

Trump calls fed a ‘problem,’ says he wants lower interest rates

By Alister Bull

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President Donald Trump renewed his criticism of the Federal Reserve on Tuesday, describing the U.S. central bank as a “problem” as he called for lower interest rates.

The fresh presidential assault on the nation’s monetary authority comes as stocks tumble on concerns ranging from slower global growth to a widening trade war between the U.S. and China. A homebuilder survey this week indicated the housing market is slowing further amid the highest mortgage rates in eight years, a possible warning sign for the broader economy.

“I’d like to see the Fed with a lower interest rate,” Trump told reporters in Washington. “We have much more of a Fed problem than we do with anyone else.”

The Fed held borrowing costs steady at its meeting earlier this month but investors expect it to raise rates in December, which would mark the fourth hike since Trump-appointed Jerome Powell became chairman in February.

Trump has previously blamed the “loco” Fed for causing steep stock-market losses with its campaign of gradual rate increases and demurred on whether he’d fire Powell. The president’s criticism shattered a two-decade White House tradition of avoiding comment on monetary policy out of respect for the Fed independence.

U.S. central bankers are trying to keep the world’s largest economy on an even keel and inflation near their 2 percent target amid a strong labor market that has driven unemployment to the lowest level since 1969. They have penciled in another rate increase by year-end and three more in 2019, according to quarterly projections from September that will be updated next month.

Economic growth is forecast to moderate following the best back-to-back quarters since 2014 as the effects of Trump tax cuts and government spending increases fade.