Transcript of Chairman Warsh's Press Conference
October 28, 2026

CHAIRMAN WARSH. Good day. This morning, the FOMC decided to maintain the target rate for the federal funds rate at 3¾ to 4 percent, in support of the Federal Reserve's dual mandate. Economic activity is expanding at a strong pace. While uncertainty remains—owing, in part, to geopolitical developments—domestic spending has been resilient. Productivity growth is strong and capital investment robust. Job gains have kept pace with the workforce, and the unemployment rate has changed little.

But inflation remains elevated. The Committee believes that the accumulation of more information will help it determine the policy stance appropriate to ensure a timely return of inflation to the 2 percent goal. The Committee will deliver price stability.

At each policy meeting, my colleagues and I assess the economy by looking out the window—it's what we call "interrogating reality"—to gauge what's really going on. It is not a task that has grown easier. So what exactly do we observe? Economic growth has strengthened. The GDP increase in the first half of this year was revised up from an earlier estimate of 1.8 percent up to 2.4 percent. And the third quarter appears to have brought an even more rapid advance, led by healthy consumer spending, likely running above 3 percent growth, and business investment—investment, likely rising at about a double-digit pace.

Capital expenditures are at a historically high share of GDP. High-tech investment is leading the acceleration. But there's also been a broadening in other categories. And these trends bear watching.

What about the jobless rate? The jobless rate is lower than a year ago, and payroll growth is noticeably above last year's pace. The four-week moving average of unemployment

insurance claims continues to run at the lowest level in generations. So on the employment side of the Fed's dual mandate, conditions are quite positive.

And yet Americans, of course, are still dealing with inflation that has been running above the Committee's objective for close to six years. It's our responsibility to get inflation down. That's the reason the FOMC's discussion over the last couple of days focused mainly on the price-stability side of our remit.

Since our policy action in September, we have started to see some changes in financial and credit conditions. They have tightened for some businesses and households, much as we would expect. Market participants are becoming somewhat more discerning in their capital allocations. And while overall financial conditions are tighter, I'm unwilling and unable to call them "tight." But broadly, these developments go in the direction of achieving a longer, more durable period of economic growth and price stability.

Over the last couple of days, the Committee had a good discussion of the changes in the economic and financial landscape that marked this intermeeting period. We discussed geopolitical developments and fast-moving changes in technology. We observed, but were not surprised, that financial markets showed bouts of volatility and shifting correlations.

So as we widen the frame to survey the broad economic and financial picture, real activity is clearly pointing in the right direction. That's good news. But inflation is too high. Energy and related prices have moved higher again in recent weeks. And our job is to ensure that relative price changes in some sectors do not broaden out across the economy and that inflation expectations remain as they are—anchored.

While these uncertainties are real, there's no lack of clarity in our purpose at the Fed. Since becoming Chairman just five months ago, I've been honored to work with FOMC

policymakers who are unambiguous in their commitment to stable prices. We've made clear our readiness to act as circumstances require, and we have shown our willingness to act.

The information we receive over the coming period will help us determine where we want policy to be. And at every turn, good or bad, our job is to get monetary policy right. And that's exactly what we're doing.

Now, with this objective in mind, we've decided on a change in our FOMC schedule, starting next fall. We believe eight meetings per year is the right number for the FOMC. But in 2027, one meeting will focus exclusively on broad monetary policy strategy, with neither a vote on the federal funds rate nor a policy statement anticipated. The rest will be regular FOMC policy-setting meetings. And I expect that in 2028, we'll have two meetings dedicated to discussions of strategy and six for setting policy.

Now, what's the reasoning behind this change? To me, it's quite straightforward. Getting policy right involves assessing near-term developments at timely, regular, and information-rich intervals. But it's equally important we reserve time and space, as an intellectually diverse group, for strategic deliberations—for thinking anew about big questions, looking out over longer time horizons, focusing, as I say, on the left side of the decimal point.

I believe the setting of the meeting schedule and agenda is more than some administrative detail. It's an institutional choice, affecting the nature and the quality of our deliberations and, ultimately, the wisdom of our decisions. It's yet another change to get the conduct of monetary policy on the right track.

I appreciate your attention this afternoon. Now my time is yours, and I welcome your questions.

