

BUSINESS

Federal Reserve cuts key rate for first time this year

By Christopher Rugaber
The Associated Press

WASHINGTON » The Federal Reserve cut its key interest rate by a quarter-point Wednesday and projected it would do so twice more this year as concern grows at the central bank about the health of the nation's labor market.

The move is the Fed's first cut since December and lowered its short-term rate to about 4.1%, down from 4.3%. Fed officials, led by Chair Jerome Powell, had kept their rate unchanged this year as they evaluated the impact of tariffs, tighter immigration enforcement, and other Trump administration policies on inflation and the economy.

Yet the central bank's focus has shifted quickly from inflation, which remains modestly above its 2% target, to jobs, as hiring has grounded nearly to a halt in recent months and the unemployment rate has ticked higher. Lower interest rates could reduce borrowing costs for mortgages, car loans, and business loans, and boost growth and hiring.

"It's really the risks that we're seeing to the labor market that were the focus of today's decision," Powell said at a press conference following the Fed's two-day meeting.



JACQUELYN MARTIN — THE ASSOCIATED PRESS

Federal Reserve Chairman Jerome Powell speaks during a news conference following the Federal Open Market Committee meeting, Wednesday, at the Federal Reserve Board Building in Washington.

Still, Powell did not lay the groundwork for a rapid series of cuts, disappointing some investors. Fed officials, in a set of projections also released Wednesday, signaled that they expect to reduce their key rate twice more this year, but just once in 2026. Before the meeting, investors on Wall Street had projected five cuts for the rest of this year and next.

And Powell noted that the committee was pretty evenly split on whether to cut rates once or twice

more this year. As a result, he said that the projected cuts should be seen as more a "probability" than a "certainty."

Powell and the Fed "wanted to be noncommittal, wanted to be careful, and wanted to be data dependent and keep all their options open for future policy," said Matt Luzzetti, chief U.S. economist at Deutsche Bank.

The broad S&P 500 stock index ticked down 0.1% by the close of trading, while

the Nasdaq also fell. The Dow Jones industrial average moved up 0.5%.

Just one Fed policymaker dissented from the decision: Stephen Miran, who President Donald Trump appointed and was confirmed by the Senate in a rushed vote late Monday just hours before the meeting began. Miran preferred a larger half-point cut, but Powell told reporters there wasn't "very much support" for the bigger-size cut among Fed officials.

Nvidia CEO Huang says he's disappointed by China chip curbs

By Kelvin Chan
The Associated Press

LONDON » The CEO of Nvidia, which faces tight restrictions on selling its chips to China amid the U.S.-China battle over trade and tech, said he's disappointed about the situation.

Jensen Huang said he expects to discuss the latest developments with President Donald Trump at a state banquet hosted by the British government that they'll be attending on Wednesday night.

Santa Clara, California-based Nvidia, the world's most valuable company, is restricted from exporting, to China its most advanced chips, which are in demand for developing artificial intelligence. This week, Beijing regu-

lators also targeted the company, accusing it of antitrust breaches stemming from a 2020 acquisition of an Israeli tech company.

Adding to the problems, the Financial Times reported Wednesday, citing unnamed sources, that China's internet regulator is banning domestic tech companies from buying an Nvidia chip model tailored for the local market.

Asked about the report at a media briefing in London, Jensen Huang said he didn't have a reaction, but added, "I think that we could only be in service of a market if the country wants us to be."

China is the world's second biggest AI computing market and Nvidia has contributed more than most companies, he said.

Waymo's robotaxi expansion will get a Lyft in Nashville next year

By Michael Liedtke
The Associated Press

Robotaxi leader Waymo on Wednesday announced that its driverless vehicles will begin transporting passengers in Nashville, Tennessee, next year while heading in a new direction by teaming up with Lyft instead of its recent ride-hailing partner Uber.

The Nashville plan calls for robotaxi ride requests to initially be limited to Waymo's own mobile app before expanding on to Lyft's app later next year.

Waymo's decision to work with Lyft in Tennessee's biggest city means its robotaxis will now be available on the apps of the two largest ride-hailing services in the U.S.

