

Macro Roundup Article

Headline: [Longer-Run Neutral Rates in Major Advanced Economies](#)

Author(s)	Thiago Ferreira and Carolyn Davin
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Summary: Leading up to the 2008 financial crisis, neutral rates in these four economies saw declines of between 2.1 and 2.8 percentage points, with all drivers pushing down neutral rates. Between 2008 and 2019, the positive contribution of the increased sovereign debt supply modestly offset the negative contributions from other drivers. Since the pandemic, the rise in government debt accounts for most of the recent rise in neutral rates in [the US, UK, Canada, and Euro area], with other factors exerting largely offsetting effects. All told, while the sharp rise in government indebtedness since the pandemic may have put upward pressure on neutral rates abroad, we estimate that this pressure has been likely modest.

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