

Opinion  
Poll

## Effects of U.S. Interest Rate Increase

## Executive Summary

- ❑ **64** percent of respondents were males and 36 percent were females.
- ❑ Arabs comprised 79 percent of respondents, and the remaining **21** percent were non-Arabs.
- ❑ The 30-39 age group ranked first (**36** percent), followed by the group aged 50 and above (**28** percent), then the 40-49 age group (**21** percent), and finally the 18-29 age group (**15** percent).
- ❑ Holders of undergraduate degrees comprised **47** percent of respondents, and holders of postgraduate degrees represented **53** percent.
- ❑ **66** percent of respondents believed that the reason for interest rate increase is to tamp down rising inflation in the United States.
- ❑ **64** percent of respondents trust to some extent the ability of central banks to control inflation by raising interest rates.
- ❑ The American economy is significantly affected by the following results of interest rate increase:
  - ❑ Strong dollar (**60** percent)
  - ❑ Decline in U.S. exports (**57** percent)
  - ❑ Increased demand for U.S. bonds (**55** percent)
- ❑ **The global economy is significantly affected by the following results of interest rate increase:**
  - ❑ A rise in interest rates in different countries of the world (**75** percent)
  - ❑ Increased fiscal, financial and trade deficits in developing economies (**66** percent)
  - ❑ Increased competitiveness of Asian exports, especially China's (**60** percent)
  - ❑ A decline in gold prices in international gold markets (**57** percent)
- ❑ **The Gulf economy is significantly affected by the following results of interest rate increase:**
  - ❑ It has led to an increase in the Gulf interest rates because Gulf currencies are pegged to the dollar (**72** percent)
  - ❑ An increase in the Gulf trade surpluses with a growing global demand for oil (**68** percent)
  - ❑ It has led to an increase in local inflation rates (**60** percent)
- ❑ **51** percent of respondents believed that the tight U.S. monetary policy will not continue until 2025?

## Introduction

TRENDS Research and Advisory conducted an opinion poll of economic experts and specialists on the effects of the U.S. interest rate increase enacted by the Federal Reserve (the U.S. Central Bank). The aim is to know their opinions about the reasons behind raising the interest rates and the potential repercussions of this decision on both the American and global economies.

The opinion poll included 6 questions as follows:

1. What are the reasons behind the US Federal Reserve implementing a tight monetary policy by increasing interest rates more than once, the last of which was in last July?
2. How much do you trust the ability of central banks to control inflation by raising interest rates?
3. To which degree do results of interest rate increase affect the American economy?
4. To which degree do results of interest rate increase affect the global economy?
5. To which degree do results of interest rate increase affect the Gulf economy?
6. Will the tight U.S. monetary policy continue until 2025?

## Goals

### The poll aims at

1. Understanding the reasons for interest rate increases by the Federal Reserve.
2. Gauging trust in the ability of central banks to control inflation by raising interest rates.
3. Gauging the degree to which results of interest rate increase affect the American economy.
4. Gauging the degree to which results of interest rate increase affect the global economy.
5. Gauging the degree to which results of interest rate increase affect the Gulf economy.
6. gauging whether the tight U.S. monetary policy will continue until 2025.

## Methodology

### **Data collection:**

Given the Covid-19 precautionary measures, data was collected electronically by posting the questionnaire on the TRENDS Research and Advisory website.

### **Sample:**

#### **a. Sampling method**

The Snowball Sampling method was used given the difficulty of reaching the target population. A link to the questionnaire was sent to people in the TRENDS Research and Advisory databases.

#### **b. Characteristics of the sample**

The sample consisted of experts and specialists in economics from different age groups and nationalities.