MICHELLE SMITH. Colby.

COLBY SMITH. Thank you. Colby Smith with the *New York Times.* There's been essentially no progress toward the 2 percent inflation target. The labor market remains stable, as you suggested in your opening statement, and most of your colleagues seem to be on board with raising rates in December. So why not just raise rates today?

CHAIRMAN WARSH. So it's a good question. And I will say, I read your stories the last day or two, so I must admit I sort of saw that question coming. What I said in my prepared statement was information coming—in the coming period will help us tell us where we want to be, but I suspect you want a little more than that. So let me—let me give it a shot.

Ensuring price stability, Colby, quashing inflation is not about some fixed individual date on a calendar. Same way it's not about some isolated data point. If it were about those two things, this job would be easier and we wouldn't be suffering from nearly six years of inflation above target. So what's this about? It's about ensuring we have clear objectives. And it's about a monetary policy strategy. Which might sound—to your ear, and others'—like a change from the last several years. So let me step back.

In the five months or so that I've been around, we've put in place what I describe as "new monetary medicine." Well, what's been in that package of medicine? First thing we did when we showed up, with my colleagues, is we doubled down on the 2 percent inflation target. We said: "We own it, we're taking responsibility for it, and if you think that we're tolerating some inflation target somewhere in the 2s, let us disabuse you of it." That was the first part of this new monetary medicine.

Second part is, we took responsibility: no "anguish of central banking" here, no blaming others. So the third thing that we've done—we laid out for you and the world our framework. I did it in Jackson Hole. It was part of the discussion the last couple of days. It is the framework

that many of my colleagues hew to as well. This is how we think about how monetary policy should work. These are the transmission mechanisms. And this is how we're going to deliver.

Then what do we do? We interrogate reality. We do that periodically. That's a very useful thing to do. But we don't just talk—we act. And so in September when we last met, we acted. We removed a dose of accommodation.

So what are the signposts about how this new strategy is going? Inflation compensation as measured by swaps prices, many other measures—inflation compensation is going in the right way. Inflation expectations—the world is quite unsettled. If you'd say, absent the Fed, what would have happened to expectations? They might have gone the wrong way. They've gone the right way, too. So I feel good about those signposts.

The period right in front of us is information rich. There is a lot that's happening in the world. My colleagues and I are keen to take notice of it. So in this coming period, what do I think we're going to be able to do? We're going to be able to figure out what's the appropriate protocol as part of this package that we started to deliver five months ago to deliver price stability. I'm encouraged by the progress we've made in a short period of time. But if the crux of your question is, "you haven't delivered yet; you haven't achieved price stability," you're right about that—but we're working on it.

MICHELLE SMITH. Pedro.

PEDRO DA COSTA. Thanks so much. Thank you, Chair Warsh. So if I could—the statement says that "the accumulation of more information will help the Committee determine the policy stance appropriate to ensure a timely return of inflation to the 2 percent goal." Does that mean that the current level of the fed funds rate might already be the right one?

CHAIRMAN WARSH. Well, we've got to determine the appropriate protocol. If you were listening next to me in that room the last couple of days, the overwhelming consensus, the overwhelming judgment is that what we've done in this monetary medicine is starting to work some, but there's no firm conclusions. If we had a firm conclusion about the conduct of monetary policy, we'd announce it to much fanfare today. What we decided to do was—to Colby's question—take stock of where we are, evaluate what we're seeing out the window, ask ourselves whether the period right in front of us is likely to provide more clarity on the appropriate protocol. My judgment, the judgment of my overwhelming number of colleagues, is that it would.

MICHELLE SMITH. Steve Liesman.

STEVE LIESMAN. Mr. Chairman, before—thanks for taking our questions. But before the, the meeting, several members of the Board and the Committee went out and told us that it was going to take more time, and that had a profound effect on the outlook for the—for the funds rate. Were you involved in under—in, in discussing that message with them? And if you don't mind, I'm sorry, but a protocol question: What will be the disclosure, public disclosure, on the meetings where you're not going to have a statement? So two questions. I'm sorry.

CHAIRMAN WARSH. Those are two questions. Did you—did you not hear the one-question rule?

STEVE LIESMAN. I did, but I thought there was like a protocol thing I could do.

