



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

JIM SAXTON, CHAIRMAN

CHRISTOPHER FRENZE
EXECUTIVE DIRECTOR

PRESS RELEASE

For Immediate Release
June 30, 1998

Press Release #105-149
Contact: Daniel Guido
(202) 224-0379

FEDERAL RESERVE SHOULD LEAVE INTEREST RATES UNCHANGED

WASHINGTON, D.C. (June 30) – The Federal Reserve should not raise interest rates, **Joint Economic Committee (JEC) Chairman Jim Saxton (R-N.J.)** said today. The Federal Reserve's policymaking committee is meeting today and tomorrow to consider whether a change in interest rates is needed.

"The Federal Reserve should not consider raising interest rates in the current situation," Saxton said. "There is no real sign of inflation now or in the foreseeable future. The leading indicators of inflation monitored by the JEC continue to suggest disinflation, not inflation. These forward-looking market price indicators – commodity prices, bond yields, and the dollar – together confirm that inflation is not on the horizon.

"The importance of the dollar as a guide to policy is even greater now than is usually the case. The run-up of the dollar against the yen has the potential to destabilize those Asian markets already under pressure. This is why I have called on the Treasury Department to publicly clarify U.S. dollar policy. The recent intervention in the foreign exchange market has failed to halt a renewed rise in the dollar, as is usually the case. Given the fragility of the Asian situation, a Federal Reserve interest rate hike that also would strengthen the dollar would be inappropriate," Saxton concluded.

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