

Macro Roundup Article

Headline: [Measuring the Natural Rate of Interest After COVID-19](#)

Article

Link: https://www.newyorkfed.org/medialibrary/media/research/economists/williams/HLW_2023

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Summary: Figure 5 compares the estimates for the United States, Canada, and the Euro Area, respectively, from the modified model estimated through 2022:Q4 with estimates from the model with parameter values fixed their 2019:Q4 values. In all three economies, the estimates of the natural rate of interest in 2022 are within a few tenths of a percentage point of the corresponding estimates in 2019. According to the model estimates, the main longer-term consequence from the pandemic period is a reduction in the natural rate of output, but the imprint on the natural rate of interest appears to be relatively modest. We do not find evidence that the era of historically low estimated natural rates of interest has come to an end. Related: [What Have We Learned About the Neutral Rate?](#)

Primary Topic: Inflation

Topics: Academic paper, GDP, Inflation, Monetary Policy

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