The Sterling Capital VAULT

An Update on FOMC Dissenting Votes: Warsh Edition

At its October 2026 meeting, the Federal Open Market Committee (FOMC) left the federal funds rate target range unchanged following a 25 bps increase at the September meeting. The new, trimmer October FOMC statement highlighted economic growth expanding at a strong pace, strong productivity growth, robust capital investment, and a stable unemployment rate. Meanwhile, inflation remains elevated relative to the Committee's 2% goal. The statement has eliminated any discussion of the outlook for economic conditions and monetary policy in keeping with Federal Reserve (Fed) Chair Kevin Warsh's reduced emphasis on forward guidance.

The most noteworthy result from the October 2026 meeting was two dissenting votes from Governor Lisa Cook and Cleveland District Bank President Beth Hammack who preferred to raise the federal funds target range by 25 bps. With one more meeting expected to be held in 2026, the FOMC has logged 12 dissenting votes, which is the most annual dissents since 1984 - the Volcker years of inflation fighting. In this edition of **The Sterling Vault**, we update our analysis of FOMC dissenting votes.

FOMC Voting Explained

The FOMC is the main monetary policymaking body of the Federal Reserve (Fed). It includes both rotating and permanent voting seats for a total of 12. The eight permanent members are the seven Board governors and the president of the Federal Reserve Bank of New York. The remaining four FOMC votes rotate among the other 11 Fed bank presidents on an annual basis. These rotations are scheduled in advance, with districts taking turns in four groups that rotate in two-year or three-year cycles, shown below. While all 19 members of the committee are present at the FOMC meetings (7 governors and 12 bank presidents), only 12 votes are cast for policy decisions.

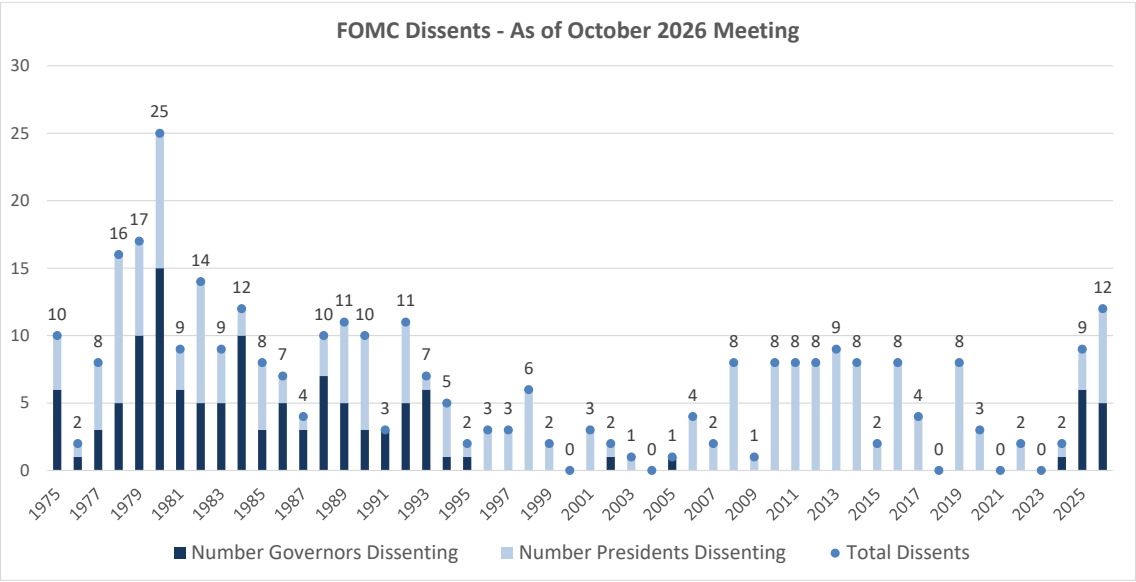
FOMC Voting Rotation - 2026-2028				
Permanent Members (8)		**Rotating Members (4)**		
		2026	2027	2028
Governor	New York	Cleveland	Chicago	Cleveland
Governor	Governor	Philadelphia	Richmond	Boston
Governor	Governor	Dallas	Atlanta	St. Louis
Governor	Governor	Minneapolis	San Francisco	Kansas City

FOMC Dissents

Dissents, and in particular dissents at the same meeting in opposing directions, underscore the "art" of monetary policy as the economy reaches inflection points in terms of growth or inflation. Since the July 2025 FOMC meeting, there have been a total of 18 dissenting votes cast by a mix of Bank presidents (10 votes) and Board governors (8 votes). Governor Miran, during his short stay on the Fed Board, cast six consecutive dissenting votes in favor of additional or deeper interest rate cuts. Governor Waller cast the other vote by a Board member in favor of easing policy in January 2026, and now Governor Cook voted to tighten policy in October 2026. Meanwhile, five different Reserve Bank presidents have cast dissenting votes so far in 2026 in favor of tighter monetary policy.

