Central Bank Weekly: 2nd January 2026

Previewing Fed Chair Nominee and SNB Minutes; Reviewing FOMC Minutes

PREVIEWS

FED CHAIR NOMINEE (TBC): US President Trump has suggested that he will name the successor to Fed Chair Powell early in 2026, CNBC reported the first week of January. The list of candidates has greatly narrowed from the 12 candidates initially. For the most part, NEC Director Hassett was seen as the clear favourite to replace Powell. However, in recent weeks, several reports have suggested that insiders are recommending against appointing Hassett as Fed Chair, and his lead as favourite has diminished somewhat. President Trump again reiterated criticism of current Fed Chair Powell for cutting rates too slowly, calling him a fool; Trump also repeated claims that Fed HQ renovations cost USD 4.1bln (others have suggested it is around USD 2.5bln), threatening a lawsuit, and saying he would love to fire Powell. The four candidates are: NEC Director Hassett (Polymarket has him as favourite, at 41%), former Fed Governor Warsh (Polymarket's second favourite, at 32%), Fed Governor Waller (15%) and BlackRock's Rick Rieder (4%). Waller is the only internal candidate. Powell’s chair term expires in May 2026. To read the full preview, please click here.

SNB MINUTES (THU): In December, the SNB maintained its policy rate at 0.00%, as expected, and reiterated its willingness to be active in the FX market as necessary. On the economy, the SNB maintained its inflation forecast for 2025 but sharply cut its 2026 projection to 0.3% from a previous forecast of 0.5%. At the subsequent press conference, Chairman Schlegel reiterated that the bank stands ready to intervene in the FX market and, more notably, said he could not say that a lower CPI outlook makes NIRP more likely. From the minutes, attention will be on further detail around the inflation forecasts and whether Schlegel’s view on NIRP is shared by the board as a whole.

REVIEWS

FOMC MINUTES: The latest minutes showed a finely balanced decision, with most participants backing a cut to 3.50–3.75% due to rising downside risks to employment, while some preferred no change and one favoured a larger move (nine members voted for a 25bps rate cut; Miran voted for a 50bps reduction; Goolsbee and Schmid voted for unchanged). Most judged further cuts likely if inflation declines, but several favoured holding rates steady to assess lagged effects. Inflation was seen above 2%, with tariff-related pressures noted, and risks were judged as being tilted to the upside. Participants noted that labour markets were softening, growth was moderate, and balance-sheet management was focused on maintaining ample reserves. Analysts said the minutes underline a clear split within the Fed, reinforcing a cautious policy outlook. While the majority remain open to further easing, confidence is explicitly conditional on clearer disinflation, particularly given concerns that additional cuts could undermine commitment to the 2% target. The emphasis on a pause to assess lagged effects signals sensitivity to policy transmission risks. Softer labour conditions justify the recent cut, but persistent inflation uncertainty and tariff effects argue against near-term follow-through, leaving policy firmly data-dependent rather than on a preset course. Barclays said the minutes showed support for a December rate cut and further easing if inflation declines, but revealed divisions over the future rate path and timing. The bank writes that the minutes suggest a likely pause at the January meeting while the FOMC assesses the effects of recent cuts, noting that participants remained concerned about inflation, saw the labour market softening, and viewed growth as resilient.