 Download This Paper (Delivery.cfm/SSRN\_ID931184\_code387943.pdf?abstractid=931184&mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN\_ID931184\_code387943.pdf?abstractid=931184&mirid=1&type=2)

☆ Add Paper to My Library

Share:    

# The Yield Curve as a Leading Indicator: Some Practical Issues

*Current Issues in Economics and Finance, Vol. 12, No. 5, July/August 2006*

8 Pages  
Posted: 20 Sep 2006

Arturo Estrella (https://papers.ssrn.com/sol3/cf\_dev/AbsByAuth.cfm?per\_id=232215)  
Rensselaer Polytechnic Institute

Mary Trubin (https://papers.ssrn.com/sol3/cf\_dev/AbsByAuth.cfm?per\_id=679009)  
Federal Reserve Bank of New York

## Abstract


Since the 1980s, economists have argued that the slope of the yield curve - the spread between long- and short-term interest rates - is a good predictor of future economic activity. While much of the existing research has documented how consistently movements in the curve have signaled past recessions, considerably less attention has been paid to the use of the yield curve as a forecasting tool in real time. This analysis seeks to fill that gap by offering practical guidelines on how best to construct the yield curve indicator and to interpret the measure in real time.

**Keywords:** yield curve, recessions, real-time

**JEL Classification:** E43, E37, E52

[Suggested Citation](#) >

[Show Contact Information](#) >

 Download This Paper (Delivery.cfm/SSRN\_ID931184\_code387943.pdf?abstractid=931184&mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN\_ID931184\_code387943.pdf?abstractid=931184&mirid=1&type=2)

## 9 References

1.

Sylvester Eijffinger , Eric Schaling , Willem Verhagen

The Term Structure of Interest Rates and Inflation Forecast Targeting Posted: 2000

2.

Arturo Estrella

Why Does the Yield Curve Predict Output and Inflation?

Economic Journal , volume 115 , issue 505 , p. 722 - 766 Posted: 2005-07

Crossref (https://doi.org/10.1111/j.1468-0297.2005.01017.x)

3.

Arturo Estrella , Gikas Hardouvelis

The Term Structure as a Predictor of Real Economic Activity

Journal of Finance , volume 46 , issue 2 , p. 555 - 76 Posted: 1991-06

Crossref (https://doi.org/10.2307/2328836)

4.

Arturo Estrella , Frederic S Mishkin

Federal Reserve Bank of New York Current Issues in Economics and Finance , volume 2 Posted: 1996-06

We use cookies that are necessary to make our site work. We may also use additional cookies to analyze, improve, and personalize our content and your digital experience. For more information see our [Cookie Policy](#) (https://www.elsevier.com/legal/cookiepolicy)

Load more



Do you have negative results from your research you'd like to share?

[Submit Negative Results \(https://www.ssrn.com/index.cfm/en/Negative-Results/\)](https://www.ssrn.com/index.cfm/en/Negative-Results/)

## Paper statistics

DOWNLOADS 2,690

ABSTRACT VIEWS 8,008

RANK 9,302

8 Citations

9 References

PlumX Metrics



([https://plu.mx/ssrn/a?ssrn\\_id=931184](https://plu.mx/ssrn/a?ssrn_id=931184))

## Recommended Papers

New Indexes of Coincident and Leading Economic Indicators ([https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=227144&rec=1&srcabs=931184&pos=1](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=227144&rec=1&srcabs=931184&pos=1))

By James H. Stock ([https://papers.ssrn.com/sol3/cf\\_dev/AbsByAuth.cfm?per\\_id=513](https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=513)) and Mark W. Watson ([https://papers.ssrn.com/sol3/cf\\_dev/AbsByAuth.cfm?per\\_id=88149](https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=88149))

Forecasting Output and Inflation: The Role of Asset Prices ([https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=264434&rec=1&srcabs=931184&pos=2](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=264434&rec=1&srcabs=931184&pos=2))

By James H. Stock ([https://papers.ssrn.com/sol3/cf\\_dev/AbsByAuth.cfm?per\\_id=513](https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=513)) and Mark W. Watson ([https://papers.ssrn.com/sol3/cf\\_dev/AbsByAuth.cfm?per\\_id=88149](https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=88149))

Predicting U.S. Recessions: Financial Variables as Leading Indicators ([https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=225441&rec=1&srcabs=931184&pos=3](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=225441&rec=1&srcabs=931184&pos=3))

By Arturo Estrella ([https://papers.ssrn.com/sol3/cf\\_dev/AbsByAuth.cfm?per\\_id=232215](https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=232215)) and Frederic S. Mishkin ([https://papers.ssrn.com/sol3/cf\\_dev/AbsByAuth.cfm?per\\_id=75048](https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=75048))

[View more >](#)

Feedback

[Submit a Paper > \(https://hq.ssrn.com/submissions/CreateNewAbstract.cfm\)](https://hq.ssrn.com/submissions/CreateNewAbstract.cfm)

SSRN Quick Links



SSRN Rankings



About SSRN



(<https://www.facebook.com/SSRNcommunity/>)

([https://www.linkedin.com/company/493409?](https://www.linkedin.com/company/493409?trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%3A0)

[trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany\\_493409%2Cidx%3A0](https://www.linkedin.com/company/493409?trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%3A0)

(<https://twitter.com/SSRN>)

All content on this site: Copyright © 2023 Elsevier Inc., its licensors, and contributors. All rights are reserved, including those for text and data mining, AI training, and similar technologies. For all open access content, the Creative Commons licensing terms apply.

We use cookies to help provide and enhance our service and tailor content.

To learn more, visit [Cookie Settings](#).



(<http://www.relx.com/>)

(<https://papers.ssrn.com/sol3/updateInformationLog.cfm?process=true>)