
Fed raises benchmark rate to range of 1.75% - 2.0%

By Editorial Staff Thu, Jun 14, 2018

The last time the rate topped 2% was in late summer 2008, when the economy was contracting and the Fed was cutting rates toward zero.

The Federal Reserve raised interest rates on Wednesday and signaled that two additional increases were on the way this year, the *New York Times* reported this morning. Officials said that the US economy was robust enough for the Fed to raise borrowing costs without blunting economic growth.

Wednesday's rate increase was the second this year and the seventh since the end of the Great Recession and brings the Fed's benchmark rate to a range of 1.75 to 2%. The last time the rate topped 2% was in late summer 2008, when the economy was contracting and the Fed was cutting rates toward zero.

Jerome H. Powell, the Fed chairman, said at a news conference that the economy had strengthened significantly since the 2008 financial crisis and was approaching a "normal" level that could allow the Fed to soon play less of a hands-on role in encouraging economic activity.

The rate increase could raise the costs of cars, home mortgages and credit cards over the next year, the report said. They could also mean higher returns on savings and higher payouts on annuities, although the impact of a rise in short-term rates but not in long-term rates—producing a flatter yield curve—is hard to predict.

© 2018 RIJ Publishing LLC. All rights reserved.