

## Rates on Hold as the Powell Era Ends

The Federal Reserve held the federal funds rate steady today at 3.50%–3.75% at Jerome Powell’s final meeting as Fed Chair. The decision itself was widely expected, however, consensus within the Federal Open Market Committee remains strained. The 8–4 vote marked the most dissents since 1992. This meeting included only the policy statement, with no Summary of Economic Projections (SEP) released.

In the official statement, the Fed acknowledged the impact of higher energy prices on headline inflation and emphasized the heightened uncertainty tied to the war. Officials remain split on the appropriate path forward. Some see room for rate cuts later this year as energy prices and inflation normalize. Others argue policy must remain restrictive for longer, citing persistent services inflation, a resilient labor market, and the risk of easing too soon.

Regional Presidents Beth Hammack, Neel Kashkari, and Lorie Logan supported holding rates steady but favored a more neutral statement, noting they “did not support inclusion of an easing bias in the statement at this time.” Governor Stephen Miran, on the other hand, dissented in favor of a 25-basis-point rate cut. Miran has dissented at every meeting since joining the Fed last September, consistently advocating for a more accommodative stance.

Earlier today, Kevin Warsh was approved by the Senate Banking Committee in a 13–11 party line vote, clearing the path toward confirmation as the next Fed Chair. Republican Senator Thom Tillis of North Carolina ultimately voted with his party after the Fed DOJ inquiry was dropped, though the matter remains unresolved. While declaring the investigation closed, U.S. Attorney Jeanine Pirro noted it could be restarted “should the facts warrant doing so.”

During his press conference, Powell addressed his own future, stating that he plans to remain on the Board of Governors until the DOJ probe is resolved “with transparency and finality.” When asked how he would maintain a low profile going forward, there was laughter in the room, he replied, “I would never do the shadow chair thing.”

Later, Powell underscored the importance of Fed independence, observing that elected officials will always prefer lower interest rates. As he concluded his remarks and placed his glasses in his pocket, he told the press that he “won’t see you next time,” a quiet acknowledgment of what he hopes will be a smooth transition. There was applause as he left the podium.

Bond yields moved higher throughout the day driven primarily due to higher oil prices. The 2-year Treasury is trading near 3.93%, up from roughly 3.80% at the start of the week, and Fed futures are no longer pricing in a rate cut by year-end.

*Matt Harris, CFA*  
HilltopSecurities Asset Management  
Senior Portfolio Advisor  
Senior Vice President  
512.340.1845  
matt.harris@hilltopsecurities.com

*Scott McIntyre, CFA*  
HilltopSecurities Asset Management  
Co-Head of Investment Management  
Managing Director  
512.481.2009  
scott.mcintyre@hilltopsecurities.com

*Greg Warner, CTP*  
HilltopSecurities Asset Management  
Co-Head of Investment Management  
Managing Director  
512.481.2012  
greg.warner@hilltopsecurities.com

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Tomorrow markets will digest the first estimate of Q1 GDP and March Personal Consumption Expenditures (PCE), the Fed's preferred inflation measure, while the April employment report arrives the following week. After clearing the Senate Banking Committee, Kevin Warsh is expected to face a full Senate confirmation vote in early to mid May, ahead of Jerome Powell's term ending on May 15. If approved on schedule, Warsh would chair his first FOMC meeting June 16–17, marking the start of the Warsh Era.

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## Market Indications as of 3:13 P.M. Central Time

DOW	Down -280 to 48,862 (HIGH: 50,188)
NASDAQ	Up 9 to 24,673 (HIGH: 24,887)
S&P 500	Down -5 to 7,134 (HIGH: 7,174)
1-Yr T-bill	current yield 3.74%; opening yield 3.68%
2-Yr T-note	current yield 3.94%; opening yield 3.84%
3-Yr T-note	current yield 3.96%; opening yield 3.86%
5-Yr T-note	current yield 4.06%; opening yield 3.98%
10-Yr T-note	current yield 4.41%; opening yield 4.35%
30-Yr T-bond	current yield 4.99%; opening yield 4.94%

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