Transcript of Chairman Warsh’s Press Conference
September 16, 2026

CHAIRMAN WARSH. Good day. In the meeting just concluded, the FOMC decided to raise the target range for the federal funds rate by ¼ percentage point to 3¾ to 4 percent, in support of the Federal Reserve’s dual mandate. The Committee is continuing its policy of maintaining ample reserves in the banking system.

As noted in the Policy Statement, released just a short while ago, economic activity is expanding at a solid pace. While uncertainty remains elevated—owing, in part, to geopolitical developments—domestic spending has been resilient. Productivity growth is strong, and capital investment is robust. Job gains have kept pace with the workforce, and the unemployment rate has changed little.

But inflation remains elevated. Today’s policy action will support a timelier return to the Committee’s 2 percent goal. This Committee will deliver price stability.

Now I’ll get into some further detail:

Our decision comes at a time when the American economy appears to be strengthening. New hiring, private-sector earnings, business capital investment—each of these markers has improved in recent months and is pointing in a good direction. Credit flows have been robust, particularly for businesses. And as I said at the policy symposium in Jackson Hole, I would be hard-pressed to describe broad financial conditions as restrictive. This view was widely shared by the Committee. So we removed a dose of accommodation.

Consider the geopolitical landscape of shocks and uncertainty, and you begin to appreciate the resilience of the U.S. economy. Given that resilience, and the potential for even greater performance, an attitude of optimism is exactly what I heard inside the FOMC these last two days.

One basic sign of strength is the state of America's labor markets. The jobless rate remains low at around 4.1 percent, and both job openings and weekly hours have been increasing. Unemployment claims, on a four-week moving average, are running at levels consistent with full employment. So, the labor side of the Fed's congressional remit is in good shape.

Yet for more than five years, inflation has been running above target. So, our predominant focus is on the price-stability side of our mandate. The plain fact is that inflation is too high and has been for too long.

This summer's inflation readings do not tell me that underlying trends have meaningfully improved. Based on the most recent CPI and PPI data, the 12-month change in total PCE prices likely was around 3.6 percent in August. Core PCE and CPI prices are running at about 3.2 percent and 2.4 percent respectively. Too many categories are still posting increases above 3 percent, on both a 6- and 12-month basis.

I noted in Jackson Hole that overall commodity prices also bear watching – and over the inter-meeting period, the prices of many of these key inputs have risen.

Since my first FOMC meeting as Chairman in June, my colleagues and I have been unequivocal in our commitment to price stability, and to our 2 percent PCE inflation objective.

At our July meeting, we all agreed that inflation remained too high, and we expressed our joint readiness to act as circumstances might require. And a good majority of my colleagues and I thought the wiser course then would be to await new information in the inter-meeting period.

Last month in Wyoming, I expressed my commitment to a monetary policy discipline, not to a decision. I defined the standard for action: We must be confident that underlying inflation is moving to our objective, clearly and at sufficient speed.

Today, the FOMC decided that this standard has not been satisfied. The committee's unanimous vote shows our resolve to achieve price stability on a timelier basis. We aim to ensure that credit and financial conditions are consistent over time with our mandate, that relative price changes in some sectors of the economy do not broaden, that inflation compensation in market prices stays low, and that inflation expectations remain well-anchored.

This afternoon you also received the Summary of Economic Projections. It reflects the views of my colleagues on the Committee, but—as in June—I have not offered a projection of my own. But like in June, I said I would faithfully discharge the summary of their projections, so here goes. In the Summary's median projections, real GDP rises at 2.3 percent this year and 2.4 percent next year. Total PCE inflation runs at 3.7 percent this year and falls to 2.3 percent next year. The unemployment rate holds steady at about 4.1 percent. The median participant judges that the appropriate federal funds rate to be 4.1 percent at the end of this year, and to remain there next year. Inflation risks are to the upside while labor risks are roughly balanced.

In my meetings these last few weeks—in Jackson Hole, in Asheville at the G-20 meeting, which the U.S. hosted, and at a central bank conference in Basel—it was evident that most advanced economies are facing price pressures. Their central banks are making their own judgments, consistent with their own remits. Our decision today reflects our best judgment in service to our remit.

The Fed has a role in sustaining the economic progress happening in America right now, and the rising opportunities that come with it. Those who are least well-off have the most to gain from a durable expansion, a solid labor market, and stable prices.

