

Macro Roundup Article

Headline: [The Impact of Higher Rates on Small Businesses](#)

Article Link: <https://www.gspublishing.com/content/research/en/reports/2023/10/16/86420194-1c0b-4c3c-ba94-eb127f9acae1.html>

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Summary: We estimate that higher rates will increase the interest burden for small businesses by just over 1pp by 2024, from roughly 5.8% of revenues in 2021 to around 7% in 2024. Under our current rates forecasts, we forecast this share would increase further to just under 8% as term loans gradually mature—above the pre-pandemic share of 6.8% but similar to that of the mid-1990s. In 2023, we expect small business interest payments as a share of output to increase by a little under 1pp. Since this sector accounts for around 15% of private-sector gross output and the ratio between private-sector gross output and US GDP is a little under 1.6, this implies a drag on economywide GDP growth of around 0.1pp. Related: Higher Cost of Capital Continues and Credit Normalization and Soft Landing Summer

Primary Topic: Business Cycle

Topics: Business Cycle, Database, Financial Markets, GDP, Other Source, Weekly

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