HOW RATE DECISIONS TRAVEL THROUGH CREDIT

A RESEARCH MONOGRAPH
AND EMPIRICAL ATLAS

3.75%
TO
4.00%
FOMC, OCT 2026

FEDERAL RESERVE DECISIONS AND THE AMERICAN CREDIT ECONOMY

INTEREST RATES AND TRANSMISSION

Policy surprises and the uneven reach of monetary policy

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300 PAGES · 24 CHAPTERS · 31-SERIES DATA ATLAS

RESEARCH MONOGRAPH AND EMPIRICAL ATLAS

Federal Reserve Decisions and the American Credit Economy

Interest rates, policy surprises, and the uneven transmission of monetary policy

An empirical investigation of borrowing rates, bank lending, housing and activity using audited public data and reproducible estimates.

Edition	Research scope
Date	November 2026
Main study	24 chapters with numerical evidence
Length	300 pages including technical and data appendices
Methods	Distributed lags, external-instrument projections, robust confidence sets and prediction tests

READER INFORMATION

Publication and research scope

This book examines how Federal Reserve decisions connect with credit prices, contract exposure and American economic activity. Its current institutional context is the verified October 28, 2026 FOMC hold at 3.75-4.00 percent. The matched monthly estimation panel ends in September 2026.

The data vintage was retrieved on November 3, 2026. Thirty-one public time series and the published source-author monetary-surprise files are archived with hashes and metadata. Quarterly and sparse survey observations are not turned into invented monthly values.

The manuscript reports an unresolved source-metadata discrepancy in the thirty-year Treasury history and excludes the affected values analytically. It also excludes four incompletely classified surprise months from relevant models. Data suitability is evaluated before estimation.

The main study occupies pages 9-152. The remaining pages supply the series atlas, annual records, horizon evidence, methods, references and glossary. The 300-page length includes those materials.

RESULTS IN BRIEF

Abstract

Monetary transmission differs across prices, contracts and outcomes. A descriptive rate equation gives a prime-rate short distributed-lag coefficient sum of 1.082 per effective-funds percentage point, while longer-market sums differ and are less precise. This is conditional co-movement rather than a complete causal multiplier.

A source audit identifies five announcements across four months without the equity-window observation needed for the published monetary-information decomposition. Those months are excluded from decomposition-dependent estimates. Forty-seven thirty-year yield values in a documented discontinued interval are also quarantined because their backfill provenance is unresolved.

External-instrument projections yield imprecise macroeconomic responses. At twelve months the industrial-production estimate is -0.408 log-percent per 25bp two-year normalization, with a weak-instrument-robust set of roughly -12.00 to +2.28. A one-year normalization improves relevance without establishing a sharp effect.

An explicit contract scenario shows a $533.84 monthly increase when a $300,000 thirty-year balance fully reprices from 3 to 6 percent. The reset share scales exposure. A richer forecast improves one pre-2020 comparison but loses to a zero-growth benchmark over the full evaluation. The findings support uneven transmission and disciplined uncertainty rather than a manufactured universal causal estimate.

INTERPRETATION GUIDE

How to read the results

Evidence type	Interpretation
Verified fact	A dated official decision or archived source observation.
Descriptive estimate	Conditional historical co-movement, not an isolated policy intervention.
Instrumented response	A monetary-news response conditional on relevance, exclusion and normalization.
AR confidence set	Weak-relevance-robust asymptotic inference under maintained assumptions.
Scenario	An exact calculation conditional on declared contracts, income and exposure.
Forecast test	Held-out retrospective prediction within the latest data vintage.

One basis point is 0.01 percentage point. Rate changes use percentage points; positive quantities use log-percentage growth. A 0.25pp source-factor movement and a 25bp two-year normalization are different scales. SA means seasonally adjusted; NSA means not seasonally adjusted.

Unbounded confidence sets are retained as results. They are not replaced with a plotting limit or interpreted as evidence of no monetary effect.

NAVIGATION

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Each chapter has four analytical sections, a chart with interpretation and a numerical evidence page.

