Chair Powell Press Conference Q&A Summary – April 29, 2026

The following summary represents direct quotes (with minor immaterial changes to make reading easier) from the press conference – Prepared remarks and Q&A session.

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- **Dual Mandate Affirmation**

  The U.S. economy has been expanding at a solid pace. While job gains have remained low, the unemployment rate has been little changed in recent months. Inflation has moved up and is elevated, in part reflecting the recent increase in global energy prices.

  The FOMC decided to leave the policy rate unchanged. The current stance of monetary policy is seen as appropriate to promote progress toward the maximum-employment and 2 percent inflation goals. **Developments in the Middle East** are contributing to a high level of **uncertainty** about the economic outlook, and the Fed will remain attentive to risks to both sides of the dual mandate.

- **The Economy**

  Recent indicators suggest that economic activity has been expanding at a solid pace. Consumer spending has been resilient, and business fixed investment has continued to expand at a brisk pace. In contrast, activity in the housing sector has remained weak.

  The economy is quite resilient. Growth is really solid across the economy. Some of that is consumer spending hanging in pretty well – the most recent data are good. And some of it is just the apparently insatiable demand for **data centers** all over the United States. So a lot of business investment is going into building data centers, and every reason to think that continues. The economy is growing at two percent or better. PDFP (private domestic final purchases), which is really a better signal of momentum in the economy, is actually higher than that.

  The U.S. economy has just powered through shock after shock. Consumers are still spending. The banks will tell you, the credit card companies will tell you, and the most recent retail sales numbers confirm – people are still spending. The question is how long that can go on in a world where, if gas prices go up a bunch more, that takes otherwise spendable money out of people's pockets. Logically, you would expect a slowdown because people have a certain amount of money they spend; if they're spending 25 percent more on gas, that comes out of other spending. But we don't see it yet.

- **The Labor Market**

The unemployment rate was 4.3 percent in March and has changed little in recent months. Job gains have remained low. A good part of the slowing in the pace of job growth over the past year reflects a decline in the growth of the labor force, due to lower immigration and labor force participation, though labor demand has clearly softened as well. Other indicators, including job openings, layoffs, hiring, and nominal wage growth, generally show little change in recent months.

In a sense, the labor market is in balance, but it's an **unusual and uncomfortable kind of balance** where people who don't have jobs will have a hard time breaking in unless somebody quits their job. Quits are really low, hires are really low, and there is effectively no new net job creation. The unemployment rate at 4.3 is low and pretty close to mainstream estimates of the natural rate, and we have been there for a long time. The labor market is not at all a source of inflation, so we don't need to be worrying about that. The labor market shows more and more signs of stability, whereas inflation is kind of misbehaving.

- **Inflation**

  Inflation has moved up recently and is elevated relative to the 2 percent longer-run goal. Estimates based on the Consumer Price Index and other data indicate that total PCE prices rose 3.5 percent over the 12 months ending in March, boosted by the significant rise in global oil prices that has resulted from the **conflict in the Middle East**. Excluding the volatile food and energy categories, core PCE prices rose 3.2 percent over the 12 months ending in March. This relatively high rate largely reflects the **effects of tariffs** on prices in the goods sector. Near-term measures of inflation expectations have risen this year, likely because of the substantial rise in oil prices. Most measures of longer-term expectations remain consistent with the 2 percent inflation goal.

  Core inflation at 3.2 has moved albeit just a little bit in the wrong direction, and there will be additional headline inflation coming out of the Gulf – we don't know how much, we just need to see. The prospects for oil prices **bleeding into core inflation** are real. This is already evident in airfares and many other places. It is so unknowable because of how long the strait will be closed.

  The commitment to bring inflation back down to two percent, sustainably, is **never ending and unshakable**. Trying to get there really quickly could be very costly in terms of job loss. The Fed will get there over time in a way that does the least damage possible.

- **Tariffs**

  For a long time, the working hypothesis has been that tariffs would lead to a **one-time price increase** that would go away over time – measured inflation would not reflect that higher level going up more and more. It is time for that to happen. The Fed really does expect that to happen in the next two quarters and will be watching very carefully to see

that what was thought all along would happen actually does. That is the kind of **critical part of the forecast** that needs to be seen.

Tariff inflation should subside over the course of this year because it is a one-time increase – it should not be repeated – and that should start happening pretty soon.

- **Middle East and Oil**

  Developments in the Middle East are contributing to a high level of **uncertainty** about the economic outlook. In the near term, higher energy prices will push up overall inflation. Beyond that, the scope and duration of potential effects on the economy remain unclear, as does the future course of the conflict itself.

