

**Special Edition: Economic Insight**  
The Current Composition of the Federal Reserve  
August 2025



STIFEL

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## Executive Summary

The Federal Reserve held interest rates steady in July for the fifth consecutive meeting; however, for the first time in more than 30 years, two Fed governors dissented. The dissenting votes advocating instead for a 25bp reduction underscore the policy divide that has emerged among Fed officials since the start of the year.

This week, we take a closer look at which way the Federal Reserve Board and its regional presidents are leaning (dovish or hawkish), and explore new vacancies and potential candidates.

## July FOMC Meeting Takeaways

### Rates

As expected, the Federal Reserve Open Market Committee (FOMC)\* held interest rates steady in a range of 4.25-4.50% for the fifth consecutive meeting.

### Growth

The FOMC updated its assessment of economic activity, downgrading the language describing growth as “*solid*” to noting that activity “*moderated in the first half of the year.*”

### Labor Market

The FOMC maintained its assessment of the labor market, noting that the unemployment rate “*remains low, and labor market conditions remain solid.*”

### Inflation

The FOMC continued to acknowledge that “*inflation remains somewhat elevated.*”

### Outlook

The FOMC noted uncertainty about the economic outlook “*has diminished but remains elevated.*”

### Dissents

Governor Michelle Bowman and Governor Christopher Waller cast dissenting votes in July, favoring instead a 25bp reduction in rates to a range of 4.00-4.25%. **This marks the first time that two governors have dissented since 1993.**

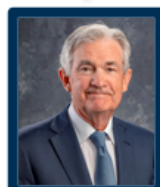
\*The Federal Open Market Committee (FOMC) is composed of 12 members. These include the seven members of the Federal Reserve Board of Governors, the President of the Federal Reserve Bank of New York, and four of the remaining eleven Reserve Bank presidents who serve one-year rotating terms.

