

Macro Roundup Article

Headline: [Could 6% to 7% 30-Year Mortgage Rates be the "New Normal"?](#)

Article Link: <https://calculatedrisk.substack.com/p/could-6-to-7-30-year-mortgage-rates>

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Tweet: [@calculatedrisk](#) notes a Goldman Sachs forecast that the FFR will stabilize around 3-3.25% and argues this implies 30-year mortgage rates will remain in the recent 6-7% range.

Summary: Goldman Sachs economists argued the neutral rate will likely be higher than the Fed currently expects. "Our best guess is that if the Fed solves the inflation problem without a recession, the funds rate will eventually stabilize closer to 3-3.25% than to the FOMC's 2.5% median longer run dot." If the neutral rate is in the range Goldman economists expect, then the 30-year fixed mortgage rate will be in the low to mid 6% range. With a 3.25% Fed Funds rate, a 4.45% 10-year yield, we'd expect 30-year mortgage rates around 6.45%. This is close to the recent range! Note that with this neutral rate, the 10-year yield would likely increase even as the Fed lowers the Fed Funds rate. Related: [What Have We Learned About the Neutral Rate?](#)

Primary Topic: Housing

Topics: GDP, Housing, Op-Ed/Blog Post

Permalink: <https://www.edwardconard.com/macro-roundup/calculatedrisk-notes-a-goldman-sachs-forecast-that-the-ffr-will-stabilize-around-3-3-25-and-argues-this-implies-30-year-mortgage-rates-will-remain-in-the-recent-6-7-range?view=detail>

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