The Yield Curve

What its shape says about expectations.

Accounting & Finance

Shape and interpretation.

Shape	Means	Often precedes
Upward	Rates expected stable or rising	Normal conditions
Flat	Uncertainty about direction	A turning point
Inverted	Rates expected to fall	Historically, recession
Humped	Mixed expectations	Policy transition

Inversion has preceded most recent recessions, but the lead time varies from months to over two years.