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## Bernanke unlikely to show his hand on Fed easing

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By Mark Felsenthal

WASHINGTON (Reuters) - Anyone expecting Federal Reserve Chairman Ben Bernanke to outline bold new measures to boost flagging U.S. growth on Thursday is likely to come away disappointed.

Bernanke, who speaks at 1:30 p.m. Eastern, no doubt will nod to the drumbeat of disappointing news on the recovery, but he will likely avoid getting out in front of what is shaping up to be an epic brawl among Fed officials who differ widely over the need for further monetary easing.

"Given the level of opposition coming out of the woodwork, it will be very difficult for the chairman to pre-emptively announce any further moves for monetary policy," said Eswar Prasad, an economist at Cornell University.

Nor will the Fed chairman want to trespass on President Barack Obama's speech on job creation later on Thursday. If anything, Bernanke may renew his plea for fiscal authorities to do their bit to stimulate a more robust expansion by not choking off growth with overzealous austerity measures.

"The context is very useful to think about," said Prasad. "Since Obama is going to speak, the chairman saying that such (fiscal) measures could be helpful could be a significant one-two punch."

The Fed cut benchmark rates to near zero almost three years ago to pull the economy out of a sharp recession. It bought \$2.3 trillion worth of longer-term securities in two installments ending in June to boost faster growth.

But the recovery has faltered. The economy expanded at less than a 1 percent annual rate in the first half of the year, and looks to be doing no better now. A report on Friday showed job growth had stalled for first time in nearly a year.

With the confidence crumbling, the Fed on August 9 expanded on an earlier promise to hold short-term rates at rock-bottom levels for an extended period, saying it expected to keep them low at least through mid-2013.

Since then, evidence that already tepid economic growth may be giving out altogether has piled up. Employers added no new jobs on net in August, and the unemployment rate remained stuck at a 9.1 percent. Surveys of regional manufacturing, consumer confidence and housing activity showed disappointing softness.

So bleak are prospects that analysts at BNP Paribas now project the economy will contract by an annualized 2 percent in the last three months of the year.