



Weekly Commentary

JUNE 9, 2025

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Trump has better luck with the Fed's new Vice Chair

President Trump has had little luck influencing the Federal Reserve to this point. His haranguing of Fed Chair Jerome Powell has failed to alter monetary policy and his suggestion that he could “fire” Powell led to serious market blowback. Concern that the administration could attempt a coup by firing all the members of the Fed’s Board of Governors was allayed when the Supreme Court made clear that would not stand.

But the president earned a small win last week when the Senate confirmed Fed Governor Michelle Bowman as Vice Chair for Supervision. Bowman is a known quantity, having served on the board since 2018. But the thin margin of victory—a vote of 48 to 46—was due to her admitted desire to ease banking regulation.

Deregulation has been a top goal of Trump in both of his terms. He is achieving that with greater success than his other campaign promises, such as immigration reform and imposition of higher tariffs. The SEC, for one, has refrained from creating new rules and is looking to roll back others.

In her testimony to Congress as part of her confirmation process, Bowman claimed that many of the Fed’s rules are “overly complicated and redundant.” It remains to be seen how effective she can be at defanging the regulations. This may be the case, but it’s worth noting that the high level of oversight and increased capital requirements have bolstered the banking sector since the Global Financial Crisis.

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G40461-19 (6/25)