

Macro Roundup Article

Headline: [The Fed Sees a Softer, Higher Landing](#)

Article Link: <https://www.apricitas.io/p/the-fed-sees-a-softer-higher-landing>

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Tweet: Real rates imply a long-run natural rate of between 4 and 4.5%, higher than the Fed's projection. @JosephPolitano

Summary: Real interest rates have risen across the yield curve after stalling out between late 2022 and the first half of 2023. Importantly, the real yield curve remains relatively flat—implying that real interest rates are slated to remain at roughly their near-term levels for the foreseeable future. For real interest rates to stay around their current levels of about 2% and inflation to remain at the target of 2% would imply a long-run natural rate of between 4 and 4.5% (after accounting for the difference between CPI and the Fed's preferred PCE inflation adjustments). Again, that is higher than even the highest estimate put forward by a FOMC participant yesterday. Related: What Have We Learned About the Neutral Rate? and Measuring the Natural Rate of Interest After COVID-19 and In Search of Safe Havens: The Trust Deficit and Risk-free Investments!

Primary Topic: Financial Markets

Topics: Financial Markets, GDP, Monetary Policy, Op-Ed/Blog Post

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