We at the Fed are unwavering in our vital and straightforward purpose: Full employment and price stability, and a thriving American economy that sets the standard for the world.

And with that, I’ll take a few of your questions.

MICHELLE SMITH. Richard.

RICHARD ESCOBEDO. Thank you. Chair Warsh, thank you for doing this. I'm Richard Escobedo with CBS. Let me navigate over to my questions. You know, a quarter point rate hike does not reopen the Strait of Hormuz. And so, I wonder how you think these smaller rate hikes will be effective when it can't necessarily address the energy-supply side of inflationary pressures.

CHAIRMAN WARSH. It's a -- it's a -- it's a good question, Richard. We cannot affect any individual price, whether it be oil prices, whether it be food stuffs at the grocery store. But what we can do, and will do, is ensure that any change in relative prices don't broaden out. Don't have second and third order effects in the economy. That's what we're tasked to do, and that's what we will do.

MICHELLE SMITH. Colby.

COLBY SMITH. Thank you. Colby Smith from the New York Times. When the Fed starts raising rates, it generally follows with a sequence of hikes. Is there anything different in today's assessment of the economic conditions that would suggest that the typical pattern does not apply, and I guess second to that, what impact do you expect higher rates to have at this juncture if the bulk of what is keeping inflation elevated is stemming from supply shocks?

CHAIRMAN WARSH. So we're trying to get to more people, so now I get to cherry pick my preferred question from you, Colby. This won't surprise you, I'm not in the forward guidance business. The decision we made today was a sober decision, serious decision, responsible decision, one that we have been preparing for and thinking about in my 110 or 20 days here. You heard from other people in the dots effectively, what their forecasts are. I'm not going to pre-judge any future decisions we make. You might have heard me say in Jackson Hole, I committed to a discipline, a set of principles. I committed to look outside the window and see what I can observe, that's what I did in Jackson, that's what we did today.

MICHELLE SMITH. Edward Lawrence.

EDWARD LAWRENCE. Thank you, Mr. Chairman. Edward Lawrence from Fox Business. So the market priced in a 90 percent chance of a rate hike today. You don't want the Fed to lead the markets. Was this a market-led rate hike? And then with that, the bond yields are going up, that's one of the indicators, is debt part of that issue?

CHAIRMAN WARSH. So, I've said this before, I'll repeat it, the Fed has an enormous amount of power. These are decisions we make. But getting the understanding right between financial markets and the Fed is a balance that I've long thought could be better struck. We made this decision today based on our assessment of the situation, based on our assessment of the trajectory for employment, based on our judgment on the strength of the economy. Sometimes the market tries to pre-judge our outcomes. I'll observe market prices and -- and see what they have to say. But today was our decision.

MICHELLE SMITH. Steve Thompson, with the Washington Post.

[Inaudible]

MICHELLE SMITH. Elizabeth Schulze.

ELIZABETH SCHULZE. Thanks so much. Elizabeth Schulze with ABC News. Big picture, I wonder if you could tell us just what will this move today actually do for American consumers? And I have to ask, what is your message here to President Trump, who has repeatedly called to cut interest rates, not raise them?

CHAIRMAN WARSH. I've got nothing for you on the -- on the discussion with the president. So, but I won't make that count as your question. On the American people, as I said in my prepared remarks, the least well off are the ones who have the most to gain from stable prices. The decision we made today was the right decision to deliver on the remit that Congress gave us to ensure stable prices. Moreover, I would say because of the underlying strength of the economy, because we are, as I mentioned, largely acting consistent with full employment, we can be focused on stable prices. Some months ago, I said we will deliver stable prices. Today's action is consistent with that.

MICHELLE SMITH. Chris Rugaber.

CHRIS RUGABER. Hi, how are you? Thank you. Can you tell us a little more about what changed from the July meeting when, as you noted, the Fed did stand pat until today, and as part of that, could you give us a sense of whether or not things like the retail sales report today suggested that demand is heating up and possibly threatening higher prices as well? Thank you.

