

As Yellen Exits Fed, Policymakers Hold Interest Rates Steady

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Federal Reserve Chair Janet Yellen speaks during a news conference following last month's Federal Open Market Committee meeting. *Carolyn Kaster/AP*

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Federal Reserve Chair Janet Yellen led her last policy meeting on Wednesday as the finale to a two-day meeting on interest rates, which began Tuesday.

Policymakers left rates unchanged, as analysts had expected. But [the Fed said](#) inflation is "expected to move up this year."

The Fed signaled that a gradual tightening of monetary policy is coming as the U.S. economy keeps expanding and job growth continues to be solid.

Some analysts expect interest rates to increase in March.

Yellen has spent 14 years at the Federal Reserve — the last four as chair. She is also the first woman to lead the central bank.

As NPR's John Ydstie reported for [The Two-Way](#):

"She leaves the Fed's top post having largely achieved its mandate to engineer full employment while keeping inflation at a level that fosters growth.

"While Yellen has her critics, she is widely viewed as a successful Fed chair."

When her term expires on Saturday, she will be succeeded by Jerome Powell, a Fed board member. His nomination as chairman was [approved by the Senate](#) last week.

Powell has concurred with Yellen's philosophy of raising rates slowly. When Yellen took over for Ben Bernanke in 2014, rates had fallen to near-zero levels as a result of the Great Recession.

Rather than offer Yellen a second term, President Trump chose Powell for the post.

Reuters reported analysts did not expect a dramatic shift from the Fed this week.

" 'Why change the current message on policy and possibly sway market opinion one way or the other, just before Powell takes over?' said Lou Brien, an analyst for Chicago trading firm DRW. 'I don't think Powell will shift the direction of policy in March, but it is only fair to give him a clean slate just in case.' "

Fed officials raised interest rates three times last year and are expected to raise rates at least three times in 2018.

The Associated Press reports:

"Mark Zandi, chief economist at Moody's Analytics, said he foresees four rate increases this year beginning in March. Zandi expects the Fed to accelerate its pace of increases because he thinks unemployment will fall further, leading to wage increases and a pickup in inflation.

" 'Everything is pointing to a more aggressive Fed this year,' Zandi said."

The Fed's key interest rate remains in the low range of 1.25 percent to 1.50 percent.

When Yellen's term ends, there will be four vacancies on the seven-member board.

Trump has nominated conservative economist Marvin Goodfriend for one of the vacant seats. There has been no nomination yet for the other open slots.