

## Macro Roundup Article

**Headline:** [The Mystery of US Interest Rates](#)

**Article Link:** <https://www.project-syndicate.org/commentary/us-interest-rates-above-neutral-rate-nobody-knows-why-by-j-bradford-delong-2024-03>

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**Tweet:** [@delong](#) notes that long-term real rates are 2pp higher than their pre-pandemic level with little contractionary effect on the economy, and suggests that the neutral rate may have risen.

**Summary:** The near consensus since the start of the pandemic has been that there are powerful fundamental factors keeping the neutral interest rate very low, and that there have been no major changes to those fundamentals. The neutral rate therefore should still be very low, implying that the high policy rate is inappropriate to an economy at full employment with inflation near its target. If the labor market is as weak as the household survey suggests, that weakness should have already shown up in consumer spending. It has not. This leaves the possibility of a faulty analysis [suggesting a persistently low neutral rate.]

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**Primary Topic:** Business Cycle

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

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