

# INTEREST RATE *UP?*

**DON'T LET IT GET YOU DOWN!**

On the 29th of January 2014, South African Reserve Bank governor, Gill Marcus, announced that the interest rate would be increasing by 50 basis points. As if that's not bad enough, inflation is averaging at 6% and indications of an upwards trend are on the cards. The rand is very weak and foreign investment is scarce because of the threat of violent strikes, and the reality of corruption. Electricity costs more than ever before and the cost is still rising – it went up by 8% last year alone. And just when you thought it couldn't get any worse... yes, you guessed it: petrol prices have just increased again – by 39 cents per litre. This February, they will reach an all-time high. It all adds up.

So, is there a silver lining to this black storm cloud? Unfortunately not in the immediate future, but there is talk that things will start to improve in 2015, and according to Marcus, "in the longer run the sustained recovery in the US should be positive for the global economy". So for now it's best to prepare for further interest rate hikes.



## WHAT SHOULD YOU BE DOING TO COUNTERACT THE EFFECTS?

### DON'T EVEN THINK ABOUT BORROWING MORE MONEY!

And it goes without saying that now is a good time to cut back on unnecessary luxuries. Go through all your receipts for the month and be honest with yourself about what you really need and what you can do without, or at the very least replace with a more affordable alternative product or substitute service.

*And most importantly – keep your chin up and don't panic! If at all possible, save a little more whenever you can. Be sensible, and you'll be just fine.*

### PAY OFF ALL DEBT AS SOON AS IS HUMANLY POSSIBLE.

That way, you won't waste money on interest. So try to add a few hundred rands to your monthly repayments on your house/car/credit card. The quicker you can pay something off, the less interest you'll incur.

