



## US Fed warns Trump's tariffs may increase prices



American shoppers may face higher prices if US President Donald Trump goes ahead with some of his proposed tariffs, the US central bank has warned.

Business contacts in a number of districts had indicated that firms would attempt to pass on to consumers higher input costs arising from potential tariffs," the minutes said. The Fed minutes also revealed "elevated uncertainty regarding the scope, timing, and potential economic effects of possible changes to trade, immigration, fiscal, and regulatory policies".

"A couple of participants remarked that, in the period ahead, it might be especially difficult to distinguish between relatively persistent changes in inflation and more temporary changes that might be associated with the introduction of new government policies," the minutes added. The central bank left the key interest rate unchanged in a range of 4.25% to 4.5% in the January meeting, hitting pause after a string of cuts late last year.

The Fed's chair Jerome Powell has previously said the bank was not "in a hurry" to cut more, given significant uncertainty about where the economy might be headed. Analysts predict the Fed will likely cut the benchmark interest rate only once in 2025, with a big possibility of no rate cuts at all. Mr Powell previously told reporters that he had had "no contact" with Trump and the bank was focused on the data in setting rates.

But questions Powell faced about how the Fed is handling a new order from the White House to cancel diversity programmes - and why it had withdrawn from a global group of central banks focused on the risks of climate change to the financial system - underscored the challenges he will face keeping the bank above the political fray.