### **Questionnaire**

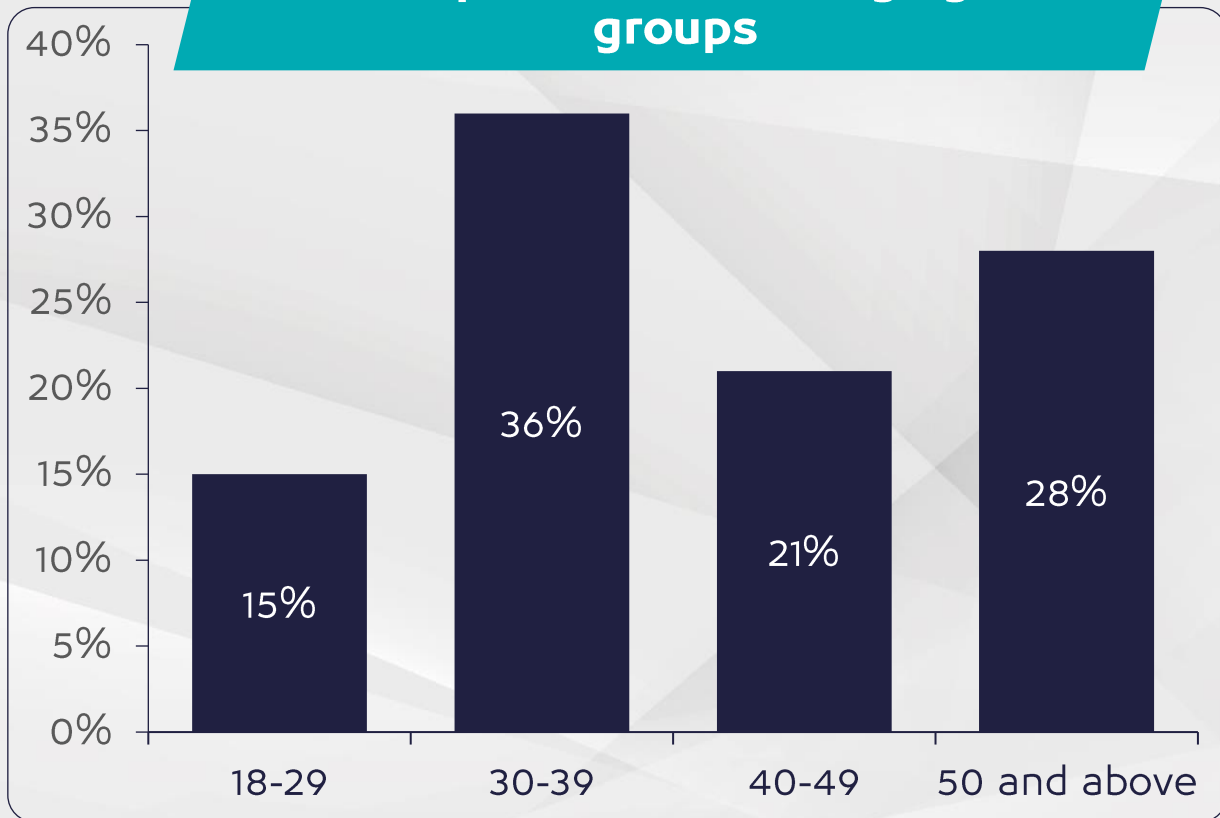
An electronic questionnaire was designed for this poll. It included six questions aimed at gauging the views of experts and specialists about reasons for interest rate increase and their effects on American and global economies.

### **Data Analysis:**

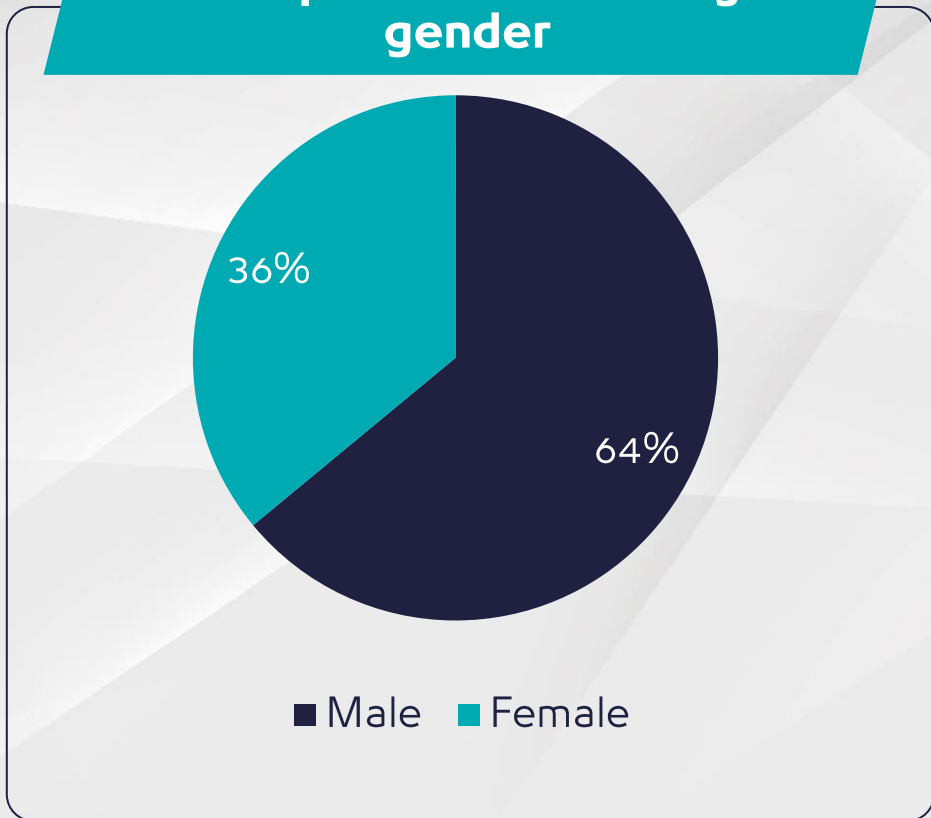
Data was analyzed using SPSS software, and Excel was used for data validation and analysis. Tables and charts were then created, and the statistical report was prepared.

