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## Interest remains in place, for now

### Fed hints at future increase

BY WAYNE T. PRICE  
FLORIDA TODAY

The Federal Reserve on Tuesday aimed its weapon -- its power to raise interest rates for the first time in four years -- but it didn't pull the trigger. At least this time.

Fed officials said the economy's brisk performance and the growing threat of inflation likely will be just cause to bump up short-term interest rates, which are at a 46-year low, in the near future. Fed is even saying a rate increase is a good sign because the economy is performing well.

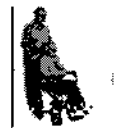
"Interest rates are going to rise, so businesses and consumers and households better get used to it," said **David Scott, executive director for the Dr. Phillips Institute for the Study of American Business Activity in Orlando.**

Higher interest rates affect auto loans, home mortgages and credit-card interest, as well as the rates consumers receive on bank savings accounts, money markets and certificates of deposit.

The Federal Open Market Committee, led by Alan Greenspan, Tuesday left the federal funds rate unchanged at 1 percent, where it has been since June. The funds rate is the Fed's primary tool for influencing the economy.

However, Fed policy-makers dropped a pledge they made at meetings in January and March to "be patient" in ordering any

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possible rate increases.

Economists and others see the wording change as a move by the Fed to begin to prepare for a rate increase.

"A forthcoming interest-rate hike is not necessarily a bad thing," said Greg McBride, senior financial analyst for Bankrate.com. "Rather, it's a vote of confidence for the improving fortunes of the economy."

"Business-condition indicators across the board are becoming more favorable every time they're released," **Scott** said. "This is the first time since 1999 that I've been able to say that. The Florida economy and the U.S. economy are going to have their best year since 1999."

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