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BERNANKE SAY U.S. TREASURIES ARE STILL A 'SAFE HAVEN'

Federal Reserve Chairman Ben. S. Bernanke said that the U.S. Treasury securities remain a 'safe haven' for the investors after Standard & Poor's lowered its credit rating on the nation's debt in the month of August. ''The downgrade didn't scare off any investors,'' and the action, along with all of the prospect of other downgrades, has not done ''significant damage'' to the economy,'' said Bernanke today in response to a question at a town-hall-style event in El Paso, Texas. At the very same time, the nation must take measures to establish a sustainable path for the national debt amid rising Social Security and health-care costs, he says. Treasuries rallied after the Standard & Poor's rating cut, that sent the government's borrowing costs to record lows, as the investors disregarded the firm's warning about increased risks in the U.S. debt to seek safety from Europe's credit turmoil. Compared with a 14 percent drop in the benchmark S&P 500 Index, Treasuries returned 6.4 percent in the third quarter, the most since 2008. Whenever the financial market volatility increases because of the concern for the issues such as the European debt crisis, ''people come in and buy Treasuries, because they view that as really among the very safest and most liquid investments in the world,'' said Bernanke to soldiers at the military's Fort Bliss. Standard & Poor's, which is a New York-based unit of McGraw-Hill Cos., cut America's credit rating to AA+ from AAA on August 5. Moody's Investors Service and Fitch Ratings, which are the main U.S. competitors of Standard & Poor's, haven't followed suit. On August 8, Moody's affirmed its top U.S. ranking and has a negative view of the debt. On August 16, Fitch kept its AAA credit rating, and said the outlook is stable, citing the nation's central role in the global finance system and the flexible, diverse economy. For the first time since way before the U.S. Civil War, this year's gains in Treasuries have pushed returns on the securities above stocks over the past 30 years. Today, the ten-year Treasuries fell, with yields rising 5 basis points, or 0.05 percent, to 2.04 percent at 3:35 p.m. in New York. The S&P 500 rose 0.8 percent to 1,238.77. ''I do not think we would be able to escape the consequences of a blowup in Europe,'' said Bernanke in a response to a question. ''It is very much in out interest, the interest of the emerging world, as well as in the interest of the Europeans for them to find a solution for that situations.'' Earlier today, Bernanke said that the central bank is concentrating ''intently'' on reducing unemployment and projects inflation to stay under control for the ''foreseeable future.'' ''For a lot of people, I know it doesn't feel like the recession ever ended,'' even with the economy growing for two, says Bernanke.