Chair Warsh Press Conference Q&A Summary – July 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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https://www.federalreserve.gov/mediacenter/files/FOMCpresconf20260729.pdf

- **FOMC Discussion**

  Vigorous discussion centered on four questions:
  1. Implications of the past five years of high inflation on the current policy conjuncture. To echo an old phrase, has the past really passed?
  2. Considered the economic shocks of recent years. Strained supply chains arising from the pandemic, military conflicts, energy-supply disruptions, substantial increases in tariff rates, and the surge in A.I.-related investment. These differ in their sources - do they also differ in their effects on output and employment?
  3. The related question of price increases arising from shocks. The business capex boom, for example, is driving up prices of memory and logic chips and associated A.I. infrastructure. Do those changes indicate a broader inflationary dynamic, or do we just focus on them just because they are under the bright streetlight?
  4. Discussed monetary policy tools and strategies for achieving stable prices. If, as the Fed has long held, interest rate policy should be its primary monetary policy instrument, how much accommodation are we getting from the balance sheet?
  5. If I look at a lot of things that are internals inside of financial markets, I think what they're broadly saying is that this Committee does own it, has the credibility to deliver it, and they believe, like I do, that we will.

  Communication & Commitment
  - Steering clear of forecasting, a choice considered especially prudent at these uncertain times.
  - "This Fed will not waver. Our credibility rests on performing our duties, and delivering on our responsibilities. Americans are right to expect that, because our nation's prosperity depends on it."
  - "The central bank need not always and everywhere be the center of attention. I understand the desire for rolling forecasts and commentary from this Committee. But for our part, we need to observe market reaction to developments, direct and unfiltered. Market attention centered on real data and real economic developments. Prices reacted in real time to incoming information, and the reduction in forward guidance may have been a factor. Market participants are learning to play the ball, not the referee, and market prices will continue to respond in the direction and magnitude they see fit."
  - Listen to the market: Getting a direct message. Letting buyers and sellers meet at prices for Treasuries, for the foreign exchange value of the dollar, How are we doing on inflation? How are we doing on employment? We're trying not to interfere with that market signal. That's part of the reason why we've been somewhat spare on our words, when we pulled back from forward guidance. They're reacting to events.

This is a good thing. As I mentioned in the prepared remarks, we've seen a material tightening, not just in nominal rates, but in real rates too, and we're observing it. We're trying to stay out of that because we're interested in the reaction of financial markets.

- Markets have made decisions because we stepped back in part from trying to influence those. Market judgments have moved up on what nominal rates are, across the Treasury curve. We'll be continuing to watch that market information, see how it responds to incoming events, and that can help inform our decision making when we meet in seven or eight weeks. We're just trying to make sure that that source of information is as direct and unfiltered as possible.
- Data Dependence - Historic problem with data dependence is the data and the dependence. We are not relying on any one individual piece of data as cover or as an excuse, or as validation. What I and the Committee care about is trends on the data.
- Duel Mandate Tradeoff - do not believe that price stability and full employment is an either/or proposition. There have been policy makers over the last several generations who have thought that there is a strict tradeoff there. That isn't my judgment. In fact, my judgment is if and when we deliver on our remit, we're going to be satisfying both prongs
- Warsh Reaction Function - Any central banker, when he or she sees underlying inflation moving higher, he or she is more inclined to tighten policy. Again, when you've achieved the other side of your mandate, and you see underlying inflation falling, he's more inclined to loosen policy. That's my reaction function.
- Posturing but no action yet - the discussion last two days give me more confidence even than i had eight and a half weeks ago, this team that we have at the FOMC, the support that we have from Board staff, and the new hard questions we're asking, we need to resolve those, and as we resolve those questions, get smarter on those, we're going to deliver on the remit. You don't have to take my word for it. If you look broadly at market prices, they are certainly not saying all clear, but they are working in concert to keep us on our toes, and they have tightened financial conditions in this intermeeting period, and that has provided us some comfort that we've got the ability and capability to deliver.
- Market Signal is good source but not Deterministic - We're not going to be constrained by market prices. We're not going to be constrained or take verbatim from what the market's doing. But I think it's useful to understand that markets can be a very good source of information, not a determinative source, not a perfect source, but if we're trying to land the plane and deliver 2 percent inflation

The Economy

The economy is showing impressive resilience. Even with recent shocks, the trends are positive and reveal solid growth. The most striking feature of the economy is the strong growth of business investment. The surge in high-tech capex has been remarkable. More generally, capex is preparing the ground for future growth.

The Labor Market

Job gains have kept pace with the workforce, and the unemployment rate has changed little.

Inflation

- Inflation remains elevated relative to the Committee's 2 percent goal.
- The number of times Chair Warsh expressed his/Committee's commitment to bring down inflation back to 2%:
  1. The Committee remains resolute. "You've heard this before, but we will deliver price stability."
  2. There is no soft inflation target, there is no soft implicit target —not on this Committee's watch. There is only a target, and it is 2 percent. Not one of my FOMC colleagues is under any illusion. We have begun a new chapter, and we understand that the five-plus years of inflation above target cannot be cured in nine weeks - or by a single month of modest price decreases.
  3. The path to central bank heaven requires delivering on our remit. These days that means delivering on price stability. I wouldn't measure that path in 42 days (since the last FOMC meeting), or any one particular meeting. And I came out of that meeting even more confident that this is the right team to win the battle against high inflation.
  4. "revealed preference" - We set a 2 percent inflation target, but maybe we were more tolerable of a somewhat higher inflation target, but we will deliver the 2 percent inflation target. That is the Committee's definition of price stability. Three parts:
     a. making clear expectations,
     b. demonstrate we're responsible for it and not blaming
     c. policy tools

- **Fed Funds Rates**
  The Committee decided to vote by a 9 to 3 vote to maintain the target range for the federal funds rate at 3-1/2 to 3-3/4 percent.

- **Balance Sheet**
  The Committee is continuing its policy of making ample reserves in the banking system.