USA: Warsh Does Not Address October FOMC Meeting but Says "World Has Broadly Conformed to Our Expectations" Since Last Meeting

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BOTTOM LINE: In comments at the IMF's annual meetings, Fed Chairman Kevin Warsh did not specifically address the FOMC's upcoming October meeting but said that "in the intermeeting period, the world has broadly conformed to our expectations [at the September meeting]." Alongside other recent comments from FOMC participants, Warsh's comments indicate that the FOMC is set to pause in October. We continue to expect a second and final hike in December.

MAIN POINTS:

1. In comments at the IMF's annual meetings, Fed Chairman Kevin Warsh did not specifically address the FOMC's upcoming October meeting but said that "in the intermeeting period, the world has broadly conformed to our expectations [at the September meeting]."

2. In other recent comments from FOMC participants, Fed Vice Chair for Supervision Bowman said, "I don't feel any urgency for taking further action at this point." San Francisco Fed President Daly, speaking after the firmer than expected September CPI report, likewise said that she did not see an urgent need "to decide with a limited set of information."

3. Taken together, these comments indicate that the FOMC is set to pause in October. We continue to expect a second and final hike in December.

4. In other comments during his fireside chat, Warsh highlighted that the US is experiencing "a massive investment surge" related to the AI buildout. He also noted that there has been a "synchronous tightening in monetary policy around the world" recently.



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