

[Fed stands pat at 2% rate](#)

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Today, the poker players at the Fed's interest-rate policy committee decided to hold 'em and keep the benchmark [Fed Funds rate](#) at 2%, just like our experts [predicted](#).

The Fed finds itself between two competing forces — a slow real estate market and slumping economy which normally would warrant a rate cut and the fear of ramping inflation which could be headed off with a rate hike. The Fed decided to do neither. Here's the Fed's explanation...

Economic activity expanded in the second quarter, partly reflecting growth in consumer spending and exports. However, labor markets have softened further and financial markets remain under considerable stress. Tight credit conditions, the ongoing housing contraction, and elevated energy prices are likely to weigh on economic growth over the next few quarters. Over time, the substantial easing of monetary policy, combined with ongoing measures to foster market liquidity, should help to promote moderate economic growth. ([CLICK HERE](#) for the full statement.)

And the experts? They say no surprises here and don't expect a change anytime soon:

Robert L. Panetti, vice president and portfolio manager, BlackRock Private Investors, Newport Beach: "I believe that there are multiple considerations that will bias the Fed toward leaving rates unchanged at least through the end of the year including, but not limited to the positive impact on export activity associated with the weak dollar, the need to encourage a positively sloped yield curve to assist recovery in the banking system, and, most importantly, the need to impart stable interest rate expectations to business decision makers and consumers alike in an effort to foster confidence during a time of significant uncertainty."

Christopher Thornberg, principle, Beacon Economics, Los Angeles: "The Fed is in a stuck spot right now. It can't really cut rates without the threat of inflation and can't raise rates because it will put pressure on the financial system...I think interest rates in general have faded as the center of policy as the Fed takes on other issues."

Scott A. Anderson, senior economist, Wells Fargo Economics: "The Fed largely kept its language on economic growth and the outlook unchanged, but noticeably sharpened its rhetoric on inflation...The FOMC meets next on September 16th and October 28 and 29th at which time we expect no change in the Fed funds target rate. There is still a chance for a Fed rate hike as early as December this year, but the decline in oil prices, if sustained, reduces that probability."