

More Fed Officials Suggest Rate Hike Can Wait

Rates

BY NICK TIMIRAOS

Federal Reserve Vice Chair Philip Jefferson said Thursday that officials may need more time before deciding whether to raise interest rates again, echoing signals from another Fed leader this week that cast doubt on bets the central bank would lift rates at its meeting later this month.

Remarks from Jefferson reinforced those of New York Fed President John Williams, who said Tuesday there was "no need for urgency" after the Fed's rate increase in September.

Because Jefferson and Williams support Chairman Kevin Warsh in an informal leadership group known as the troika, their parallel messages suggest the go-slow signal reflects the leadership's thinking rather than a single official's preference.

Jefferson observed how yields on Treasury securities across maturities have risen further since the Fed's September meeting, a sign investors are reassessing the economic outlook. "My colleagues and I will need to come to our own judgment, which may take more time," he said in a speech delivered in Charlottesville, Va.

The yield on the benchmark 10-year Treasury note has climbed to around 5.25% from 5% when the Fed raised rates on Sept. 16. Higher long-term rates can restrain spending and investment, doing some of the work that Fed rate increases are intended to accomplish.

Michelle Bowman, who is the Fed's vice chair for bank supervision, struck a similar note during a question-and-answer session later Thursday.

"I don't currently see an urgent need for further action," she said at the Atlantic Council in Washington. After last month's rate increase, "we need some time to understand how that will work its way through the economy."

Others see a clear-cut case for still-higher rates. Dallas Fed President Lorie Logan, who votes on policy this year, said in prepared remarks Thursday night that the Fed likely will need to raise rates by at least another half percentage point, implying two more quarter-point rate increases, to ensure inflation doesn't settle above the central bank's 2% goal.

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