

BUSINESS NEWS

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Fed's Williams sees no elevated chance of near-term recession

Trevor Hunnicutt



SAN JUAN (Reuters) - The U.S. economy is in “a very good place” and the likelihood of a recession in 2019 or 2020 is “not elevated,” a top Federal Reserve policymaker said on Thursday.



FILE PHOTO: John C. Williams, president and CEO of the Federal Reserve Bank of New York speaks to the Economic Club of New York in the Manhattan borough of New York, U.S., March 6, 2019. REUTERS/Lucas Jackson

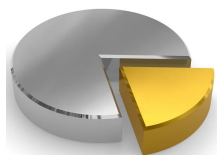
“I’m not as worried about a recession as some of my colleagues in the private sector,” New York Fed President John Williams said at an event in San Juan, Puerto Rico. “I still see the probability of a recession this year or next year as being not elevated relative to any year.”

Many investors disagree. They have increasingly put cash behind bets that the Fed will have to cut interest rates to stave off a global economic slowdown. The Fed itself brought its three-year drive to raise interest rates to an abrupt end this year, citing signs of an economic slowdown, after raising rates four times in 2018.

Williams is a permanent voting member of the Fed’s policy-setting committee and also runs the regional organization responsible for implementing the U.S. central bank’s interest rate decisions.

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In addition to investors’ raising bets that the Fed will cut rates as its next move, other market indicators have pointed to a slowdown.

The difference in the yield between U.S. three-month bills and 10-year notes, for instance, turned negative last week for the first time in over a decade. Known as an inverted yield curve, it is seen as a warning that a recession may follow in the next one to two years, which has occurred in the past when the market flashed such a signal.

Williams said the Fed closely watches those market indicators, but suggested that the yield curve might not be pointing to a recession this time.

U.S. growth is slowing to more sustainable long-term levels, he said, while cautioning an audience that economists are “not very good at predicting recessions.”

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In response to a question after the event from Reuters, Williams described monetary policy as well positioned given what he said is a Fed that is meeting its twin goals of maximum employment and stable prices.

Williams spoke at an event moderated by the Puerto Rico Chamber of Commerce. He spent the day meeting with local elected government officials as well as banking and business officials about the U.S. territory's economy and its rebuilding efforts following Hurricanes Maria and Irma.

Reporting by Trevor Hunnicutt; Editing by Leslie Adler

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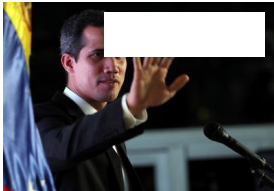
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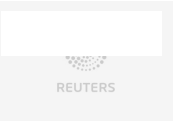
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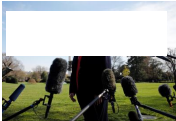
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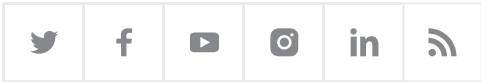
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