



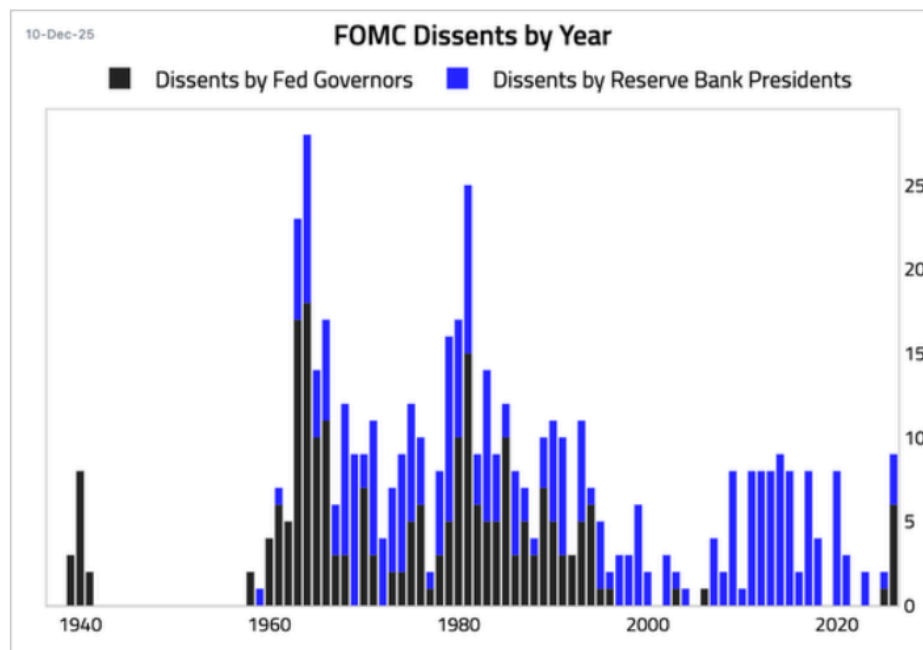
Dissension in the Ranks

As usual, all eyes are on the Federal Reserve.

Mostly, I think their actions are overblown – except when they change direction – because they don't control the interest rates that matter most.

However, 2026 brings a new Federal Reserve Chairman, *and* there's dissent in the ranks over the Board's future policy.

In 2025, there has been a significant spike in dissents relative to recent history. There have been nine dissents this year, the highest level since 2013.

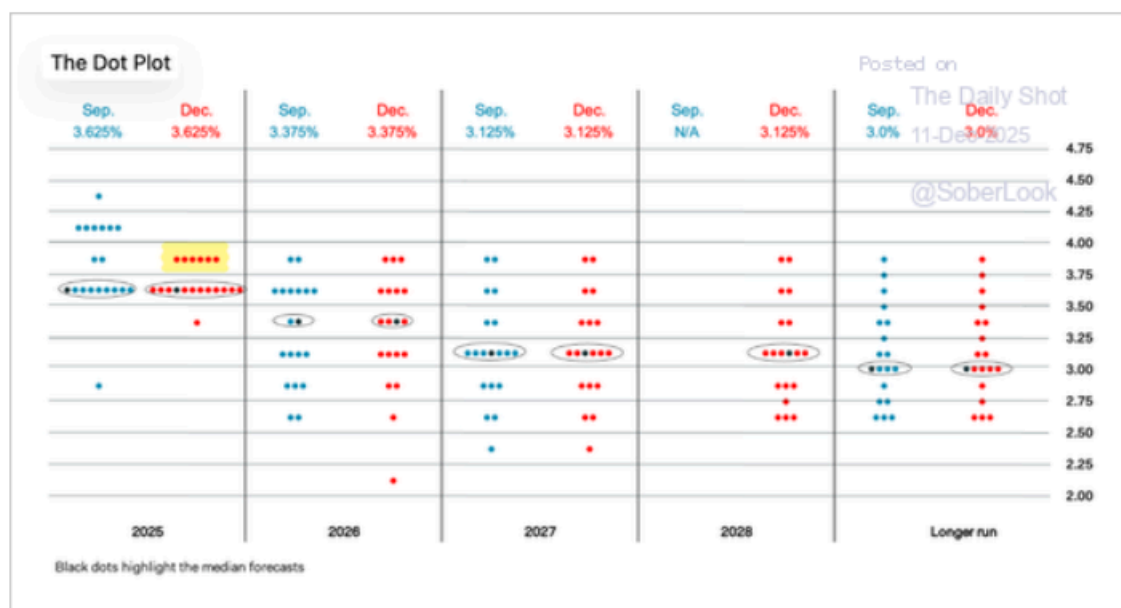


There have also been "soft" dissents. That is, the "Dot Plot" indicates that six members of the Board would have preferred no change in policy (see the yellow area below). The "Dot Plot" represents anonymous projections of future rates.

