

## Macro Roundup Article

Headline: [Deposit Betas: Up, Up, and Away?](#)

### Article

Link: <https://libertystreeteconomics.newyorkfed.org/2023/04/deposit-betas-up-up-and-away/>

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**Tweet:** Interest payments on deposits lag the Federal Funds rate but the “deposit beta” (or the pass-through of fed funds rate raises to deposit rates) is approaching levels not seen since the financial crisis. @NYFedResearch

**Summary:** Deposit rates tend to lag changes in the fed funds rate, particularly during a rising interest rate environment. In 2022:Q4, the average fed funds rate reached 3.7 percent and interest-bearing deposit rates reached 1.4 percent. The deposit beta is the portion of a change in the fed funds rate that is passed on to the deposit rate. Deposit betas can be calculated for individual changes in the fed funds rate or as a cumulative measure over a tightening cycle. The charts below summarize the cumulative change in deposit rates relative to the cumulative change in the fed funds rate over the last five tightening cycles. Deposit rates continue to lag the fed funds rate, but the pass-through of policy rates is quickly approaching levels not seen since the early 2000s.

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