

# A New Era at the Fed

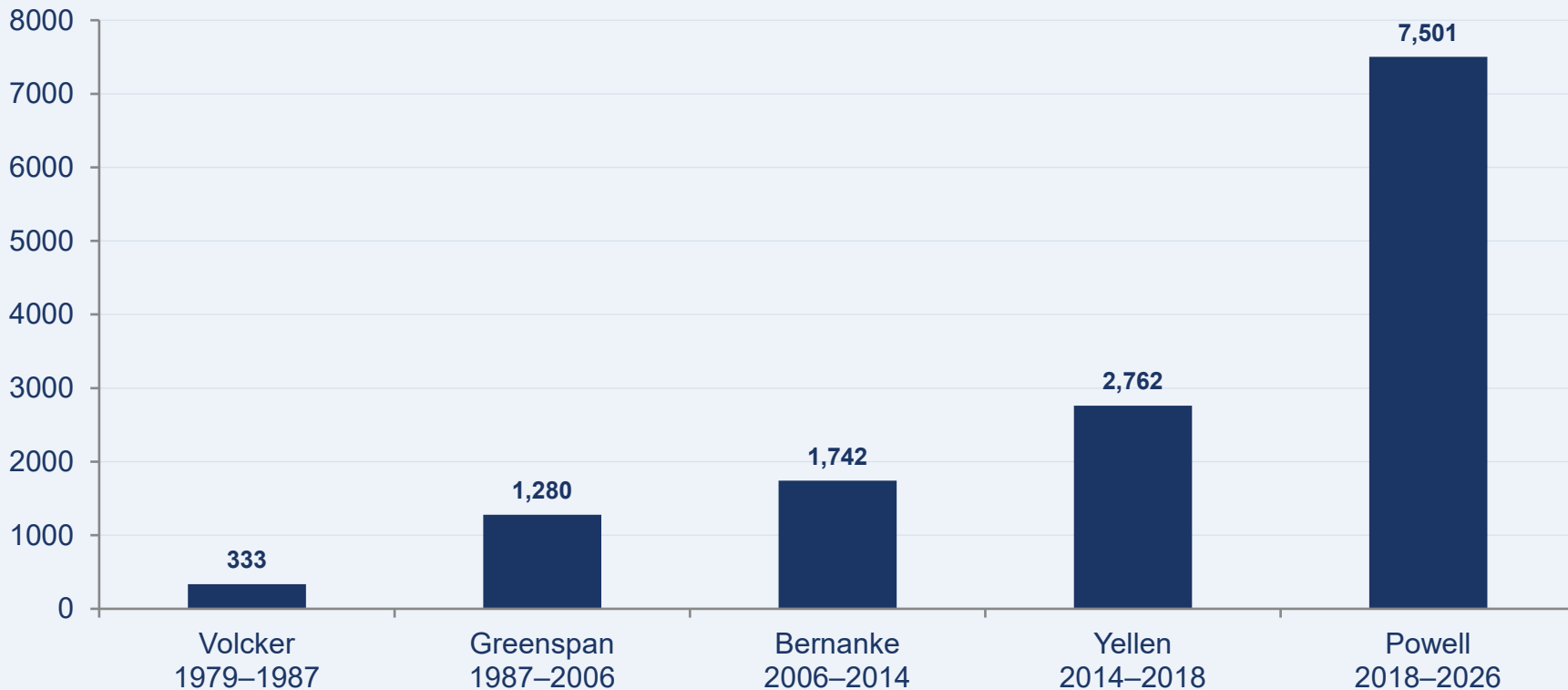
*What Change in Leadership Means for Investors*

May 15, 2026

Francisco Rodríguez-Castro  
President & CEO

# Through Chair Changes

S&P 500 Performance Since 1979



# A Chapter Closes

*Jerome Powell: Federal Reserve Chair from 2018–2026*



8

Years as Fed Chair

12

FOMC Votes Required  
per Rate Decision

17

Chairs in the Fed's  
113-Year History

## 8 Years

The length of Jerome Powell's tenure as Fed Chair. Through a pandemic, the fastest rate-hiking cycle in 40 years, and a historic inflation surge and recovery, few chairs have navigated more.

