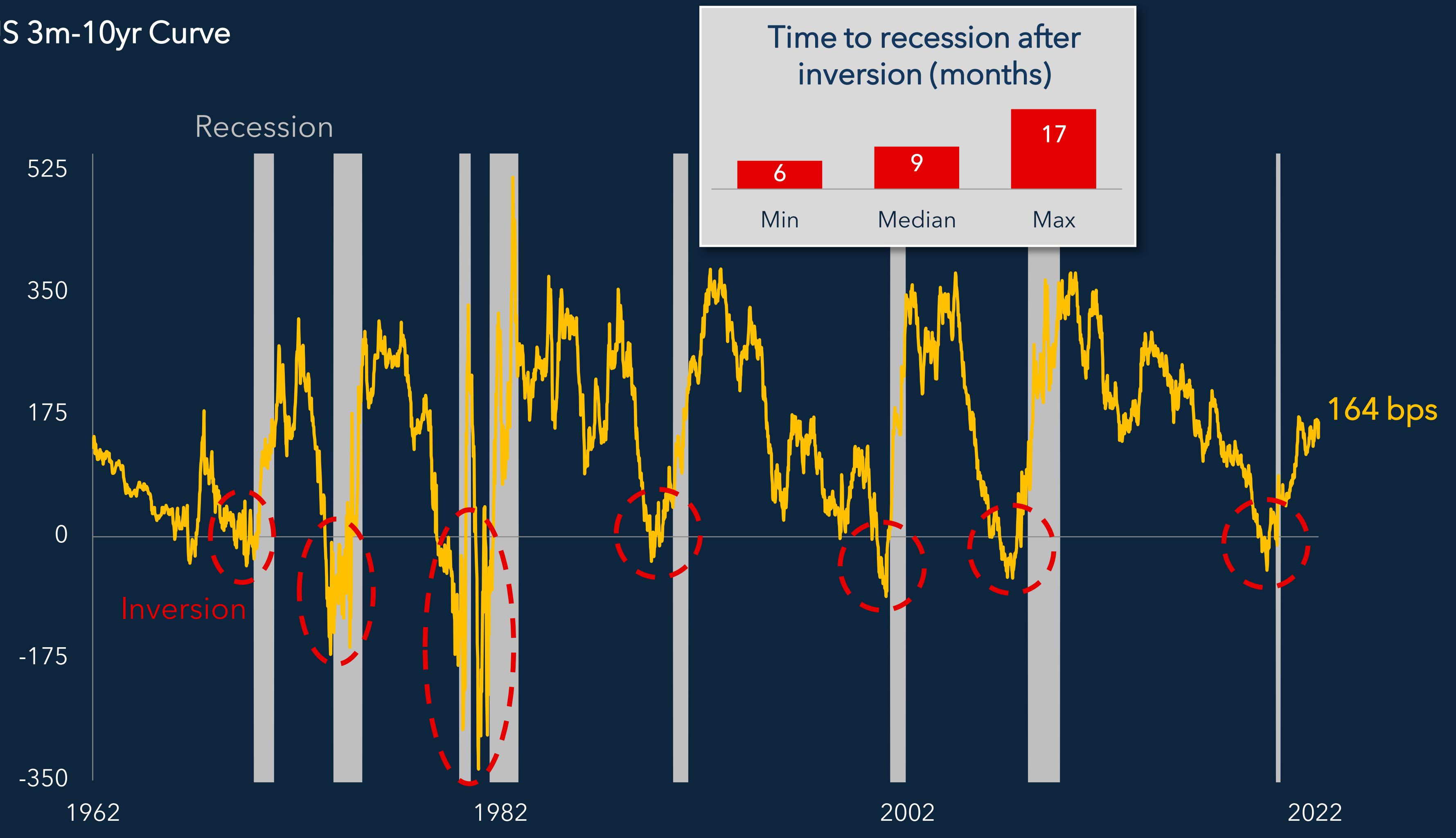
# Capital Markets Strategy
Essential inCights for the C-Suite

