

Federal Reserve Bank of Cleveland president gives economic forecast at Chamber luncheon

Christian Morrow



LOOKING FORWARD—Federal Reserve Bank of Cleveland President Loretta Mester tells the African American Business Luncheon crowd the region is more poised for growth than others.

As it's President and CEO Doris Carson Williams notes The African American Chamber of Commerce of Western Pennsylvania is all about improving opportunities for African American business owners and professionals.

Part of that mission includes providing the best in economic forecasting for its members. So Williams was pleased to welcome Federal Reserve Bank of Cleveland President Loretta Mester as the keynote speaker for the chamber's annual Business Luncheon Nov. 16.

Though not necessarily an economic prediction, Allegheny County Executive Rich Fitzgerald in his welcoming remarks alluded to the results of the presidential election by stating that Pittsburgh would continue to be a "welcoming city for all."

"We are a city of bridges and we will continue to be," he said. "Because the opportunities here are unparalleled by any region in the country."

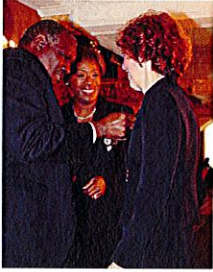
For her part, Mester said it is too early to speculate on what President-elect Donald Trump's economic agenda will mean for the business climate. She said the federal reserve will continue its mission to foster growth and keep inflation down. Mester said that means 2 percent inflation and full employment.

Following a 0.25 raise in December 2015, the Fed planned four increases throughout this year—it made none.

Mester told the 300 or so attending the chamber luncheon that she supported the Fed approving a raise in interest rates sooner rather than later because "monetary policy

affects the economy with long and variable lags, so policy actions have to be taken before our policy goals are fully met.”

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COMMUNITY PARTNERS—African American Chamber Board Chair Samuel Stephenson and President and CEO Doris Carson Williams give speaker Loretta Mester the customary Chamber pin.

“If we delay too long and then find ourselves in a situation where the labor market becomes unsustainably tight, price pressures become excessive, and we have to move rates up steeply, we could risk a recession, a bad outcome that disproportionately harms the more vulnerable parts of our society,” she said.

“I view a small step up in interest rates as appropriate—not because I want to curtail the expansion, but because I believe it will help prolong the expansion.”

Mester also lauded the region for its economic diversification, aiming it less vulnerable to major swings in the economy. She also said the the region’s well-educated work force is a draw to new businesses—some of which are already raising wages in the competition for talent.

Mester said she expects new growth in the energy field locally, as recent oil price hikes indicate the global energy glut is abating. The local “investment in human capital” made by universities and trade training programs will enable more individuals to take advantage of the increasing opportunities.

For that she also thanked people like Williams, Fitzgerald, the business and foundation community.

“Effective leadership has also been a driver in the region’s success,” she said.