## 12 Votes

The Chair sets the agenda and leads the debate, but no single person controls the outcome. Every rate decision requires a vote among the 12 members of the Federal Open Market Committee.

## 17 Chairs

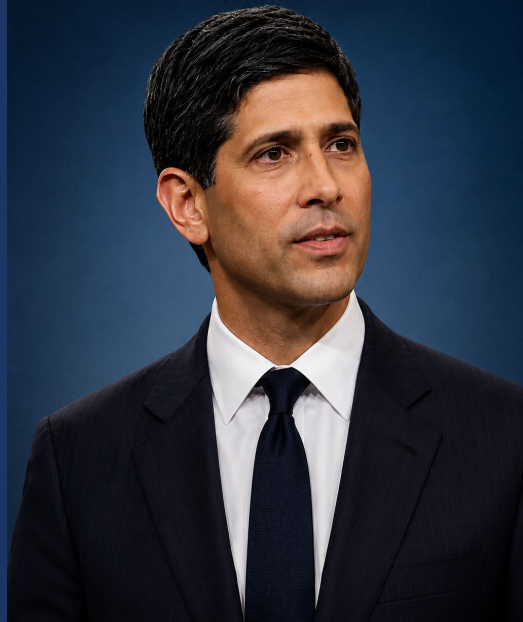
The total number of men and women to have held this role in the Federal Reserve's 113-year history. The chair does not change often, and each transition carries significant weight for the economy.

# A New Era: Kevin Warsh

*Qualifications and Policy Stance*



## KEVIN WARSH



### Credentials & Experience

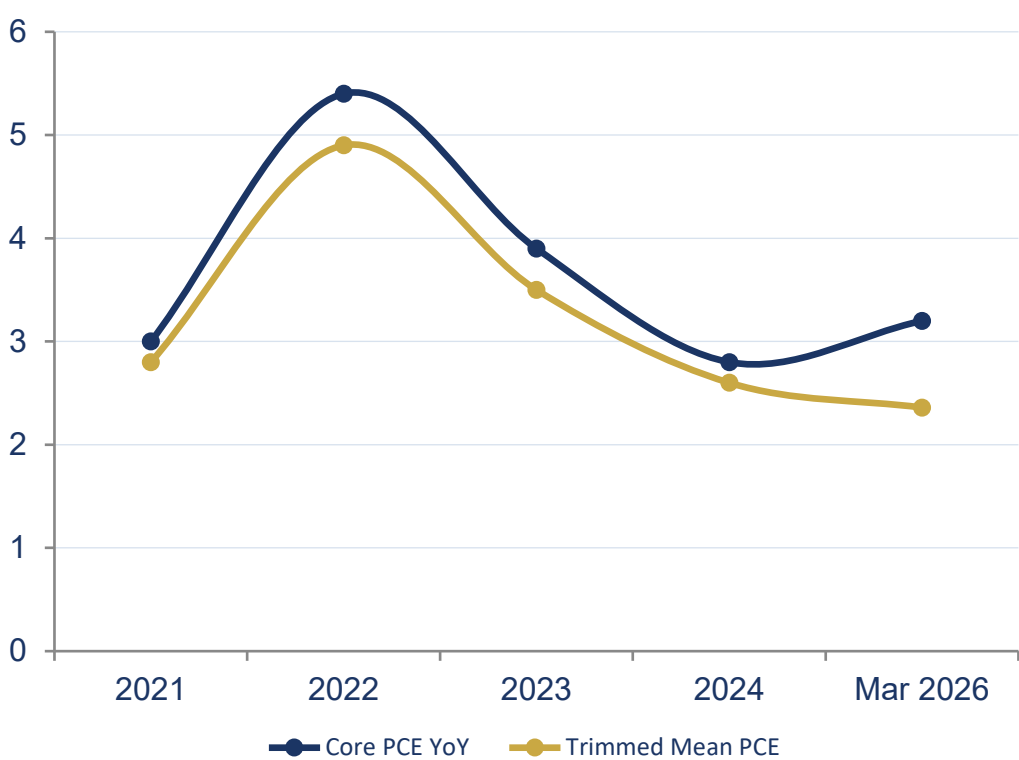
Warsh joined the Fed Board in 2006 at 35 years old, the youngest Governor ever appointed. Formerly Morgan Stanley VP of M&A and economic advisor to President George W. Bush. As a voting FOMC member, he participated in every major decision of the 2008 financial crisis.