  Looking through an oil shock is a textbook case because they tend to be short lived and tend to revert. And monetary policy works with long and variable lags so the impact necessarily right away. That is all the more true given that the US experienced several years above two percent inflation, and that the economy is already looking through the tariff shock. So the Fed will be very cautious about that. The question about looking through energy is not ahead right now – it has not even peaked yet. The Fed would want to see the backside of that and progress on tariffs before even thinking about reducing rates.

  Given that the U.S. is a big exporter of energy and the economy is far less energy/oil intensive than it was during the '70s, the effects on the United States are substantially less than those on Western Europe or Asia. If this goes on for much longer and prices go much higher, the U.S. will feel that much more. People are experiencing higher gas prices all over the country now, and those increases may continue to happen. Other things will start to reflect it – airline fares and other products and services dependent upon petroleum and derivatives of petroleum.

  When gas prices go up, that's disposable income coming out of people's pockets, so consumers will spend less on other things. There will be a hit to GDP. So it is a question whether spending goes down to offset the inflationary effects. The answer isn't obvious *ex ante* whether the FOMC should move the rate because of that. The Fed will have to see how it evolves.

- **Interest Rate Policy**

  The Committee decided to maintain the target range for the federal funds rate at 3-1/2 to 3-3/4 percent. The economic outlook remains highly **uncertain**, and the conflict in the Middle East has added to this **uncertainty**. The Fed is **well positioned to determine the extent and timing of additional adjustments** to the policy rate based on the incoming data, the evolving outlook, and the balance of risks. Monetary policy is not on a preset course, and decisions will be made on a meeting-by-meeting basis.

  The policy rate is in a **good place**. The Fed is kind of at the **high end of neutral or perhaps mildly restrictive**. Given that the labor market shows more and more signs of

stability while inflation is kind of misbehaving, maybe a little bit of restriction or the high end of neutral is just the right place to be. The Fed can wait here and see how things work out before acting. The **neutral rate is somewhere in a range of three to four percent**; the policy rate is a little north of three and a half – well within that range, but at the higher end.

If the Fed needs to hike, it will certainly signal that and will do it. If it is appropriate to cut, it will signal the opposite. **Nobody is calling for a hike right now**. It really depends on how things evolve.

- **Forward Guidance / Easing Bias Debate**

  There was a **vigorous discussion** about whether to **change the easing bias language to a more neutral stance**, where a hike is as likely as a cut. The number of people on the Committee who could support that change has increased over the intermitting period – it is easy to see why, with inflation moving a little in the wrong direction and headline inflation coming out of the Gulf. **Three people dissented** over the language, though all of them agreed with the right rate decision. The majority of the Committee did not want to do that, and the Chair did not think it was needed at this meeting.

  The center is moving toward a more neutral place, and that is what markets are saying too. There is a lot of **signaling** going on when guidance is changed like that. The majority did not feel the need to send that signal right now because there is so much to learn and so much **uncertainty** about the path ahead – what happens in the next 30, 60 days, even by the next meeting, could really change the picture. It is a much closer thing on the Committee than it was in March, and a move conceivably could come as soon as the next meeting.

  Nobody is saying we need to hike now. It is more a question of whether we should be neutral. Markets are not confused about the Fed's reaction function – there is no problem to solve there. But the other side of the argument is a good argument too.

- **Committee Dissents and Dynamics**

  This is the first time we have seen four dissents since October of 1992. The Committee has always had vigorous debates – they have been excellent debates. The Fed is in an unusually difficult situation, having faced really **four supply shocks** – at a minimum, the pandemic, the invasion of Ukraine, tariffs, and now Iran and the oil spike. Every supply shock has the capability of driving inflation up and unemployment up. The right thing to do is to try to balance the achievement of the two goals. These are tough, difficult judgments – a forecast for each variable is needed, think about how long it will take to get back to target, and how restrictive or not policy is. It is only natural to have a range of views on the Committee. If everybody agreed, that would be surprising. It is partly a function of the extraordinarily challenging set of supply shocks the Fed has been dealing with for five or six years.

- **Fed Independence**

  Fed independence – more accurately, the **ability to make monetary policy without political considerations** – is **at risk**. The institution is being battered by these legal assaults and has had to resort to the courts to enforce its legal protections. None of that is concluded yet.

  To a significant extent, independence is grounded in the law, which directs the Fed to make monetary policy without consideration of political factors. But it goes beyond that – there is a set of customs and a boundary line between the Fed and the administration, between the Fed and the Treasury Department. The Fed has resisted using its tools to achieve goals that are clearly outside its mandate, even though every administration looks at those tools and thinks they would be good to repurpose. That would drag the Fed into politics and into fiscal policy.