## Sample distribution

### Sample distribution by age groups

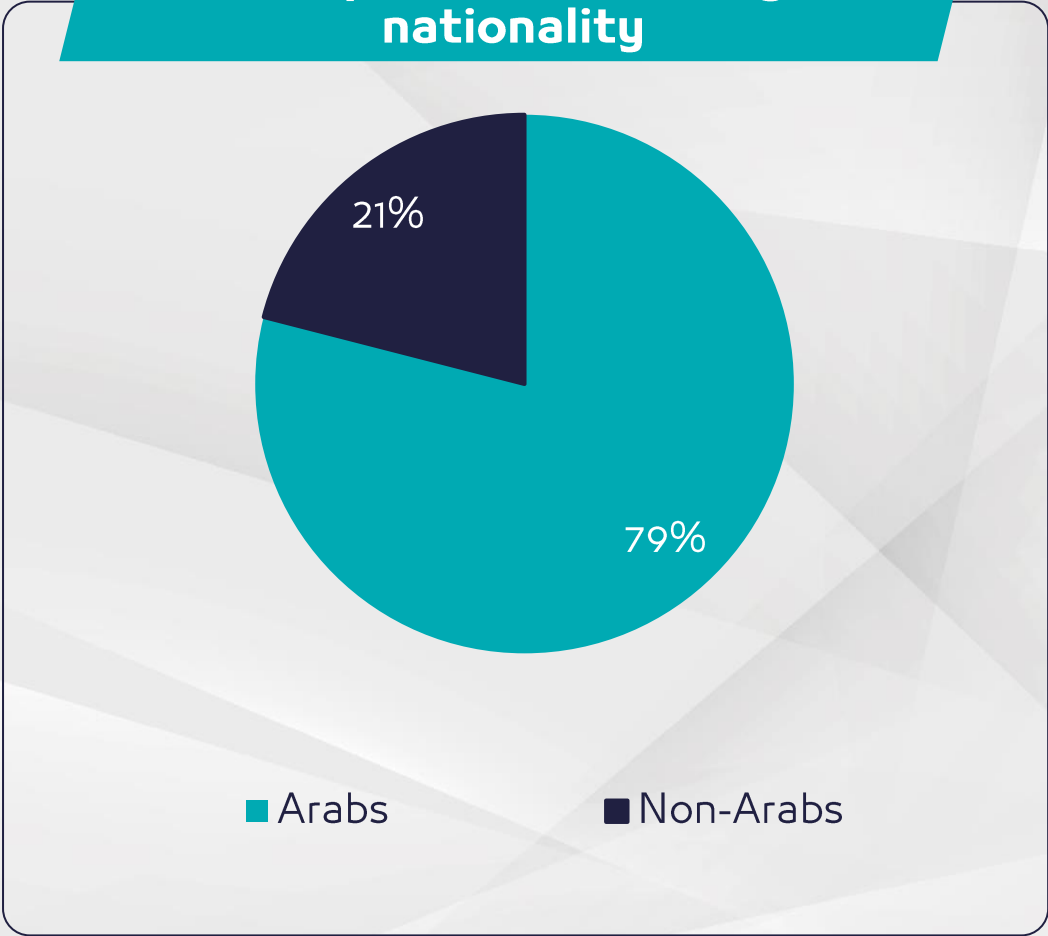


### Sample distribution by gender

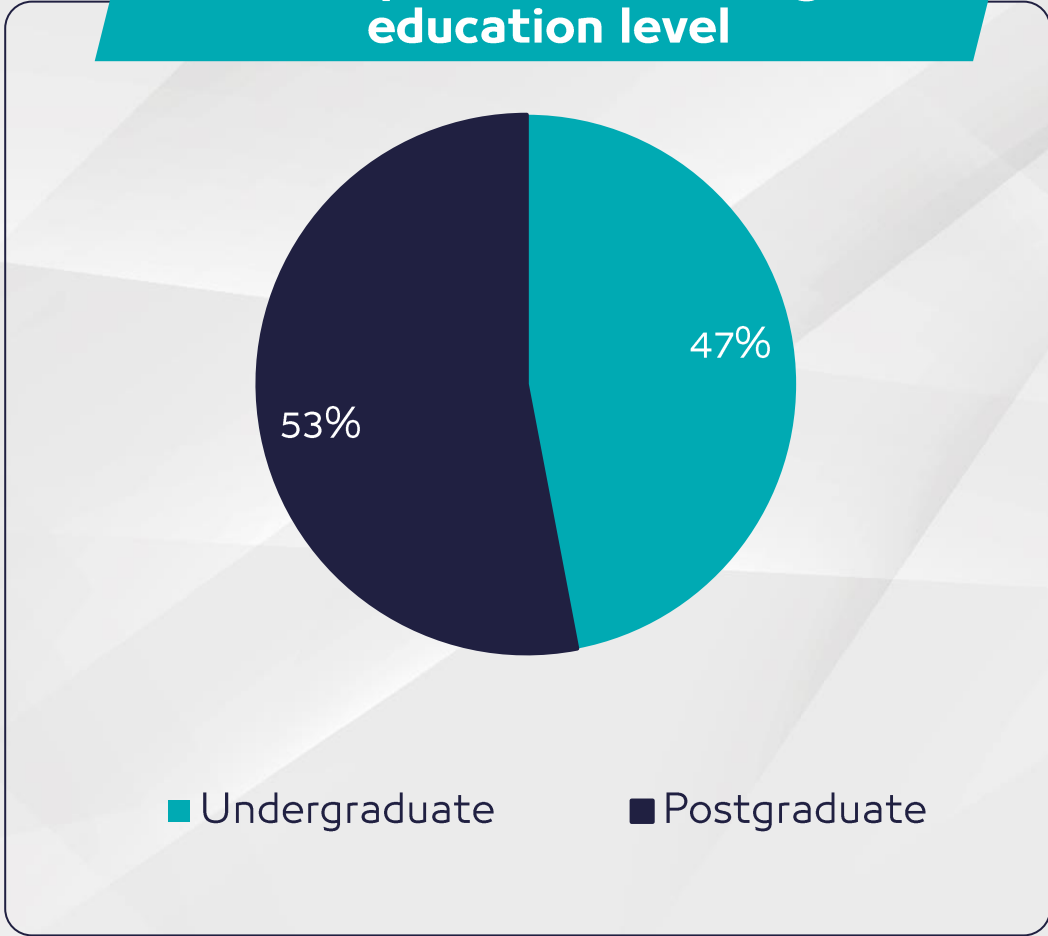


## Sample distribution

### Sample distribution by nationality



### Sample distribution by education level



## Reasons for interest rate increases by the Federal Reserve

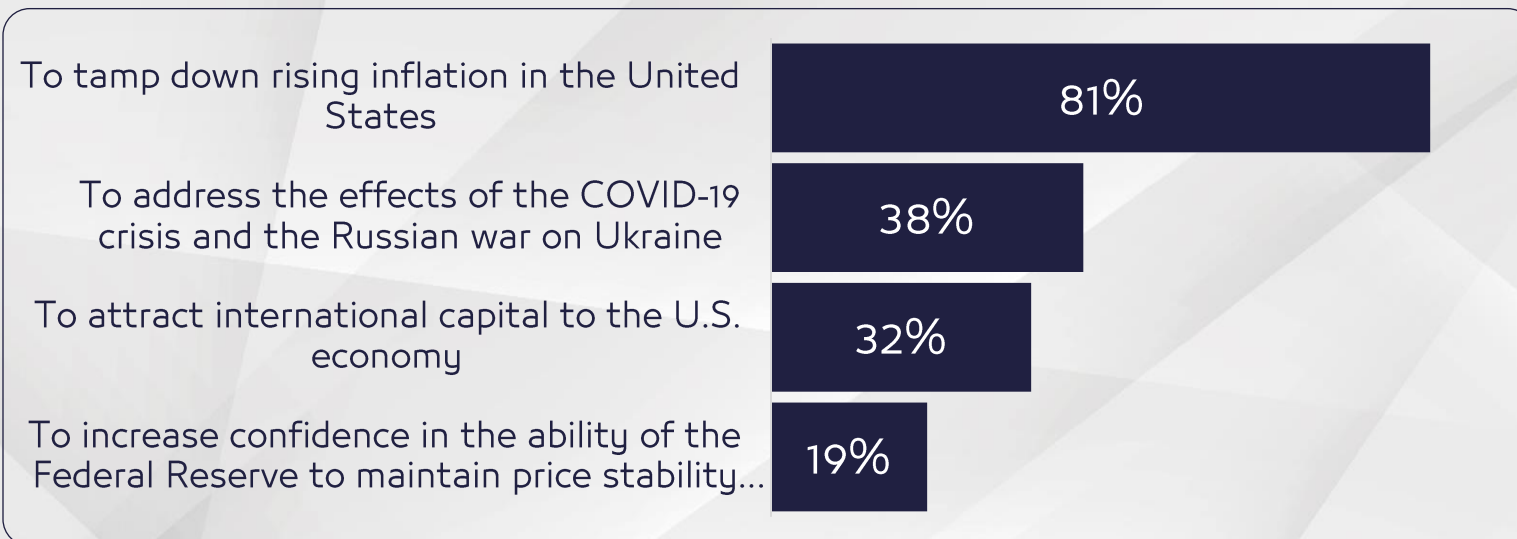
### Holders of undergraduate and postgraduate degrees

**36** percent of holders of undergraduate degrees and **45** percent of holders of postgraduate degrees believed that the reason for interest rate increase is to tamp down rising inflation in the United States.

### Arab and non-Arab respondents

**62** percent of Arab respondents and **19** percent of non-Arab respondents believed that the reason for interest rate increase is to tamp down rising inflation in the United States.

81 percent of respondents believed that the reason for interest rate increase is to tamp down rising inflation in the United States.



Multiple response question: percentage calculated separately for each index

believed that the reason is to tamp down rising inflation in the United States.



believed that the reason is to tamp down rising inflation in the United States.





