June 20, 2025

"We are drowning in information while starving for wisdom."
—E.O. Wilson

I've been thinking about two powerful institutions. One has been around a hundred-plus years—steady, driven by data and deliberation. The other is new, fast, disruptive, and driven by algorithms and imagination. The Federal Reserve and artificial intelligence may seem like an odd couple, but they are directly linked. AI may be the new tail wagging the old dog.

Let's start with the Fed. Chairman Jerome Powell has the unenviable job of managing inflation while keeping the labor market strong. That's the Fed's dual mandate. The problem? Those two goals don't always move in the same direction. Push too hard on inflation, and you risk slowing the economy, hurting businesses, and cooling job growth. Don't push hard enough, and rising prices erode purchasing power and confidence.

So far, Powell has taken the cautious path—raising interest rates to cool demand, while hoping the job market remains resilient. It's a little like trying to dock a container ship in a storm: big, slow, methodical movements with very little margin for error—and a crowd on shore offering lots of loud, conflicting advice.

The Fed doesn't control gas prices or food supply chains. It doesn't create jobs directly or lower your mortgage payment. But it does influence the cost of credit, the pace of investment, and the tone of the economy. Every rate decision is a signal—to businesses, to banks, to consumers. And those signals matter.

Of course, all of this is playing out in a noisy environment: political division, global conflict, and explosive advancements. Monetary policy isn't about speed—it's about balance. The Fed's job isn't to make headlines; it's to avoid disasters. Nobody would hear or care about a container ship docking perfectly, but if it crashed into a bridge…

Now, let's talk about the other big force: artificial intelligence.

If you've been following the headlines, you've seen the promise—and the hype. AI can now write emails, summarize legal contracts, generate artwork, analyze financial models, and even diagnose medical conditions. It's impressive. It's also moving fast—maybe too fast.

I've had conversations with business owners using AI to streamline workflows, cut costs, and even create new offerings. I've also talked with folks who are nervous—wondering what roles might disappear, how information might be manipulated, and whether we're moving too quickly into unknown territory.

And this is where the odd couple—Powell and the bots—really starts to show its complexity.

On the one hand, AI promises exactly what the Fed wants more of: efficiency, innovation, and long-term productivity gains. Those things can reduce costs, increase output, and help ease inflationary pressures over time. A more productive economy, in theory, means more growth without overheating. That's the sweet spot every central banker dreams about.

But there's a catch. AI's path to efficiency often involves eliminating jobs—especially those that are repetitive, rules-based, or reliant on speed over creativity. And that hits the other side of the Fed's mandate: employment. As businesses adopt AI tools, we may see higher margins and lower costs, but we could also see growing displacement in certain industries and communities. The Fed can respond to inflation with policy tools. It can't retrain a laid-off worker.

That's the tension we're watching: AI could simultaneously help the Fed on one front and hurt it on the other.

For us as investors, this presents opportunity—but not without complexity. There will be winners: companies that adopt AI wisely, industries that emerge entirely from this new capability, and workers who evolve with it. But there will also be disruption. Job loss. Transition. Resistance.

We are watching both—and their interaction—closely, looking for the risks and opportunities ahead.

As always, let me know if you'd like to discuss this odd couple or anything else on your mind.

My Very Best,

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