

## Macro Roundup Article

**Headline:** [Banks Face a New Challenge](#)

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**Tweet:** Economics newsletter publisher @JosephPolitano notes worsening financial conditions, increasing interest rate volatility and rising long-term interest rates as the Federal Reserve began Quantitative Tightening earlier this year.

**Summary:** Throughout most of the 2010s, the dominant state for the US banking system was low-interest rates, large amounts of Quantitative Easing, weak credit creation, and low inflation. Now, however, commercial banks face a different challenge. Since the start of Quantitative Tightening, we have seen financial conditions worsening, increasing interest rate volatility, and rising long-term interest rates—so the program is likely having some of its intended effects (although it's hard to disaggregate the effects of short-term rate hikes and signaling against the actions of QT).

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**Topics:** Banking, Fiscal Deficits

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