Chart Sources: Federal Reserve Bank of St. Louis, Sterling Capital Management. Data is as of 10.28.2026. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees these methods will be successful. This information must be read in conjunction with the definitions and disclosures on the last page. Basis points = bps

Historically, dissents have served as a reminder of robust debate and diversity of viewpoints at the FOMC. Dissents normally reflect legitimate disagreements about the impact of policy and how to implement it, or about the current stance of policy compared to the FOMC objectives, and can potentially help market participants glean insight into the leanings of the Fed. In 2022, for example, former St. Louis Fed President James Bullard strongly argued for a more rapid pace of tightening due to his view that inflation was not transitory, a view that later proved accurate. This year, the District Bank presidents that dissented in July (Hammack, Kashkari, and Logan) had previously dissented in April in favor of a rate hike at Jerome Powell's final meeting as Fed Chair. Following the October meeting, Fed Funds futures are pricing a more gradual tightening of monetary policy than it had been earlier this year.



Since the early 1990s, dissenting votes have come primarily from District bank presidents, while governors have been viewed as more closely aligned with the Chair. Before Governors Waller and Bowman dissented in July 2025, two Fed Board governors had not dissented from an FOMC decision at the same meeting since 1993, according to data compiled by researchers at the Fed Bank of St. Louis. Bowman and Waller cited weakening labor fundamentals as the reason to ease policy rates.

Dissenting governors, and especially more than one at a time, can highlight the degree of difficulty in forming monetary policy in the current environment, and in our view may point to palace intrigue around the formation of the FOMC's reaction function. There can be periods where the same person, or presidents of the same Reserve Bank, votes to dissent from an action taken by the Committee. For example, the Fed Reserve Bank of Kansas City or FRBKC (Hoenig and George) became known for dissenting in favor of tighter policy actions during the quantitative easing period following the Great Financial Crisis. This mantle has been taken up at times over the past year by current FRBKC President Schmid.

With changes in communication instituted under Chair Warsh regarding forward guidance, the meeting statement, and the press conference (assuming those continue in the future), public statements by Governors and Bank Presidents may be closely analyzed to help fill in the gaps. Policy consensus on the FOMC is the norm, which may make this period of dissenting views even more challenging for market participants positioning portfolios going forward.

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Technical Terms:

Basis Point (bps): A unit of measurement equal to 1/100th of 1%, used to describe changes in interest rates and other financial percentages. A 25-basis-point change equals 0.25 percentage points.

Capital Investment: Money invested in long-term assets, such as equipment, technology, and facilities, to maintain or expand business operations.

Dissenting Vote: A vote cast by an FOMC member who disagrees with the monetary policy decision supported by the majority of voting members.

Economic Inflection Point: A point at which the direction or trend of economic activity changes, potentially signaling a shift in growth, inflation, or monetary policy.

Federal Funds Rate: The interest rate at which banks and other eligible institutions lend reserve balances to one another overnight. The Federal Reserve sets a target range for this rate to influence economic activity and inflation.

Federal Open Market Committee (FOMC): The branch of the Federal Reserve responsible for directing U.S. monetary policy, including decisions about interest rates and open market operations.

Forward Guidance: Communication from a central bank about the likely future direction of monetary policy, intended to influence market expectations and financial conditions.

Inflation: The rate at which the general level of prices for goods and services rises over time, reducing the purchasing power of money.

Monetary Easing: Central bank actions, typically involving lower interest rates or increased liquidity, intended to stimulate borrowing, spending, and economic growth.

Monetary Policy: Actions taken by a central bank to influence the supply of money, interest rates, and overall economic conditions to promote economic stability.

Monetary Tightening: Central bank actions, typically involving higher interest rates or reduced liquidity, intended to slow economic activity and help control inflation.

Productivity Growth: An increase in the amount of goods or services produced for a given amount of labor or other resources.

Volcker years (or the Volcker Era) refer to the period from 1979 to 1987, when Paul Volcker served as the Chairman of the Board of Governors of the Federal Reserve.

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