# Current Composition of the Federal Reserve

## Federal Reserve 2025

### Board of Governors

### District Presidents



Jerome Powell

**Chairman**

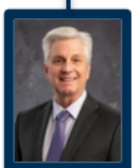
#### Permanent Voter



Michael  
Barr



Stephen  
Miran



Christopher  
Waller

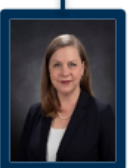


Lisa  
Cook



Philip  
Jefferson

**Vice  
Chair  
Vice Chair of  
Bank  
Supervision**



Michelle  
Bowman

#### Voting



John  
Williams  
*New York*



Austan  
Goolsbee  
*Chicago*



Jeffrey  
Schmid  
*Kansas City*



Susan  
Collins  
*Boston*



Alberto  
Musalem  
*St. Louis*

#### Non-Voting



Anna  
Paulson  
*Philadelphia*



Lorie  
Logan  
*Dallas*



Mary  
Daly  
*San Francisco*



Thomas  
Barkin  
*Richmond*



Neel  
Kashkari  
*Minneapolis*



Elizabeth  
Hammack  
*Cleveland*



Raphael  
Bostic  
*Atlanta*

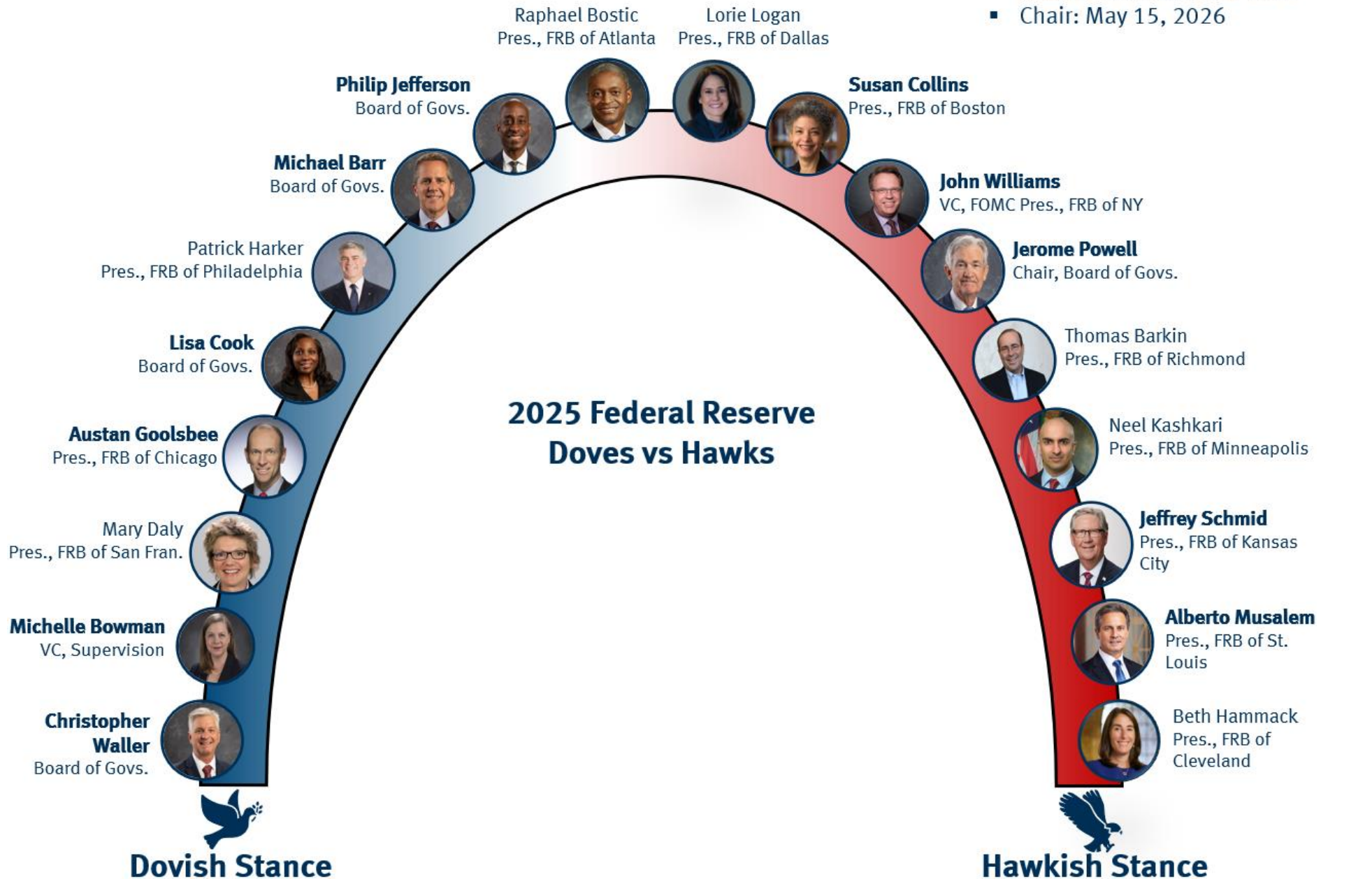
- President Trump announced that he will nominate Council of Economic Advisers Chairman Stephen Miran to fill the vacant Federal Reserve Board seat left by Adriana Kugler. If confirmed, Miran will serve out Kugler's term which will end on January 31, 2026.
- Michelle Bowman replaced Michael Barr to service a four-year term as Vice Chair of Bank Supervision on June 9, 2025 with her term on the board expiring on January 31, 2034.
- Anna Paulson replaced Patrick Harker as Philadelphia Fed President on July 1, 2025 after he faced mandatory retirement.