CHAIRMAN WARSH. I would—that was like a parliamentary procedure question you were asking. That didn't count. I hesitate to indulge the second question. I fear what it would do. [Laughter] But let's—let me see if I can do it and not have a slippery slope among us.

Your first question was about my colleagues. I've got 18 quite independent colleagues. If you were inside of that room the last couple of days, you would come to believe that to be true. One way to test the independence of my colleagues is—I don't know if you've heard, Steve, but I don't submit a dot. I don't plan on submitting a dot, but the 18 of them do. To suggest somehow that I am some kind of all-knowing person sending messages out, that, that's not the Committee of the FOMC that I know. These are serious, sober, responsible people. We had a serious, sober discussion. So that's the answer to that.

On the parliamentary question—which doesn't count as a question—I'll just say this: We've made a decision that, at that strategy meeting in '27 and the two strategy meetings in '28, I do not anticipate making any policy decision, putting out a policy statement. But what might we come out with? It's not obvious yet. There's more news to come on that. The decision on the new format for the meetings is relatively new. It was a robust discussion over a couple of meetings of how to handle that. As we get details of that, which are still now not until next fall, we'll be prepared to share them with you.

MICHELLE SMITH. Nicole.

NICOLE GOODKIND. Hi. Nicole Goodkind with *Barron's.* Thanks for taking my question. In September, you mentioned that the Fed has a role in sustaining the economic progress happening in America right now and in the rising opportunities that come with it. I'm wondering if you can expand on whether you see this as a mandate and how you intend to fulfill that mandate.

CHAIRMAN WARSH. So the mandate was given to us by Congress. The mandate was: Deliver stable prices and deliver full employment, all in the context of financial stability. Now,

they gave us some other homework to do on supervision and regulation and payments, but I presume you're talking about monetary policy.

So, what's the best thing we can do in this environment, looking out our window to deliver on that remit? Ensure stable prices. I mentioned, I think at a prior press conference, if you were trying to do the most harm to the least well-off among us, you would let the last six years of inflation above the Fed's target—usually well above the Fed's target—you'd let that continue. So that's the most important thing we can do as we look out the window. And that's what we plan to do. You probably heard me say this: We will deliver price stability—no ifs, ands, or buts. And that continues to be the case.

MICHELLE SMITH. Eleanor.

ELEANOR MUELLER. Eleanor Mueller with Semafor. I wanted to ask you about the working groups, when we can expect their reports to come up, and if there is anything you can preview for us, whether it's on AI or data or balance sheets.

CHAIRMAN WARSH. Sure. These five task forces are hard at work. I have scarcely seen anything that would constitute a final report. But I have done some periodic check-ins with them, and I am impressed by the rigor of the intellectual discussions, by the seriousness of the task that we've given them. Now, some of the questions that I asked to kick off the reports, they want to answer those and answer a whole range of other questions, which might go to other task forces, but I'm impressed by what they're doing.

I gave them, like I told you, a year-end deadline. I think some, but not all, of the groups will probably hit their deadline and turn their homework in on time. But that just begins the process by which we're going to be consuming, which is intellectually serious work. That's a catalyst for us to think anew about productivity and jobs and an inflation framework and what's

the best data to help us do our job—how to think about the Balance Sheet Task Force. These are huge intellectual investments that I think are going to bear fruits in the next policy conjuncture—unlikely to find their way into this policy conjuncture given the, the important role as consumers of these ideas that my colleagues have.

But I will have one small announcement. I previewed this when I was at an IMF meeting, much to the chagrin of some of my colleagues around here. On November 16th, the Productivity and Jobs Task Force will be doing a field hearing, inviting a broad range of people who have strong views. What are the implications for jobs and the economy near term, medium term, long term? Is this a productivity miracle that's going to happen, or will it happen slowly? I know I, for one, am keenly interested in refining my own views on that question.

But that task force decided that they wanted to hear from more people as part of their undertaking. I plan on attending. I might have a few words to say at the outset of that conference. I expect the conference will go three or four hours. It'll be pretty wonky stuff. I don't know how good the material will be for the likes of you and your colleagues.

