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The Great Re-Tightening: Why 20 Central Banks Raised Interest Rates in 13 Weeks

& What It Means for Businesses

By **Manasee Kurlekar** | November 21, 2026



In just 13 weeks, 20 countries have made borrowing more expensive. You don't need to follow finance to feel it. Here is what is happening, in plain English.

If your loan payment went up this autumn, or your bank suddenly offered a better rate on your savings, you have already met the story. Since late August, 20 central banks have raised

interest rates. The list includes the US, the euro area, Japan, the UK, Canada, Australia, South Korea, Indonesia, Egypt and many more.

It is the biggest wave of rate rises since 2022, and it caught most people by surprise. In the spring, the talk was of rates coming *down*. Here is what changed, and why it matters to you.

What and Why "Rate hike"?

Every country's central bank sets one key interest rate, which works like the ***base price of money in that country (or region, like Euro)***

When the central bank raises that rate, banks pay more to borrow, so they charge you more too. Loans, credit cards and many home loans get more expensive. Banks also tend to pay you a little more on your savings.

The point is to cool things down. When money costs more, people and companies borrow and spend a bit less. That eases the pressure on prices. It is a brake, not an accelerator.

Why are so many countries doing it at the same time just now?

There are two main reasons.

1. Oil got expensive, and that pushed up prices of almost everything. The conflict in the Middle East disrupted oil supplies this year. Crude oil went above $117 a barrel in late October. Oil isn't just petrol: it goes into transport, flights, plastics, fertiliser and food delivery. When oil jumps, prices of many everyday things follow a few months later. In the UK, price rises (inflation) went from 2.6 per cent in June to 3.5 per cent in September, and are expected to near 5 per cent by mid-2027. In Sri Lanka, inflation is above 8 per cent.

Oil has since come down to about $92. But central banks worry that the earlier jump is still working its way into prices and wages. So they are raising rates now to stop it from becoming a habit.

2. Some countries are protecting their money. When the US raises its rates, the dollar tends to get stronger and other currencies get weaker. A weaker currency makes everything a

country imports, from fuel to phones, more expensive. Indonesia's rupiah hit a record low this week, so its central bank raised rates even though prices there weren't rising fast. The Philippines, Pakistan and Uganda have done something similar. Uganda raised its rate by a huge 2.25 points in a single emergency meeting.

What it means for you

Your loans. If you have a loan with a rate that changes, such as many home loans, car loans and credit cards, your payments go up. As a rough rule, every 0.25-point rise adds about 15 a month for every 100,000 you have borrowed over 25 years, whatever your currency (see the chart below). Australia has raised rates five times this year. A family there with a variable home loan is paying roughly 75 more a month per 100,000 borrowed than in January.

Your savings. This is the good news. Banks usually pass on some of the rise to savers, though often slowly and not in full. Every extra percentage point on 100,000 of savings is about 1,000 more a year in interest. Shopping around matters more than usual right now.

Your shopping bill. Rate rises are meant to slow price increases, but they work slowly, usually over a year or more. So for now you may face higher rates *and* higher prices together. In countries whose currencies are falling, imported goods such as electronics, cooking oil and medicine can get dearer quickly.

Your holiday. Flying is getting more expensive even though oil has come down. Jet fuel is still pricey, and airlines locked in their fuel costs earlier. Japan's two main airlines have raised fuel surcharges into 2027, and Lufthansa, Jet2 and others are cutting flights. If your home currency is weak against the dollar, your holiday budget abroad buys less too.

Your job. This is the part to watch in 2027. Higher rates make it harder for companies to borrow and expand. Some economies are already slowing: Japan's economy shrank slightly in the summer, and Australia's unemployment rate has reached a five-year high of 4.9 per cent. Many industries are still hiring, but job hunting could get tougher next year.

Your pension and investments. Higher rates tend to hit share prices, especially for companies valued on big future promises. US shares are now more than 10 per cent below their

peak, with AI-related firms leading the fall. If you invest for the long term, short-term falls like this are normal. But it is a good moment to know what you own.

Five sensible things to check

1. **Know your loan type.** Fixed or variable? When does a fixed deal end? That date is when a rate rise will reach you.
2. **Look at your savings rate.** If your bank still pays very little, compare offers. Better rates are out there.
3. **Pay down expensive debt first.** Credit card and personal loan rates rise fastest.
4. **Build a small buffer.** Two or three months of essential costs set aside makes a rate rise, or a job wobble, much less scary.
5. **Don't panic-sell investments.** Decisions made in a market fall are often regretted. If unsure, talk to a qualified adviser.

This is general information, not personal financial advice.

Will rates keep going up?

Nobody knows for sure. Three big decisions come next: the US central bank on 8–9 December, then Japan and the UK on 17–18 December. If oil stays calm, many countries may pause in early 2027. If prices keep climbing, more rate rises are likely. And if economies slow too much, rates could start falling again later in 2027.

The bottom line

For years, money was cheap. That era ended quietly this autumn. You don't need to understand bond markets to manage it. Know what you owe, make your savings work, and keep a cushion. The countries raising rates are trying to protect what your money can buy. The cost is that borrowing it gets more expensive for a while.

Read online: https://worldbusinesswatch.com/capital-flow-report/12/453/the-great-re-tightening-why-20-central-banks-raised-interest-rates-in-13-weeks.html

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