NAVIGATION

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NAVIGATION

Data and technical appendices

Pages	Material	Purpose
153-214	Series atlas	31 series, two pages each: coverage, levels, changes and limitations.
215-251	Annual atlas	37 annual records of rates, activity and credit.
252-276	Horizon atlas	25 instrumented horizons with robust and conventional intervals.
277-292	Methods	16 technical notes, equations, assumptions and verification.
293-296	References	Primary institutions, source authors and econometric methods.
297-300	Glossary	Measurement, credit, identification and prediction.

The research archive includes original data, source documentation, quality flags, complete fitted results, forecast paths, figures and runnable scripts. It preserves excluded source values for inspection without using them in the affected analytical series.

RESEARCH FINDINGS

Eight findings to retain

Finding	Result
October 2026 decision	Hold at 3.75-4.00%; vote 10-2
Prime short coefficient	1.082; interval about 0.928-1.235
Incomplete surprise coverage	5 events across 4 months
Metadata conflict quarantine	47 thirty-year Treasury values
Two-year first-stage statistic	4.80 at twelve-month outcome sample
Production robust set h=12	About -12.00 to +2.28 log %
Full repricing scenario	+$533.84 monthly; stated contract inputs
Full forecast comparison	Zero-growth RMSE 1.322 versus ridge 1.771

The book distinguishes well-defined benchmark and payment calculations from the much weaker identification of an aggregate causal response.

A hold can coexist with changing credit costs

On October 28, 2026, the Federal Open Market Committee maintained its target range at 3.75 to 4.00 percent. The decision was supported by ten members, while two preferred a quarter-point increase. That official decision provides the opening context for this book. It is not, by itself, a measurement of the change in borrowing costs experienced by American families or businesses. [S01]

A mortgage rate depends on expected future short rates, maturity-related compensation, intermediation, and contract features. A business loan may reset with a benchmark plus a negotiated spread. A credit-card rate covers another set of borrowers and risks. Those prices can move while the current policy range remains unchanged.

The central question is therefore a chain of questions: what did the Fed change, what did markets expect, which borrowing terms adjusted, when did borrowers become exposed, and how did spending and production respond? The book measures separate links rather than treating one policy announcement as the whole answer.

Evidence anchor

Measure	Calculated or verified value
October 28 target range	3.75-4.00%

Official FOMC statement; maintained by a 10-2 vote.

CHAPTER 01 | A DECISION IS THE BEGINNING OF A TRANSMISSION CHAIN

The policy rate is not the economy wide borrowing rate

The federal funds target range guides an overnight money-market rate. It is not the interest rate on every outstanding mortgage, corporate bond, or consumer loan. Those instruments have different maturities, risks, collateral, contractual reset schedules, and servicing arrangements. Their differences are economically meaningful.

The empirical archive therefore contains Treasury yields at several maturities, the prime rate, mortgage quotes, corporate yields, consumer borrowing rates, lending quantities, and standards. These series are not averaged into a fictional universal credit price. Their units and coverage remain visible in the atlas.

This separation also changes how transmission should be evaluated. Rapid adjustment in an advertised benchmark need not imply rapid adjustment in the average payment on outstanding debt. Conversely, a long-term market yield can move before a policy decision if expectations change. A useful explanation must track both the price of new finance and the exposure of existing borrowers.

Evidence anchor

Measure	Calculated or verified value
September effective funds average	3.75%

A monthly market-rate average, not the October target midpoint.

CHAPTER 01 | A DECISION IS THE BEGINNING OF A TRANSMISSION CHAIN

The original calculation has a defined scope

The book contributes a fixed-vintage empirical application rather than a claim to have invented monetary transmission theory. Its calculations compare borrowing-rate pass-through, distinguish monetary-policy and information surprises, estimate instrumented response paths, and quantify an illustrative refinancing-exposure surface. Established methods are credited to their authors.

The new estimates are generated from archived public inputs and accompanied by scripts, diagnostics, and uncertainty measures. Their usefulness depends on those definitions and assumptions. A coefficient derived for industrial production does not automatically describe GDP, and a bank-loan stock does not isolate credit supply from demand.

Evidence anchor

Measure	Calculated or verified value
Original FRED series	31

Each has original bytes, a hash, provider information and source metadata.

CHAPTER 01 | A DECISION IS THE BEGINNING OF A TRANSMISSION CHAIN

The October decision and the estimation sample

The policy discussion includes the verified October 2026 statement. The main matched monthly panel ends in September 2026 because the external surprise series and macroeconomic observations must share a consistent information boundary. Later market-rate observations are retained in the raw-series atlas with their own dates.

