KEN CHIGBO · KENMACRO MACRO OUTLOOK · JULY 2026

The Fed Decision.

Warsh's defining moment.

An oil shock, core inflation stuck at 3.5 percent, political pressure in the open, and a new chair with a hawkish reputation to defend. This is the meeting that structures the rest of 2026.

THE FED | OIL / WAR | DOLLAR | GOLD | STOCKS

INSIDE THIS EDITION

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Institutional macro, translated.

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BEFORE YOU START

How to use this preview.

This is not a prediction sheet and it is not a signal. It is the desk's full read on one decision, laid out so that you can hold every scenario in your head before the chair opens his mouth. Read it once end to end, then keep the timeline and the listen-for list open on the day.

FIRST, THE WORDS YOU WILL HEAR

Plain English, no jargon.

Every one of these will be said on the day, by the chair or by the people reacting to him. If any of them are fuzzy, the commentary afterwards will wash straight over you.

Hawkish
Leaning towards higher rates, fighting inflation.

Dovish
Leaning towards lower rates, protecting growth.

FOMC
The Fed meeting where interest rates are decided.

Core CPI
Inflation without food and energy, the cleaner trend.

Tee up
Signalling a future move without making it today.

Priced in
The move markets already expect, so it shocks less.

Fed independence
Deciding on the data, not on political pressure.

Real yields
What a bond pays you after inflation is taken out.

The statement
The written decision, released first, wording scrutinised.

The press conference
The chair taking questions. Where the real move usually is.

Terminal rate
Where the market thinks rates finally stop.

Second-round effects
An energy price rise leaking into everything else.

If you only remember one: priced in. A hike that everybody already expects can move markets less than a hold that nobody saw coming. What matters is the gap between what happens and what was already assumed.

SINCE THE LAST DECISION

Four things changed. Every one of them matters.

- **Oil exploded higher** on war escalation, then reversed on peace hope.
- **Iran-backed strikes hit Saudi oil infrastructure**, and that supply is still damaged.
- **Inflation did come down** at the last reading, but that reading covered June.
- **July hike odds jumped to 33 percent**, while September through December sit near-certain.

> *"The economic data did not change this picture. The war did."*

That distinction is the whole preview. When a central bank is reacting to domestic demand, you can model it. Growth, jobs, wages, spending, they all move slowly and they all leave a trail. When a central bank is reacting to a supply shock coming out of a conflict zone, the model breaks, because the input is a geopolitical negotiation and nobody at the Fed controls it.

So the honest framing going into this meeting is not "what does the data say". The data has been overtaken. The framing is **which risk does the chair choose to be wrong about**, and that is a question about a person, not a spreadsheet.

Hold this thought: everything that follows in this preview is an attempt to narrow that question down. The oil section tells you why the inflation risk is live. The politics section tells you why the soft option is suddenly available. The scenarios tell you how each answer trades.

THE SHOCK THAT STARTED IT

Oil is up almost 40 percent from the June lows.

- The US and Iran traded strikes, and it spread across the region.
- Yemen was pulled in, and Iran-backed groups struck Saudi oil infrastructure.
- That is physical supply taken off the market, not a rumour.
- Oil is the fastest route from a war headline into your shopping basket.

OIL, FROM THE JUNE LOWS

Why the Fed cannot simply look through it

The textbook answer is that central banks ignore energy spikes, because they fade. That works when inflation is already at target. It does not work when you are still a percentage and a half above it.

Energy is an input into almost everything. Freight, plastics, fertiliser, packaging, food, flights. A rise that persists for a quarter stops being an energy story and becomes a **broadening** story, and broadening is what the chair says he watches.

> *"This was never only a fear premium. Real supply actually went missing."*

THE PART MOST PEOPLE ARE GETTING WRONG

Oil is falling on hope. Not on supply.

- Price is coming down on peace-talk headlines and expectations of de-escalation.
- There is talk of the Strait of Hormuz reopening, and barrels pumping and flowing again.
- But nothing has been signed, and the damaged supply is still damaged.
- Markets are trading an outcome, not a fact.

This is the single most important nuance in the whole preview, and it is the one that separates a trader who understands the tape from one who is simply reading the price. The oil market is not telling you the shock is over. It is telling you that enough participants believe a deal is coming that they are unwilling to hold the risk premium into it.

Those are two completely different statements, and they carry two completely different risks.

