

Investment Team Insights



Jackson Hole 2026 – Conditions Could Be Right for a Late Summer Hike

In his first public speech as Federal Reserve Chair, Kevin Warsh offered his clearest assessment yet of the economy and appeared to signal support for tighter monetary policy. While he remained true to his preference for limited forward guidance, Chair Warsh offered a few signposts on the path ahead, providing investors with clues about his preferred policy direction. Below, our Investment Team examines the key takeaways from Jackson Hole, the market's reaction, and whether Chair Warsh may soon have an opportunity to match his words with action.

- Given his well-known distaste for forward guidance, Chair Warsh surprised no one when he declared early in his remarks that none would be forthcoming. By that measure, the conference, which is known for foreshadowing shifts in Fed policy, seemed destined to disappoint. However, the Fed Chair easily exceeded those low expectations, revealing his clearest assessment yet of current economic conditions. His thoughts on inflation, economic activity, and financial conditions suggested a bias towards a more restrictive policy.
- In his brief tenure as Fed Chair, Kevin Warsh has been unequivocal in his commitment to returning inflation to more normal levels. Far less clear has been how he intends to evaluate progress and which policy actions he would support to lower inflation. With this speech, he began to lift the veil, flagging the personal consumption expenditures price index (PCE), the Fed's long-held preferred inflation metric, and reaffirming 2% as a firm target rather than a flexible goal. More importantly, he highlighted how the Fed was not meeting the inflation side of its dual mandate and seemed dismissive of any recent improvements.
- Prior to last week's gathering in Wyoming, Chair Warsh's evasiveness had frustrated markets, resulting in questions about Fed credibility. Perhaps seeking to avoid the communication missteps of the July FOMC meeting, which contributed to long-end Treasury yields reaching nearly two-decade highs in the weeks that followed, his remarks were direct and, at least by central bank standards, seemingly clear. We can't help but wonder if the splendor of Jackson Hole, with its breathtaking scenery and miles of scenic trails, inspired the Fed Chair to soon lead his Fed colleagues on a hike.