

Getting to Know The FOMC: Eric Rosengren

Eric Rosengren is the President of the Federal Reserve Bank of Boston and a voting member of the Federal Reserve Open Market Committee (FOMC). Since assuming office in 2007, Rosengren has been considered one of the Fed's more dovish members. He is known for being one of the most vocal and consistent supporter of QE over the years, oft dismissing concerns that it would lead to higher inflation, but instead suggesting the policy be "open-ended" and that job growth would be the dominant outcome. Eric Rosengren has only voted for two rate hikes during his tenure with the FOMC and the first came last December when the Fed unanimously decided to hike rates for the first time since the credit crisis.

Although recently Mr. Rosengren's tone has changed considerably. He was one of three dissenting voters during September's meeting which ended with the decision to hold rates steady. Rosengren found himself on the side of the hawks for the first time during last month's meeting. This represents a complete 180 from the only other time he dissented at a Fed meeting, which was in 2013 when he disagreed with the decision to slow down the pace of asset purchases under QE. Such a long-time dove turning hawkish at such a crucial time for the FOMC is a big deal and has certainly affected the market's expectations of what will come of 2016's final two meetings.

Rosengren's recent flip from hold to hike is symbolic of the markets probability of the same. According to the CME FedWatch Tool, investor expectations of a rate hike before year end swung from one side to the other in as swift a fashion as the Boston Fed President jumped from the dove to hawk camp at the Fed's last meeting. Over the last two and a half weeks the markets expectations of a rate hike this year has moved from just 48% on Sept. 27th to a 74% chance as of today. The indicator has moved up 5% since yesterday and is up over 15% in the last week alone in reaction to solid jobs data, the release of Fed minutes and a slew of Fed-Speak from voting members this week.

Since Monday we have had speeches from 4 Federal Reserve Presidents, including Charles Evans, William Dudley, Esther George and Patrick Harker. This morning at 8:30 EST Eric Rosengren will kick-off the Annual Boston Fed Conference with a speech that, in his words will focus on the potential "financial implications" of "anomalies" that have taken place during the last decade's recovery from the credit crisis. Rosengren's dissenting view must be taken with a grain of salt as he is still a dove at heart. His grounds for hiking now is in order to avoid "overshooting" on a "sustainable unemployment rate" which he worries would then force the Fed "to raise rates faster than is projected by the Summary of Economic Projections (AKA the "Dot-Plot") ...also faster than what the market currently has priced in."

Janet Yellen is set to commence a week full of Fed-Speak as she will give a speech at the same conference in Boston at 12:30 EST today. Wall Street will pick apart her every word today for confirmation or discord in regards to the prevailing view that a hike in December is now all but imminent.