## Trust in the ability of central banks to control inflation by raising interest rates

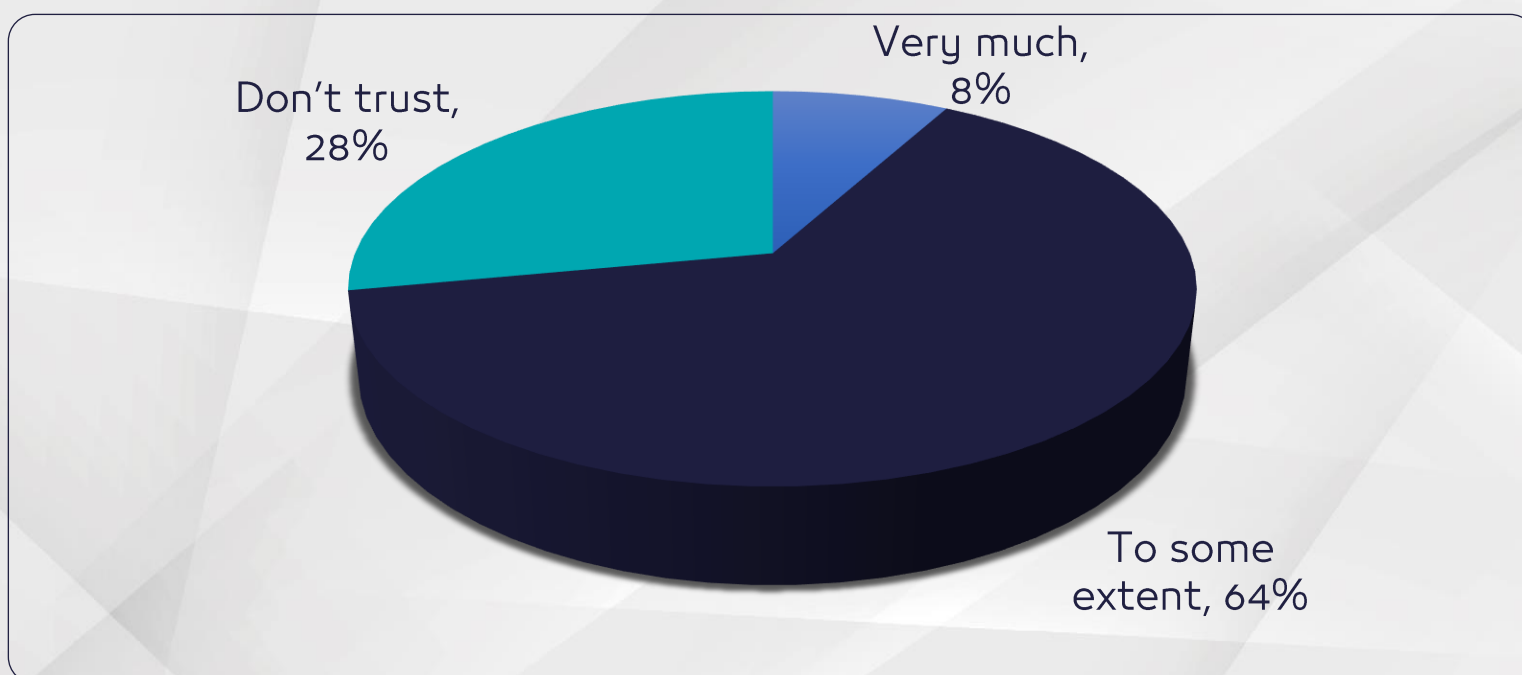
### Holders of undergraduate and postgraduate degrees

**76** percent of respondents holding postgraduate degrees and **50** percent of those holding undergraduate degrees trusted to some extent the ability of central banks to control inflation by raising interest rates.

### Arab and non-Arab respondents

**65** percent of Arab respondents and **60** percent of non-Arab respondents trusted to some extent the ability of central banks to control inflation by raising interest rates.

**64** percent of respondents trust to some extent the ability of central banks to control inflation by raising interest rates.



## Degree to which results of interest rate increase affect the American economy

### Holders of undergraduate and postgraduate degrees

**64** percent of respondents holding undergraduate degrees believed that the interest rate increase will result in a decline in U.S. exports.

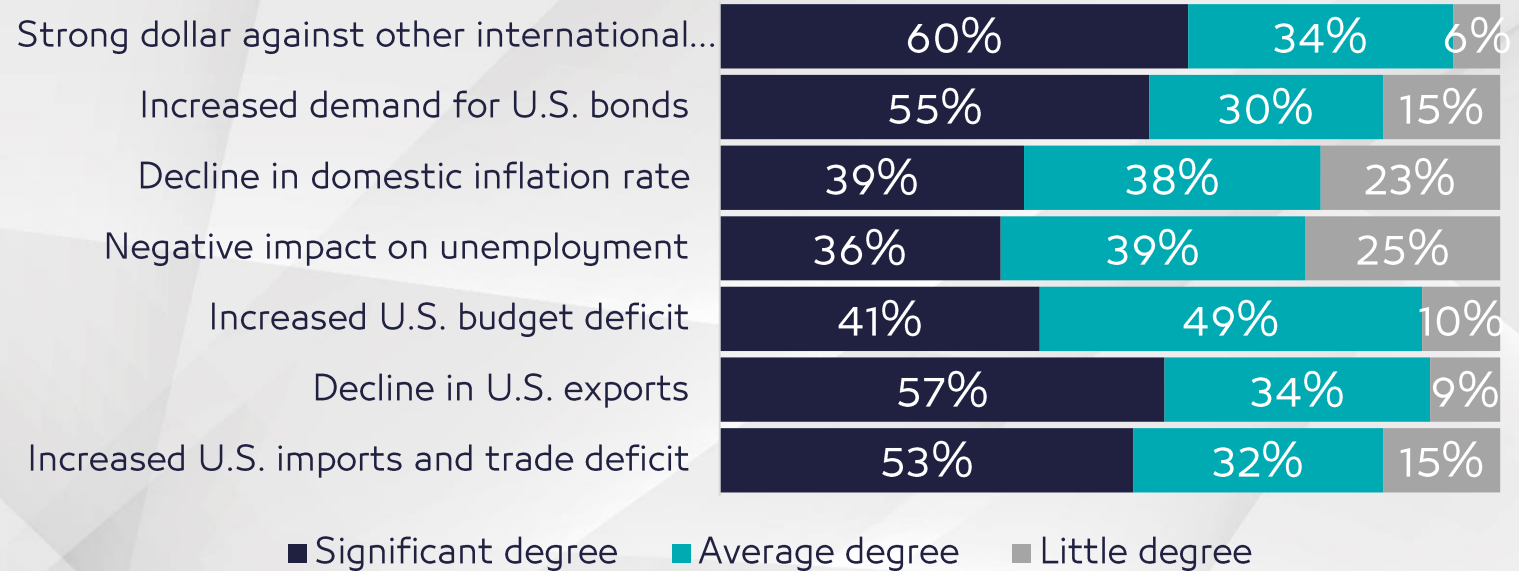
**68** percent of respondents holding postgraduate degrees believed that the interest rate increase will result in a strong dollar against other international

