

BUSINESS

# Low spending called surprising

## Consumers 'exceptionally cautious,' Fed chief says in speech transcript

By Martin Crutsinger  
The Associated Press

WASHINGTON — Federal Reserve Chairman Ben Bernanke said he's surprised by how cautious consumers have been in the two years since the recession officially ended. But the Fed chief offered no hints of any steps the Fed would take to boost the weak economy.

Bernanke said Thursday that a number of fac-

tors are keeping consumers from spending more, including high unemployment, a temporary spike in energy prices, falling home prices and high debt burdens.

"Even taking into account the many financial pressures they face, households seem exceptionally cautious," Bernanke said, according to a transcript of a speech he is giving in Minneapolis.

Bernanke acknowl-



Bernanke

edged that prices for gas, cars and other consumer goods have risen sharply this year. But he said the increases were partly because of temporary factors, such as supply chain disruptions stemming from the Japan crisis. He said he expects inflation will moderate in the coming months as those factors ease.

The Fed will consider a

range of policy options at its next meeting later this month, Bernanke said. But he offered no clues as to what it might do.

Some economists say the Fed must take further action to avoid another recession. The economy barely grew in the first half of the year, and the government said last week that employers stopped adding jobs in August.

Consumers and businesses are feeling less confident after a rocky summer. Lawmakers fought over raising the federal borrowing limit,

Standard & Poor's downgraded long-term U.S. debt, and stocks have fluctuated wildly after plunging in late July and early August.

On Aug. 9, the Federal Reserve said it planned to keep interest rates low until at least mid-2013, assuming the economy remained weak. Minutes from that meeting showed some Fed officials pushed for more aggressive steps.

Three regional bank presidents have expressed concern that Fed policies were contributing to higher inflation.