Transcript of Chair Powell's Press Conference
May 7, 2025

CHAIR POWELL. Good afternoon. My colleagues and I remain squarely focused on achieving our dual-mandate goals of maximum employment and stable prices for the benefit of the American people. Despite heightened uncertainty, the economy is still in a solid position. The unemployment rate remains low, and the labor market is at or near maximum employment. Inflation has come down a great deal but has been running somewhat above our 2 percent longer-run objective.

In support of our goals, today the Federal Open Market Committee decided to leave our policy interest rate unchanged. The risks of higher unemployment and higher inflation appear to have risen, and we believe that the current stance of monetary policy leaves us well positioned to respond in a timely way to potential economic developments. I will have more to say about monetary policy after briefly reviewing economic developments. [Cough] Pardon me.

Following growth of 2.5 percent last year, GDP was reported to have edged down in the first quarter, reflecting swings in net exports that were likely driven by businesses bringing in imports ahead of potential tariffs. This unusual swing complicated GDP measurement last quarter. Private domestic final purchases, or PDFP—which excludes net exports, inventory investment, and government spending—grew at a solid 3 percent rate in the first quarter, the same as last year's pace. Within PDFP, growth of consumer spending moderated while investment in equipment and intangibles rebounded from weakness in the fourth quarter. Surveys of households and businesses, however, report a sharp decline in sentiment and elevated uncertainty about the economic outlook, largely reflecting trade policy concerns. It remains to be seen how these developments might affect future spending and investment.

In the labor market, conditions have remained solid. Payroll job gains averaged 155,000 per month over the past three months. The unemployment rate, at 4.2 percent, remains low and has stayed in a narrow range for the past year. Wage growth has continued to moderate, while still outpacing inflation. Overall, a wide set of indicators suggests that conditions in the labor market are broadly in balance and consistent with maximum employment. The labor market is not a source of significant inflationary pressures.

Inflation has eased significantly from its highs in mid-2022 but remains somewhat elevated relative to our 2 percent longer-run goal. Total PCE prices rose 2.3 percent over the 12 months ending in March; excluding the volatile food and energy categories, core PCE prices rose 2.6 percent. Near-term measures of inflation expectations have moved up, as reflected in both market- and survey-based measures. Survey respondents, including consumers, businesses, and professional forecasters, point to tariffs as the driving factor. Beyond the next year or so, however, most measures of longer-term expectations remain consistent with our 2 percent inflation goal.

Our monetary policy actions are guided by our dual mandate to promote maximum employment and stable prices for the American people. At today's meeting, the Committee decided to maintain the target range for the federal funds rate at 4¼ to 4½ percent and to continue reducing the size of the balance sheet.

The new Administration is in the process of implementing substantial policy changes in four distinct areas: trade, immigration, fiscal policy, and regulation. The tariff increases announced so far have been significantly larger than anticipated. All of these policies are still evolving, however, and their effects on the economy remain highly uncertain. As economic conditions evolve, we'll continue to determine the appropriate stance of monetary policy based on the incoming data, the outlook, and the balance of risks.

If the large increases in tariffs that have been announced are sustained, they are likely to generate a rise in inflation, a slowdown in economic growth, and an increase in unemployment. The effects on inflation could be short lived, reflecting a one-time shift in the price level. It is also possible that the inflationary effects could instead be more persistent. Avoiding that outcome will depend on the size of the tariffs' effect—tariff effects, on how long it takes for them to pass through fully into prices, and, ultimately, on keeping longer-term inflation expectations well anchored.

Our obligation is to keep longer-term inflation expectations well anchored and to prevent a one-time increase in the price level from becoming an ongoing inflation problem. As we act to meet that obligation, we'll balance our maximum-employment and price-stability mandates, keeping in mind that, without price stability, we cannot achieve the long periods of strong labor market conditions that benefit all Americans.

We may find ourselves in the challenging scenario in which our dual-mandate goals are in tension. If that were to occur, we would consider how far the economy is from each goal, and the potentially different time horizons over which those respective gaps would be anticipated to close. For the time being, we're well positioned to wait for greater clarity before considering any adjustments to our policy stance.

At this meeting, the Committee continued its discussions as part of our five-year review of our monetary policy framework. We focused on inflation dynamics and the implications for our monetary policy strategy. Our review includes outreach and public events involving a wide range of parties, including *Fed Listens* events around the country and a research conference next week. Throughout this process, we're open to new ideas and critical feedback, and we will take on board lessons of the last five years in determining our findings. We intend to wrap up the review by late summer.

