

BUSINESS NEWS

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Fed's Yellen expects no new financial crisis in 'our lifetimes'



LONDON (Reuters) - U.S. Federal Reserve Chair Janet Yellen said on Tuesday that she does not believe that there will be another financial crisis for at least as long as she lives, thanks largely to reforms of the banking system since the 2007-09 crash.

The Federal Reserve Board Chairwoman Janet Yellen speaks during a discussion at The British Academy President's Lecture in London, Britain, June 27, 2017. REUTERS/Hannah McKay

"Would I say there will never, ever be another financial crisis?" Yellen said at a question-and-answer event in London.

“You know probably that would be going too far but I do think we’re much safer and I hope that it will not be in our lifetimes and I don’t believe it will be,” she said.

Yellen said it would “not be a good thing” if reforms of the financial services industry since the crisis were unwound, and urged those who had helped manage the fallout at the time to be vocal in preventing such a dilution.

U.S. President Donald Trump has said during his election campaign that he would cut banking regulation. The U.S. Treasury Department earlier this month proposed easing up on restrictions big banks now face in their trading operations.

Yellen declined to comment when asked about her relationship with Trump but said she had a good working relationship with U.S. Treasury Secretary Steve Mnuchin.

She also reiterated her view that the U.S. central bank would continue to raise interest rates only gradually.

“We think it will be appropriate for the attainment of our goals to raise interest rates very gradually to levels that are likely to remain quite low, although there is uncertainty about this, to remain low by historical standards for a long time,” she said.

She said the stockpile of bonds the Fed amassed to help the U.S. economy through the crisis would be shrunk “gradually and predictably.”

Asked about share price valuations by a member of the audience, Yellen said “by standard metrics, some asset valuations look high but there’s no certainty about that.”

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