1. **Talks progress**, oil stays soft, the inflation story keeps cooling, and the soft path stays open.
2. **Talks stall**, the risk premium goes straight back in, and it reprices in hours, not weeks.
3. **Either way the damaged supply is unchanged**, so the floor under oil is higher than it was in June.

Why this matters for the decision: a chair who softens because oil came down is making a bet on a negotiation. If that negotiation fails after he has softened, he has to reverse, and reversing is the most expensive thing a central bank can do to its own credibility.

> *"Right now oil is priced on a peace deal that does not exist yet."*

THE TRAP HIDING IN THE DATA

June's cool print was measured in a cheaper-oil month.

- Inflation came down at the last reading, and that reading covered June.
- June was a month of lower oil prices.
- Through July, oil has been creeping higher and holding higher.
- So the next reading carries upside risk, not downside.

The lag, explained once, properly

Inflation data is a photograph of a month that has already finished. By the time it is published, weeks have passed, and the world that produced it may no longer exist. That is normally a technicality. In a month where the oil price moved violently, it is the whole story.

So when a headline tells you inflation is falling, the correct follow-up question is never "by how much". It is **"which month is this measuring, and what was happening in it"**. Ask that once and you will read economic data better than most of the people commentating on it.

WHAT THE PRINT MEASURES VERSUS WHAT YOU ARE TRADING

WHAT THE PRINT MEASURED

JUNE, cheaper oil

WHAT YOU ARE ACTUALLY TRADING

JULY, oil higher and holding

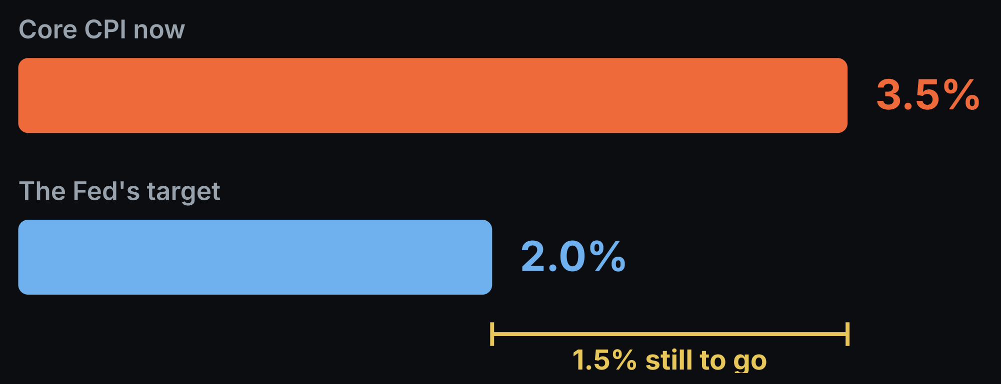
> *"The Fed is being judged on old data in a brand-new environment."*

THE NUMBER THAT TIES THE FED'S HANDS

Strip out food and energy, and inflation is still 3.5 percent.

- Core CPI removes the volatile items, so it is the trend the Fed trusts.
- It is running at 3.5 percent.
- The Fed's promise to the public is 2 percent.
- That gap is a percentage and a half of unfinished business.