As part of earlier expansions, Waymo is already dis-

patching robotaxis through Uber's app in Atlanta and Austin, Texas. Electric automaker Tesla has been testing a limited driverless service in Austin in an attempt to fulfill an ambitious plan that CEO Elon Musk has been pursuing for the past decade.

Even if it's in only one city, getting Waymo's industry-leading robotaxis on its app could help Lyft continue its recovery from the pandemic restrictions that decimated demand for rides. Uber bounced back from the pandemic more quickly, a comeback that has been reflected in both its financial results and market value, which has tripled since the end of 2019.

Lyft's stock price, in contrast, remains nearly 50% below where it stood at the end of 2019.

Amazon spends \$1 billion to increase pay and lower health care costs for US workers

By Anne D'innocenzio
The Associated Press

NEW YORK » Amazon says it's investing more than a \$1 billion to raise wages and lower the cost of health care plans for its U.S. fulfillment and transportation workers.

The Seattle-based company said Wednesday the average pay is increasing to more than \$23 per hour. Some of its most tenured employees will see an increase between \$1.10 and \$1.90 per hour. Full-time employees, on average, will see their pay increase by \$1,600 per year.

Amazon also said it will lower the cost of its entry health care plan to \$5 per week and \$5 for co-pays, starting next year. Amazon said that will reduce weekly contributions by 34% and co-pays by 87% for primary care, mental health and most non-specialist visits for employees using the basic plan.

Amazon has a global workforce of 1.5 million

workers.

Last December, seven Amazon facilities went on strike, an effort by the Teamsters union to pressure the e-commerce company for a labor agreement during a key shopping period.

That same month, Amazon reached a settlement with the Occupational Safety and Health Administration that requires the online behemoth to adopt corporate-wide ergonomic measures at facilities across the country. The agency claimed hazardous working conditions led to serious lower back and other musculoskeletal disorders at Amazon facilities.

In January 2024, Walmart, the nation's largest private employer, said that average wages for hourly workers would exceed \$18, up from \$17.50. The increase was due to Walmart introducing some higher-paying hourly roles in its Auto Care Centers last year, among other changes, the company said.

Amid bankruptcy, some Publishers Clearing House winners are facing the end of 'forever' prizes

The Associated Press

NEW YORK » For decades, Publishers Clearing House doled out hefty checks on the doorsteps of hopeful consumers across the U.S., including prizes that boasted lifetime payouts. But some of those winners are now facing an end to the "forever" money they were once promised.

The turmoil arrives amid PCH's ongoing bankruptcy process. The sweepstakes and marketing company filed for Chapter 11 in April, citing growing financial strain that spanned from rising operational costs and changes in consumer behavior.

In July, gaming platform ARB Interactive purchased certain assets from PCH for \$7.1 million and established "PCH Digital," a new platform that hosts sweepstakes opportunities. But under the terms of that deal, ARB says it's not responsible to pay out prizes issued by PCH prior to July 15 — meaning that the company will not pay people who won sweepstakes before that

date, with an exception of two unawarded "Super-Prizes" still being promoted.

In a statement sent to The Associated Press, ARB recognized the disappointment for past winners that it said was caused by the bankruptcy process — and noted that it was "committed to restoring and preserving the trust" of the PCH brand going forward.

ARB added that it was "taking decisive steps to ensure that every future prize winner can participate with absolute confidence." The company pointed to plans for a paying structure "that stands separate from ARB to ensure that all future PCH prizes are honored, regardless of ARB's financial status."

It wasn't immediately clear how many past winners of PCH sweepstakes were no longer seeing "forever" checks. At the time of April's Chapter 11 filing, PCH listed 10 unidentified prize winners among its creditors with the largest unsecured claims — totaling millions of dollars, court documents show.

WHAT THE FED RATE CUT WILL MEAN FOR YOUR FINANCES

The Federal Reserve cut its benchmark interest rate Wednesday for the first time in nine months. Since the last cut, progress on inflation has slowed while the labor market has cooled. That means Americans are dealing with both high prices and a challenging job market.

