Transcript of Chairman Warsh's Press Conference Opening Statement
July 29, 2026

CHAIRMAN WARSH. Good day. My second FOMC Committee meeting as Chairman has come quickly. It's probably too early to call it a streak, but our discussions again were collegial and constructive. I am truly lucky to work with colleagues so capable and mission-focused, and so determined, like I am, to sharpen the performance of the Federal Reserve.

Today, as you know, our 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. The Committee is continuing its policy of making ample reserves in the banking system. The economy is showing impressive resilience. Even with recent shocks, the trends are positive and reveal solid growth. Job gains have kept pace with the workforce, and the unemployment rate has changed little. Inflation remains elevated relative to the Committee's 2 percent goal. The Committee remains resolute. You've heard this before, but we will deliver price stability.

As before, the policy statement conveys just the facts. It's steering clear of forecasting, a choice we consider especially prudent at these uncertain times. Uncertainty, however, does not mean a lack of clarity. For some households, businesses, and market professionals, five years of high inflation have left a mistaken impression that is hard to shake: that the Fed's implicit inflation target was somehow above 2 percent. Let me reiterate: 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.

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. To the regulars here in the press room, today's assessment might sound familiar. Yet there was nothing inertial about our discussions, our policy, or our strategy.

Two economic developments are worth highlighting. The first is a very notable change since our last meeting 42 days ago: nominal and real yields are materially higher across the Treasury curve. In fact, some of the increases in market interest rates between FOMC meetings are among the most significant in the last two decades, ranking around the top decile or so.

But if the Committee didn't change its policy rate, what happened? In the inter-meeting period, 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. This is, in my view, a change for the better—and we are just getting started. After all, 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. I want to stress, of course, that decisions by this Committee matter a great deal. And where necessary and appropriate, we will not hesitate to act.

A second economic development is one that I noted at the congressional oversight hearings this month, but it's worth repeating. The most striking feature of the economy is the strong growth of business investment. The surge in high-tech capex has been remarkable. But that does not necessarily make the Fed's role any easier. In the A.I.-related category of high-tech equipment and software, the most recent data shows four-quarter growth rates of nearly 20 percent. This is helping to sustain the healthy momentum of manufacturing output. More generally, capex is preparing the ground for future growth. Nonetheless, the precise timing and magnitude of effects on the supply side remain hard to predict.

FOMC meetings produce policy decisions. But just as important is candid discussion of the big things that matter most. That too is a priority in this new chapter at the Fed. In our meeting, vigorous discussion centered on four questions, which I will enumerate.

First, we talked a lot about the implications of the past five years of high inflation on the current policy conjuncture. To echo an old phrase, has the past really passed?

Second, my colleagues and I 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 yes, the surge in A.I.-related investment. These differ in their sources—do they also differ in their effects on output and employment?

Third, we took up 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?

Finally, we 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?

In all of this, our work is advancing at the Fed. We are asking the right questions. And in this consequential time, we know how very much depends on getting the right answers.

Of course, you’ve all arrived with questions of your own, so let’s turn to them now.