

Fed's Harker Expects Pace of Rate Hikes to Slow in Months Ahead

(Bloomberg) — Federal Reserve Bank of Philadelphia President Patrick Harker said he expects the central bank to slow the pace of interest-rate hikes in upcoming months as US monetary policy approaches restrictive levels.

“In the upcoming months, in light of the cumulative tightening we have achieved, I expect we will slow the pace of our rate hikes as we approach a sufficiently restrictive stance,” Harker said Thursday in the text of his remarks to the Risk Management Association’s Philadelphia chapter. “But I want to be clear: A rate hike of 50 basis points would still be significant.”

Harker, in his prepared remarks, didn’t reference the most recent consumer price index report. The data released earlier on Thursday showed prices rising 7.7% for year ending October versus 8.2% for September. Minus food and energy, price increases cooled off to a 6.3% pace versus 6.6%.

Fed officials are aggressively raising borrowing costs in an effort to tame inflation running near 40-year highs. The US central bank hiked interest rates by 75 basis points for the fourth straight time last week, bringing the target for the benchmark rate to a range of 3.75% to 4%.

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