
Excess Returns

Insights for Investment Marketing and Sales Professionals

Presentation Lessons from Fed Chair Powell | May 2025

The stakes are very high whenever U.S. Federal Reserve Chairman Jerome Powell speaks about the state of the economy and related Fed decisions. Because Mr. Powell's words can move markets, every nuance is subject to intense scrutiny and speculation. This issue of *Excess Returns* considers how investment company professionals can learn from his approach to answering questions.



With best wishes,

Liz Hecht
Founder

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Alpha Partners is an investment marketing firm offering custom research, marketing communications and presentation coaching. Our goal is to create alpha (excess returns) by helping investment firms win, keep and diversify assets under management.



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FOMC Lessons

"The Fed has been criticized recently by a former governor for what he calls 'mission creep'—you take on more problems, use more tools and then end up building tools to deal with the fallout of those tools, which then makes it a given that you will act more aggressively in the future. Is that a fair critique?"

—Journalist question during FOMC press conference

I find the maddening imprecision of this question to be amusing. And Federal Reserve Chairman Jerome Powell does request clarification before responding.¹ It's May 7, 2025 and I'm listening with fascination to the Federal Open Market Committee (FOMC) press conference. Yes, fascination. Because it's fascinating how many times and how many ways reporters can in effect ask the very same unanswerable questions: "What is the Fed going to do next? Will there be another rate cut and if so when? What will be the impact of tariffs? Did you cut/raise rates too early/too late?"

It's also fascinating how Jerome Powell exemplifies certain positive attributes of any good presenter. It's true that at the beginning he mainly reads from his notes at a lectern with little eye contact. But, big picture, he embodies the following vitally important strengths:

Brevity. Fed Chair Powell's opening statement is approximately six minutes long. He gets right to the point before taking questions from the audience. His prepared remarks consume only three-and-a-half pages of a 25-page transcript. The remainder of the 47-minute press conference mainly consists of answering audience questions.

Audience Focus. As part of his prepared remarks, Mr. Powell states that the Fed is committed to "supporting maximum employment" and "keeping longer-term inflation expectations well anchored." He emphasizes that "our success in delivering on these goals matters to all Americans. We understand that our actions affect communities, families and businesses across the country." Such comments may seem predictable—unless one is familiar with the many purely self-referential presentations that never, even in the most basic way, acknowledge the goals and identity of the audience.

Evidence-Based Approach. In answering unanswerable questions, Mr. Powell maintains a resolutely factual approach, pointing constantly to the data and the evidence. During the May 7, 2025 press conference he repeatedly refuses to conjecture about anything without a solid foundation:

- “We don’t see big economic effects in the data yet ...”
- “The data could easily favor one [outcome] or the other. And right now, there’s no need to make a choice and no real basis for doing so.”
- “The data may move quickly or slowly. But we do think we’re in a good position to let things evolve in terms of what should be the monetary policy response.”

Humility and a Desire to Learn. Fed Chairman’s Powell’s responses are unerringly straightforward, thoughtful and polite, even in an environment where he has to answer repeated questions about President Trump’s recent threat to fire him for not cutting interest rates.²

For example, I expect Chair Powell to respond in a defensive manner to the reporter’s question about mission creep. But instead, here’s what he says: “It’s very fair and very welcome for people to look back over what we did and say, ‘Hey, you could have done this better and different.’ With the benefit of hindsight, we could have tapered earlier or faster. These after-action kind of looks are essential.”

This response to a somewhat impudent question indicates perhaps two of the most important traits in any strong presenter: humility and a desire to learn.

“I Don’t Know”

In my presentation coaching work with investment professionals, I conduct intensive Q&A sessions focused on answering all manner of questions: incisive questions, obtuse questions, ready-for-anything questions, rude questions ... And yes, very often, questions where the only logical answer is, “I don’t know.”

Fed Chairman Jerome Powell routinely must in effect answer the same unanswerable questions over and over again: “What happens next? Do you still see a path to a soft landing and what does that look like? How much weakness does the Committee need to see in the labor market and the economy to lower interest rates again? Given the new tariffs, should the Federal Reserve be cutting interest rates at all this year? How much of a rise in the jobless rate would you tolerate?” And so on. And on and on.

Mr. Powell offers a superb exemplar of calm and clarity in the face of uncertainty. He refuses to conjecture or hypothesize. He carefully presents what is known and what cannot be known at the current time. And he rarely if ever seems put out by the repetitive and sometimes confrontational nature of the questions.



*Like Fed Chair Powell,
investment professionals
often confront questions
where the only logical
answer is, “I don’t know.”*

America's Bank

"I feel for it, in a sense, as I would for my child."

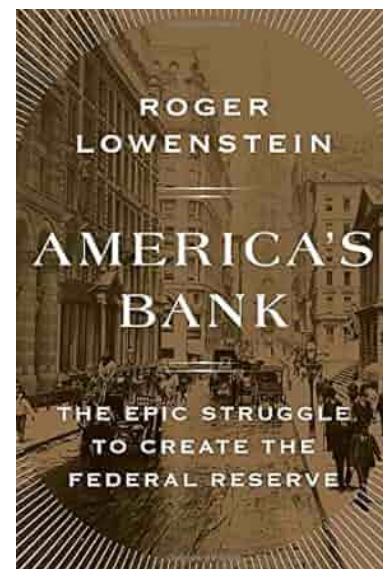
— Paul Warburg on the Federal Reserve

Today it's easy to take the Fed for granted. Most financial market participants understand the vital role the Federal Reserve plays in ensuring a stable U.S. economy: issuing currency, regulating interest rates and money supply and acting as a lender of last resort in financial crises. But as is so often the case, to really understand an institution one must understand its history and reason for being.

In *America's Bank: The Epic Struggle to Create the Federal Reserve*, Roger Lowenstein describes what life was like in this country a little over a century ago when there was no Federal Reserve. America was "a monetary Babel with thousands of currencies," bank runs were a routine occurrence, there was no collective reserve and financial panics happened frequently.

While central banks already existed in Europe, the concept of a central bank was so abhorrent to many in this country that the very words "central bank" were often deleted from initial language introducing the concept of a Federal Reserve. The German-born American banker Paul Warburg, who played a critical role in creating the Federal Reserve, concluded that "America suffered from an ethos of extreme individualism."

Mr. Lowenstein's book brings to life all the labor, passion, intellectual energy, secrecy, intrigue and politicking that led to the creation of a U.S. central banking system. Readers of this book will never again take the Fed for granted.



1. "Sorry," says Chair Powell, "say that critique again." The reporter clarifies as follows: "[The critique is] that the Fed has been involved in mission creep—gets involved in using too many new tools to deal with problems and to go too far ... The critique was based around the fact that you did QE [Quantitative Easing] and QE and QE and—" The reporter never specifies, and Mr. Powell's response does not address, the precise nature of the tools noted in the question.
2. In an April 17, 2025 Truth Social post, President Trump wrote that "Too Late Jerome Powell of the Fed ... should have lowered interest rates ... long ago, but he should certainly lower them now. Powell's termination cannot come fast enough!" The *Wall Street Journal* subsequently reported on a Supreme Court order signaling that the Federal Reserve was off limits from White House interference. ("Supreme Court Lets Trump Fire Agency Officials, but Moves to Protect Fed," *WSJ*, May 22, 2025).

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