### Arab and non-Arab respondents

**62** percent of Arab respondents believed that the interest rate increase will result in increased demand for U.S. bonds.

**60** percent of non-Arab respondents believed that the interest rate increase will result in a strong dollar against other international currencies and a decline in U.S. exports.

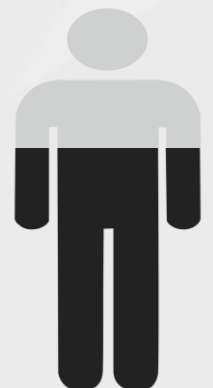
**60** percent of respondents believed that the interest rate increase will result in a strong dollar against other international currencies.



**77%** believed that the interest rate increase will result in a decline in U.S. exports.



**63%** believed that the interest rate increase will result in a strong dollar against other international currencies.



## Degree to which results of interest rate increase affect the global economy

### Holders of undergraduate and postgraduate degrees

**68** percent of respondents holding undergraduate degrees believed that US interest rate increase will result in increased fiscal, financial and trade deficits in developing economies and a decline in gold prices in international gold markets.

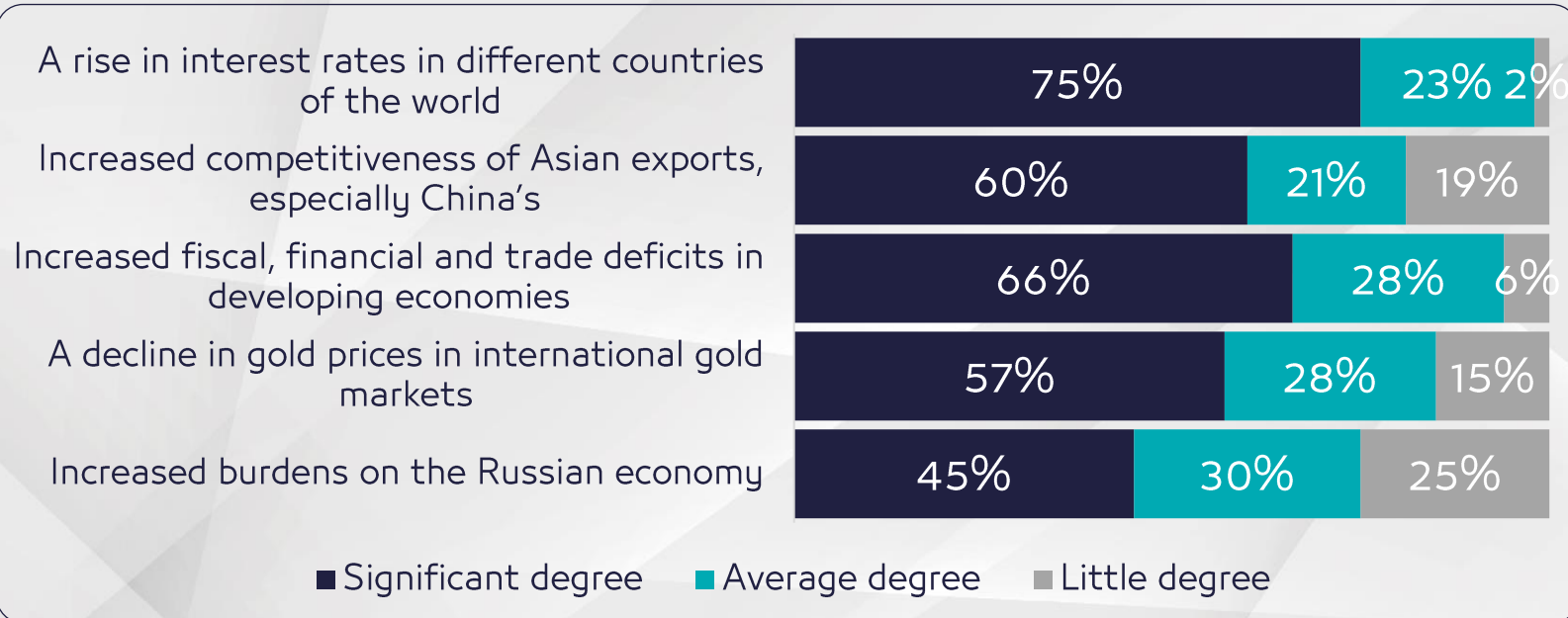
**84** percent of respondents holding postgraduate degrees believed that the US interest rate increase will result in a rise in interest rates in different countries of the world.