CHAIRMAN WARSH. Yes, so as you might know, I'm not a data point dependent guy. So I won't -- I won't react one way or another to data that -- that shows up on our doorstep. But on your first question, I think a more important one, what transpired in the seven weeks since we last met, first, I would say a good majority of my colleagues seven weeks ago thought seven weeks is a good investment, it's a way to buy time so we could make a wise decision. I'll highlight three things that have happened in that intermeeting period. One is I made out a judgment seven weeks ago about the strength of the economy. There's been a pretty wide-ranging set of data, including in the labor markets, that the economy has strengthened. You might have heard me say that in Jackson Hole a few weeks ago. It's a judgment that I have, and the Committee has. Second, inflation trends, I said in Jackson Hole, trends matter. I said in Jackson Hole, we need to look outside the window and interrogate reality. My judgment some weeks ago was the inflation summer trends weren't passing the test. I've seen very little information since that would make me reverse that decision, so I've stuck with it. And the third thing that's changed in seven weeks are geopolitics. And there's no hiding from hot spots around the world, and our judgment about what is the most likely, or least likely of the geopolitical situation has changed. All three of those things led -- lend themselves to a firm, unanimous decision today.

MICHELLE SMITH. Claire.

CLAIRE JONES. Claire Jones, Financial Times. You said today's decision removes a dose of accommodation in your view, and perhaps if you could share views around the table too. Are interests rates now at a level that you would describe as restrictive or not? Thank you.

CHAIRMAN WARSH. I've described previously I found it difficult to describe financial conditions as restrictive. I think I said I was hard-pressed. What I heard around the table in the last couple of days is, my colleagues were hard-pressed to describe it that way too. We removed a dose of accommodation, so that financial and credit conditions would be more consistent with our ultimate objectives. That was the decision that, that was our judgment, and we'll continue to evaluate that prospectively.

MICHELLE SMITH. Steve Liesman.

STEVE LIESMAN. Thank you, Mr. Chairman. Steve Liesman, CNBC. I want to follow up on that question. Previously most Fed officials have described the rate as modestly restrictive. And if you removed accommodation, could you give us your sense of where the Fed funds rate is relative to neutral? And some detail, if you wouldn't mind, on your sense of is there a short-term neutral rate you're aiming for and a longer-term neutral rate? Do you think in terms of those?

CHAIRMAN WARSH. In a word, no. In a few words I'd say this, I've always been interested in a neutral rate as an academic matter. Back when I learned economics we used to think of it as the Wicksellian rate, the real equilibrium rate. It's useful academically, it's -- it's a discussion to help us think about policy. Do I think it has any operational effect on decisions that we make today? No, I don't.

MICHELLE SMITH. Victoria.

VICTORIA GUIDA. Hi, Victoria Guida with Politico. I wanted to ask, you've talked about how you don't like data dependence, including today. But heading into this meeting, there was a ton of focus on the August CPI, and I'm wondering if you think that that was appropriate on the part of markets, or if you learned anything about how you might approach communications going forward?

CHAIRMAN WARSH. So market participants and reporters, I think generally over the course of the last decade or so, have grown accustomed to waiting somewhat breathlessly on a data point. That isn't my view. I was not waiting breathlessly on what any particular data was, whether it was retail sales this morning, or a CPI print last week. I'll just reiterate, trends matter. Data points are noisy. Data point dependence is a dangerous preoccupation, it's not something that concerns me. Markets over time will come to understand how this Fed makes its decisions, what's relevant and not, and I wouldn't want to editorialize that for them beyond it.

MICHELLE SMITH. Zach Halaschak.

ZACHARY HALASCHAK. Thanks for doing this, Mr. Chairman. Zach Halaschak, the Washington Examiner. I'm just curious, a couple weeks ago the president sent out a message essentially threatening to cut off trade to certain countries, unless rates were lowered. Obviously a unanimous decision to do the opposite. What would you say to investors who sort of believe this is another test of the Fed's independence? And then, kind of, when was the last time you spoke with the president? Do you anticipate a post-decision meeting, or--

CHAIRMAN WARSH. You gave me a long menu from which to choose. They're all very tempting. I don't have anything for you on discussions with the president. And I'm not a Wall Street newsletter. Part of the independence of the Federal Reserve is we stay in our lane. Independence is a two-way street. We'll let people that do trade policy and fiscal policy stay in their lane too. That's how we can stand up here and call them the way we see them.

MICHELLE SMITH. Brian Cheung.

