

# Key takeaways from Powell's testimony

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## **Overall, Fed Chairman Powell paints picture of economic success**

- The report emphasized strong GDP and jobs growth; it also noted, but played down, weak wage growth and a leveling-off in the housing market
- Powell cites jobs growth, consumer sentiment and tax cuts as causes of overall economic expansion

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## **Powell avoided talking about trade, but expressed some concerns**

- In his Senate Banking hearing, Powell noted that trade is outside his jurisdiction, and pushed back when senators asked him to comment on the Trump administration's tariff proposals
- In his House Financial Services hearing, Powell was more outspoken about trade, noting that uncertainty about trade has harmed business confidence, but noted that it is too soon to tell what the effects will be

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## **Some representatives expressed concern about the yield curve**

- Rep. Bill Huizenga (R-MI) questioned Powell about the yield curve and suggested the Fed could sell bonds to steepen it
- Higher interest rates mean higher borrowing costs for business, consumers and investors

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## **Powell gave an optimistic review of stress tests**

- The summary version of the report did not mention the stress tests, but the report itself suggests that the stress tests show that banks could continue borrowing in a crisis
- When questioned about the stress tests by Sen. Warren (D-MA), Powell argued that even though the banks were granted conditionally passing grades, they will be subject to the same penalty as if they had failed

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## **Conflicting data on jobs**

- While employment numbers have grown, and Powell stated that more jobs are being created than there are people entering the labor force, wages have not risen by much
- Powell attributed this weak wage growth to a similarly weak growth in productivity and argued that better education could boost wage growth