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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

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