

NEWS BRIEF

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Fed Raises Interest Rates By 0.75 Percentage Points to Fight Inflation

On Wednesday, the Federal Reserve (Fed) increased interest rates by three-quarters of a percentage point, the largest hike since 1994. Fed Chair Jerome Powell signaled more interest rate hikes are still to come.

The U.S. inflation rate has increased by 8.6% over the last year, according to the Bureau of Labor Statistics. This has led to significant price increases across various consumer goods and caused the Fed to raise interest rates in an attempt to fight inflation.

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“Our overarching focus is using our tools to bring inflation back down to our 2% goal and to keep longer-term inflation expectations well-anchored.”

– Fed Chair Jerome H. Powell

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What’s Next?

Lowered inflation will likely be accompanied by slowed hiring rates. The Fed expects that these slowed hiring rates will cause unemployment to increase slightly and reach a rate of 3.7% by the end of 2022.

While this increase in interest rates will affect financial investments like student loans, car loans and mortgages, it is not going to remain this high forever. For now, individuals should be mindful of taking on

new financial obligations subject to these increased rates.

For more information on inflation, contact us today.