The Fed has been assigned two goals for monetary policy—maximum employment and stable prices. We remain committed to supporting maximum employment, bringing inflation sustainably to our 2 percent goal, and keeping longer-term inflation expectations well anchored. Our success in delivering on these goals matters to all Americans. We understand that our actions affect communities, families, and businesses across the country. Everything we do is in service to our public mission. We at the Fed will do everything we can to achieve our maximum-employment and price-stability goals.

Thank you. I look forward to your questions.

MICHELLE SMITH. Steve.

STEVE LIESMAN. Steve Liesman, CNBC. Thank you, Mr. Chair, for taking my question. A lot has happened since the last meeting. There have been tariffs put on, tariffs taken off, and meanwhile, there was a bill advancing in Congress. And I just wonder if I could press you on the last part of your statement. Are you any closer now to deciding which side of the mandate is going to need urgent care first?

CHAIR POWELL. Well, so, as we noted in our—in our statement—postmeeting statement, we've judged that the risks to higher employment and higher inflation have both risen. And this, by the way, of course, is compared to March. So that's what we can say. I don't think we can say, you know, which way this will shake out. I think there's a great deal of uncertainty about, for example, where tariff policies are going to, to settle out and also, when they do settle out, what will be the implications for the economy for growth and for employment. I think it's too early to know that. So, I mean, ultimately, we think our policy rate is in—is in a good place to stay as we await further clarity on tariffs and, ultimately, their implications for the economy.

STEVE LIESMAN. Hearing you describe what you're looking for in terms of being able to make a decision, it sounded like that's a long-term process before you sound like you're going to be comfortable, or the Committee would be comfortable, to act on what the data's telling you.

CHAIR POWELL. I don't think we know. You know, I think—look where we are today. We have an economy that, if you "look through," you know, the sort of distortions in Q1 GDP, you've still got an economy that looks like it's growing at a solid pace. The labor market appears to be solid. Inflation is running just a bit above 2 percent. So it's an economy that's been resilient and is in good shape, and our policy is sort of modestly or moderately restrictive. It's 100 basis points less restrictive than it was last fall. And so we think that leaves us in a good place to wait and see. We don't think we need to be in a hurry. We think we can be patient. We're going to be watching the data. The data may move quickly or slowly, but we do think we're in a good position, where we are, to, to let things evolve and become clearer in terms of what should be the monetary policy response.

MICHELLE SMITH. Nick.

NICK TIMIRAOS. Nick Timiraos for the *Wall Street Journal.* Chair Powell, there's naturally a lot of [inaudible] around 2021 in supply shocks. But there are some who argue that the current situation has notable differences. Energy costs are down. Housing imbalances look nothing like they did four years ago. Labor demand appears to be gradually cooling, with wage growth running below 4 percent. What do you see right now that could nourish higher inflation beyond a rise in goods prices this year?

CHAIR POWELL. I think the underlying inflation picture is, is good. It's what you see, which is inflation now running a bit above 2 percent. And we've had basically decent readings in housing services and nonhousing services, which is a big part of it. So that part, I think is, is moving along well.

But there's just so much that we don't know. I think—and we're in a good position to wait and see, is the thing. We don't have to be in a hurry. The economy is—has been resilient and is doing fairly well. Our policy is well positioned. The costs of waiting to see further are fairly low, we think. So that's what we're doing. And, you know, we'll, we'll see. The Administration is entering into negotiations with many countries over tariffs. We'll know more with each week and month that goes by where—about where tariffs are going to land—you know, land, and we'll know what the effects will be when we start to see those things. So we think we'll be learning. I can't tell you how long it will take. But, for now, it does seem like it's, it's, it's a fairly clear decision for us to wait and see and watch.

NICK TIMIRAOS. So when you say that you don't need to be in a hurry, does that mean that—could the outlook change in such a way that a change in your stance could be warranted as soon as your next meeting?

CHAIR POWELL. You know, as I said, we're—we are comfortable with our policy stance. We think the right—we're in the right place to wait and see how things evolve. We don't feel like we need to be in a hurry. We feel like it's appropriate to be patient. And, you know, when things develop—of course, we have a record of—we can move quickly when that's appropriate. But we think right now, the appropriate thing to do is to wait and see how things evolve. There's so much uncertainty. If you talk to businesses or market participants or forecasters, everyone is just—is just waiting to see how developments play out, and then we'll be able to make a better assessment of what the appropriate path for monetary policy is. So we're not in that place, and, you know, as that develops—and I can't really give you a time frame on that.

MICHELLE SMITH. Jonnelle.

JONNELLE MARTE. Jonnelle Marte with Bloomberg. So, many economists have been pricing in higher odds of a recession, and several are noting that it is more difficult for the Fed to cut rates preemptively, given the higher risks for higher inflation. So, given the outlook, do you still see a path for a soft landing, and what does that look like?