# Wide Range of Outlooks

*Voting members are in bold*

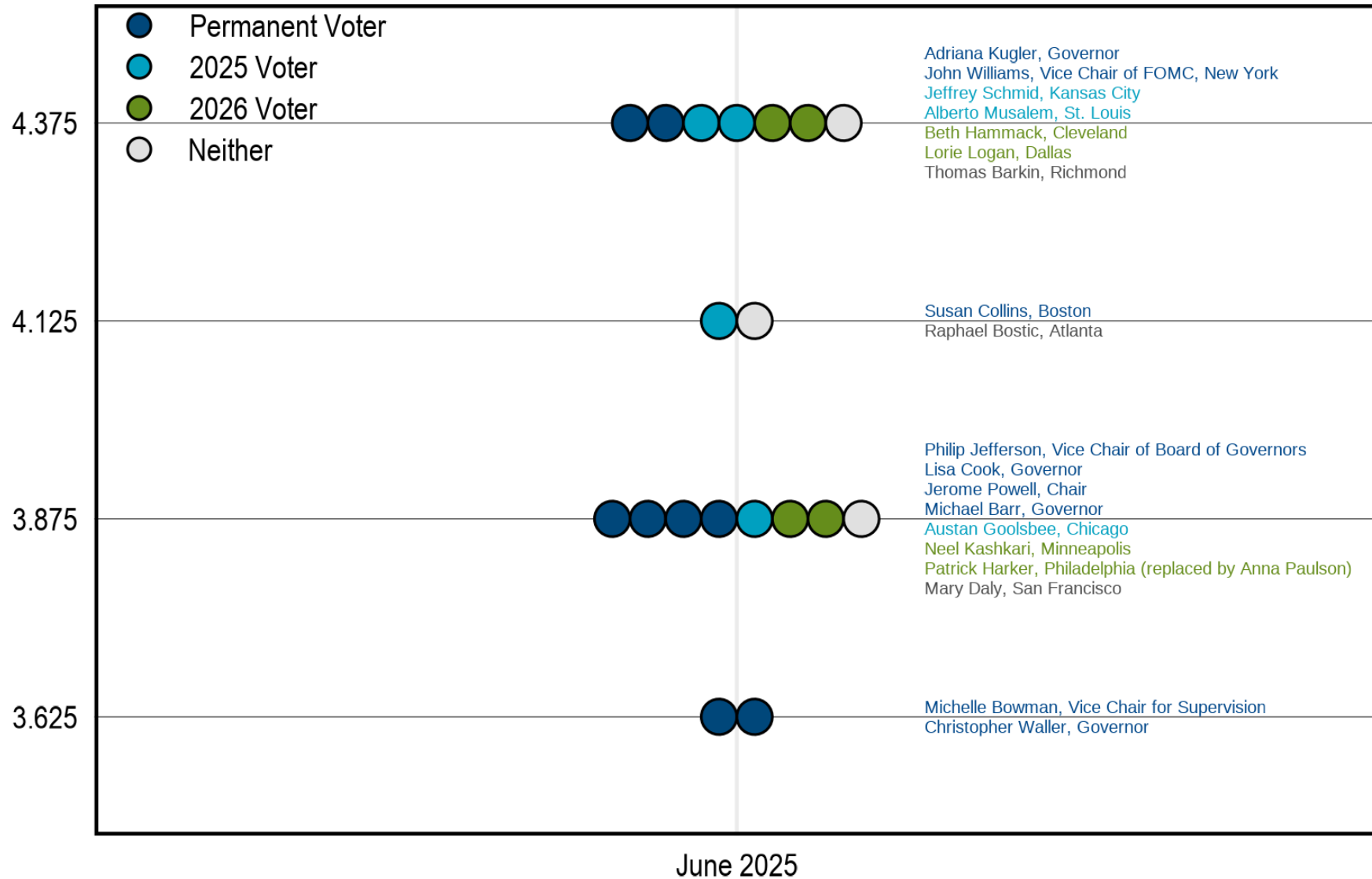
## Upcoming Term Expirations:

- Board Seat: August 8, 2025
- Chair: May 15, 2026



## Potential for More Dovish Tilt in 2026

2025 Federal Funds Rate Year-End Midpoint, %



Source: Bloomberg/Stifel



## Fed Speak Indicates Officials Remain Divided on Rate Pathway

Hawkish



*“Maintaining this modestly restrictive stance of monetary policy is entirely appropriate to achieve our maximum employment and price stability goals. It allows for time to closely analyze incoming data, assess the evolving outlook, and evaluate the balance of risks to achieving our dual mandate goals.”*

New York Fed President John Williams Speaking at the NY Association for Business Economics  
July 16, 2025



*“Going forward, I expect to see some upward pressures on inflation, as well as some downward pressures on employment and economic growth... **Thus, in my view, an ‘actively patient’ approach to monetary policy remains appropriate at this time.**”*

Boston Fed President Susan Collins Speaking at the NABE Conference in Washington D.C.  
July 15, 2025



*“For now, **I believe monetary policy is well positioned** to achieve the FOMC’s goals of maximum employment and price stability and to respond appropriately as the outlook changes.”*

Dallas Fed President Lorie Logan Speaking at the World Affairs Council of San Antonio  
July 15, 2025



*“This question about whether tariffs are a one-time thing, or whether they’re going to be more persistent in their effects and might even cause structural changes, I think is perhaps the most important question that we have today... **My outlook today is still one cut for the year.**”*

