



Jerome Powell's Unprecedented Move: Impact on Markets and Trump

Description

Jerome Powell will finish his term as chair of the Federal Reserve's Board of Governors on May 15. However, he plans to stay on the board for an indefinite time. This decision breaks a 75-year tradition where the Fed chair leaves the board after their term ends.

Powell can do this because his term on the board will officially end in early 2028. This move may upset President Donald Trump, who has openly criticised Powell. Trump wants the Fed to lower interest rates further, which can encourage borrowing and support higher stock prices.

The tension between Trump and Powell increased when the U.S. Department of Justice started a criminal investigation into Powell. The investigation looked into whether Powell lied to Congress about a costly renovation of the Federal Reserve's headquarters.

Following this, Powell posted a video, calling the probe a punishment from Trump for not following his wishes. This investigation drew criticism from lawmakers like Senator Thom Tillis, who stated he would not support the incoming Fed Chair unless the investigation was stopped.

In late April, the DOJ closed its investigation into Powell but referred the matter to a different inspector general. Powell now insists he will stay on the board until the investigation is completely finished.

Critics, including Senate Banking Committee chair Tim Scott, argue that Powell should resign. If Powell were to leave the board, Trump could appoint someone who supports rate cuts, but decisions still require a majority on the committee. Thus, it remains unclear how much Powell's presence changes things.

Vocabulary List:

1. **indefinite** //ɪn'defənət// (adjective): not fixed in time or limited
2. **tradition** //trə'dɪʃən// (noun): customs or beliefs passed down over time
3. **investigation** //ɪn'vestə'geɪʃən// (noun): careful study to find facts or truth
4. **renovation** //,rɛnə'veɪʃən// (noun): work to repair and improve a building
5. **criticised** //'krɪtɪ,sɑɪzd// (verb): said that someone did something wrong
6. **majority** //mə'dʒɔːrɪti// (noun): more than half of a group or votes

Comprehension Questions



Multiple Choice

1. When will Jerome Powell finish his term as chair of the Federal Reserve's Board of Governors?

- Option: May 15
- Option: June 30
- Option: December 31
- Option: January 1

2. What tradition does Powell's decision break?

- Option: He stays on the board after his term
- Option: He increases interest rates
- Option: He resigns after his term
- Option: He appoints a new chair

3. When does Powell's term on the board officially end?

- Option: 2025
- Option: 2026
- Option: 2027
- Option: 2028

4. What has President Donald Trump openly criticized Powell for?

- Option: Not lowering interest rates
- Option: Not resigning
- Option: Not appointing a new chair
- Option: Not following Congress

5. Who stated he would not support the incoming Fed Chair unless the investigation was stopped?

- Option: Senator Thom Tillis
- Option: Tim Scott
- Option: Donald Trump
- Option: Jerome Powell

6. What did the DOJ close in late April related to Powell?

- Option: The investigation
- Option: The board
- Option: The headquarters
- Option: The appointment



True-False

- 7. Jerome Powell will leave the Board of Governors after his term ends.
- 8. The DOJ opened an investigation into Powell for potential lying to Congress.
- 9. Powell intends to stay on the board until the investigation is completely finished.
- 10. Trump supports Powell's decision to stay on the board.
- 11. Tim Scott is the chair of the Senate Banking Committee.
- 12. The DOJ completed its investigation and referred the matter to a different committee.

Gap-Fill

- 13. Jerome Powell plans to stay on the board for an indefinite time after his term ends on May 15 and breaks a 75-year tradition where the Fed chair leaves the board after their term ends _____ .
- 14. The investigation into Powell looked into whether he lied to Congress about a costly renovation of the Federal Reserve's headquarters _____ .
- 15. Powell's term on the board will officially end in _____ 2028.
- 16. Senator Thom Tillis stated he would not support the incoming Fed Chair unless the _____ was stopped.
- 17. If Powell were to leave the board, Trump could appoint someone who supports _____ cuts.
- 18. The tension between Trump and Powell increased due to a criminal investigation by the U.S. Department



of _____ .

Answer

Multiple Choice: 1. May 15 2. He stays on the board after his term 3. 2028 4. Not lowering interest rates
5. Senator Thom Tillis 6. The investigation

True-False: 7. False 8. True 9. True 10. False 11. True 12. False

Gap-Fill: 13. true 15. early 16. investigation 17. rate 18. Justice

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