



PREVIEW: Fed Chair Powell's Successor

US Treasury Secretary Bessent said the next Fed Chair will likely be announced in the fall of 2025, and US President Trump said that he will name the new Chairman early, and that it is really down to three or four names, but Bessent has announced 11 candidates - Trump may be able to appoint two new governors.

CEA Chair Stephen Miran has been nominated by US President Trump to replace Governor Kugler until the term expires in January 2026. This ensures that Trump can appoint at least one more Fed Governor before Fed Chair Powell's term ends in May 2026 (his governor term runs until 2028, however). Typically, a Fed chair retires when their chair term ends, but Powell may choose to stay on to reinforce Fed independence. If Powell retires, Trump would appoint two new Board members — both likely contenders for the Fed Chair role, alongside other current Fed members who are seen as possible picks. US Treasury Secretary Bessent has said there are 11 candidates for the role. Miran is unlikely to stay beyond January 2026, but is expected to lay the groundwork for lower rates at upcoming meetings. Note: Treasury markets have reacted differently depending on perceived Fed independence; reports of Fed's Waller as favourite have been met with some curve flattening, while broader questions over Fed independence have steepened the curve. The administration may also be floating extra names to increase pressure on the Fed for rate cuts, while enforcing a credible candidate list to appease market concerns.

CANDIDATES: *The following section may be updated in the future to reflect recent commentary, or if any are taken off the list.*

FAVOURITES

- **Fed Governor Waller:** Reports suggested Waller is seen as the Trump-team favourite due to his support for cutting rates in July, and emphasis on forward-looking forecasts over lagging data. Currently, one of the most dovish board members, alongside Governor Bowman (also a contender). Waller explained his dissent, noting tariffs are a one-off price increase, and a host of data argues rates should be closer to neutral. He noted that downside risks to the labour market have increased.
- **NEC Director Hassett:** Close Trump ally and NEC Director, critical of the Fed for being too slow and "too political." Optimistic on growth under Trump's policies, argues tariffs will only cause a one-time price increase.
- **Former Fed Governor Warsh:** The former Fed Governor said he'd have supported cuts before July's meeting. Views tariffs as non-inflationary, advocates shrinking the balance sheet, and calls for a "regime change" in Fed policy. Proposes a new Treasury-Fed accord and suggests the Fed should keep out of fiscal and political matters.

FED/EX-FED

- **Fed Governor Bowman:** Dissenting vote for a 25bps cut in July; projects three cuts in 2025 versus the Fed's median view of two. Bowman explained her dissent, she thinks the Fed should put more weight on risks to their employment mandate, while upside risks to inflation have diminished.
- **Fed Vice Chair Jefferson:** Appointed by Biden, voted to hold in July. Hasn't spoken on policy since May, when he described rates as "moderately restrictive" and cautioned on inflation risks from tariffs.
- **Dallas Fed President Logan:** FOMC hawk, next voting in 2026. Pre-July meeting, urged holding policy tight to lower inflation but acknowledged softer data could justify cuts "fairly soon." Warned against both cutting too late and too early.
- **Former St Louis Fed President Bullard:** Former Fed President, says tariffs/taxes won't drive lasting inflation but may cause a one-off price rise. Supports cuts as soon as September, warns tariffs may slow growth. Stresses Fed independence and low/stable inflation goals.
- **Former Fed Governor Larry Lindsey:** Former governor, says the Fed has performed poorly, citing forecast errors, mishandling of SVB, and the "transitory" inflation mistake.

EXTERNAL

- **Former Bush Adviser Marc Sumerlin:** Former Bush adviser, says recent jobs revisions justified earlier cuts. Downplays inflation risk, favours a 1–3% inflation target range. Calls for deficit reduction to avoid Japanese-style yield curve control. Predicts AI-driven productivity gains in 2026 could allow lower rates.
- **BlackRock's Rick Rieder:** BlackRock CIO, says July CPI supports a 50bps September cut, with inflation still below concern levels.
- **Jefferies' David Zervos:** Jefferies Chief Market Strategist, critical of Powell's "uncertainty" framing. Says revised payrolls show policy is overly restrictive and supports much lower rates — even an intermeeting cut.

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