But it's a purpose to do a lot of listening—for me to interrogate the reality in front of me. What do experts in their fields think about this? What are the implications for the dual mandate that I referenced to your colleague? Is this going to make it harder or easier for us to achieve price stability over the next several years? What are the implications for jobs, medium and long term, but near term, too? So we're going to explore those largely in the public realm on November 16th. I look forward to seeing you there.

MICHELLE SMITH. James Rosen.

JAMES ROSEN. Thank you so much. Thank you, Mr. Chairman. James Rosen with Newsmax. You spoke of interrogating reality. Since reality is a no-show here today, I'm going

to satisfy myself with interrogating you. You spoke earlier in your remarks here today about how your colleagues are serious and sober people who are committed to price stability. In an event in the Oval Office on October 7 of this year, President Trump said, and I quote, "Kevin is great, but Kevin's one vote out of a Board with numerous people that were put on by Obama and Biden and a couple by me. So you have a Board that would like to see the country do badly, in my opinion." Do you agree with those comments?

CHAIRMAN WARSH. So, James, I appreciate the question. I'm not going to be responding to, to quotes from public officials. What I can tell you is my experience in five months here. We just came out of a heck of a family fight—a serious, sober discussion. I think we came to the right policy decision for this moment, and I'm honored to be here and honored to be the Chairman of this group.

MICHELLE SMITH. Maria Eloisa Capurro.

MARIA ELOISA CAPURRO. Chairman Warsh, Maria Eloisa Capurro with Bloomberg News. So the economy is strong. Inflation is well above 2 percent. You're saying inflation expectations are going the right way, but surveys show that households expect inflation to remain above the Fed's goal and not just for the short term. You didn't hike today. Are you now waiting for more data? I haven't really heard the clear arguments as to that decision. So do you worry that with today's decision, households may not believe your pledge to bring down inflation clearly and at sufficient speed and instead would read this decision of holding rates steady as a sign that the central bank has, in fact, a soft inflation target?

CHAIRMAN WARSH. Yeah, so what I can do is tell you there's no soft inflation target. There's no implicit inflation target. There's a target of price stability, and it's 2 percent as

measured by PCE. It took six years to—for inflation to have the effect on consumers that you reference.

But I would say this: When consumers interrogate reality, they look outside their window, too. They go to the gas station, too. And they see that prices are up. I am not going to be the guy who says that oil prices haven't gone up, and when they fill up their tank, they don't see it. And so inflation's gone up and expectations in the very near term, because they're doing what we're doing—interrogating reality. But if you look out over the horizon, if you look at most, but not all, measures, what you see is households, businesses, financial markets, they have the confidence that they should have that the central bank will deliver price stability.

MICHELLE SMITH. Edward Lawrence.

EDWARD LAWRENCE. Thank you, Mr. Chairman. Edward Lawrence for Fox Business. So do you see a direct line correlation between oil prices and the inflation we're seeing in the United States? And, if so, how fast could inflation fall or react to falling oil prices?

CHAIRMAN WARSH. So I don't want to engage in hypotheticals, but I can look out—look out our window and see what's happened. There's been a stable correlation between oil prices as they've moved up this year, generally, and interest rates—not the interest rates that we control but interest rates set in the market. That correlation has been quite strong until very recently, where you've seen oil prices continue to move up, largely due to geopolitical events. We've seen crack spreads between oil and refined products continue to stay elevated.

But what's happened? Interest rates have rolled over to the downside. I'm not a Wall Street newsletter; I'm just telling you, when I look out the window over the last several months, that is what we've seen. To the extent that oil prices were to move lower—again, probably due to geopolitical events—that's something that we're going to have to interrogate.

What are the effects on the Fed's dual mandate? What are the effects on financial market prices, and what are we going to do about it? But that's a hypothetical, and, in fact, if we look at financial market prices, futures prices for oil, they've moved up over the course of the last several weeks, and I can't help but take note of that, too.

MICHELLE SMITH. Claire.

CLAIRE JONES. Thank you. Claire Jones, *Financial Times.* Much of the growth that we're seeing in the U.S. economy now—and quite a bit of the inflation, too—is coming from the AI boom. There's quite a lively debate as to whether or not, you know, this is a part of the economy that's sensitive to interest rates in the same way as, say, housing. I'd love to get your sense of, you know—do rates need to rise more given that so much of the U.S. economy now is about AI than it otherwise would if, say, you know, housing was a bigger part of the story? Thank you.

