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Bernanke Says Inflation to Remain Near Fed's 2% Target

By Jeff Kearns - Jul 18, 2012

Federal Reserve Chairman [Ben S. Bernanke](#) said inflation will probably remain at or below the central bank's 2 percent target after energy prices reversed their gains from earlier this year.

"The sharp drop in crude [oil prices](#) in the past few months has brought inflation down," Bernanke said today in testimony to a House committee, repeating written remarks to a Senate panel yesterday. Bernanke also said the Fed is ready to take further action to boost the recovery if necessary.

Fed officials project that inflation will be 1.2 percent to 1.7 percent this year, compared with the [Federal Open Market Committee's](#) 2 percent goal. Crude oil futures have declined 9.9 percent this year after posting a gain of as much as 11 percent in February. Oil for August delivery rose 0.2 percent to \$89.30 a barrel as of 9:30 a.m. in [New York](#).

"The [U.S. economy](#) has continued to recover, but economic activity appears to have decelerated somewhat during the first half of this year," Bernanke said in his remarks. He said the Fed is "prepared to take further action as appropriate to promote a stronger economic recovery."

The Standard & Poor's 500 Index rose 0.3 percent to 1,367.67 as of 9:57 a.m. in New York after climbing 0.7 percent yesterday. The yield on the 10-year Treasury note remained near a record low, losing three basis points, or 0.03 percentage point, to 1.48 percent.

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