



This Company Will Benefit From Rising Rates!

Description

As it has now been several days since the Bank of Canada announced an increase in interest rates, investors have had the opportunity to step back and consider what investments are worth keeping and what investments need to be reconsidered.

Although there are more opportunities in rising-rate environments than most investors realize, there is still one side of the coin that has yet to be discussed. As a result of higher interest rates, there is the possibility that more money will be spent on luxuries by certain subset of the overall population. The savers will now have more money to spend.

We must realize that for every dollar lent by a bank or borrowed by a client, there must be a dollar saved. Effectively, for every borrower, there is a saver, and for every saver, there is a borrower. Now that interest rates have increased, the borrowers will have to pay a greater amount of money to maintain the debt they owe.

The benefit for the economy may just be that responsible savers will also now be receiving a higher rate of interest on the money invested in fixed-income products such as bonds or guaranteed investment certificates (GICs). Assuming that those who are responsible enough to save money for retirement have also planned the amount needed for retirement, they may now have excess cash to spend. Given that interest rates have increased and investors will now receive a higher return from the fixed interest investments, it may lead to less money needing to be saved on a monthly or annual basis.

Since the higher rates will help diligent savers reach their magic retirement number, then more money that otherwise would have to be saved becomes available to be spent on a monthly or annual basis. The economy could be easily benefit from the savers now having more disposable income to spend.

For investors seeking an appropriate investment that can benefit from higher rates of interest, shares of insurance companies such as **Manulife Financial Corp.** ([TSX:MFC](#))([NYSE:MFC](#)) may be the most attractive investment currently available.

For close to a decade, the company was forced to make due with significantly lower rates of return on the capital which had to be invested as “liquidity first” to ensure the funds were available to pay out the

claims put forth by clients. Essentially, the company, which holds a high amount of capital in fixed-income investments, is now in prime position to benefit from increasing interest rates.

While many consumers and companies alike will take the increase in rates as a headwind, there will always be some who benefit from the misfortunes of others. Enjoy the 3.25% dividend from Manulife Financial Corp.!

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)

PARTNER-FEEDS

1. Msn
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