

## Macro Roundup Article

**Headline:** [The Transmission Mechanism of Monetary Policy Is Much Slower than Normal](#)

**Article Link:** <https://www.apolloacademy.com/the-transmission-mechanism-of-monetary-policy-is-much-slower-than-normal/>

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**Tweet:** Prior to the pandemic, 38% of mortgages had interest rates below 4%, vs. 63% today. Torsten Sløk argues that lock-in slows the impact of rate hikes so that “the Fed will need to keep interest rates higher for longer to get inflation under control.”

**Summary:** Before the pandemic, the share of outstanding mortgages with interest rates below 4% was 38%. Today it is 63%. In other words, housing is adjusting very slowly to Fed hikes. Millions of households still benefit from having locked-in low mortgage rates during the pandemic. Put differently, the transmission mechanism of monetary policy is much slower than normal, and the Fed will need to keep interest rates higher for longer to get inflation under control.

**Related Articles:** The Lock-In Effect of Rising Mortgage Rates and A Huge Number of Homeowners Have Mortgage Rates Too Good to Give Up and How Quickly Do Prices Respond to Monetary Policy?

**Primary Topic:** Housing

**Topics:** GDP, Housing, Inflation, Monetary Policy, Op-Ed/Blog Post

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