



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

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INFLATION PRESSURES APPEAR TO BE WANING

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WASHINGTON, D.C. – Recent data on producer and consumer prices, and leading indicators of inflation, suggest that inflation pressures are in check, Chairman Jim Saxton said today. Saxton’s remarks were largely based on the performance of leading indicators of inflation used by the Joint Economic Committee – commodity prices, foreign exchange value of the dollar, and long-term interest rates.

Over the last several months, all of these forward-looking indicators show that inflation pressures are well contained. In addition, the difference between short- and long-term interest rates has now narrowed to a point that suggests monetary policy is much less accommodative than before the Federal Reserve’s eight increases in the federal funds rate.

“The Fed’s actions have been associated with a steadying in the leading indicators of inflation in recent months,” Saxton said. “Moreover, these actions have sharply reduced the spread between short- and long-term interest rates. The narrowing of this spread suggests that the Fed is approaching a neutral short term interest rate. The markets expect two more increases in the fed funds rate, and it may be that these will prove sufficient,” Saxton concluded.

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