

## EcoFlash

### Kevin Warsh: a QE opponent in favour of low rates to head the Fed

President Donald Trump has picked former governor Kevin Warsh to replace Jerome Powell as Fed Chair from mid-May. This decision has been perceived as reassuring by the financial markets. Nevertheless, his term could prove to harbour some surprises.

In addition to recently calling for a 'regime change' at the Fed, K. Warsh, a lawyer who works for a major hedge fund and used to be a hawk at the FOMC, has recently voiced his support for rate cuts. The upcoming Chair is also critical of the expansion of the Fed's scope of action, particularly with regard to quantitative easing (QE) and the resulting sharp increase in the central bank's balance sheet.

However, his ability to implement his recommendations in the short term is likely to be limited by the practical realities and the Fed's governance structure. The Senate is now likely to confirm K. Warsh's appointment, but this could be delayed.

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