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# What signals will the Fed send to markets?

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**One key concern for investors since the early stages of the conflict in the Middle East was the threat of tighter central bank policy. Top officials have broadly sought to dispel such concerns, expressing the need for vigilance rather than rate increases.**

This week investors will be carefully parsing the outcome of the policy meetings from the Federal Reserve, European Central Bank, Bank of England, Bank of Canada, and the Bank of Japan. While we do not expect policy shifts, the language will be carefully examined.

Investors have also been focused on the longer-term outlook for Fed policy, as President Trump's nominee to head the central bank appeared before the Senate Banking Committee last week. Kevin Warsh cemented expectations that he would be a broadly dovish influence on rates, while seeking to shrink the Fed's balance sheet. On inflation, Warsh struck a relatively sanguine tone, noting that policymakers should place greater weight on median and trend-based inflation measures rather than relying primarily on core PCE, which remains above the Fed's 2% target at 3.0% in February. He also highlighted the potential for AI to lead to productivity gains, reducing inflationary pressure.

Finally, news on Friday that US prosecutors had dropped a criminal investigation of current Chair Powell removed a barrier to the confirmation of Warsh, since some Republican Senators had said they would refuse to approve Trump's nominee while the probe continued.

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Against this backdrop, we expect the Fed to cut rates twice later this year. We believe markets continue to overprice the risk that central banks will hike—or not cut—interest rates, presenting an opportunity for investors to “lock in rates” by adding to quality bonds, particularly in the short- and medium maturity segment. Equity income strategies and yield-generating structured investment strategies can also support diversified income.

Original report – [Weekly Global: What to watch in the week ahead, 27 April 2026.](#)

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