

# New Haven Register

<http://www.nhregister.com/business/20170321/federal-reserve-interest-hike-a-mixed-bag>

## THE MIDDLETOWN PRESS

<http://www.middletownpress.com/business/20170321/federal-reserve-interest-hike-a-mixed-bag>

## THE REGISTER CITIZEN

<http://www.registercitizen.com/business/20170321/federal-reserve-interest-hike-a-mixed-bag>

# Federal Reserve interest hike a mixed bag

By **Luther Turmelle**, *New Haven Register*

IN PRINT ON MARCH 16 AND ON THE INTERNET MARCH 21, 2017

The Federal Reserve's second increase of its benchmark interest in the last three months is good news for some and bad news for others.

Last week's 0.25 percent increase is expected to be the first of at least three rate hikes this year. It is a sign of growing confidence in the U.S. economy, said Joseph Matthews, a financial adviser with the Wealth Management Division of Morgan Stanley in Fairfield.

"The increase is a by-product of an improving environment that will cause consumer confidence to improve," Matthews said.

An interest rate increase is the central bank's effort to guard against inflation as the economy improves, said David Cadden, a professor emeritus at Quinnipiac University's School of Business.

But while an interest rate hike by the Fed is a sign of confidence in the economy, Cadden said the consequences of the move include paying more for home mortgages and increased financing costs for other big-ticket item purchases.

"As the basic interest rate goes up, it percolates through all types of loan instruments," he said.

Consumers with variable-rate home loans should consider refinancing to a loan with a fixed-interest rate, Matthews said.

The impact that an interest rate increase has on investments depends upon what you are putting your money into, he said.

“Investors should be looking at the bond holdings they have in their portfolio,” Matthews said. “They could move to short or intermediate rate bonds or look to the international market. The interest payment on those bonds will adjust higher with the rate increase.”

Cadden said the Federal Reserve decision is good news for retirees who may have their money invested in certificates of deposit or other types of low-risk accounts. Banks typically follow a rate increase by the Federal Reserve by also raising the amount of interest they pay on customer accounts.