

Macro Roundup Article

Headline: [Private Debt, Monetary Policy Tightening and Aggregate Demand](#)

Article Link: <https://www.bis.org/publ/bisbull70.pdf>

Author(s)	Miguel Ampudia, Fiorella De Fiore, et al
Publication	Bank for International Settlements
Publication Date	February 24, 2023

Tweet: [.@BIS_org argues aggregate global demand might be more sensitive to higher rates given elevated debt levels.](#)

Summary: Monetary policy is tightening globally while private debt levels stand at historical highs. When private debt to GDP is high, aggregate demand may be more sensitive to interest rate hikes. Yet, after a decade of low rates, the maturity of private debt has generally lengthened, the prevalence of variable rates has fallen, and household net worth has increased. This should counteract the higher demand sensitivity stemming from elevated debt. Both the level and composition of private debt are important factors, although not the only ones, for the calibration of monetary policy in the current economic environment.

Primary Topic: Inflation

Topics: GDP, Government/NGO, Inflation, Monetary Policy, Theory

Permalink: https://www.edwardconard.com/macro-roundup/bis_org-argues-aggregate-global-demand-might-be-more-sensitive-to-higher-rates-given-elevated-debt-levels?view=detail

Featured Image

Link: <https://www.edwardconard.com/wp-content/uploads/2023/02/BIS-Chart-.png>