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Danielle Fleisher Explains Why Interest Rates are on the Rise

Interest rates are growing steadily and Danielle Fleisher sheds light on the reasons behind the incline.

SARASOTA, FLORIDA, UNITED STATES, June 12, 2018 /EINPresswire.com/ -- Not so long ago, high-interest rates were a result of bad or questionable credit. Thus, when someone with good credit borrowed money they were rewarded with a low-interest rate. This made the monthly payment for credit conscious people more affordable. It also lessened the amount that person paid overall for the product.

Unfortunately, that time of reward has become unattainable for most or is no longer an option altogether. Interest rates are on the rise and even those with good credit are facing the consequences of the fiscal hike.

Considering this, Danielle Fleisher has put together an explanation for the rising interest rates. Fisher claims that the rising interest rates are due to demand, inflation, and the Federal Reserve.

Demand

There was a time where there was one car per household. During that time, people lived in one, two, maybe three houses their entire life.

Plus, there was no such thing as a credit card.

There were still new cars to be sold and houses to be bought. Yet, the surplus of consumerism was meager, compared to today.

Now, it’s not uncommon for every member of the household over seventeen to have a car. Plus, people move, flip houses, and buy more than they need as an investment.

Then, there’s also the credit cards, which sometimes amount to more than a modest house.

Therefore, the demand for credit is high. People need it, or want it, to placate their desires. While Danielle Fleisher knows this isn’t our fault, demand is a large contributor to the rise of interest rates.

“The way our society is, it’s almost impossible for a household to get by with only one car,” Fleisher said.

So, now instead of having one car per household, there’s at least two, which usually means two lines of credit. Plus, the credit card bills and the mortgage, there’s an excess of credit lines feeding out of only one household.

Thus, the demand rises and so does the interest rate.

Inflation

While rising interest rates are a sign of a good economy, inflation is never a positive thing for the common consumer.

Of course, inflation is a necessary evil, that has existed for as long as the concept of legal tender.

Right now, inflation is a growing trend throughout the United States. Thus, the price of goods and services cost more.

So, people who are looking to buy anything with credit need to ask for more money. With people asking for more money, lenders raise the interest rate, so that they make more money too.

Federal Reserve

Kiplinger reported the Federal Reserve's current 2.8 percent yield is expected to reach 3.3 percent by the close of 2018.

Unfortunately, the Federal Reserve has a lot of input when it comes to the rise in interest rates. After all, if the government is making more money, it won't be long before the private sector follows suit.

Danielle Fleisher insists that the reason the Federal Reserve is upping their rate is to stay ahead of inflation. Yet, that can only work for so long, before it catches up to them.

To close, Danielle Fleisher is hopeful that this explanation shed some light on the rising interest rates. While it isn't a consolation, perhaps it will help people better understand the interworking of the overall economy. That way, people can prepare and use their newfound knowledge to their advantage.

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