CHAIR POWELL. Well, let me say—I mean, so let's, let's, let's look back and see where we are. So, go through 2024 up to the [present] day. We've had—we've had, you know, unemployment in the low 4s for more than a year, we've had inflation coming down in the—now in the mid-to-low 2s, and we've had an economy growing at 2½ percent. So that is—that is the economy as we see it now. What looks likely, given the scope and scale of the tariffs, is that we will see the—certainly, the risks to higher inflation, higher unemployment have increased. And if that's what we do see, if—and if the tariffs are ultimately put in place at those levels, which we don't know, then, then we will see—we won't see further progress toward our goals, but we might see a delay in that. I think in the—you know, in our thinking, we would get—we would never—we never do anything but keep achieving those goals. But what we would—at least for the next, let's say, year, we would—we would not be making progress toward those goals, again, if that is—if that's the way the tariffs shake out. The thing is, we don't know that. There's so much uncertainty about the scale, scope, timing, and persistence of the tariffs. So that's that. In terms of preemption, you know, I think you can look back at the 2019 cuts as preemptive. I wouldn't say that what we did last fall was at all preemptive. If anything, it was a little late. But 2019, we did cut three times. But the situation was, you had a weakening economy, and you had inflation at 1.6 percent. So that's a situation where you can move preemptively. Now we have inflation running above target. It has been above target for four years. It's not so far above target now. And we have an expectation conditional on what happens that we'll see upward pressure on inflation. If you look at where forecasters are, they're all forecasting an increase in inflation. So it makes it—and then we've also got, you know, forecasts of weakening in the economy, and some have recession forecasts. We don't make a—we don't make—publish a forecast about, about that. We don't publish a forecast that assesses how likely a recession is. But, in any case, it's not a situation where we can be preemptive, because we actually don't know what the right response to, to the data will be until we see more data.

MICHELLE SMITH. Colby.

COLBY SMITH. Colby Smith with the *New York Times.* How much weakness does the Committee need to see, though, in the labor market and the economy more broadly to lower interest rates again? Is it about a certain increase in the unemployment rate over a period of time, or perhaps a certain number of negative monthly job reports? I mean, how are you making that assessment?

CHAIR POWELL. You know, so first of all, we don't see that yet, right? We have 4.2 percent unemployment, good participation, wages behaving very well, participation, I mentioned, at a good level. So, you know, with the labor market, we would look at the totality of the—of the data. We'd look at the level of the unemployment rate. We'd look at the speed with which it's changing. We would look at the whole huge array of labor market data to, to get a sense of whether conditions are really deteriorating or not. And, at the same time, we'd be looking at the other side of the mandate. We could be in a position of having to balance those two things, which is, of course, a very—a difficult balancing judgment that we'd have to make.

COLBY SMITH. On that point about balancing, I mean, you've mentioned that the Committee would consider how far the economy is from each goal and the time it would take to kind of get back to that point. But what does that mean in practice? I mean, how much of that assessment will be rooted in a forecast, versus data dependence?

CHAIR POWELL. It would be a combination of the two. I mean, let's just say this is a—this would be a complicated and challenging judgment that we would have to make if—and this is—we're not in this situation, but the situation is if the two goals are in tension. So let's say that unemployment is moving up in an uncomfortable way and so is inflation—not the situation we're in—hypothetically. But we would look at how far they are from the goals, how far they're expected to be from the goals, what's the expected time to get back to their goals. We'd look at all those things and make a difficult judgment. And that's in our framework. It's always been in our thinking. You know, it's—we haven't had—we haven't faced that question in a very long time. And so, again, difficult, difficult judgment to make, and not one that we face today. And we may never face it. But, you know, we have to be keeping it in our thinking now.

MICHELLE SMITH. Edward.

EDWARD LAWRENCE. Thank you. Edward Lawrence with Fox Business. So we had the CPI report that came out that showed, month over month, the first increase in inflation in about three years. The jobs report—you said "solid"—that we saw. At the same time, we have those new tariffs that we're living under. So, given this, should the Federal Reserve be cutting rates at all this year?

CHAIR POWELL. You know, it's going to depend. I think you have to just take a step back and realize this is—this is why we are where we are, is, you know, we are going to need to see how this evolves. There are cases in which it would be appropriate for us to cut rates this year. There are cases in which it wouldn't, and we just don't know. Until we know more about how this is going to settle out and what the economic implications are for employment, for—and for, for inflation, I couldn't confidently say that I know what the appropriate path will be.

EDWARD LAWRENCE. So, following on that, just, you know—so then how does President Trump calling on you personally as well as the Federal Reserve to make rate cuts affect your decision today and affect your job difficulty?

