

Fed expected to keep rates at record lows

WASHINGTON (AP) — Federal Reserve policymakers are gathering to examine what other tools they can use to help ease a recession that has left millions of Americans out of work.

Fed Chairman Ben Bernanke and his colleague opened a two-day meeting Tuesday afternoon, where they also will take fresh stock of economic and financial conditions.

They are all but certain to leave a key interest rate at a record low to try to brace the sinking economy.

“The economy is facing a lot of headwinds and 2009 is not off to a good start. The Fed and President Obama have their work cut out for them,” said Rebecca Braeu, economist at John Hancock Financial Services.

At its previous meeting in December, the Fed took the unprecedented action of slashing its key rate from 1 percent to a new, targeted range of between zero and 0.25 percent. Economists predict the Fed will leave rates at that range through the rest of this year.

Less clear is whether the Fed will unveil new actions to deal with a stubborn trio of crises — housing, credit and financial — that haven’t eased in a significant way despite radical steps by the central bank and a \$700 billion financial bailout program run by the Treasury Department.

Options by the Fed include expanding a program aimed at bolstering the availability of consumer loans.