

User Prompt:

Analyze the following:

Secular Trend in Rates

1790-1817 rising

1817-1844 falling

1844-1871 rising

1871-1898 falling

1898-1925 rising

1925-1952 falling

1952-1980 rising

1980-2008 falling

Analysis of Secular Trend in Rates

Overview of the Pattern

The sequence shows an alternating pattern of approximately 27–28 year cycles of rising and falling rates: Rising: 1790–1817, 1844–1871, 1898–1925, 1952–1980; Falling: 1817–1844, 1871–1898, 1925–1952, 1980–2008. This creates a long-term oscillation, often referred to as a secular trend, spanning more than two centuries.

Cycle Lengths

Each cycle (rising + falling) lasts about 54–56 years: 1790–1844 = ~54 years; 1844–1898 = ~54 years; 1898–1952 = ~54 years; 1952–2008 = ~56 years. This matches closely with the Kondratiev wave (K-wave) theory in economics, which suggests ~50–60 year cycles.

Historical Correlations

Rising Phases: Often associated with industrial expansion, strong credit demand, inflationary pressures, wars, or post-war reconstruction (e.g., post-1790 U.S. nation-building, post-Civil War industrial growth, post-WWII boom). Falling Phases: Typically coincide with deflationary environments, depressions, reduced investment demand, or monetary stabilization (e.g., after Napoleonic Wars, the Long Depression of the late 1800s, Great Depression + WWII, and post-1980 disinflation).

Implications

The pattern suggests long-term structural forces at play—industrial revolutions, demographic waves, war cycles, and shifts in monetary regimes. If the cycle continues, the falling phase from 1980–2008 may imply a new rising phase beginning around 2008–2035, which would align with current trends of higher inflation and rising interest rates post-2020.

Key Takeaways

The data follows a consistent ~54-year secular cycle. It aligns with broader economic theories of long waves. The most recent transition suggests we are in the early-to-mid stages of another rising rate environment.