

The Cloud of Interest Rate Uncertainty



Uncertainty over interest rates remains a short-term problem for the financial markets.

Yesterday's Federal Open Market Committee (FOMC) statement failed to calm the nerves of traders. Though traders were looking for more clarity, the June meeting statement only contained two notable changes from the May meeting statement. The committee altered its assessment of economic and labor market downside risks to "having diminished," from continuing to see those risks. The second change was the dissension of St. Louis Fed president James Bullard. Bullard thought a stronger defense of the committee's willingness to defend its inflation target was needed.

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