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Macro Roundup Artcile

Headline: Fed's Aggressive Rate Hikes are a Game Changer

Article Link: https://www.wsj.com/articles/feds-aggressive-rate-hikes-are-a-game-changer-1166 9006579?mod=economy lead pos2

Author(s)	Aziz Sunderji
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Tweet: .@WSJ notes that the Fed has been raising rates at the fastest pace in four decades (+375 basis points in 9 months.) Key variables such as housing starts have declined much more rapidly than in previous cycles.

Summary: The Nobel Prize-winning economist Milton Friedman famously argued that "monetary actions affect economic conditions only after a lag that is both long and variable." Historically, housing starts begin to decline within two years of a Fed hike. New home construction fell by 24% from the Fed increase in March to July. Declines in home construction that follow Fed rate increases can take years before they bottom out.

Primary Topic: Business Cycle

Topics: Business Cycle, GDP, Graph, Housing, Monetary Policy, News article, Op-Ed/Blog Post

Permalink: <a href="https://www.edwardconard.com/macro-roundup/wsj-notes-that-the-fed-has-been-raising-rates-at-the-fastest-pace-in-four-decades-375-basis-points-in-9-months-key-variables-such-as-housing-starts-have-declined-much-more-rapidly-than-in-previo?view=detail

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