### Historical Policy Stance

Warsh believes the Fed holds rates too low, expands its balance sheet too freely, and overreaches its mandate. He resigned from the Board in 2011 over that conviction, and returns today inheriting a balance sheet 51.8% larger than when his predecessor began.

# A New Inflation Gauge

Warsh's Proposed Framework Shift



## The Big Picture

Warsh has suggested moving away from Core PCE — the Fed's official inflation benchmark since 2000 — in favor of Trimmed Mean PCE. Whichever measure the Fed chooses directly shapes how aggressively it moves on rate decisions.

### Core PCE

Measures consumer prices excluding food and energy, the two most volatile everyday costs.

### Trimmed Mean PCE

Measures consumer prices by removing the most extreme price movements each month — essentially, inflation without the outliers.

# Fed Independence

*The Precedent That Matters*



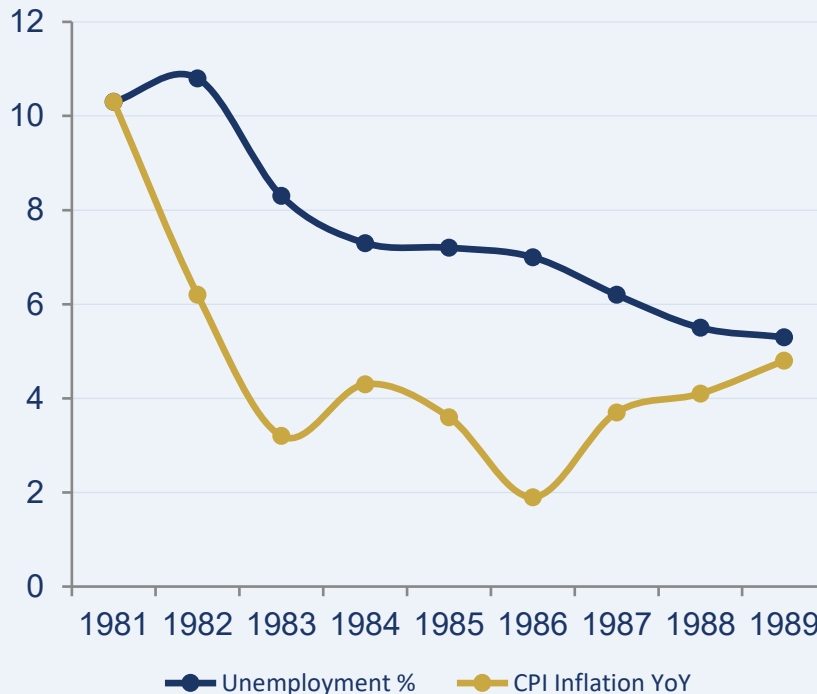
## The Big Picture

In 1982, President Reagan pressured the Fed Chair to cut rates as unemployment neared 11%. Volcker held firm, acting on data alone — inflation collapsed and the economy stabilized for the rest of the decade. Recent political pressures have raised new concerns over the Fed's independence.

## Key Takeaway

A Fed chair who prioritizes stability over political pressure has historically delivered better outcomes for mortgages, purchasing power, and long-term financial plans. Warsh's record and public testimony suggest that his intentions are no different.

Reagan Era: Unemployment vs. Inflation (1981–1989)



# The Current Landscape



## Fed Funds Rate & Yield Curve

### The Big Picture

Warsh takes over with a Fed Funds Rate of 3.75% and a 10–2 Year Treasury Yield Spread that spent more than two years inverted before returning to positive territory in August 2024.