Atlanta Fed President Raphael Bostic Speaking at a Florida Institute of CFOs Virtual Discussion  
August 6, 2025

## Fed Speak Indicates Officials Remain Divided on Rate Pathway



*"The economy is slowing. **In the near term it may become appropriate to start adjusting the federal funds rate...**If the best of all the options is we make some adjustments and then we have to pause, or even then we have to reverse course, that might be better than just sitting here on hold until we get clarity on tariffs."*

Minneapolis Fed President Neel Kashkari Speaking on CNBC  
August 6, 2025



*"We of course could do fewer than two [cuts] if inflation picks up and spills over or if the labor market springs back...**I think the more likely thing is that we might have to do more than two...**We also should be prepared in my judgment to do more if the labor market looks to be entering that period of weakness and we still haven't seen spillovers to inflation"*

San Francisco Fed President Mary Daly Speaking to Reuters  
August 4, 2025



*"I see the risk that a delay in taking action could result in a deterioration in the labor market and a further slowing in economic growth. **Taking a proactive approach in moving closer to neutral would avoid an unnecessary erosion in labor market conditions** and reduce the chance that the Committee will have to carry out a significantly larger policy correction at a future date."*

Fed Governor Michelle Bowman in a Prepared Statement Regarding Her Dissent  
August 1, 2025



*"My final **reason to favor a cut now** is that while the labor market looks fine on the surface, once we account for expected data revisions, private-sector payroll growth is near stall speed, and other data suggest that the downside risks to the labor market have increased."*

Fed Governor Christopher Waller in a Prepared Statement Regarding His Dissent  
August 1, 2025

Dovish



## Who Will be the Next Fed Chair?



**Kevin Warsh**

Former Fed Governor

Served as Federal Reserve Governor from 2006-2011 and interviewed for the Fed chair position in 2017 to replace then Chair Janet Yellen. Prior to his role, Warsh was in the National Economic Council under President George W. Bush.

### **Rates Outlook**

Warsh favored higher rates while governor, but has since called for lower rates along with a “*regime change*” at the Fed.



**Kevin Hassett**

National Economic Council Director

Current director of the National Economic Council and served as chairman of the Council of Economic Advisers from 2017-2019 under President Trump’s first term.

### **Rates Outlook**

Hassett has been a vocal critic of current monetary policy, arguing rates should be at least 1.5 percentage points lower.



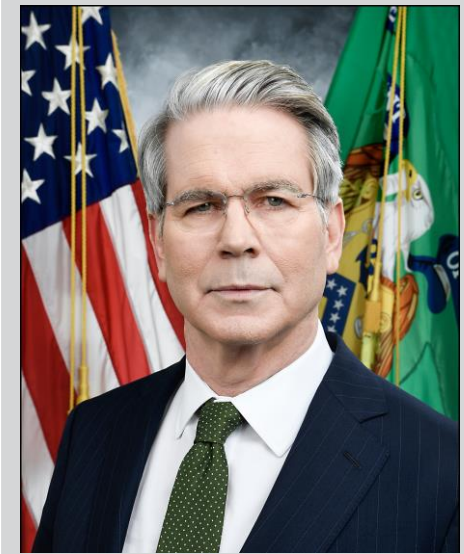
**Christopher Waller**

Current Fed Governor

Took office as a member of the Federal Reserve Board in December 2020 to fill an unexpired term ending on January 31, 2030. Prior to his term, Waller served as executive vice president and director of research at the St. Louis Fed.

### **Rates Outlook**

Waller dissented at the July FOMC meeting, voting in favor of a 25bp cut. He has also called for a 3% federal funds rate.



