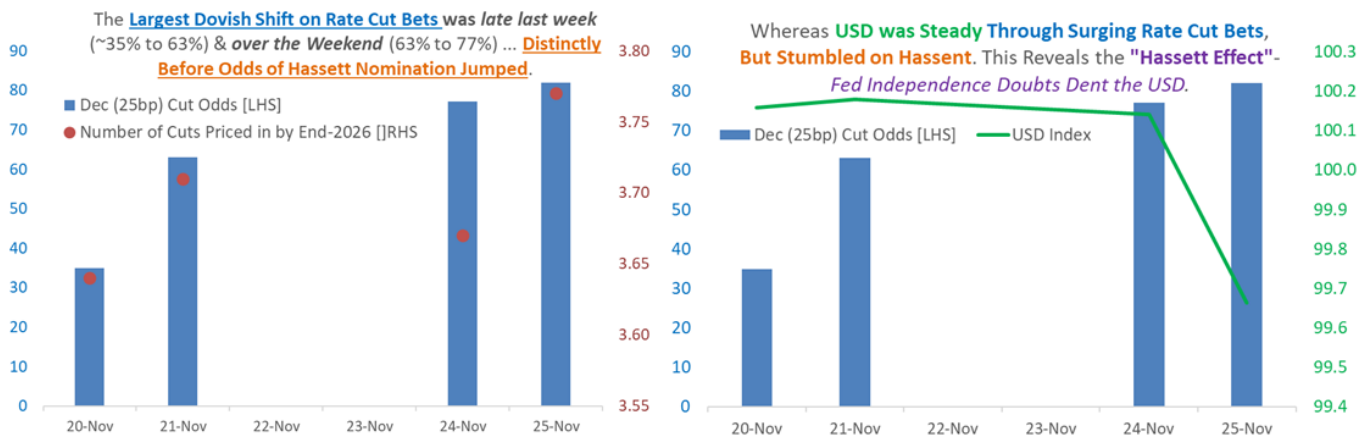
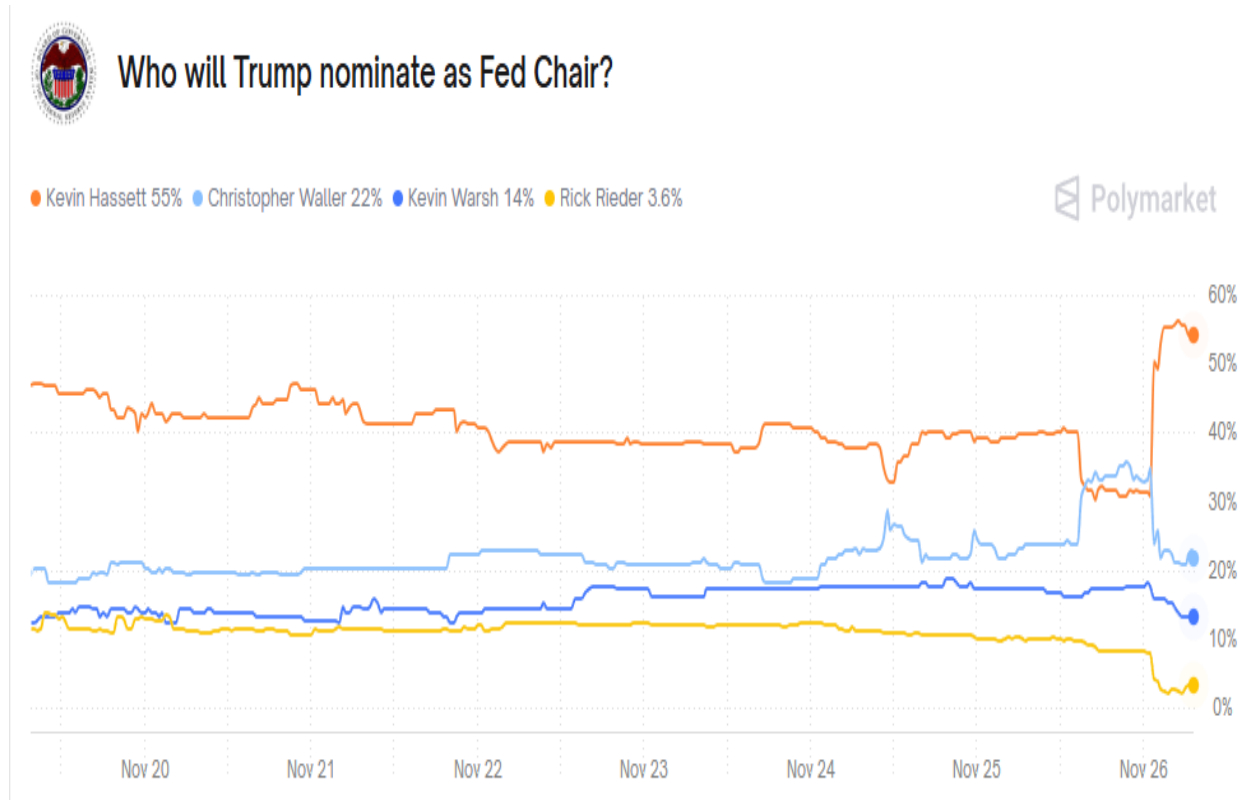


The "Hassett Effect": Fed-USD Risks



"Be careful not to choke on your aspirations" – Darth Vader, Star Wars

- To be sure, the **USD is meaningfully backstopped** despite the a ~0.5% dip (to sub-100 DXY).
- But remarkably, **USD, which was steady through surging odds of Fed rate cut bets, stumbled in conjunction with the jump in odds of Hassett as the next Fed Chair.**
- This **"Hassett Effect"** reflects the potential **for turbulence and vulnerabilities in Fed-USD mechanics.**
- Admittedly, there was a **further rise in December Fed cut odds coinciding with the jump in Hassett's odds of being the next Fed chair.**
- But this **was a relatively muted rise from 77% to 82%.**
- Whereas the **surge in Fed rate cut odds had taken place** late last week, through the weekend.
- Specifically, **as a litany of credible Fed speakers – Williams, Waller, Daly – backed a December rate cut on considered job market worries.**
- Upshot being, **markets appear not to have cast aspersions on Fed independence with Williams, Waller and Daly, be pricing in potential Fed politicization with Hassett.**
- Which means USD debasement risks are amplified **so long as this perception of political(ly pliable) Fed Chair appointment** is not dispelled.
- In other words, the **"Hassett Effect"** (and to be fair, this is regardless of the personality involved) **will remain a bugbear for Trump*.**
- And in the interim, this **potentially casts a shadow on the USD.**
- *All said, the Trump Administration will do well not inadvertently choke on its aspirations to assert control over the Fed.*

Exhibit 1: The Odds of Kevin Hassett being Nominated as the next Fed Chair jumps to 55%

Link: [Who will Trump nominate as Fed Chair? \[2026\] Odds & Predi... | Polymarket](#)

Exhibit 2: USD (proxied by DXY index) Drops ~0.5% Corresponding to Chair jumps to 55%

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