  Every major advanced economy in the world has made the same decision – to take the setting of interest rates out of the direct control of elected politicians. The reason: elected politicians are always running for election and they will always want low rates, and that will lead to inflation over time. After centuries of experience, the whole world moved to a different model, and it has worked. This is the era in which inflation was under control for 40 years.

  Don't think about an institution being independent. Think about it as wanting people to make monetary policy and set interest rates to benefit the general public, focused only on maximum employment and price stability, and completely ignore political considerations. This isn't bipartisan, this is nonpartisan. If the Fed were doing things because the president says it's a good idea or because there's an election coming up, it would have no credibility – markets would lose faith in the Fed's ability to control inflation. Whatever people say, markets believe the Fed will produce two percent inflation. Looking at longer-run expectations, there is no sense in which Fed credibility in markets has weakened. People do get it that this is the Fed's commitment.

  On removing Reserve Bank presidents from office over different views on monetary policy: that would be the **beginning of the end** of the Fed's ability to make monetary policy independently. If every administration could come in and do that, the Fed would just be another cabinet agency at that point. That is not something the Chair would support.

- **Chair Powell's Decision to Remain on the Board**

  This is the Chair Powell's last press conference as Chair. After his term as Chair ends on May 15, he will continue to serve as a governor for a period of time, to be determined. He plans to keep a **low profile** as a governor. There is only ever one Chair of the Federal Reserve Board – when Kevin Warsh is confirmed and sworn in, he will be that Chair, and his new colleagues will elect him to chair the FOMC as well.

The decision to stay is driven by concern about the **series of legal attacks on the Fed** which threaten the ability to conduct monetary policy without considering political factors. This has nothing to do with verbal criticism by elected officials – such criticism has never been suggested as a problem. But these legal actions by the Administration are unprecedented in the Fed's 113-year history, and there are ongoing threats of additional such actions. These attacks are battering the institution and putting at risk the ability to conduct monetary policy free of political influence. That piece of institutional architecture separates successful countries from unsuccessful countries.

Chair Powell had long planned to be retiring, but events of the last three months have left no choice but to stay until they are seen through at least that long. He will leave when he thinks it is appropriate to do so – when the investigation is **well and truly over, with finality and transparency**.

On the U.S. Attorney for D.C. closing the criminal investigation: the Department of Justice has provided assurances that they will not reopen the investigation unless there is a criminal referral from the Fed's Inspector General. Absent that referral, even if they appeal the recent court decision, they would not seek to restart the investigation or send new subpoenas. The Chair is encouraged by recent developments and is watching the remaining steps carefully.

On not being a **"shadow chair"**: that is something the Chair would never do. He respects the role of Chair, having been a governor for six years with a front-row seat under Chair Yellen and Chairman Bernanke. He understands how hard it is to get 19 strong-minded people to consensus. The tradition is that governors try to be heard, collaborate with the Chair, and support the Chair when they can; when they can't, they can't. He intends to be a constructive participant out of respect for the office of the Chair.

- **Transition to Incoming Chair Warsh**

  Kevin Warsh advanced out of the Senate Banking Committee this morning – an important step forward. Chair Powell has not seen Warsh since congratulating him at a dinner in January. This is and will be a very normal, standard kind of transition process. Every new Fed chair has the same situation: 18 colleagues on the FOMC, 11 of them voting in any year, and the job is to create consensus, talk to them, understand them, and pull them together. Warsh has the capabilities and skills to be very good at that.

  On whether Warsh will stand up to political pressure: he testified very strongly to that effect in his hearing, and Chair Powell takes him at his word.

  On communications: every incoming Chair takes a look at communications, and that is a healthy thing. Communications is complex and you can always look at new things. The Fed previously held quarterly press conferences but always said it could move at any meeting; in practice, it only ever moved at the SEP meetings. During the pandemic, the Fed was moving a lot at every meeting and sometimes between meetings, and doing that without a

press conference would have been quite challenging. Press conferences at every meeting have become the industry norm.

On the dot plot and SEP: in last year's communications review, the Fed could not come up with anything with broad support on the Committee, so it moved on. Chair Powell "was never the world's biggest fan of the dot plot, but you can't beat something with nothing." The Fed is the only major central bank that does not publish a forecast – this is because of the 19-person committee structure.

- **Powell on Legacy**

  On legacy, the Chair declined to single out individual decisions, saying that is for someone else to say. All the members together have consistently tried to do what they think is best for the American people based on the tools and objectives Congress has given. It has been very challenging because the Fed has been in a situation of **supply shocks for six years**. For a very long time before that, what the Fed and other central banks were doing was demand management. There was always the inflation mandate, but inflation was low for 25 years. This is a very different and much more challenging world where the Fed has to balance the two objectives. The Chair is proud of the work he and his colleagues have done during these years.