

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
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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.

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