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The Yield Curve as a Predictor of U.S. Recessions

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Abstract

The yield curve[●]—specifically, the spread between the interest rates on the ten-year Treasury note and the three-month Treasury bill[●]—is a valuable forecasting tool. It is simple to use and significantly outperforms other financial and macroeconomic indicators in predicting recessions two to six quarters ahead.

Keywords: term structure, business cycle**JEL Classification:** C53, E37[Suggested Citation](#) >[Show Contact Information](#) >[Download This Paper \(Delivery.cfm/SSRN_ID1001228_code658905.pdf?abstractid=1001228&mirid=1\)](#)[Open PDF in Browser \(Delivery.cfm/SSRN_ID1001228_code658905.pdf?abstractid=1001228&mirid=1&type=2\)](#)

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