

Esther George became President of the Kansas City Federal Reserve in 2011. She currently serves as a voting member on the FOMC, but in line with the FRB rotation system, she will not be a voting member again until 2019, presuming she is reappointed. George has spent her entire career in the public sector banking system. She joined the KC Fed back in 1982 where she has served much of her time in Supervisory and Risk Management roles. She was also the District's chief regulator for ten years.

Pam Berneking, President of a regional bank in Kansas City, had the following to say about George's less academic background when compared to most FRB Presidents & Governors:

*"The academic route is more commonplace... one of the reasons she's so valuable in that role, because she does have that depth of understanding of someone who works their way up through the ranks at the bank."*

Esther George is very active in her role as KC Fed Chief. She hosts the Annual Jackson Hole Symposium and has helped create a robust IT division in which she heads an initiative along with Fed Governor Jerome Powell to improve and modernize the payments system in the U.S.

George is largely considered one of the more hawkish members of the FOMC. She has consistently favored a more aggressive tightening policy, and has been critical of the Fed missing opportunities to raise rates in previous years. She has warned for years now that the Fed's excessively dovish policies could cause asset price bubbles. George made a name for herself in 2013, when she dissented against accommodative policy decisions during seven of the eight FOMC meetings that year.

Esther George has cast dissenting votes for a rate hike in the last three FOMC meetings. Along with fellow FOMC hawks such as Eric Rosengren and Loretta Mester, George has been putting increasing pressure on Fed Chair Yellen to raise rates. Yellen now faces the largest percentage of dissenting FOMC votes (7.7%) during her term since Paul Volcker in the 1980's.

In a recent interview with CNBC, George explained that while she does favor tightening, it needs to be gradual:

*"I do think it is time to move that rate. It doesn't mean I favor high rates. It doesn't mean I think it needs to happen rapidly."*

George supports her argument for higher rates with recent economic data and is a firm believer that the Fed remain data dependent, domestically focused, and independent of political influence. These issues have come to the forefront recently as many critics argue that while economic data has been strong, the Fed has held off hikes for reasons that fall outside of the Fed's actual mandate such as the Presidential election or volatility in overseas markets. In the same CNBC interview she reinforced

this stance when she stated that policymakers should remain focused on the "real economy, [which] is the job of an independent central bank." George also had the following to say:

*"Under conditions when we're seeing employment move [higher with] low and stable inflation, I think it's fair to say we could remove some of that accommodation"*

Esther George is speaking at 9:30 EST this morning. I would expect you will hear more of the same, as her case for a hike has strengthened in recent weeks. And according to the CME Fed Watch Tool, Christmas could come early for George this year as there is currently a 90% chance of a hike at December's FOMC meeting.

**Sources:**

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