

Macro Roundup Article

Headline: [Outlagging the Rest](#)

Article Link: <https://fedguy.com/outlagging-the-rest/>

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Tweet: The prevalence of long-dated mortgages, and a reliance on capital markets financing, has made the US relatively immune to rate increases. @FedGuy12 writes that the dollar is likely to strengthen as foreign central banks cut rates before the Fed.

Summary: While the vast majority of U.S. mortgages are 30 year fixed rate, many other countries rely on either variable rate or short dated fixed rate mortgages. U.S. mortgage debt servicing ratios have thus remained around historical lows due to robust wage growth and a large existing stock of mortgages taken out at low rates. In contrast, households in many other countries are beginning to see their disposable income disappear. The dollar strengthened significantly in 2022 as the Fed moved more aggressively than other major central banks, but sold off when other countries caught up. The scenario may replay in a slightly different way as interest rate differentials widen because other central banks retreat first.

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Primary Topic: Business Cycle

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

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