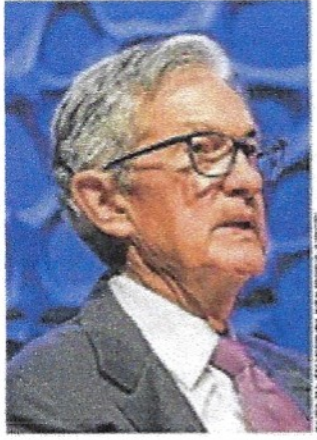


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Fed Chair Jerome Powell spoke in Dallas on Thursday. SHELBY TAUBER/ BLOOMBERG NEWS

Powell Says No Hurry on Rate Cuts

BY NICK TIMIRAOS

Federal Reserve Chair Jerome Powell said recent signs of economic health would allow the central bank to take its time in deciding how quickly to continue reducing interest rates, including by potentially slowing down the pace of cuts.

“The economy is not sending any signals that we need to be in a hurry to lower rates,” Powell said at a talk in Dallas on Thursday. “The strength we are currently seeing in the economy gives us the ability to approach our decisions carefully.”

The Fed cut interest rates at its two most recent meetings, beginning with a halfpercentage- point reduction in September amid signs the labor market might be weakening. Officials lowered their benchmark rate by a quarter point, to a range between 4.5% and 4.75%, at their meeting last week.

The Fed’s next meeting is Dec. 17-18. Investors in interest- rate futures markets expect the central bank to lower rates by a quarter point at that meeting and then to slow down the pace of cuts after that.

Prices in futures markets imply a roughly 60% chance of a cut next month with two additional quarter-point cuts in 2025, according to CME Group. Powell didn’t directly address the prospects for a cut at that meeting.

The central bank raised interest rates last year to their highest level in two decades in a bid to combat inflation. Officials are trying to set rates closer to a so-called neutral level that neither spurs nor slows growth. They aren’t sure where that is, but most think it is likely below 4%.

Powell said officials could consider slowing down the pace of decreases as they get closer to estimates of a neutral level. “Going slower, if the data tell us to go a little slower, seems like the smart thing to do,” he said.

While the economy has been expanding solidly, Powell characterized the labor market as one that is still cooling under the weight of restrictive monetary policy. For now, “it seems like we’re right where we need to be,” Powell added.

Inflation has declined notably since the middle of 2023, but the slowdown in price growth has been uneven at times, including in the last two months.

Using the Fed’s preferred inflation gauge, prices excluding volatile food and energy items are projected to have increased 2.8% for the year ended October, while overall prices were likely up 2.3%. Powell said Thursday. The Fed targets 2% inflation over time.

Powell repeated his view that it was too soon to say how policy changes by President- elect Donald Trump and a Republican-led Congress next year might reshape the outlook for economic activity and interest rates. —Harriet Torry

contributed to this article.

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