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## Fed finally lifts key interest rate from near zero

WASHINGTON (AP) — The Federal Reserve is raising interest rates from record lows set at the depths of the 2008 financial crisis, a shift that heralds modestly higher rates on some loans.

The Fed coupled its first rate hike in nine years with a signal that further increases will likely be made slowly as the economy strengthens further and inflation rises from undesirably low levels.

The central bank said in a statement after its latest meeting that it was lifting its key rate by a quarter-point to a range of 0.25 percent to 0.5 percent. Its move ends an extraordinary seven-year period of near-zero borrowing rates. But the Fed's statement suggested that rates would remain historically low well into the future, saying it expects "only gradual increases."

"The Fed reaffirmed that the pace of rate hikes would be slow," James Marple, senior economist at TD Economics wrote in a research note. "The Fed's expectations for rate hikes next year are set alongside a relatively cautious and entirely achievable economic outlook."