

September 19, 2025

***“Don’t fight the Fed.”***

**-Martin Zweig**

When you hear “Wall Street,” what comes to mind? The stock market? The New York Stock Exchange? Maybe Gordon Gekko growling “Greed is good”?

It is easy to forget that it is a literal street. A stretch of asphalt in lower Manhattan marked with NYC DOT narrow green road signs — WALL<sup>ST</sup> — in reflective letters. The street is a relatively short path, a little over half a mile, and yet it has been around since 1653.

The Dutch settled at the southernmost tip of modern Manhattan, a small but prosperous early American village. Small — it was only a couple of hundred acres, maybe 1,500 people. They named it New Amsterdam, just as creatively as other European settlers named their colonies.

It was a busy port, a place where goods flowed in and out and trade was the life of the community. Protecting that trade was important. Governor Peter Stuyvesant ordered the construction of a twelve-foot wall across the northern boundary of the colony, stretching from the East River to the Hudson.<sup>1</sup> On the safe side of the wall, a path formed — and over time that path became WALL<sup>ST</sup>.

The wooden barrier is long gone — dismantled in 1699 — but the idea behind it has lasted. For the Dutch, the wall wasn’t just about defense; it was about protecting the lifeblood of their tiny colony: trade. Inside the wall, markets could function.

History continuously proves that safe harbors are the most desirable and profitable — worth protecting. The U.S. economy, in large part, grew up around that wall, and today we are the largest and safest harbor in the world. This requires, if not a wall, at least some structure.

A bulwark that provides significant structure to this harbor is the Federal Reserve — made of interest rates, credit, and confidence. Its job is to guard against inflation, recession, and panic.

The current Chairman is Jerome Powell. Powell is distinctive in that he is not a Ph.D. economist like most of his predecessors. He studied law at Georgetown, worked in Washington politics, and built a career in investment banking and private equity before joining the Fed. In 2005, he even founded his own firm, investing in specialty finance and industrial companies — corners of the market that feel tightening credit first.<sup>2</sup> That real-world background shapes his approach today: less academic theory, more risk management. Powell leads not from theory, but with the instincts of someone who has lived markets from the ground up.

Powell does not do the job alone. At the Fed’s core is a Board of Governors in Washington, made up of seven members appointed to staggered 14-year terms so no single president can dominate it. Around them are twelve regional banks — from New York to Atlanta to San Francisco — gathering intelligence on local business conditions and feeding it back to Washington. Independence is the Fed’s defining feature: once appointed, neither governors nor the Chairman can be removed for political reasons, a design meant to protect us from political storms.

At their September meeting, the Fed cut interest rates by 0.25%, bringing its policy rate to 4.00%–4.25%. Chairman Jerome Powell called it a “risk-management” move. In his words: *“For the first time in this cycle, the risks to achieving our*

*employment and inflation goals are more balanced. The labor market has cooled, and downside risks to jobs have increased.”<sup>3</sup>*

Translation: inflation is still running hotter than the Fed would like, but the job market is weakening in ways that can’t be ignored. If the Fed holds rates too high for too long, it risks recession. If it cuts too quickly, it risks letting inflation flare back up. Powell rejected the idea of a larger 0.50% cut, saying those moves should be “reserved for moments when policy is clearly far from where it should be.” That’s the balancing act. Not too much, not too little — patching the cracks in the wall before they spread.

Where does this leave us? The Fed’s own projections suggest the possibility of two more cuts this year, but Powell emphasized there is no preset path. The Fed will respond to the data — jobs, wages, inflation — as they unfold.

For investors, the lesson is clear. Just as the Dutch wall once gave traders confidence that their market could function, the Fed provides the structure and protection that keep our modern financial harbor safe.

As always, please let me know if you would like to discuss New Amsterdam, Fed Policy, or anything else on your mind.

My Very Best,

A handwritten signature in blue ink, appearing to be 'JG' or 'Jack Green', with a stylized, flowing script.

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1 The Dutch Wall of 1653. Sourced from – [nyhistory.org](https://nyhistory.org)

2 Federal reserve History. Sourced from - <https://www.federalreservehistory.org/people/jerome-h-powell>

3 Fed Meeting Recap. Sourced from - <https://www.cnbc.com/2025/09/17/fed-meeting-today-live-updates.html>