### Arab and non-Arab respondents

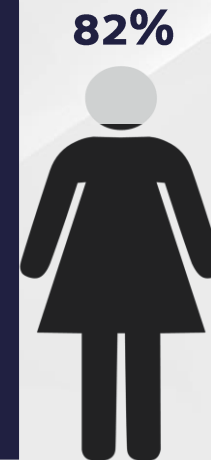
**73** percent of Arab respondents believed that the US interest rate increase will result in increased fiscal, financial and trade deficits in developing economies.

**90** percent of non-Arab respondents believed that it will result in a rise in interest rates in different countries of the world.

**75** percent of respondents believed that the US interest rate increase will result in a rise in interest rates in different countries of the world.



believed that the US interest rate increase will result in increased fiscal, financial and trade deficits in developing economies and a decline in gold prices in international gold markets.



believed that the US interest rate increase will result in a rise in interest rates in different countries of the world.



## Degree to which results of interest rate increase affect the Gulf economy

### Holders of undergraduate and postgraduate degrees

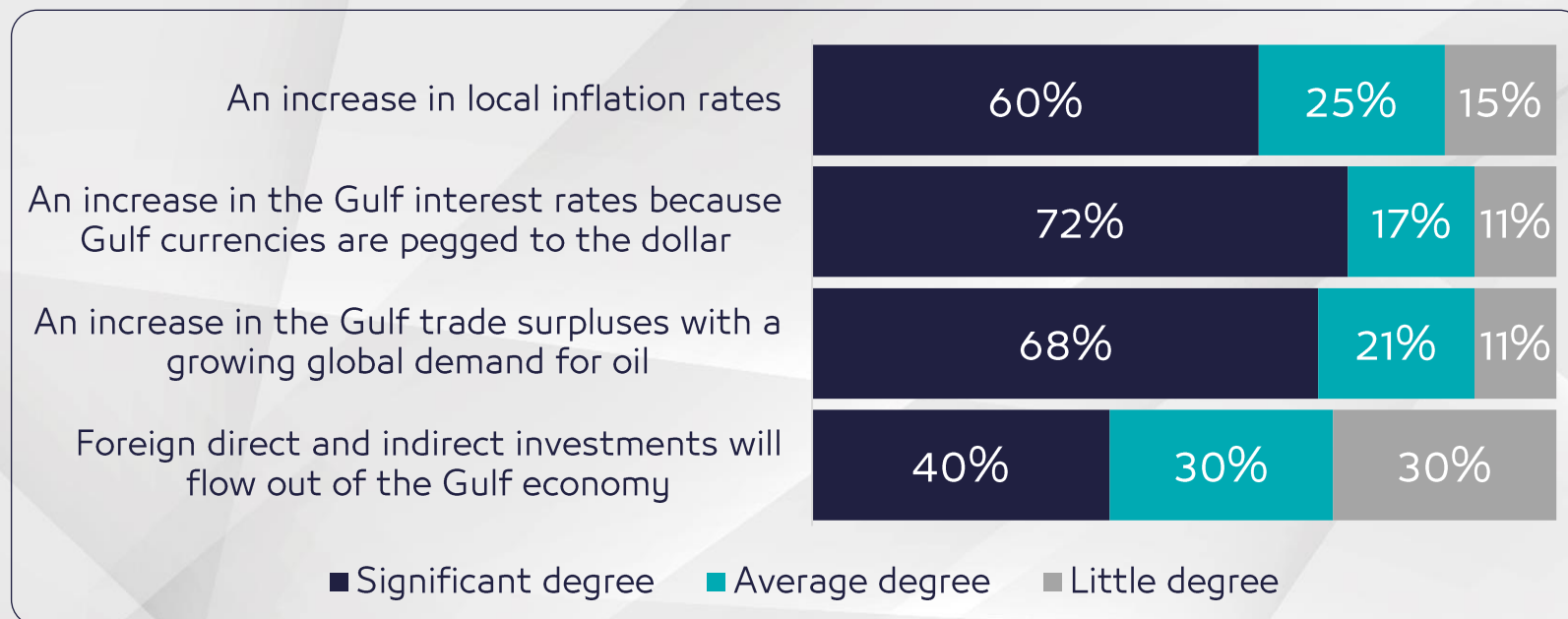
**82** percent of respondents holding undergraduate degrees believed that the US interest rate increase has led to an increase in the Gulf interest rates because Gulf currencies are pegged to the dollar.

**64** percent of respondents holding Postgraduate degrees believed that the US interest rate increase has led to an increase in the Gulf interest rates because Gulf currencies are pegged to the dollar as well as an increase in the Gulf trade surpluses with a growing global demand for oil.

### Arab and non-Arab respondents

**73** percent of Arab respondents and **70** percent of non-Arab respondents believed that the US interest rate increase has led to an increase in the Gulf interest rates because Gulf currencies are pegged to the dollar.

