How Federal rate hike, inflation are impacting South Floridians

“Everything is costed down to the gram, whatever loan that we may be using, so it is really a mathematical equation. It’s not by choice,” said Francis Lake, vice president of operations for Modern Restaurant Group, El Canyero Restaurant.

However, he said it was understandable for the restaurants to lose some of their overall profits.

“There’s a lack of people, you take care of your people and then at the end of the day, the brand will continue to thrive and maybe it’s bringing in as much money to the bottom line but we’re certainly driving it at a time when others don’t,” said Lake.

For the businesses that are struggling, experts say an increasing customer base and rising food prices are taking their toll, as customers change their spending habits.

“You have to try to save as much as you can just to get around because everything is going up, gas, food, living expenses,” Lake said.

Even the recent stock market trends at the pump, dining are still keeping a close eye on their remeke.

“Even though we’re in a down stock market trend, it’s still a good time to still save money and control costs,” Lake said.

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FAU professor weighs in on Fed rate hike

However, Florida Atlantic University’s College of Business chair of the Economics Department, Monica Guariglia, said the possibility will rollover and come down due to the reverse interest increases.

“No more goal is cost down to the demand, said Guariglia. She said this could help eventually bring prices of everything down, by production, job growth and economic growth going down.

For consumers, the cost of borrowing increases up for credit card debt, car loan interest rates, home mortgage interest rates and student loan interest rates. Interest rates also go up for bonds and savings accounts.

The real estate rate increase of 1.5% to the largest one over since the increased last month.

“You’re seeing now in the housing prices are starting to go down a little bit because people are saying, is the cost of borrowing the money to buy that house too high,” said Guariglia.

She says there could be more increases in the future.

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She said with fewer people and businesses taking out loans and more people placing their money in savings accounts and bonds, spending will likely go down.

“When the interest rates go up, the whole idea is to cool down demand,” said Guariglia. “When we start seeing demand coming down, then businesses start seeing that the inventories are piling up and they’re not moving the inventory so that’s why we start seeing sales and therefore the price of good and services start coming down,” said O’Keeffe.

“The ones who have a fixed cost, they’re going to look where in inventories aren’t seeing them on that investment to earn some type of interest and some individuals who want to consume more, they’re going to start thinking twice because the cost of borrowing is going up, so it’s going to force a little bit more self-consciousness that we’re going out and buying that that is going to be a higher cost we have to think twice and why do it,” said Guariglia.

However, she said while these factors have been inflating, the war in Ukraine and current supply chain issues could make it harder to impact inflation levels.