The federal funds rate, set by the Federal Reserve, is the rate at which banks borrow and lend to one another. While the rates that consumers pay to borrow money aren't directly linked to this rate, shifts in Fed policy affect what people pay for credit cards, auto loans, mortgages, and other financial products.

Wednesday's quarter-point cut is the first since December and lowers the Fed's short-term rate to about 4.1%, down from 4.3%. The Fed projected it will cut rates two more times before the end of the year.

The Fed has two goals when it sets the rate: one, to manage prices for goods and services, and two, to encourage full employment. This is known as the "dual mandate." Typically, the Fed might increase the rate to try to bring down inflation and decrease it to encourage faster economic growth and more hiring. The challenge now is that inflation is higher than the Fed's 2% target but the job market is weak, putting the Fed in a difficult position.

"The dual mandate is always a balancing act," said Elizabeth Renter, senior economist at personal finance site NerdWallet.

Here's what to know:

A cut will impact mortgages gradually

For prospective homebuyers, the market has already priced in the rate cut, which means it's "unlikely to make a noticeable difference for most consumers at the time of the announcement," according to Bankrate financial analyst Stephen Kates.

"Much of the impact on mortgage rates has already occurred through anticipation alone," he said. "(Mortgage) rates have been falling since January and dropped further as weaker-than-expected economic data pointed to a cooling economy."

Still, Kates said a declining interest rate environment will provide some relief for borrowers over time.

"Whether it's a homeowner with a 7% mortgage or a recent graduate hoping to refinance student loans and credit card debt, lower rates can ease the burden on many indebted households by opening opportunities to refinance or consolidate," he said.

Interest on savings accounts won't be as appealing

For savers, falling interest rates will slowly erode attractive yields currently on offer with certificates of deposit (CDs) and high-yield savings accounts.

Right now, the best rates on offer for each have been hovering at or above 4% for CDs and at 4.6% for high-yield savings accounts, according to DepositAccounts.com.

Those are still better than the trends of recent years, and a good option for consumers who want to earn a return on money they may want to access in the near-term. A high-yield savings account generally has a much higher annual percentage yield than a traditional savings account. The national average for traditional savings accounts is currently 0.38%.

There may be a few accounts with returns of about 4% through the end of 2025, according to Ken Tumin, founder of DepositAccounts.com, but the Fed cuts will filter down to these offerings, lowering the average yields as they do.

Auto loans are not expected to decline soon

Americans have faced steeper auto loan rates over the last three years after the Fed raised its benchmark interest rate starting in early 2022. Those are not expected to decline any time soon. While a cut will contribute to eventual relief, it might be slow in arriving, analysts say.

"If the auto market starts to freeze up and people aren't buying cars, then we may see lending margins start to shrink, but auto loan rates don't move in lockstep with the Fed rate," said Bankrate analyst Stephen Kates.

Prices for new cars have leveled off recently, but remain at historically high levels, not adjusting for inflation.

Generally speaking, an auto loan annual percentage rate can run from about 4% to 30%. Bankrate's most recent weekly survey found that average auto loan interest rates are currently at 7.19% on a 60-month new car loan.

Credit card rate relief could be slow

Interest rates for credit cards are currently at an average of 20.13%, and the Fed's rate cut may be slow to be felt by anyone carrying a large amount of credit card debt. That said, any reduction is positive news.

"While the broader impact of a rate reduction on consumers' financial health remains to be fully seen, it could offer some relief from the persistent budgetary pressures driven by inflation," said Michele Raneri, vice president and head of U.S. research at credit reporting agency TransUnion.

"These savings could contribute to a reduction in delinquency rates across credit card and unsecured personal loan segments," she said.

Still, the best thing for anyone carrying a large credit card balance is to prioritize paying down high-interest-rate debt, and to seek to transfer any amounts possible to lower APR cards or negotiate directly with credit card companies for accommodation.

— The Associated Press



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Consumer credit cards are posed in North Andover, Mass.