BRIAN CHEUNG. Hi there, Brian Cheung with NBC News. Just wondering if you could explain who is the least well-off, and what does a rate hike do when those people might be pinched by higher mortgage rates, higher gas, higher grocery prices, and now broad higher rates?

CHAIRMAN WARSH. Yeah. It's a fair question. In macroeconomics, we tend to look at aggregates around here, aggregate GDP, overall labor market trends, the state of inflation. A lot of people in Washington spend a lot of time on distributional consequences, and that's their job and their business. What I was referring to in the least well-off tend to be people that don't own financial assets, call that a bit less than 50 percent of the country. They don't have equity in their home, they don't have equity in a 401k plan. So they're living off their paycheck that comes every couple of weeks. The thing that we can do consistent with our mandate is two things, ask ourselves is the country running more or less at full employment? And we've done that. That doesn't mean that individuals aren't searching for a job, but in aggregate we're running more or less at full employment. If so, we can then look at the other side of the -- our mandate, and let that be our focus, and stable prices, an environment where inflation is running consistent with our 2 percent objective, offers good news. Because that way, when they get their wages, they can put their head above water and deliver real take home pay increases. We don't have total responsibility for it, but we do have responsibility for stable prices. As I've said before, inflation is a choice, and today we took a step in delivering it.

MICHELLE SMITH. Myriam.

MYRIAM LEMETAYER. Yes, this is Myriam -- [inaudible]

MICHELLE SMITH. [inaudible] the mic.

MYRIAM LEMETAYER. Oh yes, sorry. Myriam Lemetayer from Agence France-Presse, AFP. Are you looking at the other central banks and what do you think about the European Central Bank's move? They hiked twice this year, but not in a row. Thank you.

CHAIRMAN WARSH. Well, I don't ask them to pre-judge decisions that we're going to make, so I won't pre-judge decisions that they make. But I will say this, I've spent some time with foreign central bank counterparts, not just in the last 20 years, but over the course of the last several weeks, as I mentioned in Jackson Hole, at the G20 meeting we hosted in North Carolina, and at a central bank meeting in Basel. What I heard around the table from most of the advanced economies is they're suffering from price pressures too. And they're making their own choices consistent with their remit. It tells me a couple things. One is, when the Federal Reserve makes a policy choice, it matters not just to the U.S. economy, but it spills over to the rest of the world. To a lesser extent, that's true for them too. When foreign central banks make decisions, where they're confronted with higher prices, and they choose, consistent with their remit, to raise rates, then they're helping to quash inflation in their countries and there's spillovers and spillbacks in both directions. Beyond that, I won't opine on what other central banks may choose to do this week or beyond.

MICHELLE SMITH. Nick Timiraos.

NICK TIMIRAOS. Thank you, Nick Timiraos of the Wall Street Journal. Chairman Warsh, last fall you expressed concern that the Fed was about to make its, quote, sixth or seventh big mistake, by deciding the economy was too strong to justify lower rates. Now today you raised rates. Can you give some sense as to what changed your own assessment of the U.S. economy between then and now?

CHAIRMAN WARSH. So I don't -- I don't remember the full context, but I can tell you, Nick, about the state of growth now. My suspicion, 110 or 20 days ago when I showed up, was that the U.S. economy was strengthening. Even over the last several weeks I think we now have data broadly defined that says the economy has indeed strengthened. Underlying growth is higher. Inflation is the problem. Stable prices have been the problem for now more than five and a half years. So what the Committee decided to do today was take an action to ensure a timelier return to our price stability objective. Price stability is foundational to economic growth, and I think we took an important step today to deliver it. And we did it in part by removing the dose of accommodation that -- that I mentioned before.

MICHELLE SMITH. Neil Irwin.

NEIL IRWIN. Thank you, Mr. Chairman. Neil Irwin with Axios. Longer-term bond yields are up quite a bit over the last few months, especially the last few weeks. What do you believe the bond market is telling you, especially about the growth outlook, the neutral rate, and what are the implications for monetary policy?

