

Macro Roundup Article

Headline: [Long-Run Trends In Long-Maturity Real Rates, 1311–2022](#)

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Tweet: Long-term real rates over the last 7 centuries show a long downward trend and exhibit no positive correlation with growth in output or population. @kroff @paul_schmelzing

Summary: We analyze the statistical properties of global long-maturity real interest rates over the past seven centuries. The series covers over 80% of advanced-economy GDP on an annual level across 8 countries, both marketable (consolidated) debt and relevant personal loans transactions by sovereign creditors. We deflate the nominal rate in year t with a seven-year lagged inflation measure to approximate inflation expectations. Real interest rates are trend stationary and exhibit a persistent downward trend since the Renaissance. We show that demographic and productivity factors do not represent convincing drivers of real interest rates over long spans; [indeed] we can qualitatively go beyond these existing facts and find strong evidence in favor of a long-run negative prediction of aggregate population growth and aggregate real output growth for real rates. The most recent decades in which the correlation with real rates is positive appear [to be] a unique exception in a multicentury perspective.

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