

## Macro Roundup Article

**Headline:** [Monetary Policy and Home Buying Inequality](#)

**Article Link:** <https://www.federalreserve.gov/econres/feds/files/2023006pap.pdf>

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**Tweet:** New @FedResearch finds that a 1pp policy-induced increase in mortgage rates lowers the presence of low-income households in the population of home buyers by 16%, and of low- and moderate-income households by 7.5%.

**Summary:** I identify the effects of monetary policy by exploiting the timing of high-frequency observations of mortgage rate locks around unanticipated monetary policy shocks conveyed in Federal Open Market Committee (FOMC) announcements. I find that a contractionary policy shock which increases mortgage rates by 1 percentage point would reduce the share of home purchase loans going to low- and moderate-income (LMI) borrowers by 2.1 percentage points (or 7.5%) in the weeks following the announcement. The share going to low-income borrowers alone would fall by 1.1 percentage points (16%). While low-wealth households may not experience an immediate appreciation of financial assets when the stance of monetary policy is expansionary, that stance can allow them to get their foot in the door of homeownership.

**Primary Topic:** Housing

**Topics:** Academic paper, Data, Factoid, GDP, Housing, Monetary Policy

**Permalink:** <https://www.edwardconard.com/macro-roundup/new-fedresearch-finds-that-a-1pp-policy-induced-increase-in-mortgage-rates-lowers-the-presence-of-low-income-households-in-the-population-of-home-buyers-by-16-and-of-low-and-moderate-income-households?view=detail>

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