COLUMBIA THREADNEEDLE INVESTMENTS

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AFTER A FED FUNDS RATE HIKE, WHAT COULD HAPPEN TO OTHER INTEREST RATES IN THE ECONOMY?

%

Treasury yields tend to increase, which can affect many other lending decisions, like the prime rate.

MORTGAGES/ HOME LOANS

Adjustable-rate mortgage/home equity loans are linked to the prime rate. So, homeowners are likely to experience higher rates.

CREDIT CARDS

Interest rates on credit card balances are likely to increase.

STUDENT LOANS

Private student loans are linked to a higher FFR. Variable loans will increase first. Federal student loans are fixed and will not be affected.

CAR LOANS

A borrower's credit history has more of an impact on car loans than the FFRs, although car loans could be affected by higher Treasury yields.

CDS/SAVINGS RATE

Interest rates on bank savings and CDs could rise. But banks, which are flush with deposits, may not be quick to pass along the prime rate increase to savers.

Online banks, which are competing more aggressively for deposits, may increase those rates sooner.

Source: Columbia Management Investment Advisers, LLC

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