October is therefore not silently assigned a zero policy surprise. An unchanged target can still surprise markets, and the necessary announcement-window measure is not present beyond the source file's endpoint. The manuscript does not estimate the causal effect of that particular October decision from a monthly historical model ending earlier.

The distinction is essential to an honest contemporary book. Current institutional context can motivate research without becoming an invented observation in the dataset. The estimates describe historical transmission under stated assumptions; the October statement is a separately verified fact. Any forecast of future decisions would require an additional forecasting exercise with its own uncertainty.

Evidence anchor

Measure	Calculated or verified value
Surprise series endpoint	September 2026

October is not assigned an invented zero surprise.

CHAPTER 01 | GRAPHICAL EVIDENCE

The measured transmission pattern

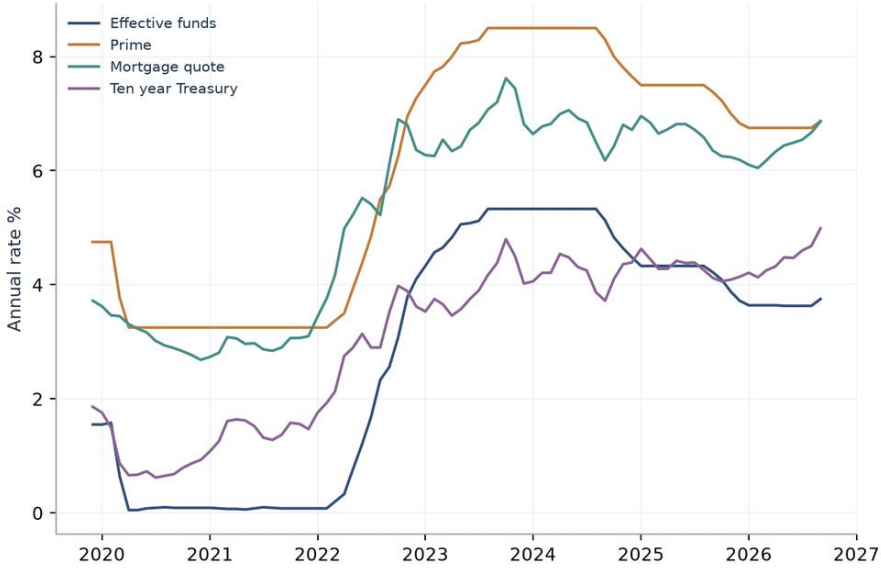


Figure 1. Different borrowing rates in the recent cycle. The panel ends in September 2026; October policy context is separate.

The official October 28 decision maintained the target range at 3.75-4.00 percent by a 10-2 vote. The matched empirical panel ends one month earlier. In September 2026, the monthly effective federal funds average was 3.75 percent, the ten-year Treasury yield 4.99 percent, the prime rate 6.87 percent and the monthly mortgage quote average about 6.86 percent. Their differences are part of the transmission question, not inconsistent measurements of one rate.

Source: calculations from archived public series and credited source-author surprises. Full definitions and results accompany the manuscript.

CHAPTER 01 | RESULT AND INTERPRETATION

The numerical evidence

Measure	Dec 2021	Dec 2023	Sep 2026
FEDFUNDS	0.080	5.330	3.750
GS2	0.680	4.460	4.650
GS10	1.470	4.020	4.990
MPRIME	3.250	8.500	6.870
MORTGAGE30US_M	3.098	6.815	6.863

No causal October meeting effect is estimated here because the archived surprise file ends in September. The historical analysis instead tests how benchmark rates, financial prices, credit quantities and activity relate under declared designs. A policy hold and changing credit conditions can coexist because expectations, spreads, contract terms and source timing differ.

Rate levels are annual percentages; differences are percentage points. Asset and loan units follow their source definitions in the series atlas. Dates are observation dates, not necessarily release dates.

END OF FREE EXCERPT

CONTINUE WITH THE FULL 300-PAGE EDITION

The excerpt covers the front matter and Chapter 1. The full edition adds Chapters 2 to 24, the 31-series data atlas, the annual and horizon atlases, methods, references and glossary.

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