The stock market just finished a wild week, punctuated by an 830-point drop in the Dow Jones Industrials average on Wednesday. Here's what you need to know.

The volatility was triggered largely by the Federal Reserve's ongoing interest-rate hikes. Investors fear that rising rates will hurt companies' earnings in a few different ways. When consumers with variable loans must pay more interest on the loans, they have less money to spend on new goods and services. That can translate into lower sales for companies that provide everything from cars to computers. Companies are impacted directly because higher interest rates make it more expensive for them to borrow money or refinance old debt. Revenue that would have dropped to their bottom-line profits instead must be diverted to pay that extra interest.

Rising rates are bad for bond investors too. That's because the issuance of new bonds at the higher rates decrease the value of the old, lower-interest bonds investors may already own. As those longer-term bonds fall in value, investors who sell their holdings before they mature will have to eat a loss. If for example you own 10-year bonds paying 5%, and rates go to 7%, you'll lose 10% of the market value of that investment unless, of course, you hold it to maturity.

Rising rates also dampen the value of real estate because as mortgage lenders charge higher and higher rates, fewer buyers can afford to borrow.

While this rising interest rate environment will be tricky, there will continue to be opportunities for investors. But buyers will have to be more selective: Buying a broad index mutual fund or ETF largely worked as stocks rose in tandem over the past decade or so.

Certain banks, for instance, may do well as rates rise; higher long-term interest rates equate to higher profit margins on loans. And with Republicans in control in Washington, banks are less heavily regulated, which could help profits.

Rising rates could also cause more companies to merge. Mergers generally create cost savings, which boosts profits and raises stock prices.

A word of caution: There are no gimmes in Markets like the current one. Skilled, stock pickers are needed to find the diamonds in the rough. You should work with an investment advisor who is not only knowledgeable but also experienced. Remember, it's been more than 10 years since the last cycle of Federal Reserve interest rate increases ended. The countless advisors who have entered the industry since then have zero knowledge of what it's like to navigate in an environment like this.

Please don't hesitate to contact us with questions about investing and the markets.