

Scaling a Wall of Worry

Written by Australian Business

CHICAGO--([BUSINESS WIRE](#))--In the July issue of *Themes on the Economy*[®], Mesirow Financial's Chief Economist shares unique takeaways from a recent trip to Europe. Diane Swonk heard the same concern raised in the U.S. markets: When will the Federal Reserve starting raising short-term interest rates? Swonk differs from her peers on when that will happen. She argues that the Fed's recent shift, "lowering its estimate of the 'norm' for short-term interest rates... has prompted us to buck the consensus; we expect rates to remain lower for longer than other forecasters do." Swonk reiterated, "Our forecast assumes that the Fed waits until the fourth quarter of 2015 to raise short-term rates."

That's not all. With her years of experience watching the Federal Reserve make policy, Swonk warns that preemptive action to tighten regulation is high on the Fed's list of things to do. "I don't think anyone fully appreciates just how far the Fed and regulators are willing to go to contain bubbles." Find out what Fed speak, like "macroprudential," really means.

Swonk says to look for other central banks to take a cue from the Bank of England's recent tightening of regulation, not rates, to curb the easy credit fueling the latest run-up in UK housing prices. For details and additional insight on monetary policy, read the July issue of [Themes on the Economy](#). [Archived issues](#) can be found at mesiorowfinancial.com.

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