



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

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FEDERAL RESERVE RAISES INTEREST RATES

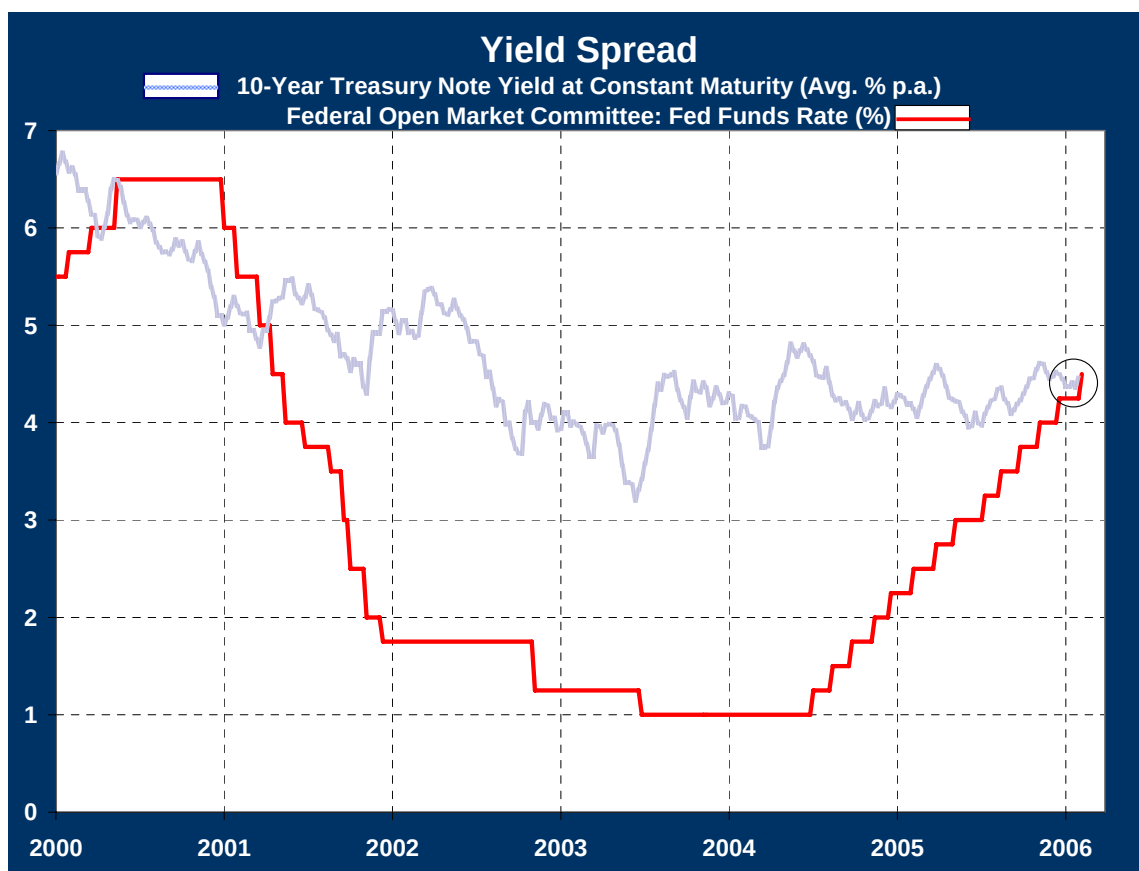
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Contact: Christopher Frenze
Executive Director
(202) 225-3923

WASHINGTON, D.C. – With today’s actions by the Federal Reserve to increase the federal funds rate, a pause in further interest hikes is warranted, Chairman Jim Saxton said today. With short-term and long-term term interest rates at about the same level, the flattening of the yield curve and its potential impact on the economy need to be closely evaluated by policymakers on an ongoing basis. Although underlying trends in the economy remain quite strong, the empirical work of the Federal Reserve staff on the historical impact of an inversion of the yield curve provides reason for a pause in the tightening of monetary policy.

“The Fed has now raised short term interest rates to a level that increases my concerns about a potential inversion of the yield curve and how this could affect the economy,” Saxton said. “Given the lags between monetary policy and its economic impact, I hope the Fed pauses in ratcheting up interest rates. This would permit more time to evaluate the impact of monetary policy using the latest economic data.

“I would also like to thank Chairman Greenspan for his stewardship of monetary policy and for his many appearances before the Joint Economic Committee (JEC) over the years. I have supported the thrust of monetary policy under Chairman Greenspan, a policy which has left a strong legacy of price stability and economic vitality,” Saxton concluded.

Chairman Greenspan’s recent responses to Chairman Saxton’s questions on the yield curve and monetary policy can be found on the JEC website.



For more information on monetary policy, please visit our website at www.house.gov/jec

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