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ECONOMY

Fed chair: Slowdown moves expected

By Jeannine Aversa

Associated Press

WASHINGTON - Even with the economy in a slowdown mode, Federal Reserve Chairman Ben Bernanke made clear Tuesday that policymakers want to see inflation continue to recede, suggesting the Fed probably won't be cutting interest rates anytime soon.

In his most extensive comments on the economy since the summer, Bernanke struck a largely positive tone that the economy should be able to weather the strains coming from the housing slump and the struggling auto industry.

The slowdown "appears to be taking place roughly along the lines envisioned," Bernanke observed in remarks to the National Italian American Foundation in New York.

Outside housing and autos, economic activity remains solid, he said. "Overall, the economy is likely to expand at a moderate pace going forward," Bernanke said.

The Fed chief also was hopeful that more moderate economic growth would continue to ease inflation pressures over the next year or so.

Yet, risks from inflation or a worse-than-expected housing slump could throw a wrench in the outlook, Bernanke said.

Overall inflation has showed signs of improving in recent months as once surging energy prices have calmed down. However, core prices -- which exclude energy and food and are closely watched by the Fed -- still remain "uncomfortably high," Bernanke said. Looking ahead, Bernanke said he expects those core prices to moderate gradually.

But he made clear the Fed will be keep a close eye on the matter, especially on labor costs, which can spark inflation if they grow rapidly.

Study shows Florida residents optimistic about economy

Florida consumers are bucking the national trend and are feeling good about the economy, according to a UF confidence report.

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Florida's consumers are feeling much better about the economy just as the holiday shopping season kicks off, University of Florida reported in its monthly confidence report Tuesday.

Overall, the index rose three points over the month to 93, with UF economists attributing the optimism to falling gas prices, low unemployment and maybe even the mid-term elections.

"Consumers in Florida are optimistic going into the holiday season," said Chris McCarty, who directs survey research for UF's Bureau of Economic and Business Research, which conducts the monthly survey.

Still, it's not clear whether that will translate into better sales for Florida retailers this winter. Most surveyed also said they don't plan to spend more on holiday shopping this year compared to last year, the same people said in another survey for UF's Miller Center for Retailing Education and Research released last week.

McCarty had expected the slowdown in the housing market and high levels of debt among consumers to curtail spending, but he hasn't seen any evidence of that yet, he said in a statement.

Consumer confidence rose across four of the five areas, which measure current and future perceptions about the local and national economy, as well as personal financial situations.

The only component that declined in the state index was whether it was a good time to buy big-ticket items.

Nationally, consumer confidence also declined for the second month in a row, the Conference Board reported in its monthly survey. Directors attributed the negativity to a tighter labor market and generally more guarded feelings on the part of U.S. consumers when looking at the short-term economic picture.

The overall Conference Board index stood at 102.9 in November, down from 105.1 in October.

University of Florida has been conducting its monthly survey for more than 20 years. It is measured on an index from 2 to 150. The research center conducts the survey randomly by telephone. This month, it had 426 responses, and the error rate was plus or minus 5 percent.