

## Macro Roundup Article

**Headline:** Banks Are Blowing Up While the Economy is Strong. Time to Worry?

**Article Link:** <https://theovershoot.co/p/banks-are-blowing-up-while-the-economy>

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**Tweet:** The post pandemic expansion was much less dependent on consumer and business borrowing than previous expansions. @M\_C\_Klein argues this should insulate the economy from tightening US bank credit standards.

**Summary:** With the temporary exception of the Paycheck Protection Program (PPP) emergency loans, bank credit has not been a significant source of financing for either consumer or business spending. That is a notable contrast from pre-2007 cycles—and should help insulate the real economy from the disruptions in the banking sector. Despite the housing boomlet, Americans borrowed remarkably little over the past few years relative to their income, especially when compared to previous expansions—and only some of that borrowing came from banks. Moreover, household borrowing had already been retrenching in the second half of 2022 as mortgage rates normalized, with little impact on overall economic activity.

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**Primary Topic:** Banking

**Topics:** Banking, Business Cycle, GDP, Monetary Policy, Op-Ed/Blog Post

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