

ON-SCREEN TEXT: Wells Fargo, Federal Open Market Committee Decision – V1 with questions. Brian Rehling, Co-Head of Global Fixed Income Strategy, Wells Fargo Investment Institute. September 18, 2019.

ON-SCREEN TEXT: Why did the Federal Reserve cut rates?

>> Rehling: Well, the Fed is preparing for a potential slowdown in the economy, and a cut in the short-term federal funds rate can make some loans cheaper, which may help keep the economy strong.

ON-SCREEN TEXT: How does this affect loans/credit card debt?

>> Rehling: Since the Fed controls short-term interest rates, payments that are tied to short-term interest rates — such as credit cards — may go down. If a mortgage rate is fixed, changes in interest rates usually do not impact the monthly payments.

ON-SCREEN TEXT: Does this impact mortgage rates for purchasing a home?

>> Rehling: Well, it's important to know that most mortgage rates closely track long-term interest rates, so what the Federal Reserve does will not likely impact the current mortgage rate.

ON-SCREEN TEXT: Does this impact an adjustable rate mortgage?

>> Rehling: A rate cut can impact an adjustable rate mortgage. That will depend on when and how often adjustable rate mortgages reset.

ON-SCREEN TEXT: How does this impact savers?

>> Rehling: Yeah, since savings accounts are linked to short-term interest rates, they're going to make less money.

ON-SCREEN TEXT: How will this impact 401k/retirement savings?

>> Rehling: This will most likely not directly impact retirement savings unless the majority of your savings are linked to short-term interest rates.

ON-SCREEN TEXT: Looking ahead, what is your outlook for the rest of the year?

>> Rehling: We see a lot of uncertainties, but having a mix of stocks, bonds, and cash is important for a diversified portfolio.

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