# Chart of the Day

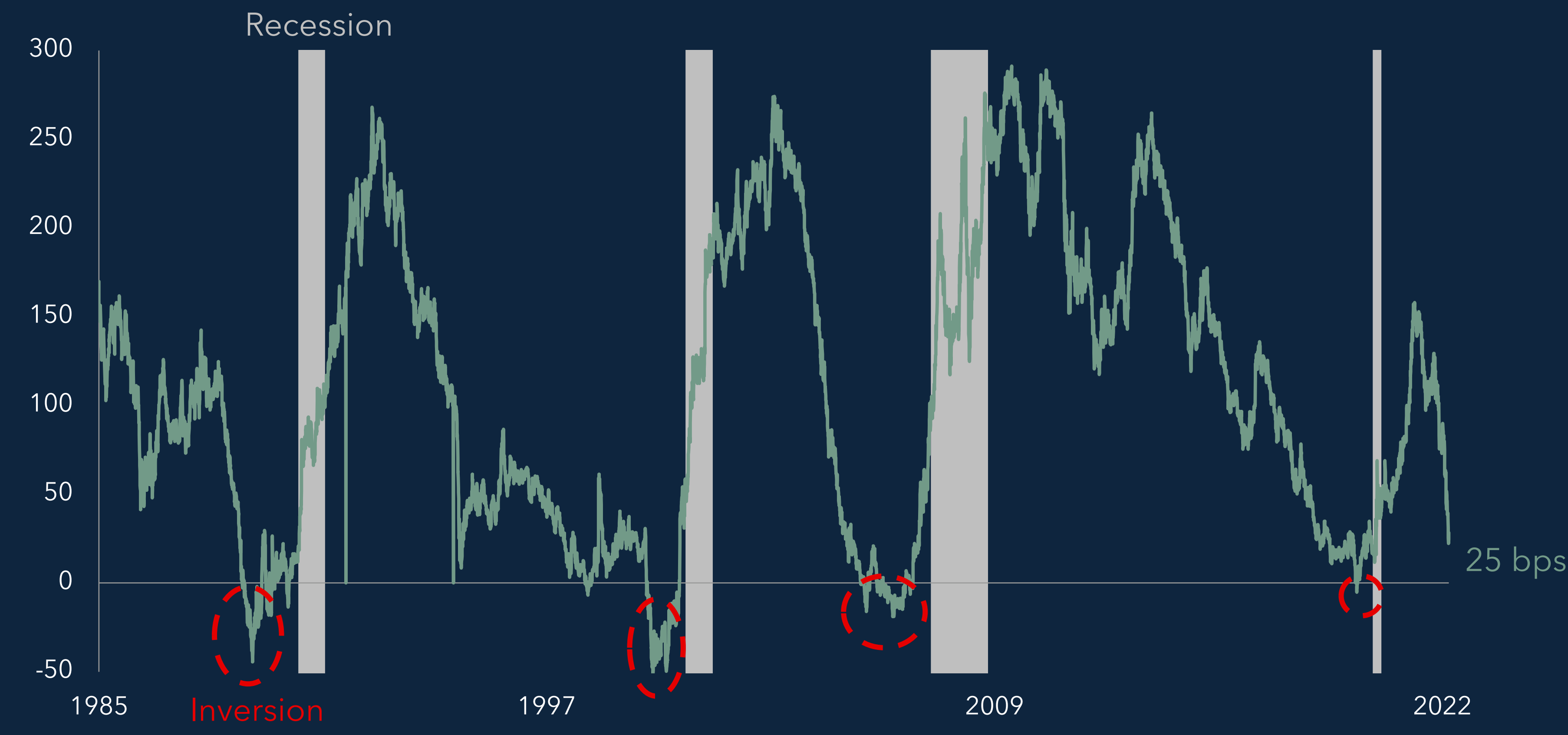
While the 2s-10s curve has been flattening rapidly, a 2018 Fed study found that the 3m - 10yr has been a more accurate predictor than 2s-10s (and other parts of the yield curve) in signaling nearly every US recession since 1970, with a median lead time from inversion to recession of approximately 9 months. While US recession is not the baseline scenario for 2022 or 2023, the market has clearly become concerned about decelerating growth on the back of rising inflation, elevated geopolitical risk and the potential for Fed policy error.

## US 3m-10yr Curve




In contrast to 3m-10s curve, the 2s-10s curve has been flattening rapidly, raising concerns about the durability of the business cycle against rising geopolitical and supply-side headwinds, including inflation.

## US 2s10s Curve




*Source: (1-2) Bloomberg. Data as of March 11, 2022.*

## Global Corporate & Investment Banking Capital Markets Strategy Team


**Tom Joyce**
Managing Director

Tom.Joyce@mufgsecurities.com
(212) 405-7472



**Hailey Orr**
Director

Hailey.Orr@mufgsecurities.com
(212) 405-7429



**Stephanie Kendal**
Associate

Stephanie.Kendal@mufgsecurities.com
(212) 405-7443