CHAIRMAN WARSH. Thank you, Claire. So there was a narrative for quite a while, maybe even in this room, over the course of the last several press conferences: "Well, they're going to raise rates. They're talking about raising rates, but it's not going to have any effect on AI because the returns that investors are expecting are so different." I was skeptical of that view.

Interest rates get in the cracks. Interest rates affect, directly or indirectly, almost everything. And what have we seen? Since early September what we've seen inside of the technology complex, outside of the technology complex—whether you pronounce it "AI" or "SI," Claire, is up to you—what have you seen? Interest rates have had an effect. You've seen market participants that are discriminating between the kinds of investments they want to make. You've seen credit spreads for certain assets widen out, gap out. For others, you've seen some tightening in financial conditions but not significantly. So on the thrust of your question of—

with respect to the new technology and this investment surge, do interest rates matter? I believe they do. And I don't believe that they're somehow divorced from the rest of the economy.

Secondly, I'll just say this: It is convenient to say that the strength of the economy is all about this new technology wave. In fact, if we look at the data, really including data from the last meeting until this, the cap-ex story is not just robust, not just strong, but it is broadening. And so if you wanted to tell the story somehow that this is strength we're seeing only in narrow pockets, that's a much harder story to tell now than it would have been several quarters ago.

MICHELLE SMITH. Elizabeth Schulze, on the back row.

ELIZABETH SCHULZE. Thanks so much. Elizabeth Schulze with ABC News. As you know, the midterm elections are in six days. Did the midterms factor into the Fed's decision to stay on hold? And, if not, how can you assure the American public that politics were not at play here?

CHAIRMAN WARSH. So politics played no role in the decision. I just spent two days with my colleagues upstairs. I didn't hear an utterance about politics. I didn't hear a reference to politics, elections, what's happening in the next week or so. I didn't hear anything about it. And I don't believe it had any role in the decision, not just for me, but my colleagues around the room. But I will say, it's an information-rich interval in the coming period, having nothing to do with politics.

MICHELLE SMITH. Chris Rugaber.

CHRISTOPHER RUGABER. Hi, thank you. Chris Rugaber at Associated Press. I know you don't like the statement of economic projections, but last month they did—your colleagues penciled in another rate hike for this year. And so could you give us your sense from

this meeting whether you still see widespread support for another hike this year around the table? Thank you.

CHAIRMAN WARSH. So the blackout period for them ends, I think, on Friday or at some point over the weekend, so they might—they might indulge you in that discussion. I don't believe in forward guidance, absent exigent circumstances, absent a crisis. I have to give that caveat because in the darkest days of the 2008 financial crisis, in part using some literature and thinking from a very recent Nobel Prize winner, that kind of forward guidance is actually quite helpful. But in normal, ordinary times, especially times where the underlying real economy is this strong, I don't believe in it. I don't favor it.

I also don't believe in prejudging meetings. A lot of things can happen. So I'm not going to be able to, to share with you my musings about what happens when this group gets together six weeks from now. But my judgment is that we might learn a lot and, like in my response to Colby's question, we'll be, I think, better positioned to determine the right policy decision and the stance of policy.

MICHELLE SMITH. Sang Eun Lee.

SANG EUN LEE. Hi, my name is Sang Eun Lee from the *Korea Economic Daily* newspaper. I've got a question as a foreign press. You have spoken several times about the possibility of the Fed shrinking its balance sheet further. If that plan moves forward later, how would you avoid disrupting foreign official holders of Treasuries or dollar funding markets abroad, like South Korea and Japan?

CHAIRMAN WARSH. So, thank you for your question. First off, I would say, I pay probably more attention to the Korean economy than you might think because when I'm looking at the feedstocks effectively for this new surge in technology, a lot of it's coming from Japan and

Korea, some from Singapore. So I'm particularly interested in, in what's happening in the Korean economy, usually because it's telling me what's on planes and ships coming this way.

