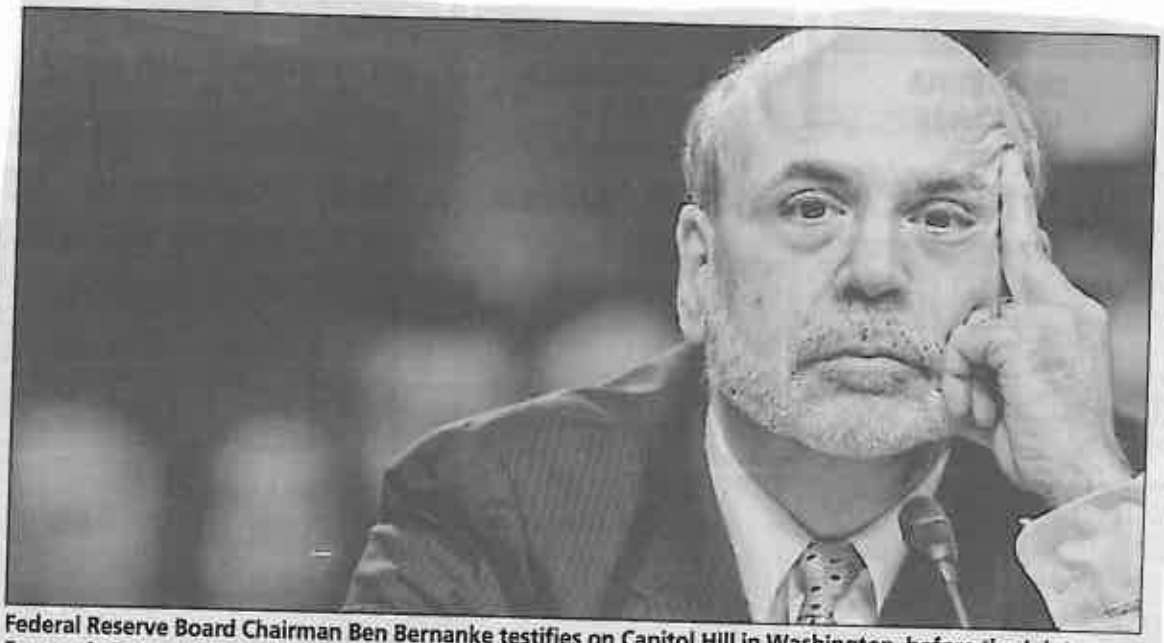


Federal Reserve Board Chairman Ben Bernanke testifies on Capitol Hill in Washington, before the Joint Economic Committee hearing on economy, the slumping recovery, and the European debt crisis. AP

Bernanke signals no steps to aid economy

By Martin Crutsinger
The Associated Press

WASHINGTON — Slumping job growth has alarmed some economists who fear the U.S. economy is in trouble.

Ben Bernanke doesn't appear to be one of them.

The Federal Reserve chief sketched a hopeful outlook in testimony to a congressional panel Thursday and sent no signals that the Fed will take further steps soon to aid the economy.

Bernanke acknowledged that Europe's debt crisis poses risks to the U.S. financial markets. He also noted that U.S. unemployment remains high at 8.2 percent. And he said the Fed is prepared to take steps to boost the U.S. economy if it weakens.

But he said Fed officials still need to study the most recent economic trends, including job growth. For now, Bernanke said he foresees moderate growth this year.

He said he's mindful that all that could change, if Europe's crisis quickly worsened or U.S. job growth stalled.

"As always, the Federal Reserve remains prepared to take action as needed to protect the U.S. financial system and economy in the event that financial stresses escalate," he told the Joint Economic Committee.

The Fed could buy more bonds to try to further reduce long-term interest rates, which might encourage more borrowing and spending.

Or it could extend its plan to keep short-term rates near zero beyond late 2014 until an even later date.

But most economists don't expect a major announcement at the Fed's next policy meeting June 19-20, despite signals this week from some other Fed members in favor of considering further action.

For one thing, long-term U.S. interest rates have already touched record lows.