Title:
Fed Hikes Interest Rates Again

Word Count:
307

Summary:
Once again, interest rates continue to spiral upward. Will already squeezed Americans shake it all off and shop this Christmas season or will merchants be forced to slash prices to the bone? It gets interesting!

Keywords:
interest rates, credit cards, mortgages, car loans, debt relief, home equity loans, student loans

Article Body:
On November 1, 2005, the Federal Reserve Bank [Fed] raised interest rates one quarter of a percentage point. Since Summer 2004, outgoing Fed Chairman Alan Greenspan has been raising interest rates on a regular basis since hitting its low point of just 1%. Now at 4%, Greenspan is expected to raise rates two more times before exiting office in January 2006. Will the higher rates stave off inflation? Will the new Chairman continue Greenspan’s incremental adjustments upward or will he let rates level off? Speculation is rampant but there is one thing you can know for sure: you will pay more for many of life’s expenses.

A rate hike by the Fed means that you will likely pay more for something including:

Credit cards. Not known for showing much restraint, you can bet credit card companies will continue to jack up interest rates except for their best customers. Rates of 12, 15, and even 21% or more are reappearing.

Mortgage rates. Holders of fixed rate mortgages are fine, but those with variable rate mortgages will pay more. A lot more if they haven’t felt previous rate hikes and their mortgages are due for an upward adjustment. More money to pay mortgages means less money for disposable items.

Car loans. If you need a new car and can still find zero percent financing, then grab the offer. Car loans, personal loans, home equity loans, home equity lines of credit, loan consolidations, will all continue to increase.

Add in high fuel prices, anticipated hikes in medical costs, and Americans are getting squeezed. With the holiday season fast bearing down upon us, retailers will have to slash prices in order to attract customers who are holding a dwindling cash reserve.

For people not holding excessive debt, the Fed rate increase will be have little or no effect on them. For everyone else, the pinch is on!