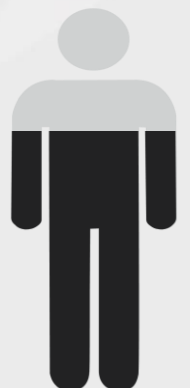
**72** percent of respondents believed that the US interest rate increase has led to an increase in the Gulf interest rates because Gulf currencies are pegged to the dollar.



**82%** believed that the US interest rate increase has led to an increase in local inflation rates as well as an increase in the Gulf interest rates because Gulf currencies are pegged to the dollar.



**67%** believed that the US interest rate increase has led to an increase in the Gulf interest rates because Gulf currencies are pegged to the dollar as well as an increase in the Gulf trade surpluses with a growing global demand for oil.



## Will the tight U.S. monetary policy continue until 2025?

### Holders of undergraduate and postgraduate degrees

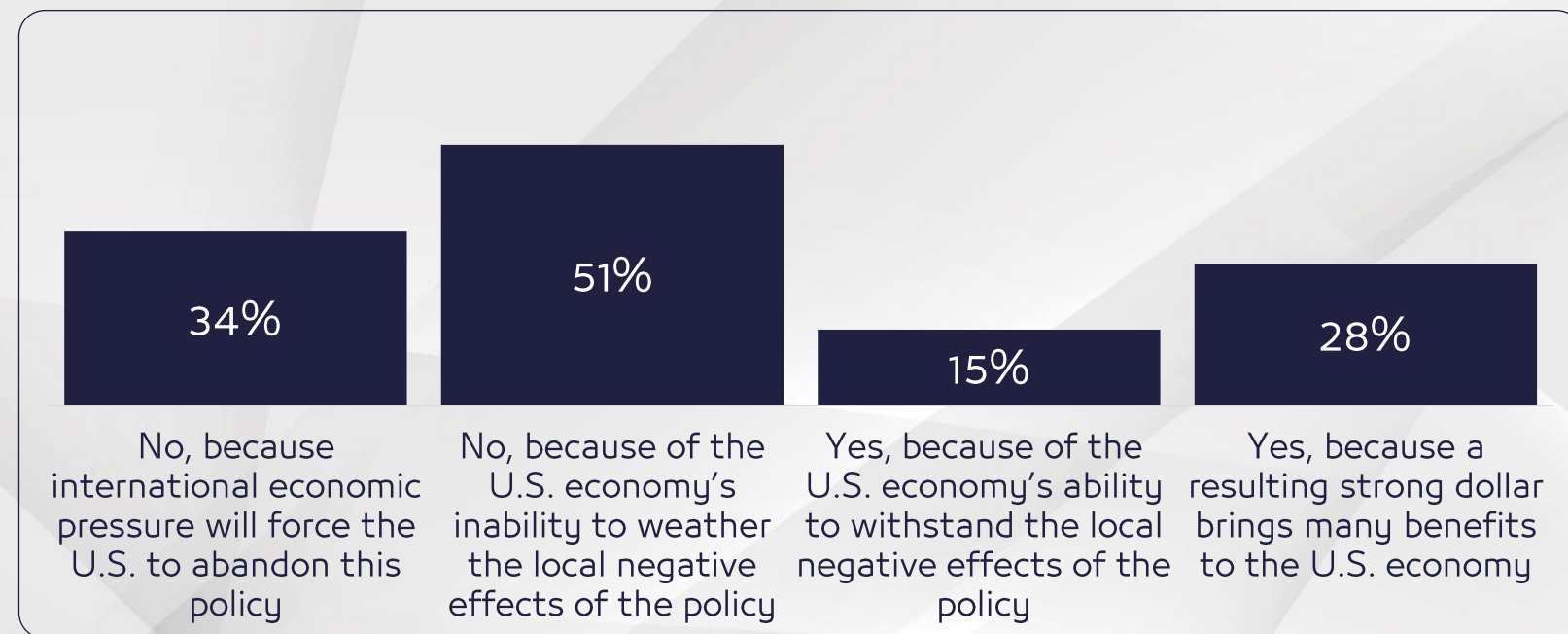
Respondents holding undergraduate degrees expected that the tight U.S. monetary policy will not continue for a long time because the U.S. economy is unable to weather its local negative effects (21 percent) and because the resulting international economic pressure will force the United States to abandon this tight monetary policy (21 percent).

30 percent of respondents holding postgraduate degrees expected that the tight U.S. monetary policy will not continue for a long time because the U.S. economy is unable to weather its local negative effects.

### Arab and non-Arab respondents

38 percent of Arab respondents and 13 of non-Arab respondents expected that the tight U.S. monetary policy will not continue for a long time because the U.S. economy is unable to weather its local negative effects.

51 percent of respondents expected that the tight U.S. monetary policy will not continue for a long time because the U.S. economy is unable to weather its local negative effects.



Multiple response question: percentage calculated separately for each index

15% expected that the tight U.S. monetary policy will continue for a long time because the resulting strong dollar brings many benefits to the U.S. economy.



38% expected that the tight U.S. monetary policy will not continue for a long time because the U.S. economy is unable to weather its local negative effects.