CORE CPI, YEAR ON YEAR

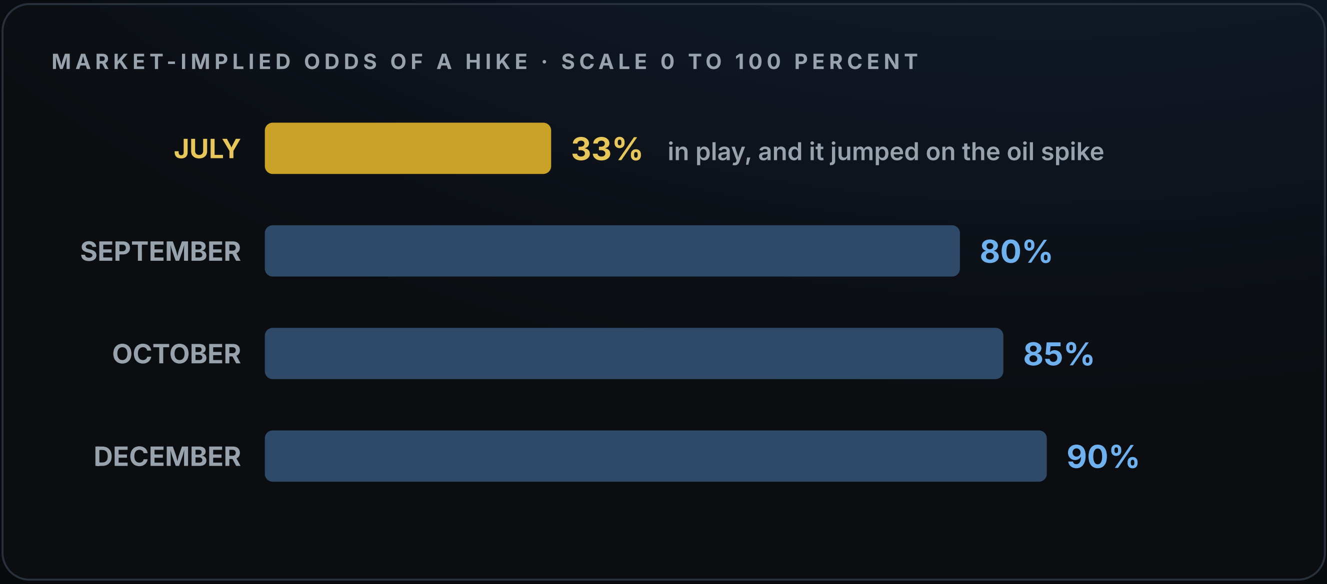


Core is the measure that removes the excuse. A chair can point at a headline number and say energy distorted it. He cannot say that about core, because core is the number designed to strip energy out. If core were at 2.2 percent, this meeting would be straightforward and the oil spike would be a footnote. At 3.5 percent it is not a footnote, it is a live risk sitting on top of a job that was never finished.

> *"You cannot declare victory on inflation at three and a half percent."*

WHAT THE MARKET IS ALREADY PRICING

September onward is near-certain. July is the live one.



Read it properly. September, October and December were largely expected already, and still are. July is the one that moved, and it moved because tensions and higher oil started feeding into the inflation story.

What this does to the reaction

Because the later meetings are already close to fully priced, there is very little reward left in them. The asymmetry sits in July. If the chair delivers or firmly signals a July move, that is the part the market has not fully paid for, and that is where the repricing has room to run.

This is why "he is going to hike eventually" is not a trade. Eventually is in the price. The question is timing and conviction, and both of those come out of his language on the day.

THE CHAIR'S OWN WORDS

Warsh said the Fed is going to fight inflation.

- Higher rates for longer, another hike, or more than one hike to come.
- He has been the hawk his entire career, long before he took the chair.
- That is the reputation he walked in with.
- Reputations get defended at meetings exactly like this one.

Every new central bank chair inherits one asset that is worth more than any policy tool they hold, and that asset is belief. If the market believes you will do what you say, you can move expectations with a sentence and never touch rates at all. If the market decides you will not, you have to hike twice to achieve what one sentence used to do.

Warsh arrived with that belief already loaded, because he spent a career being the hawk in the room. It is the reason his appointment moved markets before he had chaired anything. It is also the reason this specific meeting is a test rather than a formality.

The trap for traders: do not confuse a reputation with a forecast. A hawkish chair in a soft moment can still hold. What the reputation tells you is how he will be judged if he does, and how violently the market will reprice if he chooses the other path.

> *"He already told the market who he is. This is where he has to prove it."*

THE VARIABLE THAT IS NOT MACRO

Trump is clearing the runway for a softer Fed.

- He is de-escalating, and entertaining the idea of peace talks.
- Hormuz reopened, oil pumping again, prices lower, inflation story cooled.
- He says the Fed should lower rates.
- He publicly backs Warsh, while calling out other Fed members.

Read the tactic. Cool the war, cool the oil, cool the inflation story, and a hawkish chair quietly loses his reason to hike into the midterms. Nobody has to lean on anybody. The conditions simply change until the hawkish case argues itself out of existence.

That is a far more effective form of pressure than public criticism, and it is much harder to push back against, because there is nothing to push back against. You cannot accuse someone of interference when what they did was help end a conflict.

1. De-escalate the conflict
2. Supply fear comes out of the oil price
3. The inflation impulse cools with it
4. **The hawkish case loses its evidence, without anyone touching the Fed**

> *"He is not fighting Warsh. He is handing him room to go soft."*

THE UNCOMFORTABLE QUESTION

Is the Fed independent? This is the meeting that answers it.

- Praise from the White House is never a free gift.
- Go dovish now, and it looks political whether it is or not.
- Go hawkish, and he proves the Fed still decides on the data.
- Warsh knows there is a target on his back either way.

