

# FX Viewpoint Flash

Currencies  
Global

## USD: The Fed delivers a provocative “hold”

- ◆ The Fed held rates steady for a third meeting...
- ◆ ...but three policymakers wished to modify the FOMC's forward guidance in a hawkish direction
- ◆ The USD strengthened post-FOMC; a still-patient Fed is likely to limit sustained USD trends in the near term

At the 28-29 April meeting, the Federal Open Market Committee (FOMC) kept **the federal funds target range unchanged at 3.50-3.75% for the third consecutive meeting**. Of the 12 voting members, 11 supported holding rates steady. **Fed Governor Stephen Miran again dissented, favouring a 25bp rate cut. Three voters** – Cleveland Fed President Beth Hammack, Minneapolis Fed President Neel Kashkari, and Dallas Fed President Lorie Logan – backed unchanged rates but **did not support including an easing bias in the statement at this time**. In practical terms, they sought more hawkish forward guidance without going as far as voting for a rate increase. **The USD strengthened in the aftermath.**

### What was expected – and what moved markets

In many respects, **the April FOMC outcome aligned with market expectations**: the policy rate was unchanged, and from the majority's perspective, the statement was only marginally different from March. In his press conference, Chair Jerome Powell reiterated that **“policy is in a very good place for us to wait and see”**, a message that would not typically be a major catalyst for FX on its own. Markets instead focused on what did change: the emergence of **three votes against retaining language referencing “additional adjustments”**. Given the Fed's rate cuts in 2024 and 2025, that phrasing had been interpreted as an implicit easing bias. The shift towards a more balanced (symmetric) policy signal helped the USD to rally.

### Powell's messaging and leadership transition

Fed Chair Powell offered a nuanced read on the significance of the vote. He emphasised that those who wanted to adjust the language still supported holding rates steady, and that the majority did not see an immediate need to change the statement. At the same time, he noted that **“the centre is moving toward a more neutral place”**, even if the Committee was not ready to signal that shift explicitly. He suggested that such a change could “conceivably come as soon as the next meeting”, which is scheduled for 16-17 June. He also said **April would be his final meeting as Chair, with Kevin Warsh the likely successor pending full Senate confirmation**, and added he expects to remain a Governor for an unspecified period while keeping “a **low profile**” under a Warsh-led FOMC.

Overall, the USD's move higher reflects **an unexpected shift in the vote dynamics** with the Fed's language drifting towards neutral, but it is not a game-changing development for FX. We will continue to monitor how the conversation moves at the Fed, but, **for now, the overall tone still points to a Fed in no rush to change policy amid elevated uncertainty**. This will likely continue to prevent any sustained trend move in the USD over the near term. With the meeting now behind markets, attention is likely to rotate back towards geopolitics, risk appetite, and energy prices as key drivers of USD performance.

**The FOMC held rates steady in April, with one dissenter and three objections to guidance**

**Markets focused on reduced easing-bias language, which supported a stronger USD**

**Chair Powell signalled a gradual shift towards neutrality and outlined a potential leadership transition**

**Uncertainty should limit sustained USD trends, with geopolitics and risk sentiment regaining focus**

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