



CONGRESS OF THE UNITED STATES

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PRESS ADVISORY*For Immediate Release**June 17, 1997*

Latest Price Data Show No Inflation Threat -- Confirm Case Against Fed Rate Hikes --

WASHINGTON, D.C. -- Today JEC Chairman Jim Saxton (R-NJ) hailed the latest release of data on the CPI, which confirmed the lack of inflationary pressures. Today's release showing a 0.1 percent CPI increase in May follows a release last Friday showing a 0.3 percent *decline* in producer prices in May. These price data support the position that the Federal Reserve should not raise interest rates in the next FOMC meeting at the beginning of July. Chairman Saxton's statement follows:

"The data on consumer prices and producer prices both show that inflation is not a problem. Moreover, the forward-looking inflation indicators monitored by the JEC -- commodity prices, bond yields, and the value of the dollar -- confirm the lack of inflationary pressures. These price data show no evidence supporting Federal Reserve interest rate hikes last March or in the near future.

"The labor market data used by some at the Fed to gauge potential future inflation simply have not been reliable predictors of inflation. Our research here at the JEC finds that the Federal Reserve should use forward-looking market price measures, not labor market measures, to evaluate the potential for future inflation."

Over the last 6 months Saxton has released a series of studies on the Federal Reserve and monetary policy.

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