

FED'S FISHER THINKS U.S. IS POISED FOR GROWTH



Richard Fisher, who is the President of the Federal Reserve Bank of Dallas, said that the U.S. economy is "poised for growth" going into the next year and that he sees a declining likelihood the central bank will need to ease further. "The direction we're moving in is positive," the policy maker said today in an interview from Bloomberg's headquarters in New York. He says that he expects gross domestic product to expand by 2.5 percent to 3 percent in the fourth quarter, "gradually getting better as we go through time." The comments that Fisher made contrast with those of Chairman Ben. S. Bernanke, who predicted on Nov. 2 that the pace of recovery will be "frustratingly slow." and with the researchers at the San Francisco Fed, who projected a better than 50 percent chance of recession early next year. The Dallas Fed president is among the most vocal critics of Fed policy, dissenting twice this year against moves to push down the long-term rates and keep the benchmark U.S. interest rate low until at least June of 2013. He voted five times in 2008 in favor of a new, and tighter policy. "We're poised for growth," Fisher said, citing recent data on retail sales and consumer sentiment. "I'm more comfortable now in terms of not -- this is me personally speaking -- not anticipating greater accommodation," he said. The 62-year-old policy maker says that the risk of another recession "is negligible." In addition, "I'm not worried about immediate inflation right now. What I'm worried about is the efficacy of our policy as it relates to job creation." Two weeks ago, the data released since the Fed's meeting showed that the jobless rate unexpectedly fell in October to 9 percent from 9.1 percent to the previous month. The Labor Department figures showed that employers added 80,000 payroll jobs, following gains in the prior two months that were revised up by 102,000. Based on the Thomson Reuters/University of Michigan preliminary index of consumer sentiment released on Nov. 11 that consumer confidence rose more than projected this month, offering additional support to the biggest part of the economy. For more than two years, policy makers are contending with an unemployment rate stuck near 9 percent or higher, and they said after their Nov. 1-2 meeting that they see "significant downside risks" to the outlook. In the final three months, they've cut their growth forecasts for 2012 and expect unemployment to average 8.5 percent to 8.7 percent in the final three months of next year, up from a prior range of 7.8 percent to 8.2 percent. "As we get into other securities -- we are in mortgage-backed securities in a big way and we lengthened our activity along the yield curve -- then we're going outside our normal purview," says Fisher. "I do think it behooves us to think of what risks that presents."

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