Fed rate hike two major roadblocks: inflation and dollar

Bloomberg noted that the future of the dollar in the second quarter rose gradually reflected in import prices, inflation has become the latest factor down. Associated Press

Word class:

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US Federal Reserve Board (Federal Reserve, Fed) set on Tuesday held a two-day regular meeting, may declare abandon "patiently" waiting wording to raise interest rates after the meeting, the fastest growing market estimated to start raising interest rates in June to open the door. However, interest rates are expected to promote a stronger dollar, fear of inflation and the impact of lowering corporate profits overseas, triggering financial market turmoil. Known as "Fed mouthpiece" title "Wall Street Journal" reporter Hill Rush (Jon Hilsenrath) pointed out that the recent decisions of officials to speak more than
display, intends to give up to go to the end of the guidelines adopted in forward-looking "patiently" waiting for the normalization of monetary policy a speech. Fed President Janet Yellen (Janet Yellen) has said that "patience" means at least two regular meetings, a statement on behalf of next week if there are changes, make hike issue surfaced in June. US payrolls data released last week, much better than expectations, rising expectations of Fed rate hike as planned. Market generally expected that the most likely point rate hike in June or September fell. However, inflation has always been in the doldrums and the dollar rose, Fed will raise interest rates towards the two big obstacles. Rate hike in sight dollar is too strong, so the Obama administration has started to worry. White House chief economist Buddha Man (Jason Furman) Tuesday at the American Association for Business Economics (NABE) speech, said a strong dollar is the current US economic headwinds, weaker global economy is another big risk. Forman noted that a strong dollar is not only the impact of US exports, but also affect economic growth performance. According to Duke University / "CFO" magazine Global Business Outlook Survey, two thirds of large US exporters, said the dollar had a negative impact on its business, nearly 25% of exporters and therefore cut capital spending plans. School of Business at Duke University professor Harvey (Campbell Harvey) said: "We are in a field of harsh competition, everyone waited to see the euro area, Japan, Canada, who the most against the dollar, China may be the next contestant. US exporters are being hurt this kind of competitive devaluation will lead to profitability and reduced employment opportunities. " In addition, the Fed preferred inflation indicators have been 34 consecutive months below the target set at 2%, and the core inflation rate faced cooling not only the United States, Japan, the euro area, the United Kingdom to China, are also slowing down in inflation, with the central bank's target lopsided state. "Wall Street Journal" that lurk beneath the real problem is that the global economy is much higher than the capacity requirements. Chinese economic slowdown, so many had hoped the Chinese market companies by surprise, and China itself relies on fixed asset investment-led growth, and push up excess
capacity. And with the demand side, it just out of recession US consumer attitudes remain conservative, more inclined to increase the salary for savings rather than consumption. Despite the fall in oil prices and other energy costs, enhance the spending power of the American people, but according to Bloomberg reports, the dollar will drive down the price of imports, with the exchange rate gradually reflected in the price of imported products, which could become a drag on the latest US inflation cooling factor. (Chen Zhiwei, Liu Lizhen / Dow Jones reports)
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