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U.S. ECONOMY

Fed Chairman Powell Says U.S. Economy Is 'In a Good Place' Despite Some Risks

Central-bank leader says Fed enjoys 'significant protections' from short-term political pressure

Federal Reserve Board Chairman Jerome Powell discusses monetary policy after the two-day meeting of the Federal Open Market Committee in September. PHOTO: PATRICK SEMANSKY/ASSOCIATED PRESS

By Nick Timiraos

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WASHINGTON—The U.S. economy faces some risks to growth but remains in a good place overall, Federal Reserve Chairman Jerome Powell said on Friday.

"Our job is to keep it there as long as possible," Mr. Powell said in opening remarks set for delivery Friday at a conference at the central bank's headquarters in Washington.

Mr. Powell and other Fed leaders hosted community and business leaders Friday for one of a series of listening sessions the central bank has conducted as part of a review of its monetary-policy framework.

Fed officials began deliberations around any changes at their meetings in July and September and are set to announce any findings and decisions in the first half of 2020.

Earlier Friday, the Labor Department reported that employers added 135,000 jobs in September and that the unemployment rate fell to 3.5%, a 50-year low.

“One clear takeaway of the [listening] sessions so far is the importance of sustaining our historically strong job market,” Mr. Powell said Friday.

Mr. Powell announced plans to conduct the review last fall. Since then, President Trump has ramped up his criticism of the central bank, demanding more stimulus from the Fed.

Without responding directly to those criticisms, Mr. Powell said Friday the Fed had an obligation to clearly explain what it does and why because “Congress has granted the Federal Reserve significant protections from short-term political pressures.”

The review is focusing on whether the Fed should tweak its policy strategy to allow inflation to rise above the central bank’s 2% target more often as officials grapple with the prospect that interest rates are likely to remain much lower than they have in the past.

Low rates leave the Fed less room than in the past to cut rates in a downturn and increase the possibility they might be pinned near zero for longer in future recessions. In each of the last three downturns, the Fed lowered its benchmark by roughly 5 percentage points.

This year, the Fed has cut its benchmark rate twice—most recently last month to the current target range of 1.75% to 2%—to guard against the risk of a sharper-than-expected slowdown amid weaker global growth and rising trade and geopolitical uncertainty.