[0:18:00]

CHAIR POWELL. Doesn't affect our—doing our job at all. So we—you know, we're always going to do the same thing—which is, we're going to use our tools to foster maximum employment and price stability for the benefit of the American people. We're always going to consider only the economic data, the outlook, the balance of risks. And that's it, that's all we're going to consider. So it really doesn't affect either our job or the way we do it.

MICHELLE SMITH. Howard.

HOWARD SCHNEIDER. Hi. Howard Schneider with Reuters, and thanks for the time. I'm wondering—I mean, given the complexity about the first-quarter GDP and what lies ahead, I'm just wondering what your intuition tells you about the underlying direction of the economy right now. Many of your colleagues have said they feel growth is slowing. If so, do you have any sense of by how much, to what degree the slowdown may be? What does your gut tell you about how things are evolving out there?

CHAIR POWELL. My gut tells me that uncertainty about the path of the economy is extremely elevated [laughter] and that the downside risks have increased. The risk is—as we pointed out in our statement, the risks—the risks of higher unemployment and higher inflation have risen, but they haven't materialized yet. They really haven't. They're not, really not in the data yet, so that—and that tells me more than by intuition because I think—I think it's obvious, actually, that the right thing for us to do is to—we're in a good place. Our policy's in a very good place, and the right thing to do is, is await further clarity. And I—you know, there's—usually, things clarify, and that—the appropriate direction becomes clear. That's what usually happens, right? Right now, it's very hard to say what that would be. In the meantime, the economy is doing fine. Our policy isn't—you know, it's not highly restrictive. It's somewhat restrictive. It's 100 basis points less restrictive than it was in, you know, last summer. So we think it's—we think it's in a good place, and we think the appropriate thing is for us to wait and see and get more clarity about, about the direction of the economy.

HOWARD SCHNEIDER. Well, let me press you on this idea of the economy being fine right now, because, reading the Beige Book very closely the last time around, there was a lot of, you know, negative stuff, negative sentiment that was in there. And I know that everybody's looking at soft data right now. You mentioned it yourself—that the sentiment's sour. But the Beige Book was talking about, you know, the beginnings of layoffs in some industries, prices rising in, in some places, and an awful lot of investment decisions being, being pushed to the sideline. Doesn't that point to a slowdown?

CHAIR POWELL. It may well. It just hasn't shown up yet. And, and, you know, we all look at all these sentiments and read many, many individual comments just to get a better feel. And it—you know, businesses and households very broadly are concerned and, you know, postponing economic decisions of various kinds. And, yes, if that continues and nothing, nothing happens to sort of alleviate those concerns, then you would expect that to begin to show up in economic data. It wouldn't maybe show up overnight, but it would show up over weeks and months. And that may be what happens, but it hasn't happened yet. And also, there are things that can happen that will—that will change that narrative. I mean, they haven't happened, but it's possible to imagine things. But in the meantime, yes, we're watching it extremely carefully, like everyone is, but don't see really much evidence of it in the actual economic data yet. And by the way, consumers keep spending, credit card spending. It's—you know, it's still—it's still a healthy economy, albeit one that is shrouded in some very downbeat sentiment on the part of people and businesses.

HOWARD SCHNEIDER. Thank you.

MICHELLE SMITH. Michael McKee.

MICHAEL MCKEE. Michael McKee from Bloomberg Radio and Television. The Fed's been criticized recently by a former Governor for what he calls "mission creep"—you take on more problems, use more tools, and then end up building tools to deal with the fallout of those tools, which then makes it a given that you will act more aggressively in the future. Is that a fair critique, and is that something you would be looking at in your framework review?

CHAIR POWELL. Sorry, say that critique again.

MICHAEL MCKEE. That the Fed has been involved in mission creep—gets involved in using too many new tools to deal with problems and to go too far. Is that something that—the critique was based around the fact that you did QE and QE and QE and—

CHAIR POWELL. Oh, okay. Sure.

MICHAEL MCKEE. —and went beyond the narrow confines of your mandate.

CHAIR POWELL. So—well, I mean, there are a couple—that's not really beyond the confines of our mandate. I—look, I would say this: We—you know, we did things—essentially, we were on an emergency footing for a couple of years in the pandemic, and it's very fair and very welcome for people to look back over what we did and say, "Hey, you could have done this better and different." And one thing we hear a lot is, we could have explained the QE a little better. We did think we were explaining it in real time. I completely accept the, the thought that we could have explained it better. There's a lot of thinking that we went on too long with QE. I can tell you that the reason we did was, we were—we were concerned that we didn't want a tightening of—a sharp tightening in financial conditions at a time when we thought the economy was still vulnerable. And so we did hold on for a long time to QE. And we, of course, tapered and everything. And then we immediately went into QT, and, you know, we've—we're down a couple of trillion. But I get the—that, you know, we, we certainly, with the benefit of hindsight, could have tapered earlier or faster. That's absolutely right. But this is all very welcome. You know, it's, it's—you know, we knew, doing this in real time, that we weren't going to get it perfect. And those kind of—those kind of, you know, after-action kind of looks are essential. And we're doing the same thing in—you know, in our review, so—on some issues.

