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Fed's Bowman signals three rate Cuts as jobs growth slows

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WASHINGTON, Aug. 10 — U.S. Federal Reserve Vice Chair for Supervision Michelle Bowman said weak job growth in July strengthens the case for three interest rate cuts this year.

The latest Bureau of Labor Statistics data showed the economy adding just 73,000 jobs in July — far below forecasts — while the unemployment rate rose to 4.2% from 4.1% in June.

Speaking at the Kansas Bankers Association CEO & Senior Management Summit in Colorado, Bowman said a “proactive” shift toward a neutral policy stance from the current “moderately restrictive” level could prevent deeper labor market damage and reduce the risk of larger policy corrections later.

At its late-July meeting, the Fed kept its benchmark federal funds rate unchanged at 4.25–4.50%, where it has stood since last December. Bowman, one of only two officials dissenting from the decision, argued for easing sooner.

Many Fed policymakers remain cautious about cutting rates, citing risks that new tariffs on U.S. trading partners could fuel inflation. U.S. consumer prices rose 2.7% year-on-year in June—the fastest pace since February.

Bowman, however, described tariff-related inflation as a likely “one-time effect” and predicted price growth would return to the Fed’s 2% target once those pressures fade. She urged looking past temporary price spikes, noting that monetary policy works with a lag.

“Removing some policy restraint now can help avoid unnecessary weakening in the labor market,” she said.

The Fed’s final three meetings for the year are scheduled for September, October, and December, leaving the timing of any rate cuts a key question for markets and the broader economy.