



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

JIM SAXTON, CHAIRMAN

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EXECUTIVE DIRECTOR

PRESS RELEASE

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PRICE MEASURES CONTINUE TO SIGNAL SUBDUED INFLATION

--SAXTON DISPUTES NEED FOR A FEDERAL RESERVE RATE HIKE--

WASHINGTON, D.C. -- Joint Economic Committee (JEC) Chairman **Jim Saxton (R-N.J.)** took note today of three separate benign price measures released this week by the Bureau of Labor Statistics (BLS). "The CPI, PPI, and import/export price indices all indicate that a resurgence of inflation is not in the cards," observed Saxton.

At the same time, Saxton said, "Our solid economic growth and low unemployment has not produced an increase in inflation as some expected. The Federal Reserve should not use these signs of healthy economic growth as reasons to raise interest rates."

Instead, Saxton argues that the broad inflation measures together with forward-looking market prices used by the JEC -- commodity prices, bond prices, and the dollar -- continue to suggest inflationary pressures and expectations of future inflation remain benign. As such, stable interest rates seem most appropriate. Furthermore, with the current delicate situation in Asia, a stronger dollar induced by a rate increase would be particularly inappropriate at this time.

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