MICHAEL MCKEE. There—the other part of that critique is that you've taken on topics that are outside of the mandate, such as climate change and trying to ensure that certain groups are benefited by your economic policies in terms of employment, et cetera.

CHAIR POWELL. So, okay, on climate, you've heard me say over and over again that we will not be climate policymakers and that our role on climate is a very, very narrow one. And I think—I think that's what we've done. We've done really very little on climate. You can say that was—that little bit that we've done was too much. But I wouldn't want to give any impression that, that, you know, we take—that we've taken climate in and it's something that we're spending a lot of time and energy on. We're not. We have very, very narrow things. We did one thing, one guidance for the banks, and then we did one—a one-time stress analysis, climate stress analysis, and that's it. And, you know, we dropped out of the Network for Greening the Financial System. So we didn't do much on climate, but—and I do think, and I've said this publicly several times, I think it's, it's a real danger for us to try to take on a mandate like that, which is very narrow application to our work. And, you know, the risk is, if you—if you go for things that are really not on your mandate, you know, then why are you independent? You know, I think that's a very fair question. And I do think we've done a whole lot less on climate than some people seem to think we did. Anyway, that's what I think.

MICHAEL MCKEE. Should you have taken on the question of bringing unemployment rates down for specific categories?

CHAIR POWELL. We didn't do that. You know, we said—what we said was that we never targeted any unemployment rate for individual racial or demographic groups. What we said was that maximum employment was a broad and inclusive goal. And I think what we meant by that was, we're going to consider the totality of the country as we look at our maximum-employment goal. Of course, we were never going to target on any individual group with that, but I think some people, you know, wanted to hear it that way. But that's not at all what we meant. But—so that's just not a correct reading of our—but I can see how, you know, maybe people found that confusing, and, you know, we have to take that into consideration.

MICHELLE SMITH. Jo Ling.

JO LING KENT. Hi, Chair Powell. Thanks for taking our questions today. I'm Jo Ling Kent with CBS News. You've said, "Wait and see" and "The economy is doing fine" today. But the impact of tariffs are already showing up at the ports. Businesses big and small are telling us that they feel it, and most importantly, consumers say they feel it. But the challenges are here. And there's no waiting and seeing. For Main Street, what is the breaking point? What would have to happen to prompt a rate cut specifically?

CHAIR POWELL. Well, you know, so we really don't see in the data yet big economic effects. We see—we see sentiment, their concerns that higher prices may be coming, or things like that, but—so people, they're worried now about inflation. They're worried about, you know, a shock from the tariffs. But they really haven't—that shock hasn't hit yet. Okay, so, you know, we're going to be looking at not just the sentiment data, but also the real economic data as we assess what it is we should do. And remember, we're—there will be two effects. One of them would be weakening economy—weakening economic activity, which translates into higher unemployment, and the other would be potentially higher inflation. Again, to say it again, the timing, the scope, the scale, and the persistence of those effects are very, very uncertain. So it's not at all clear what the appropriate response for monetary policy is at this time. And we're—you know—and by the way, our policy's in a good place, so we think we can wait and move when it is clear what the right thing to do is; really not at all clear what it is we should do. So people are feeling stress and concern, but unemployment hasn't gone up. Job creation is fine. Wages are in good shape. You know, people are not—layoffs are—people are not getting laid off at high levels. You know, initial claims for unemployment are not increasing, you know, in any kind of impressive way. So the economy itself is still, you know, in solid shape.

JO LING KENT. Just a quick follow-up: President Trump now says he does not plan to remove you as Chair. When you heard that, what did you think?

CHAIR POWELL. I don't have anything more for you on that. I've pretty much covered that issue. Thank you.

MICHELLE SMITH. Chris.

CHRISTOPHER RUGABER. Hi. Thank you. Chris Rugaber, Associated Press. Well, I just wanted to follow up. Earlier, it sounded like you said it was unclear how the Fed—you know, what kind of interest rate decisions you will make later this year. So does that—you know, in March, there was guidance that two cuts might happen, you know, two cuts were penciled in for this year. Is that now—that guidance from the last press conference, has that been overtaken by events at this point?

CHAIR POWELL. You know, we don't do a Summary of Economic Projections at every meeting, as you know. We do it every other meeting. And so this was the meeting when we didn't do it. And I—you know, we don't also kind of poll people, so I really—I really wouldn't want to try to make a specific projection for where we are relative to that. We will—in six weeks, we have the June meeting, and you'll have another SEP. I'm not going to hazard a guess here today what—as to what it would be. Again, what I would say is that we think our policy rate is in a good place. We think it leaves us well positioned to respond in a timely way to potential developments. That's where we are, and that—depending on the way things play out, that could include rate hikes—sorry, rate cuts. You know, it could include us holding where we are. We just are going to need to see, you know, how things play out before we make those decisions.

