

Traders signal offers in the Standard & Poor's 500 stock index options pit Wednesday at the Chicago Board Options Exchange. SCOTT OLSON/GETTY IMAGES

Fed's latest move affects us all

World could feel decision not to slow bond buying

By Paul Wiseman
Associated Press

WASHINGTON — The Federal Reserve's decision to maintain the size of its economic stimulus could be a gift for car buyers and homebuyers, for Americans with 401(k) accounts and perhaps for developing economies.

Yet for savers who rely on interest income, Wednesday's announcement was a sour one. The Fed also sent an ominous message to job seekers: Hiring and economic growth remain sluggish and vulnerable to further weakening from budget fights in Washington.

The Fed surprised just about everyone by delaying a slowdown in its $85 billion in monthly bond purchases, which are designed to keep long-term loan rates low to spur borrowing and spending.

Fed officials had been signaling since spring that they would likely start reducing their purchases by year's end if the economy steadily improved. Many economists and Wall Street banks had expected that pullback to start this week.

But on Wednesday, Fed officials made it clear they aren't yet satisfied with the economy's progress.

"Conditions in the job market today are still far from what all of us would like to see," Chairman Ben Bernanke said.

The Dow Jones industrials surged on the news.