Secondly, I should say that your new central bank governor is someone I've known for 20 years and is a very talented guy and a good friend. So I'm glad he's in that post. He and I met actually about 20 years ago amid the Global Financial Crisis, as it would come to be known, and I remember—this is a generation ago—discussions with him about the use of the balance sheet in exigent circumstances like we had then.

At this point, the balance sheet is solely within the four walls of the Balance Sheet Task Force. Now I have checked in with them, full disclosure. They're working away and comparing their best thoughts. And I think the conclusions they come to, the recommendations they come to, will be fed into the FOMC probably early in the first quarter, but don't hold me exactly to that timing. And, and if we decide to make changes in the balance sheet, it'll be after a serious consideration of their proposals and their recommendations. I think it is unlikely to have any material effect on this policy conjuncture, but it's a question we should get to the bottom to, and I look forward to doing it with the help of the outside task force.

MICHELLE SMITH. Nick.

NICK TIMIRAOS. Nick Timiraos of the *Wall Street Journal.* Chairman Warsh, I want to follow up on your answer to Claire's question. As the AI investment boom becomes more dependent on external financing, does that make aggregate demand more sensitive to interest rates than it was before? And, related to that: When you removed a dose of accommodation last month, did you see about what you bargained for?

CHAIRMAN WARSH. So you gave me two questions, and neither of them were—had any sort of parliamentary out. So you're giving me the opportunity to choose, choose, choose which of those—

NICK TIMIRAOS. Fair enough.

CHAIRMAN WARSH. —so I'll answer your second question. When we removed a dose of accommodation, I don't know, six weeks ago—we don't have perfect foresight on what financial markets are going to do with it—but broadly I would say, the effects on financial markets, on financial market conditions broadly, were consistent with my expectations.

MICHELLE SMITH. Howard Schneider.

HOWARD SCHNEIDER. Howard Schneider with Reuters. Thank you, Chairman Warsh. I'm going to take Nick's first question, then.

CHAIRMAN WARSH. Okay. Give it to me again. I don't remember.

HOWARD SCHNEIDER. No—well, it's about aggregate, aggregate demand and the components of inflation. A lot of your colleagues have said they felt the investment boom in AI was now adding a strong demand component to inflation and this was a handoff from the supply-side concerns that might be expected to fade over time. How much do you think demand is adding to inflation right now, and how sensitive will that be to Fed, Fed control?

CHAIRMAN WARSH. Good, good, good, good—good pickup of that. Good team effort. [Laughter] So, so I'd say this: The only things we really know in economics: supply and demand cross; Our measures of the size and the shape of the aggregate demand curve is imperfect. Broadly, what I heard in the room the last couple of days is consistent with my own views, which is the economy is strong. I didn't try to sugarcoat that in the first part of my

statement. The economy has been marked up for the first three quarters. The economy is pointing in the right direction.

Is the economy running too "hot"? Is the economy running too strong? That isn't the judgment of most of my colleagues. Part of it is we never know what potential growth really is, Howard. My judgment is we have seen an improvement in productivity; we can't measure it precisely. I think most of that change in productivity precedes everything we're talking about—super intelligence. But productivity has been moving higher in the economy, however imperfectly measured, I think, for a couple of years. And so economic growth is higher, but that doesn't tell me that economic growth is somehow causing inflation and making our job harder. But we'll be continuing to look at those issues.

The goal, in my view, and you've heard me say this before, isn't to throw sand in the gears of the economy and throw people out of work. I don't think we have to do that. The dominant means in which this policy is going to be put into practice is we are tightening financial conditions. They've tightened a bit since we met last time. That isn't something that we're uncomfortable with. That tells me that policy is working, and I think we can do that and make the economy more durable, have it last longer, and still achieve stable prices.

MICHELLE SMITH. Okay, we'll go to Victoria for the last question.

VICTORIA GUIDA. Hi, Chair Warsh. Victoria Guida with Politico. I wanted to ask, next week is a, a hearing at the White House on Lisa Cook's future and allegations that have been made against her. Are you personally, or the Fed as an institution, going to be involved at all in those proceedings?

CHAIRMAN WARSH. Not to my knowledge.

MICHELLE SMITH. Okay.

CHAIRMAN WARSH. Thank you.

MICHELLE SMITH. All right.

CHAIRMAN WARSH. Thank you, guys.