CHRISTOPHER RUGABER. Great. And just to follow up on that, I mean, when you address the issue of how the Fed would handle both rising unemployment and rising inflation, how are you thinking about the fact that addressing one could exacerbate the other? So a rate cut to reduce unemployment could worsen inflation, and vice versa. How does that—how do you handle those challenges?

CHAIR POWELL. Well, you just captured the—this is the issue with the two goals being in tension. It's a very challenging question. Now, there can be a case in which one goal is very far—one variable's very far from its goal, much farther than the other. And if so, you concentrate on that one. And, frankly, that was the case—well, it wasn't a case where they were really in tension. But if you go back to 2022, it was very clear that we needed to focus on inflation. The labor market was also super tight, so it wasn't really a tradeoff. You know, if—I think you know what our—what our framework document says. It says we'll look at how far each goal—each variable is from its goal and also we'll factor in the time it would take to get there. So, you know, that's going to be a—potentially, a very difficult judgment. But the data could break in a way that it's not. You know, I just don't think we know that. The data could easily favor one or the other. And right now, there's no way to—no need to make a choice and no real basis for doing so.

MICHELLE SMITH. Victoria.

VICTORIA GUIDA. Hi. Victoria Guida with Politico. I wanted to ask, Congress is currently debating spending cuts alongside expending—extending the tax cuts. And I know you've talked many times about how the path of the debt is unsustainable. But given that we're also talking right now about the economy slowing, potentially even recession, I was just wondering, is there a danger that spending cuts now could slow growth a lot more?

CHAIR POWELL. You know, we don't give Congress fiscal advice. I—they're going to do—we take what they do as a given, and we put it in our models and in our assessment of the economy, so I wouldn't want to, you know, speculate on that. I mean, I think we do know that the debt is on an unsustainable level—on an unsustainable path—not on an unsustainable level, but an unsustainable path. And it's on Congress to figure out how to get us back on a sustainable path, and, you know, it's not up to us to give them advice.

VICTORIA GUIDA. Well, do you think that they should take macroeconomic conditions into account as they look at this?

CHAIR POWELL. I think they don't need my advice and our advice on how to do fiscal policy any more than we need their advice on monetary policy. [Laughter]

MICHELLE SMITH. Andrew.

ANDREW ACKERMAN. Thanks, Mr. Chairman. Andrew Ackerman with the *Washington Post.* In your Jackson Hole comments last year, you said you would not welcome further cooling in labor market conditions. The unemployment rate then was 4.2 percent, which is what it is now. Forecasters—many forecasters now predict a higher jobless rate. How has your tolerance for weakening labor market conditions changed compared to a year ago?

CHAIR POWELL. So it was quite a different situation. What was happening last year is that over the space of six, eight, seven months, the unemployment rate went up by almost a full percentage point, and it was click, click, click, click, click each month. And, you know, everywhere, people were talking about downside risks to the labor market. At the same time, payroll job numbers were getting softer and softer. So there was a really obvious concern about downside risk to the labor market. And so at Jackson Hole and then in September, you know, we wanted to address that forthrightly. We wanted to show that we were there for the—I mean, we had been there for inflation for a couple of years, and we wanted to show also that we're there for the labor market. And it was important that we send that signal. Fortunately, since then, the labor market has really—and the unemployment rate have really been moving sideways at a level that is, you know, well in the range of mainstream estimates of maximum employment. So that concern has gotten a lot less. So, you know, you're at 4.2 percent unemployment. I think we were in a very different situation. And now we have a situation where, you know, the risks to higher inflation and higher unemployment have both gone up, as we noted in our statement, and we've got to monitor both of those. We actually have a potential situation where there may be a tradeoff or tension between the two potentially. We don't have it yet, and we may not have it, but that's what we [may] have, and that's why I think it's a very different, different situation.

ANDREW ACKERMAN. I, I mean, I guess I want to follow up by asking how much of a rise in the jobless rate you would—you could tolerate.

CHAIR POWELL. I can't give you a—you know, a—I'm not going to try to give you a specific number. I'll just say, we've got—we have to now be looking at both variables and which of them is, is, you know, demanding—if one of them is demanding our focus more than the other, that would tell us what to do with policy. If they're more or less this, you know, equally distant and equally—or not distant, then we don't have to make that assessment. You know, the assessment is, you wait. So I'm not going to try to be really specific about what we need to see in terms of the number. But if—look, if we did see, you know, significant deterioration in the labor market, of course that's one of our two variables, and we would look to be able to support that. You'd hope that it wasn't also coming at a time when inflation was getting very bad. And, again, we're speculating here. We don't know this. We don't know any of these things. It's very hypothetical. We're just going to have to wait and see how the—how it plays out.