**Scott Bessent**

Treasury Secretary

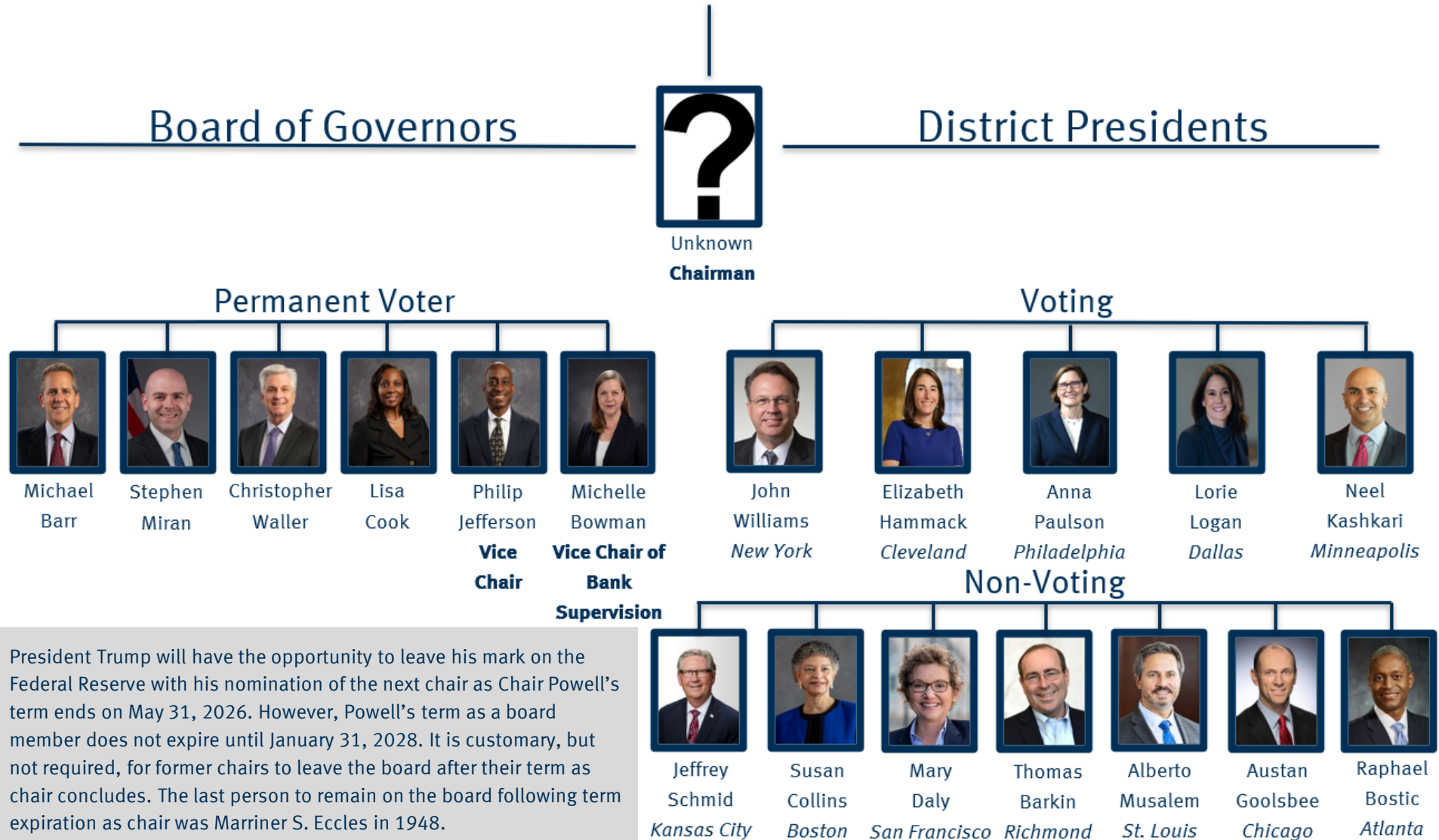
Sworn in as the 79<sup>th</sup> Secretary of Treasury on January 28, 2025. Prior to his role, Bessent served as the CEO and CIO of the hedge fund Key Square Capital Management.

### **Rates Outlook**

Bessent said he believes the Fed could lower rates by September and has called for an internal review of the Fed.

# The Federal Reserve Will Look Marginally Different in 2026

## Federal Reserve 2026



- President Trump will have the opportunity to leave his mark on the Federal Reserve with his nomination of the next chair as Chair Powell's term ends on May 31, 2026. However, Powell's term as a board member does not expire until January 31, 2028. It is customary, but not required, for former chairs to leave the board after their term as chair concludes. The last person to remain on the board following term expiration as chair was Marriner S. Eccles in 1948.
- Council of Economic Advisers Chairman Stephen Miran has been nominated to fill the vacant Federal Reserve Board seat left by Adriana Kugler. If confirmed, Miran will serve out Kugler's term which will end on January 31, 2026.

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