

## **Fed Will Be in Watch Mode in 2011**

The Federal Reserve is likely to continue its bond-purchase program up to a scheduled expiration in June, due to recent improvement in the economy.

The central bank, which views the economic data of the past several weeks as vindication of its move to buy \$600 billion in Treasury bonds, will stop making purchases after June. It will remain in a holding pattern for 2011, monitoring the recovery and risk.

Also, Chairman Ben Bernanke wants to reign in the budget deficit, and the financial markets could force the issue by demanding higher interest rates for lending money to the federal government.

*Source: Washington Post, Neil Irwin (Jan. 6, 2011)*