So, the Federal Reserve is likely done for now.

But, maybe not!

Of course, the market hates uncertainty.



Source: [Pantheon Macroeconomics](https://www.pantheonmacroeconomics.com/)

But that's stupid since the world has been uncertain for every second I have been on Earth.

There's also uncertainty around who will be the next Federal Reserve Chairman. Again, this is overblown because they've all been terrible. Powell missed the mark on "transitory inflation" just as it exploded to the highest levels in 40 years. He is clearly political, too, having cut rates before the 2024 presidential election when there was no need to do so.

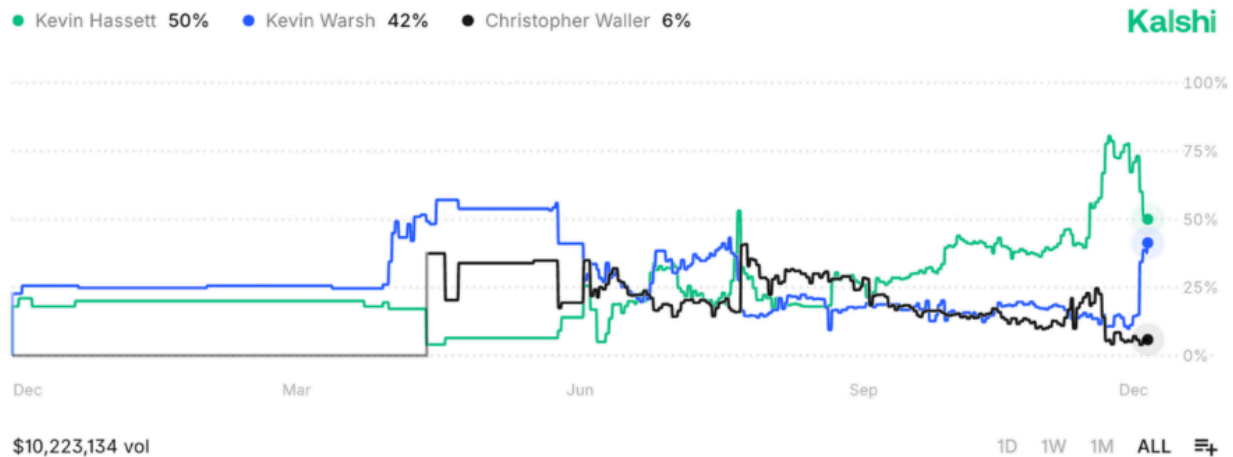
Bernanke was an even bigger idiot when he noted "green shoots in the economy" less than a month before the biggest Wall Street implosion in decades, which sank the economy into the Great Recession.

Alan Greenspan and Janet Yellen, who caused a lot of damage, more so as the Treasury Secretary, weren't any better.

The problem today is that President Trump may install a "yes" man, which could erode confidence in the Board's independence. This is a problem because foreign buyers may cut back on purchasing the debt that finances the deficits.

But let's be real, they haven't been doing that for a while. So, it's just a big house of cards.

The odds on the Kalshi betting platform are about 50/50 between Kevin Hassett and Kevin Warsh getting the job. Christopher Waller's odds are just 6%



Warsh is preferred by Wall Street and is considered more "independent". Hassett is perceived as a "yes" man.

If Hassett gets the job, I'd expect even more volatility. But, in the end, it doesn't matter. Cutting rates is disastrous, in my opinion. And, of course, there's no willpower to tackle the debt and deficit. That's all talk and empty promises.

So, the best thing to do is ignore the noise and **follow your strategy**. Whatever that is. However, be prepared for extra volatility in 2026, which will create significant opportunities if you take advantage of it!

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