

Two out of Five Investors Think Rising Interest Rates Should Halt

This week's **Sentiment Survey** special question asked AAI members whether the Federal Reserve should continue to raise interest rates. Respondents were split. Slightly more than two out of five respondents (42%) think the pause button should be hit. Many of these respondents think the Fed should wait to see additional data, that growth is slowing or that there isn't enough inflation to justify further monetary tightening. Approximately 35% believe more rate hikes are warranted. Many of these respondents think the economy can withstand further increases, inflation needs to be kept in check, rates need to be normalized or that raising rates will create room to respond to future economic problems. Others think rate hikes should continue but at a slower pace. About 13% of all respondents think future changes in monetary policy should be based either on the data or events abroad, as opposed to being based on a preset path.

Here is a sampling of the responses:

- "Yes, but at a slower rate. Inflation is the key. If potential inflation is going higher, then interest rates should rise."
- "No. Inflation seems to be in check and further increases could cause a recession."
- "It seems like this would be a good time to pause and wait for more economic data to determine the course of action going forward."
- "I believe they should watch the domestic and international economic indicators and decide as they go, data driven."
- "Yes ... if they can't get rates up, they will have no leverage when they actually need to lower rates."

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