Why Did the US Federal Reserve Raise Interest Rates Again?

The **US Federal Reserve** has raised its benchmark interest rate by **25 basis points to 3.75%-4%**, marking its first rate hike since 2023. The move comes as **US inflation remains elevated**, with the Fed still targeting 2% inflation. Despite strong consumer spending, productivity and business investment, policymakers remain concerned about persistent price pressures and higher energy costs.

The decision could make **loans, mortgages and credit more expensive**, while potentially improving returns for savers. For global markets, including India, higher US interest rates can also influence capital flows, bond yields and currency movements. The Fed's projections suggest **another hike could come in 2026**, keeping global investors focused on the US inflation outlook.

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