CHAIRMAN WARSH. Yeah. Let me speak to the history. What bond market prices do prospectively, I want to let them do -- I want to let them tell me any story they wish to. I want to try to interrogate that. But why did yields rise, let's say since the last FOMC meeting until this? I'll give you three -- three reasons, but I would say these things tend to be overdetermined. This is a complicated set of things that are affecting the most important asset anywhere in the world, the 10-year Treasury. It's the risk-free asset upon which every price of virtually every asset in the world is related to. So I'll say three things, first is economic strength. Part of the reason why we've seen over the course of 2026, long-term yields go up is the economy is strengthened. Second reason, competition for capital. The surge in capital expenditures, which I referenced in my remarks, is real, and the so-called hyperscalers are out in the market raising funding, and so the competition for capital is real and I think it partly explains the increase in yields. The third, is geopolitics. The situation hot spots around the world are driving long-term yields. It's not simply spot prices of energy, or spot process for corn or soybeans or wheat, but it's the difference between those spot prices and so-called crack spreads. What that means for products that find their way into stores across the country. I think those are the three leading explanations, but certainly not an exclusive list.

MICHELLE SMITH. Michael McKee.

MICHAEL MCKEE. Michael McKee from Bloomberg Radio and Television. You said in Jackson Hole that you want to see inflation come down clearly and at sufficient speed, which is a standard without necessarily a measurable threshold in it. The reason I ask is because today you say today's policy action will support a timelier return to the Committee's 2 percent target, and yet, in the Summary of Economic Projections, the median pushes the 2 percent target achievement out to 2029, another two years. And I'm wondering how you can square those two things.

CHAIRMAN WARSH. One easy way to square that, Mike, is those aren't my forecasts. Those are the forecasts of my 18 colleagues, and I've tried to represent them dutifully to you. My business is to not give forward guidance. But my commitment in June was to reaffirm to the American people, to anyone listening, that we will deliver price stability. My commitment in July was to say, we want to buy a little bit of time. We want to evaluate what's happening across a range of dimensions, and what I said in Jackson Hole in August is, we're committed to a discipline, not to a decision. Today's action starts to show we're serious about this. And we will deliver on the price stability objective, and as the statement said, we'll do it on a -- on a timelier basis. That's our decision. And when we continue our discussions over the course of the next several weeks and months, we'll have more to say about it. But I'm ill-prepared to pre-judge those future actions.

MICHELLE SMITH. Matt, from CNN.

MATT EGAN. Thanks Chairman Warsh. Matt Egan with CNN. You've spoken in the past about the positives that could come from widespread adoption of artificial intelligence. How concerned are you, if at all, about these increasingly alarming warnings we've heard from AI leaders about losing control of this powerful technology and doing real-world damage, damage that would presumably impact the real economy?

CHAIRMAN WARSH. So I've spent a lot of time thinking about AI, and before I found my way to this post, I spent a lot of time talking about it publicly. Independence of the Federal Reserve is about staying in our lane. We care very much about what's happening in artificial intelligence, we care much about the implications on the demand side of the economy, and ultimately on the supply side of the economy. I care so much, I think it's so important, that we established a task force that should report by the end of the year to help us think about the implications for our future policy conjuncture. But the policy decisions that are made about the risks and rewards, the challenges and opportunities, those are decisions made by other parts of the government. I'm going to leave it to them to make those -- those political decisions, those policy decisions. The implications of those decisions obviously have some bearing on our day job, and that's where we'll be focused.

MICHELLE SMITH. Okay, for the last question we'll go to Jennifer Schonberger, in the back row.

JENNIFER SCHONBERGER. Thank you Mr. Chairman, Jennifer Schonberger with Yahoo Finance. Inflation has run up mostly from higher energy prices and tariffs, which some say are supply shocks that rate hikes cannot fix and should fade on their own, so long as inflation expectations stay anchored. Now that you have hiked rates, do you need to push growth below potential, unintentionally pushing weakness on the job market to bring inflation down, and how do those dynamics play out, given the forcefulness with which AI is driving the economy right now?

CHAIRMAN WARSH. So, there's -- there's -- there's a lot there, Jennifer. Let me see if I can't do just a little bit of it. First, we believe that the unemployment rate is basically running consistent with full employment. I don't believe that we need to do harm to the labor markets to achieve our objective. I don't believe that the two parts of our mandate, price stability and full employment, are working at cross purposes over the medium term. So, economic growth, that is ensuring continuous, sustainable, durable, economic growth, that's the business we're in, and the job we did today, the job we'll continue to do, is to ensure price stability, which can mean that sustainable, durable, economic growth can go on for longer. The economy can be stronger, and as I mentioned before, the least well off can get the benefits of it. Thank you.