### Key Takeaway

Short duration instruments are earning competitive yields today, but those returns reset as rates move. For clients with meaningful fixed income exposure, the shift in Fed leadership marks a moment worth monitoring closely.

U.S. Treasury Yield Curve — May 15, 2026



# Long-Term Discipline



Our Perspective — S&P 500 Returns by Fed Chair

## The Big Picture

Every new Fed chair has stepped into uncertainty and navigated unpredictable circumstances. Whether it be Black Monday, the 2008 financial crisis, or a global pandemic, the market has eventually come out on top every time.

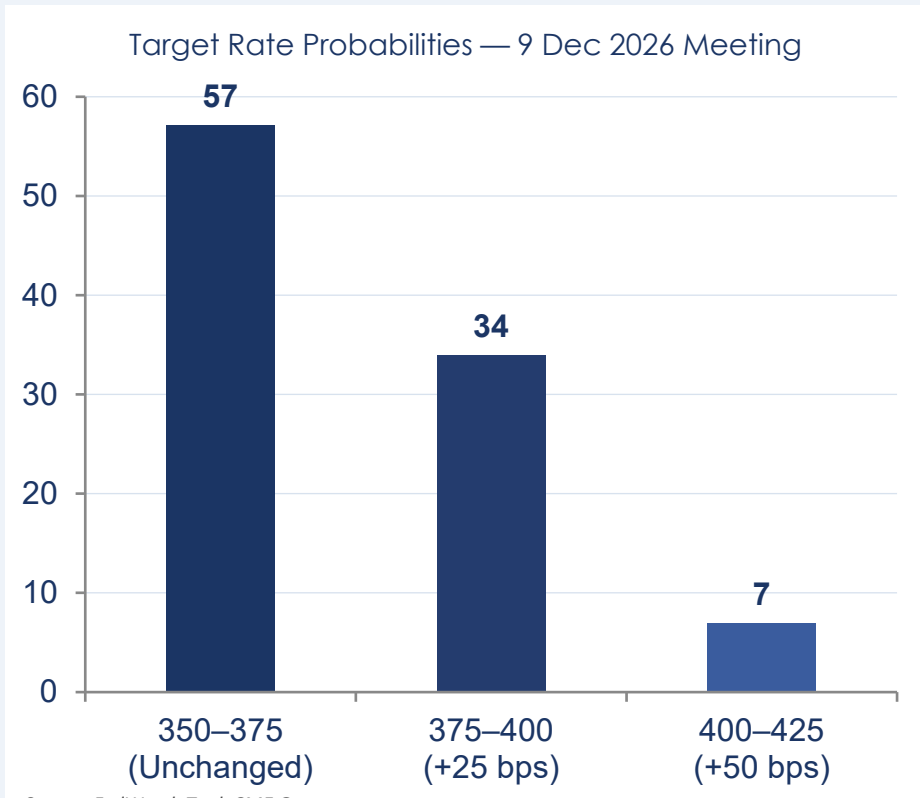
## Key Takeaway

The noise surrounding a Fed transition is not a signal to abandon the plan. In moments like this, an advisor's most important role is helping clients stay disciplined long enough for any uncertainty to work in their favor.

Federal Reserve Chair	6M Max Drawdown	1-Year Return	3-Year Return	End of Term Return
Paul Volcker 1979–1987	-10.3%	+16.5%	-0.06%	+219.6%
Alan Greenspan 1987–2006	-33.5%	-21.2%	+0.7%	+284.0%
Ben Bernanke 2006–2014	-7.7%	+12.8%	-35.6%	+35.8%
Janet Yellen 2014–2018	-4.0%	+17.7%	+31.9%	+58.6%
Jerome Powell 2018–2026	-7.3%	+3.4%	+46.7%	+183.2%

# What Happens Next?

Rate Probabilities & Fed Transparency — December 2026 FOMC Meeting



Source: FedWatch Tool, CME Group

## 2026 Rate Outlook

Current FedWatch probabilities show a 57% chance that rates remain unchanged this year. This reflects uncertainty around Warsh's direction, compounded by the highest level of internal FOMC dissent since 1992.