ANDREW ACKERMAN. Thanks.

MICHELLE SMITH. Claire.

CLAIRE JONES. Claire Jones, *Financial Times.* In terms of getting some clarity, we've got some talks at the weekend in Geneva between the U.S. and China. A lot of economists are ask—are attaching an awful lot of importance to how—what we hear from those talks. How much importance are you attaching to them in terms of judging what will happen to the U.S. economy going forward? And just in a similar vein, you know, some economists are saying it's days, not weeks, that we have until we start to put the U.S. economy at risk of seeing a sort of pandemic here, with shortages and higher prices, if we don't kind of soothe relations between the U.S. and China. So it would be good to have your view on that, too.

CHAIR POWELL. So, you know, these are not talks that we're in any way involved in, so I really can't comment directly on them. So—but what I will say is this: You know, we had—coming out of the March meeting, we, we—the public generally had an assessment of where tariffs were going. And then April 2 happened, and it was really substantially larger than anticipated in the forecasts that I've seen and in our forecast. So—and now we—and now we have a different—we're in a new phase where—it seems to be we're entering a new phase where the Administration is entering into beginning talks with a number of our important trading partners. And that's—that has the potential to change the picture materially or not. And so I think it's going to be very important how that shakes out. But I—you know, we simply have to wait and see how it works out. It certainly could change the picture, and we're mindful of not trying to make conclusive judgments about what will happen at a time when the—you know, when the facts are changing.

CLAIRE JONES. And just on the fall in shipping volumes from China over these tensions, I mean, do you share that concern that we could start seeing goods shortages and higher prices in the coming weeks if this isn't resolved very quickly?

CHAIR POWELL. You know, I don't want to get my—we're not—we shouldn't be involved, even verbally, in questions about the timing of these things. Yes, we're—of course, we follow all that data. We see the shipping data. We see all that. But, ultimately, this is for the Administration to do. This is—you know, this is their mandate, not ours. And I know they're—as you can see, they're, again, having—beginning to have talks with many nations. And that has the potential to change the picture materially, so we'll just have to wait and see.

MICHELLE SMITH. Kosuke.

KOSUKE TAKAMI. Kosuke Takami with *Nikkei.* Thank you for doing this. The volume of imported goods increased significantly in the first quarter. Do you think the decision could cause a delay in the impact of tariff on inflation, and does this mean that it will take a longer time to reduce uncertainty?

CHAIR POWELL. The decision we made today? Which decision?

KOSUKE TAKAMI. So the future decisions. So the volume of imports—

CHAIR POWELL. Yes.

KOSUKE TAKAMI. —imported goods has increased significantly. So the impact of the imported inflation may delay. So, what is the impact to your future decision?

CHAIR POWELL. Okay, so, I mean, I think we—I think we think that the—you know, there was a big spike in imports—right?—very big, historically large, really, and—to beat tariffs.

And now that should actually reverse so that it's—you know, it's the difference between—it's exports minus imports, so—and imports were huge, and so then it conveyed a very negative contribution to U.S. GDP—annualized GDP in the first quarter, as we all know. So that could, in the second quarter, be reversed so that we have, you know, an unusually large contribution to—unusually positive. That's very likely as imports drop sharply. You could also have—you know, very likely you'll have restatements of the—of the first quarter. It'll turn out that consumer spending was higher. It will turn out that inventories were higher. And so you'll see—you'll see those data revised up. It may actually go into the third quarter, too. And so I think it's going—this whole process is going to, a little bit, make it harder to make a clean assessment of U.S. demand. I mentioned private domestic final purchases, which doesn't have inventories, government, or—inventories, government. Anyway, it's a cleaner read on private demand. But that, that, too, probably was flattered a little bit by—you know, by strong demand for imports to be tariffed. So that might overstate. It's a really good reading, 3 percent PDFP in the first quarter. That might actually overstate. So it's not really going to—I don't think it's going to affect our decisions. I will just say, though, that it's a little confusing and it's probably less confusing to us than it would be to the general public as we try to explain this. You know, it's complicated, and, you know, GDP is sending a signal. PDFP is sending a signal. It's a little bit confusing. But I think we understand what's going, and it's not really going to change things for us.

MICHELLE SMITH. Courtenay.

COURTENAY BROWN. Thank you. Courtenay Brown from Axios. I guess, you know, we talked about some of the indications of potential layoffs, price hikes, an economic slowdown all being evident in the soft data. I'm curious why the Fed needs to wait for that to translate into hard data to, you know, make any type of monetary policy decision, especially if the hard data is not as timely or might be warped by tariff-related effects. Are you worried that the soft data might be some sort of false warning?

