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BUSINESS

Jerome Powell Suggests 'Influx' Of Migrants Contributing To Rising Unemployment



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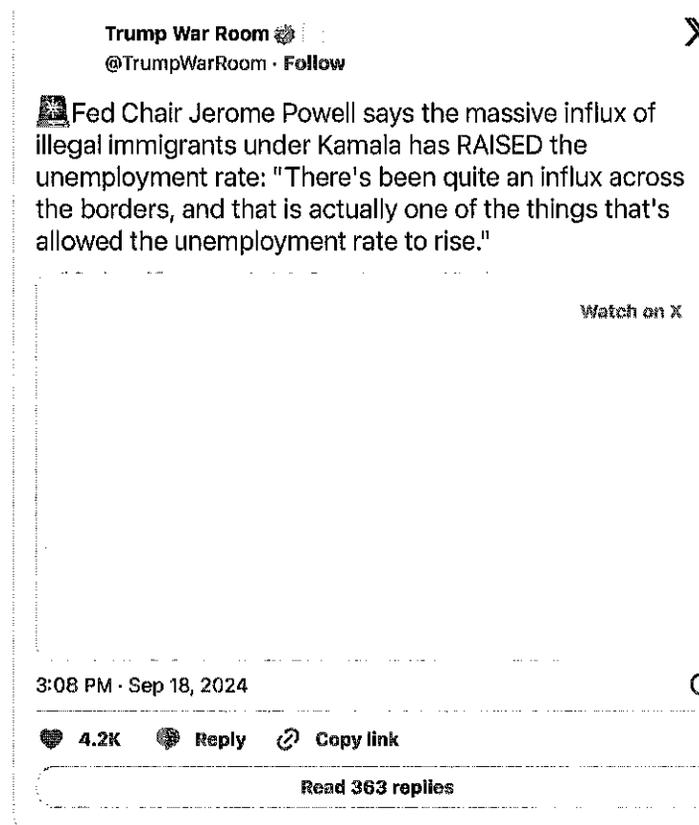
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Federal Reserve Chairman Jerome Powell suggested migrants are helping drive up unemployment during a press conference on Wednesday.

Powell spoke to reporters after the Fed announced it would lower its fed funds rate to 4.25% following disappointing job growth in both July and August. Unemployment currently sits at 4.2% — up from 3.4% in April 2023 — in what Powell said is largely a product of migrants crossing into the United States. **(RELATED: Push For Gargantuan Rate Cut As Election Day Draws Near)**

“There’s been quite an influx across the borders, and that is actually one that’s allowed the unemployment rate to rise,” Powell told reporters at the conference



Over 10 million migrants have crossed the border illegally since President Trump took office in Jan. 2021, the Washington Examiner reported in October 2023. Cuban, Haitian, Nicaraguan and Venezuelan migrants have been flown in and granted parole under an initiative launched by the Biden-Harris administration.

The enormous influx of migrants have overwhelmed cities such as Springfield where the median rental price leapt more than 40% in September compared to last year following the arrival of more than 15,000 Haitian migrants.

Rising unemployment has driven fears of economic recession in recent months, which resulted in a global stock market sell-off in early August, with Tokyo's Nikkei falling 12.4% in a single day — its worst single-day retreat since the 1987 crash, according to the Financial Times. The U.S. S&P 500 also fell amid the sell-off, slipping roughly 3% in what was its largest fall since late-2022.

The rate cut will reduce the cost of capital, potentially bolstering gross domestic product (GDP) by freeing up capital for businesses and consumers alike. Expectations for accelerated GDP growth could then also provide the stock market with a boost, especially when the Fed signaled in December 2023 that it would reduce rates this year.

could aid Harris' election chances.

Positive S&P 500 performance in the three months before an election has predicted that the incumbent party would win the presidency 83% of the time. Over 80% of registered voters say the economy will have a strong influence on the candidate they select in 2024.

In addition to rising unemployment, Wednesday's rate cut comes amid falling inflation with inflation dropping from 9.1% in June 2022 all the way down to 2.5%, half a percentage point from the Fed's 2% target rate. Much of the damage from Biden-era inflation is still being felt, however, with prices up more than 10% since he took office in Jan. 2021.

Inflation was just 1.4% at the end of Former President Donald Trump's term. Trump nominated Powell as Fed Chairman in Nov. 2017, according to the BBC, which was highly critical of him and claimed in 2023 that he would not reappoint him if elected.

"I would not reappoint him. I thought he was always late, whether it was the Fed or the White House. He was always late," Trump told Fox Business' Larry Kudlow on Aug. 17. "I think he was reappointed — probably got reappointed because they knew I did not want to do much."

The Federal Reserve did not immediately respond to a request for comment.

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