## A Less Vocal Fed

Warsh has not committed to holding press conferences after FOMC meetings. For markets conditioned to near-constant Fed guidance, less communication could mean more volatility surrounding meetings.

**1**

## Markets Have Weathered Every Transition

Since Paul Volcker took the chair in 1979, the S&P 500 has returned over 3,840%, despite multiple recessions and full changes of Fed leadership.

**2**

## A Strong Economy Provides a Solid Foundation

Kevin Warsh enters a fundamentally strong U.S. economy with resilient growth and low unemployment, but faces persistent inflation risks and significant geopolitical tension.

**3**

## Stay Disciplined Through the Noise

Short-term volatility during a leadership transition is expected. Providing perspective and maintaining investment discipline during these periods is essential for clients.



# Birling Capital Overview

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Birlinging Capital is a leading corporate advisory & consulting firm that offers broad corporate finance & advisory services to institutional, government, corporate, middle-market companies, family corporations and their owners, in identifying and resolving organizational finance-related issues. We use a holistic approach both assets and liabilities sides with integrated business, personal, family needs and objectives.

Over the past two decades, our firm's principals have advised on more than \$10 Billion in transactions in the corporate, healthcare, retail, education, insurance, banking and government markets.

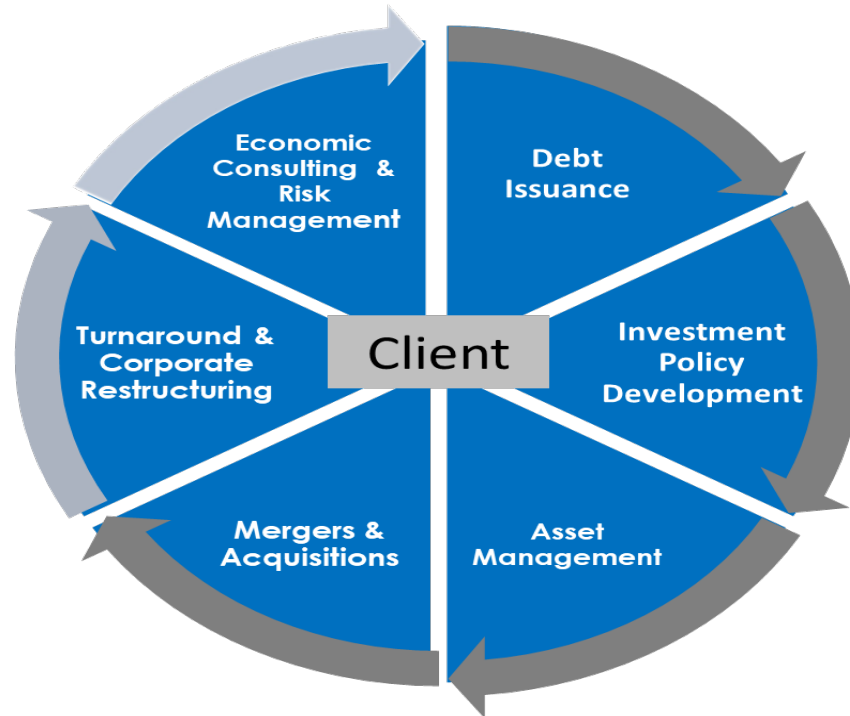
## **Our value proposition has been implemented with three critical ingredients for success:**

- Unwavering Commitment to Client Service
- Unparalleled Degree of Professionalism and Senior-Level Attention
- Extraordinary Level of Industry Expertise



# Birling Capital's Corporate Financial Planning

Birling Capital's holistic service approach



# Birling Capital Overview: Products and Services



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- Healthcare and Pharma
- Higher education Hotels & Commercial real estate
- Government
- Tax Credits Monetization and Consulting
- Investment Policies Development & Portfolio Design
- Media and Advertising Companies
- Insurance companies
- Manufacturing and industrial operations
- Retail & Consumer Products
- Distribution and services
- Act 60 Advice
- Technology & FinTech Practice







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