

Chart of the Day



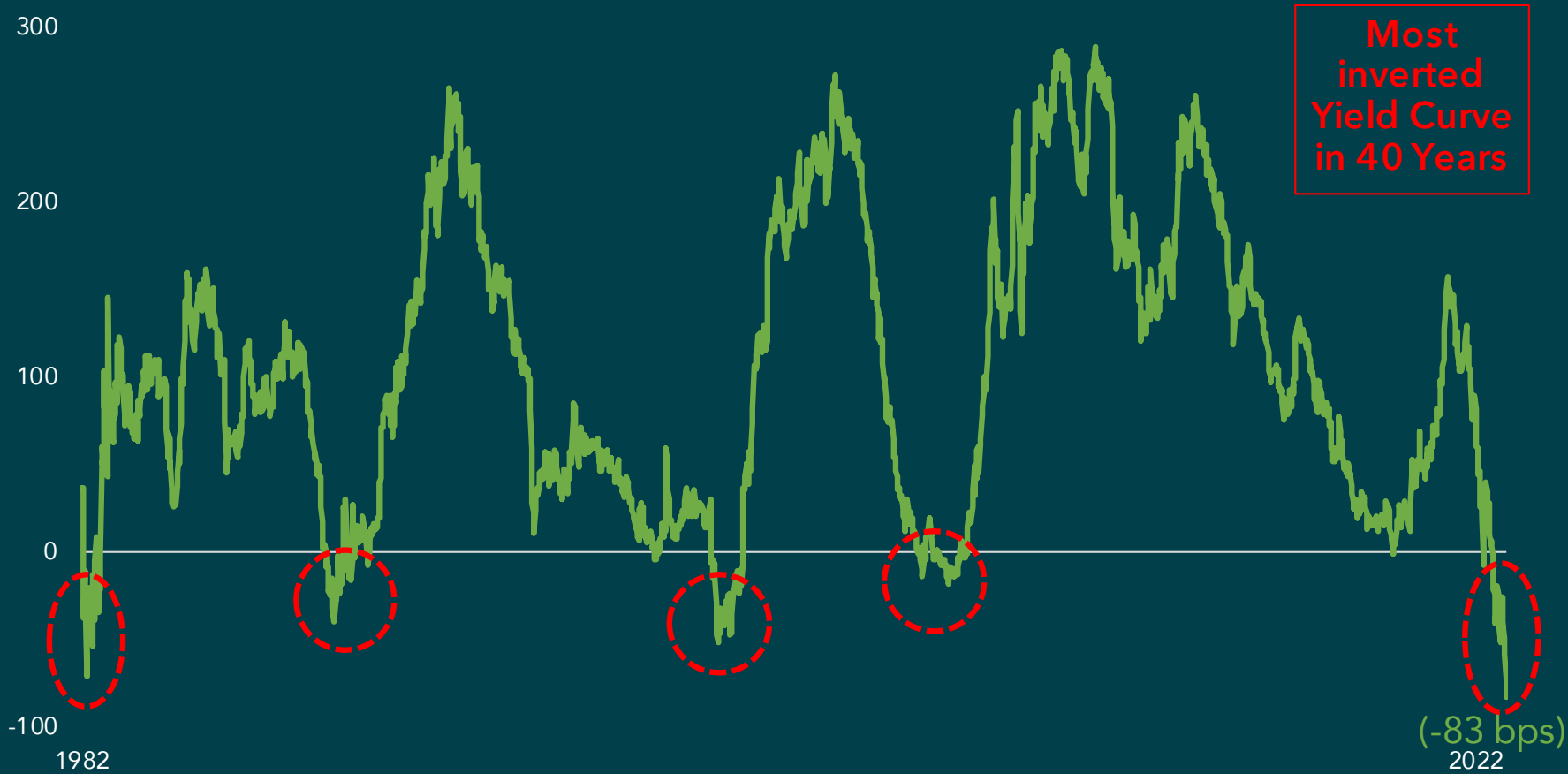
For the first time since 2000, the average 10 year yield on global bonds has dropped below a benchmark index for 1-3 year global bond yields, signaling elevated global recession risk for 2023.

Bloomberg global aggregate 10+ year yield spread to 1-3 year yield, bps



The 2s-10s UST yield curve is at its most inverted level in 40 years, which historically has been the most accurate predictor of US recessions (with the fewest false positives), typically with a lead time of 9-12 months.

2s10s UST curve



In fact, according to analysis by Macrobond, over 80% of the UST yield curve is now inverted.

Percentage of US yield curves inverted



Source: (1-3) Bloomberg. Data as of December 2, 2022. Macrobond.

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“Macro stability isn’t everything, but without it, you have nothing.”