

Macro Roundup Article

Headline: [Interest Rates Hit 16-Year Record](#)

Article Link: <https://www.crfb.org/blogs/interest-rates-hit-16-year-record>

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Publication	Committee for a Responsible Federal Budget
Publication Date	August 21, 2023

Tweet: Treasury yields are 75bps above the CBO's baseline projection. If rates remain at this level interest costs will exceed defense spending in 2024.

Summary: The ten-year Treasury Note interest rate closed at 4.30% on Thursday, the highest since 2007. Meanwhile, the three-month Treasury Bill rate closed at 5.56% and the 30-year Treasury Bond at 4.41%. All three are at or near their highest level in 16 years. CBO's most recent baseline projections are based on a ten-year rate of 3.9% and a three-month rate of 4.6% this quarter. Based on this, we estimate that interest rates across the yield curve average about 75bps above baseline projections. If rates remain 75bps above CBO's projections, it could add \$2.3T (6% of GDP) to the debt over the next ten years and \$350B (0.9% of debt-to-GDP) to the deficit in 2033. Under that scenario, interest costs would exceed combined spending on Medicaid, SSI, and SNAP as well as spending on defense by next year. By 2026, the cost of interest would reach a record high 3.3% of the economy. Related: American Gothic and Is a U.S. Debt Crisis Looming? Is it Even Possible? and US Fiscal Alarm Bells Are Drowning Out a Deeper Problem

Primary Topic: Fiscal Deficits

Topics: Fiscal Deficits, Fiscal Policy, Government/NGO, Politics, Weekly

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