This is the part that gets treated as commentary and should be treated as pricing. Central bank independence is not a moral position, it is a risk premium. Markets pay a lower premium to hold the currency and the bonds of a country whose central bank is believed to act on data alone. When that belief weakens, the premium goes up, and it shows in the long end of the curve, in inflation expectations, and in gold.

So a soft decision here does not simply mean lower rates. It carries a second effect, which is that a slice of the market starts pricing a Fed that can be influenced. **That second effect is usually bigger and lasts longer than the rate move itself.**

> *"The rate is the headline. Independence is the real story."*

WHERE THE KENMACRO DESK SITS

Had we not de-escalated, this was clear-cut.

- No de-escalation and it is simple: hawkish, hike now or tee up September.
- This desk still believes that is what he should do.
- But de-escalation plus political cover makes it look less likely.
- Which means this decision has left the hands of macroeconomics.

Be honest about this one. It is not a data call any more. It is a judgement call about a man, his reputation, and the pressure sitting on top of him. Anyone presenting this as a high-confidence forecast is selling you certainty that does not exist in the setup.

What the desk is actually doing about it

When the outcome is genuinely two-sided, the edge stops being the forecast and becomes the preparation. The desk's work here is to know precisely what each of the three outcomes does to the dollar, gold, yields and the index, and to have the levels marked in advance so that the reaction can be traded without a decision being made under pressure.

That is the difference in practice. Not a better guess. A faster, cleaner response to whichever guess turns out to be right.

> *"This comes down to what Warsh wants to do, not what the data tells him to do."*

THREE WAYS THIS BREAKS

Know all three before he speaks.

1 · Hawkish, he hikes or delivers a hard tee-up

- Dollar up, yields up
- Gold pressured
- Stocks pressured
- The 2026 path steepens

He defends credibility and the inflation mandate, and lets the politics bounce off him. The cleanest of the three to trade, because the direction and the reason agree with each other.

2 · Neutral, he holds and keeps every option open

- Dollar chops in both directions
- Gold two-way and violent
- The volatility lives in the words, not the number
- Every remaining meeting stays live

The hardest one to trade. The press conference matters far more than the statement, and the first move is the one most likely to be wrong.

3 · Soft, he downplays the oil inflation risk

- Dollar softer
- Gold bid
- Stocks lift
- Independence quietly questioned

The market gets exactly what it wants, and starts doubting the Fed at the same time. Watch the long end and gold for the part that is not celebration.

THE READ ACROSS EVERY MARKET

One decision. Five markets repricing at once.

Dollar	Hawkish supports it, dovish undercuts it. The most direct expression of the decision.
Gold	Trades real yields and trust in the Fed, not the headline. It can rise on a hike if the reason is fear.
Stocks	Want the soft Fed, fear the inflation fight. The reaction often reverses once the presser reframes it.
Oil	The peace-deal trade is the entire move right now, so it is reacting to headlines the Fed does not control.
Bonds	The honest question underneath everything: do they fear inflation, or the slowdown that fighting it causes?
All of them	Move off the same sentence, in the same second.

> *"Change the price of money, and everything reprices at the same time."*

The practical version: you do not need to trade five markets. You need to know which one is expressing the story most cleanly on the day, and leave the other four alone. Trying to take all of them is how a correct macro read turns into a losing session.

BIGGER THAN ONE MEETING

This decision structures the rest of 2026.

- How clear his intentions are decides how the market positions into September, October and December.
- A clear hawkish path steepens expectations and puts a trend behind the dollar.
- Ambiguity keeps every remaining meeting live and keeps volatility elevated.
- Either way, market expectations get rebuilt from this meeting forward.

Macro decides direction. Liquidity decides the route.

- Macro is the fuel, and it tells you which way the flow wants to go.
- The levels tell you where price is being drawn to next.
- A repricing this size drives price into the next key areas of liquidity across the board.
- Digest it, react to it, then trade it, in that order.

This is the separator: knowing the news is not the edge. Knowing what to do in the sixty seconds after it lands is the edge.

> *"Nobody trades one decision. You trade the path that decision creates."*

HOW THE DAY ACTUALLY UNFOLDS

Decision day, hour by hour.

All times New York. The mistake most people make is treating this as one event. It is two, and the second one usually matters more than the first.