CHAIR POWELL. No. I mean, it's—look, the—look at the state of the economies. The labor market is solid. Inflation is low. We can afford to be patient as things unfold. There's no real cost to our waiting at this point. Also, the sense of it—the sense of it is, we're not sure what the right thing will be. You know, there should be some increase in inflation. There should be some increase in unemployment. Those call for different responses. And so until we know—potentially call for different responses—and so, you know, until we know more, we have the ability to wait and see. And it seems to be a pretty clear decision. Everyone on the Committee supported waiting. And so that's why we're waiting.

COURTENAY BROWN. Just a very quick follow-up: There was this sort of vibe session, if you will, where the sentiments expressed in soft data did not translate into the hard economic data. Are you—how are you thinking about that when interpreting some of the signs in the softer survey data?

CHAIR POWELL. You know, I think, going back a number of years, the link between sentiment data and consumer spending has been weak. It's not been a strong link at all. On the other hand, we haven't had a move of this, you know, speed and size. So it wouldn't be the case that we're looking at this and just completely dismissing it. But it's another reason to wait and see. You're right that we had a couple of years during the pandemic where people were saying—just very downbeat surveys and going out and spending money. So that can happen, and that may happen to some degree here. We just don't know. This is an outsized change in sentiment, though, and so none of us are looking at this and saying that we're sure one way or the other. We're not.

MICHELLE SMITH. Matt.

MATT EGAN. Thanks, Chair Powell. Matt Egan with CNN. So you mentioned earlier that you're monitoring the shipping data. And we have seen in the shipping data that imports from China into the Port of Los Angeles have plunged. And that has raised concerns about potential shortages. What tools, if any, does the Fed have to ensure that prices and inflation expectations don't get out of hand if tariffs do cause significant supply chain disruptions?

CHAIR POWELL. I mean, we don't have, you know, the kind of tools that are good at dealing with supply chain problems. We don't have that at all. That's a—that's a job for the Administration and for the private sector more than anything. You know, what we can do with our interest rate tool is, we can support—be more or less supportive of demand. And that's—that'd be a very inefficient way to try to fix supply chain problems. But, you know, we don't see—we don't see the inflation yet. We're, of course, reading the same stories and watching the same data as everybody else. And, you know, right now, we see inflation, you know, kind of moving sideways at a fairly low level.

MATT EGAN. If I could follow up on that, President Trump has indicated that he will likely name a replacement for you when your term as Chair expires next year. But your position on the Board runs through January 2028, I believe. Would you consider remaining on the Fed Board even if you're no longer Chair?

CHAIR POWELL. So I don't have anything for you on that. My whole focus is on—and my colleagues' focus is all on, you know, trying to navigate this tricky passage we're in right now, trying to make the right decisions. You know, we want to make the best decisions for the people that we serve. That's what we think about day and night. And this is a challenging situation, and that's, that's 100 percent of our focus right now.

MICHELLE SMITH. Let's go to Jennifer for the last question.

JENNIFER SCHONBERGER. Thank you so much, Chair Powell. Jennifer Schonberger with Yahoo Finance. Public records of your schedule so far this year show no meetings with President Trump. Past Presidents Obama, Bush, and Clinton have all met with Fed Chairs. And you met with Trump during his first term. Why haven't you asked for a meeting yet with the President?

CHAIR POWELL. I've never asked for a meeting with any President, and I never will. It's not—I wouldn't do that. There's never a reason for me to ask for a meeting. It's always been the other way.

JENNIFER SCHONBERGER. So would you want to meet with him if given the opportunity—

CHAIR POWELL. I never—

JENNIFER SCHONBERGER. —to get more information?

CHAIR POWELL. I never—it's never an initiative that I take. It's always an initiative—I—you know, I don't think it's up to a Fed Chair to seek a meeting with the President, although maybe some have done so. I've never done so, and I can't imagine myself doing that. It's—I think it's always—comes the other way: A President wants to meet with you. But that hasn't happened.

JENNIFER SCHONBERGER. And if I could just ask one question on monetary policy, when it is time to cut rates, how will you determine how far down rates will have to come to try to keep a balance on the inflation mandate as employment weakens?

CHAIR POWELL. You know, I think once you have a direction—a clear direction, you can make a—we can make a judgment about how fast to move and that kind of thing. So it's—really, the harder question is the timing, I think, and when will that become clear? And, fortunately, as I mentioned, we have our policy in a good place, the economy's in a good place, and it's really appropriate, we think, for us to be patient and wait for things to unfold as we get more clarity about what we should do.

Thanks very much.