# 'Fed can do more'

## Bernanke declares Federal Reserve will help boost unsatisfactory economy

**BY PAUL WISEMAN**
ASSOCIATED PRESS

JACKSON HOLE, Wyo. — Chairman Ben Bernanke made clear Friday that the Federal Reserve will do more to boost the economy because of high U.S. unemployment and an economic recovery that remains "far from satisfactory."

He also argued that the Fed's moves so far to keep interest rates at record lows and encourage borrowing and spending have helped bolster the economy.

Bernanke stopped short of committing the Fed to any specific move, such as another round of bond purchases to lower long-term rates. But in a speech at an annual Fed conference in Jackson Hole, Wyo., Bernanke said that even with rates at super-lows, the Fed can do more.

He noted that further action carries risks but says the Fed can manage them. The Fed "should not rule out" new policies to improve the job market, Bernanke says.

The most dramatic step the Fed could take would be another round of bond buying. This is known as quantitative easing, or QE. In two rounds of QE, the Fed bought more than $2 trillion of Treasury bonds and mortgage-backed securities. Many investors have been hoping for a third round — QE3 — to be unveiled as soon as the Fed's next policy meeting in September.

In light of Bernanke's comments Friday, some analysts said that might be a stronger possibility now.

"Bernanke has taken a further step along the path to more policy stimulus, most likely a third round of asset purchases (QE3) to be announced at the mid-September FOMC meeting," said Paul Dales, senior U.S. economist at Capital Economics.

At the same time, the Fed chairman avoided hinting of any one policy move or any timetable.

"This is really all he could say," says Steven Ricchiuto, chief economist at Mizuho Securities. "He is not at liberty to promise anything without the (policy) committee's approval, and there seems to be various opinions on the committee about the best way forward."

In his speech, Bernanke cited studies showing the Fed's first two rounds of bond purchases created at least 2 million jobs.

"It is important to achieve further progress, particularly in the labor market," Bernanke said. "The Federal Reserve will provide additional policy accommodation as needed."

That remark echoed what the Fed had said in a statement after its most recent policy meeting, July 31-Aug. 1. Since then, somewhat stronger economic news had led some analysts to say the Fed might now feel less urgency to act. But Bernanke's reiteration Friday of the Fed's readiness to provide more help suggested that his economic outlook remains dim.



Federal Reserve Chairman Ben Bernanke walks Friday outside of the Jackson Hole Economic Symposium at Grand Teton National Park near Jackson Hole, Wyo. Bernanke made clear Friday that the Federal Reserve will do more to boost the economy because of high U.S. unemployment and an economic recovery that remains "far from satisfactory."