THE HOURS BEFORE
Liquidity thins as desks step back. Ranges tighten and stops sit in obvious places. This is the worst window to open new risk and the best window to mark your levels.

2:00PM · THE STATEMENT
The written decision lands. The number is read instantly by machines, so the first move is fast and frequently wrong. What matters in the text is the language around risks, and anything that changed from the previous statement.

2:00PM TO 2:30PM · THE GAP
The market has the number but not the reasoning. Positioning gets unwound, the initial move often fades, and false breaks are common. Patience here is worth more than speed.

2:30PM · THE PRESS CONFERENCE
The chair takes questions. This is where the path for the next meetings gets set, where the tone is revealed, and where the real trend of the session usually begins.

INTO THE CLOSE
Whatever survives the presser is the market's actual conclusion. The move that holds into the close tells you far more than the move that happened at 2:00pm.

> *"The statement gives you the number. The press conference gives you the path."*

WHAT TO LISTEN FOR ON THE DAY

Do not trade the decision. Trade the language.

- Does he name oil and energy as a live inflation risk, or wave it away?
- Does he push back on the September, October and December pricing?
- Does he defend Fed independence without being asked?
- Does he leave July's door open, or shut it completely?

The four answers, and what each one means

Names oil	He is keeping the inflation risk alive. Hawkish, even if he held today.
Waves it away	He has chosen the soft path and is building the justification for it.
Pushes back on pricing	He thinks the market is too aggressive. Read the direction of the pushback carefully, it cuts both ways.
Volunteers independence	He knows how the decision looks, and he is pre-empting the accusation. Usually pairs with a firmer stance.

Keep this page open on the day. You are not listening for a forecast. You are listening for which risk he has decided he can live with, because that is what sets the path into September.

> *"His words set 2026. The rate only sets today."*

BEFORE IT LANDS

Your preparation checklist.

Preparation is the only part of this you fully control. Work through this before the statement, not after it.

- [ ] **Mark your levels while it is quiet.** The areas price is drawn to do not change because a headline arrived. Draw them before, so you are reading, not deciding.
- [ ] **Write down what each scenario means for the one market you will actually trade.** One market, three outcomes, in your own words. If you cannot write it, you do not have it.
- [ ] **Decide in advance whether you are trading the statement or the press conference.** Both is usually neither.
- [ ] **Check your position sizing against a wider than normal range.** Spreads can widen and liquidity can thin. Size from your invalidation, never from your conviction.
- [ ] **Know where you are wrong before you are in.** An invalidation decided afterwards is not an invalidation, it is a hope.
- [ ] **Accept that no trade is a position.** If the outcome is genuinely two-sided and the reaction is messy, standing aside is a complete answer.
- [ ] **Have the listen-for page open.** The words are the trade, and they arrive faster than you can look them up.

The honest test: if the decision landed right now, could you say out loud what you would do, in one sentence, without hedging? If not, that is the work still to do, and there is still time to do it.

LEARN THESE FROM OTHER PEOPLE

Five ways traders lose on decision day.

1 · Trading the first candle

The initial spike is machines reading a number without the reasoning attached. It reverses often enough that treating it as information is a losing habit. **The fix:** let the first move complete and trade what holds.

2 · Being right on macro and wrong on the market

A correct hawkish read expressed in the wrong instrument still loses money. **The fix:** pick the market that expresses the story most directly, and leave the rest alone.

3 · Sizing for a normal session

Ranges expand, spreads widen, and a normal stop sits inside the noise. **The fix:** smaller size, wider invalidation, same risk in money terms.

4 · Ignoring the press conference

The statement sets today, the presser sets the path, and the path is the bigger move. **The fix:** treat 2:30pm as the main event, not the follow-up.

5 · Forcing a trade because you did the work

Preparation feels like it deserves a position. It does not. **The fix:** the reward for good preparation is clarity, and sometimes clarity says stand aside.

YOUR MOVE

Here is the information. The decision is yours.

- You now know the setup, the trap in the data, and all three scenarios.
- What you actually do with it is the part that pays.
- I know exactly how I am positioning around this decision.
- That process is what I teach inside the mentorship.

Most people will watch this decision, hear a headline, and take a position based on a feeling. You are now several steps ahead of that, because you know what the chair is weighing, what the market has already paid for, and what each outcome does across five markets.

The gap between understanding a macro event and consistently trading one is process. Levels marked in advance, a plan per scenario, sizing that survives a violent session, and the discipline to react rather than predict. That is the work.