Chair Warsh Jackson Hole Economic Policy Symposium – August 28, 2026

https://www.federalreserve.gov/newsevents/speech/warsh20260828a.htm

Prepared by Philip Chao, August 28, 2026

Chairman Warsh's first Jackson Hole keynote titled "In Our Time", marking his 100th day. This note separates his points already on the public record (from his June 17 and July 29 FOMC press conferences and prior Congressional testimonies) from what the speech newly clarified. Direct quotes are in quotation marks. This summary divides the information provided in Chair Walsh's speech into two sections: What Was Known vs. What Was New

ALREADY KNOWN · established before Jackson Hole

End of forward guidance

- The headline of his very first meeting (June 17): the FOMC statement was cut from ~300 words to ~130 and forward guidance was removed. He withheld his own interest-rate dot from the June projections.
- He called forward guidance *"not well suited to the current policy conjuncture"*; the statement *"just gives you the facts, as best we can judge it."*

Reading markets directly

- At the July 29 press conference he described seeking *"an unfiltered message from markets"*, letting buyers and sellers set prices for Treasuries and the dollar, then judging what that means for the Fed's remit.

Committed to 2%, but no pre-commitment on rates

- Across both meetings he pledged the Fed would deliver price stability while declining to signal a rate path (*"no soft inflation target"*). The *"discipline, not a decision"* stance was already visible in his refusal to publish a personal dot.

Independence and a lighter-touch Fed

- Signaled from the outset: less guidance, a smaller balance sheet, lighter regulation, and press conferences only *"when there's news to make."*

NEW AT JACKSON HOLE · clarified or sharpened

1. **PCE named as the operative gauge (resolving prior ambiguity)**
   - He reaffirmed core PCE as *"the Fed's preferred measure of inflation"* and the 2% PCE objective as the *"firm, fixed target,"* and said he disaggregates all 199 PCE components to read the underlying trend.
   - This matters because his July press conference had left real confusion over which gauge he would act on (CPI or PCE). Commentators called the Jackson Hole treatment *"a sharper view of his understanding of inflation metrics than he has given previously."*

2. **Blunt ownership of the inflation record**
   - *"The responsibility for 65 months of sustained, elevated inflation sits squarely with the central bank. And that is where it belongs."*
   - *"Price stability is not self-executing, nor is inflation necessarily mean-reverting."* A more direct assignment of blame than the deflections (*"milk aisle," "dozen eggs"*) he used in the press conferences.

3. **Financial conditions called "not restrictive" (the main hawkish trigger)**
   - *"I would be hard pressed to describe broad financial conditions as restrictive."* With the economy *"strengthened"* (cap-ex up ~9%, S&P 500 profits up 20%+, credit spreads near historic lows) and labor *"consistent with full employment"* at 4.1% unemployment, this signaled little room to ease. This is the line markets read as pointing toward a possible hike.

4. **The scattered practices assembled into a stated doctrine**
   - He laid out his guiding principles as a single framework for the first time. The individual pieces were known; assembling them into a stated doctrine was new. Among them:
     - Judge trends, not isolated data points. He calls this the discipline to *"interrogate reality"* so policy is not set on stale numbers.
     - Short-term interest rates are the *"predominant tool."* Unconventional measures such as large-scale asset purchases should be used *"sparingly, if at all."*
     - *"Money matters."* He returns to watching money-supply growth as a signal for inflation, a view long out of fashion at the Fed.
     - On accountability, he closed with a line from General Chuck Yeager: *"At the moment of truth, there are either reasons or results."* Credibility rests on delivering results, *"the only true test."*

My Take
The public did not meet a fundamentally different Warsh. His independence, the end of forward guidance, and his market-reading method were all on the record from June and July Press Conference.

Jackson Hole's new content was (1) naming PCE as the gauge he will act on, (2) owning the inflation record outright, (3) calling financial conditions "not restrictive," and (4) consolidating his practices into a doctrine. Items 2 and 3 are why the market read the speech as hawkish.