

## WSJ Survey: Most Economists See Fed Raising Rates in June or September

By PEDRO NICOLACI DA COSTA - March 12, 2015

The Federal Reserve will start raising short-term interest rates in June or September, according to most economists who responded to a Wall Street Journal survey published Thursday.

The central bank has held its benchmark short-term interest rate near zero since late 2008. Most central bank officials have indicated they expect to raise it this year, with several saying they would consider a move in June. The Journal poll of 63 economists, conducted March 6-10, found 29 expected the Fed to make its first move in June, 23 in September and four in July.

“The main determinant on when the Fed will raise rates is an acceleration in wages, a process that has recently begun,” said **Bernard Baumohl, chief global economist at the Economic Outlook Group**, who predicted a first rate increase in June. He added, “The June meeting also offers [Fed Chairwoman Janet] Yellen an opportunity to explain the latest change in monetary policy in a press conference too.”

David Crowe, chief economist at the National Association of Home Builders, also forecast a June rate rise, noting data showing gross domestic product “and payrolls growing, inflation low but moving up.”

Diane Swonk, chief economist at Mesirow Financial, was among those expecting the first increase in September. “Persistently low inflation is expected to delay the liftoff in rates,” she said.

The Fed since late 2008 has held its benchmark federal funds rate in a range of zero to 0.25%, and the rate has recently hovered around 0.10%. The economists surveyed on average estimated the rate would be 0.25% in June. That would be lower than the 0.29% they estimated in the Journal’s February poll.

The economists' forecasts for where the rate will be in December were essentially stable. The median estimate among economists for December 2015 was 0.75%. Looking ahead, the median estimate for December 2016 was 2.19%.

Those estimates show some disconnect with the Fed. The central bank's median estimate, released in its December summary of economic projections, was 1.125% for December 2015 and 2.5% for December 2016.

Investors' expectations in the fed funds futures market are lower, at 0.515% for December 2015 and 1.365% for December 2016.

Fed officials at their meeting next week will strongly consider dropping their assurance to be "patient" in deciding when to start raising short-term rates. Abandoning the phrase would formally open the door to a rate increase in June, but not guarantee such a move.

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