Half-a-point rise in benchmark rates now expected in 2016

By Editorial Staff *Thu, Mar 31, 2016*

"I consider it appropriate for the committee to proceed cautiously in adjusting policy," Fed Chairwoman Janet Yellen said at the Economic Club of New York this week.

Remarks by Federal Reserve chairwoman, Janet L. Yellen at the Economic Club of New York on Tuesday underscored the Fed's caution in raising interest rates this year, the New York Times reported.

Although Yellen said that weak growth in other countries was being offset by lower borrowing costs, keeping the U.S. economy positive, her cautious tone suggested that the Fed would not raise rates at its April meeting. The Fed meets again in June.

"I consider it appropriate for the committee to proceed cautiously in adjusting policy," Ms. Yellen was quoted as saying.

The Fed, which raised its benchmark rate in December for the first time since the financial crisis, continues to debate the timing of a second increase.

The Fed's policy-making committee indicated after its most recent meeting, this month, that it now expected to raise rates by about half a percentage point this year, or half as much as the Fed had predicted at the beginning of the year.

"The committee in March did rethink to some extent the policy path that is appropriate to achieve an essentially unchanged outlook," Ms. Yellen said.

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