

NOVEMBER 22, 2021



Paige Wilhelm

*Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling*

And the winner is...

The White House's nomination of the next Federal Reserve chair had been the latest unnecessary theater in Washington. You didn't need to be a political cartoonist to have imagined President Joe Biden as an impresario on stage in front of a cloth-draped cage labeled "Next Fed Chairperson." In the end, on Monday he chose the person the markets expected, tapping Jerome Powell for a second term.

It is a nod toward continuity and meant to assuage the markets that the shift toward removing monetary accommodation will continue smoothly, or at least make it more likely. Also, Powell is popular with Democrats and Republicans alike and that seemed to overcome the fact that the trading "scandal" that pushed two Fed presidents to leave happened on his watch.

Lael Brainard got the consolation prize, nominated for as vice chair. She is already on the board of governors, so it is hard to imagine she will have much more influence now. But it does set the stage for her to ascend to chair when Powell leaves, which doesn't necessarily have to be in four years if he decides to retire.