But there was no easing bias in the statement. When asked about it, Powell acted as though there were. We have an important tell here: the dissenters and Powell are both saying that there is more of an easing bias than there appears to be. Powell was gracious in welcoming Warsh, who was advanced by Senate Banking this morning. He said he will stay on as governor until further notice, in light of the reality that the investigation of the Fed's building rehab cost overruns are not "well and truly over." For now that denies Trump an open chair for Miran, who will leave the board when Warsh takes his governor's seat. ▶