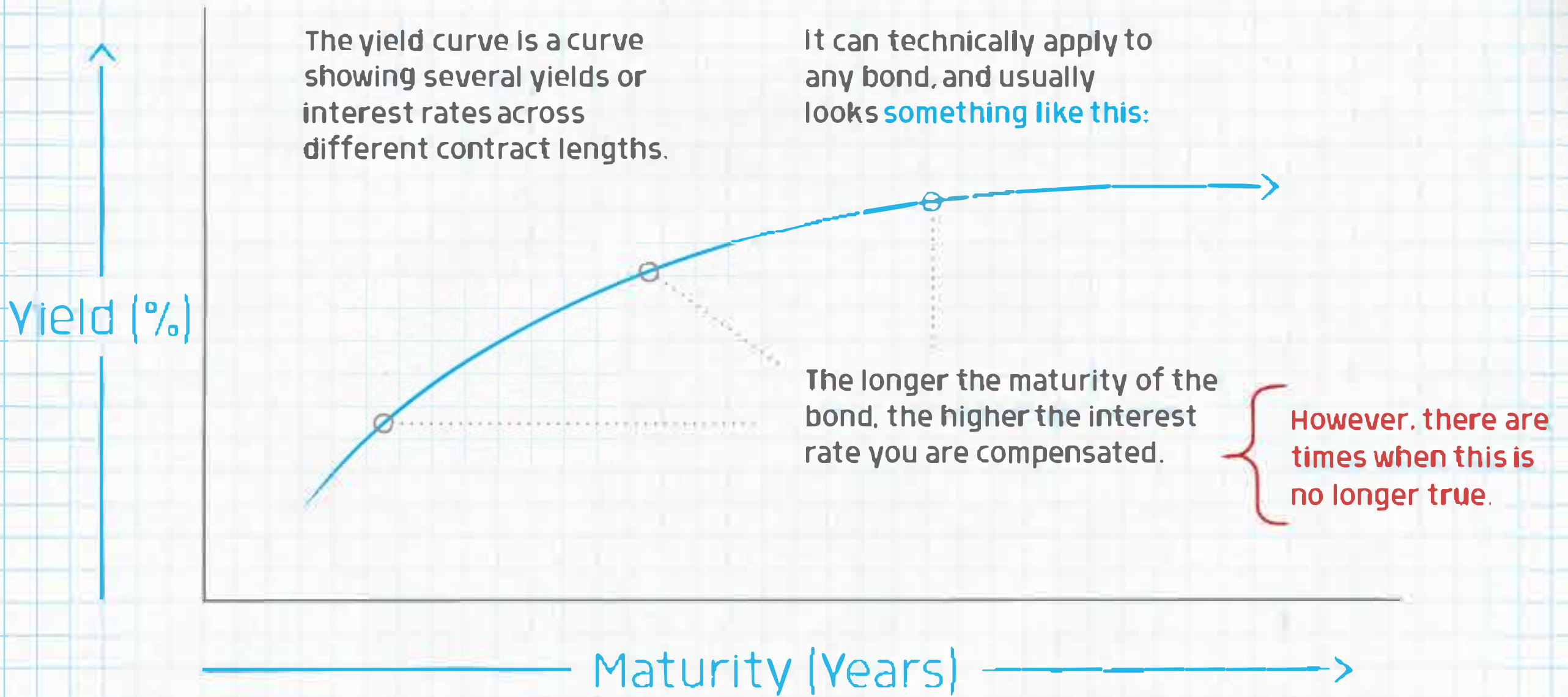
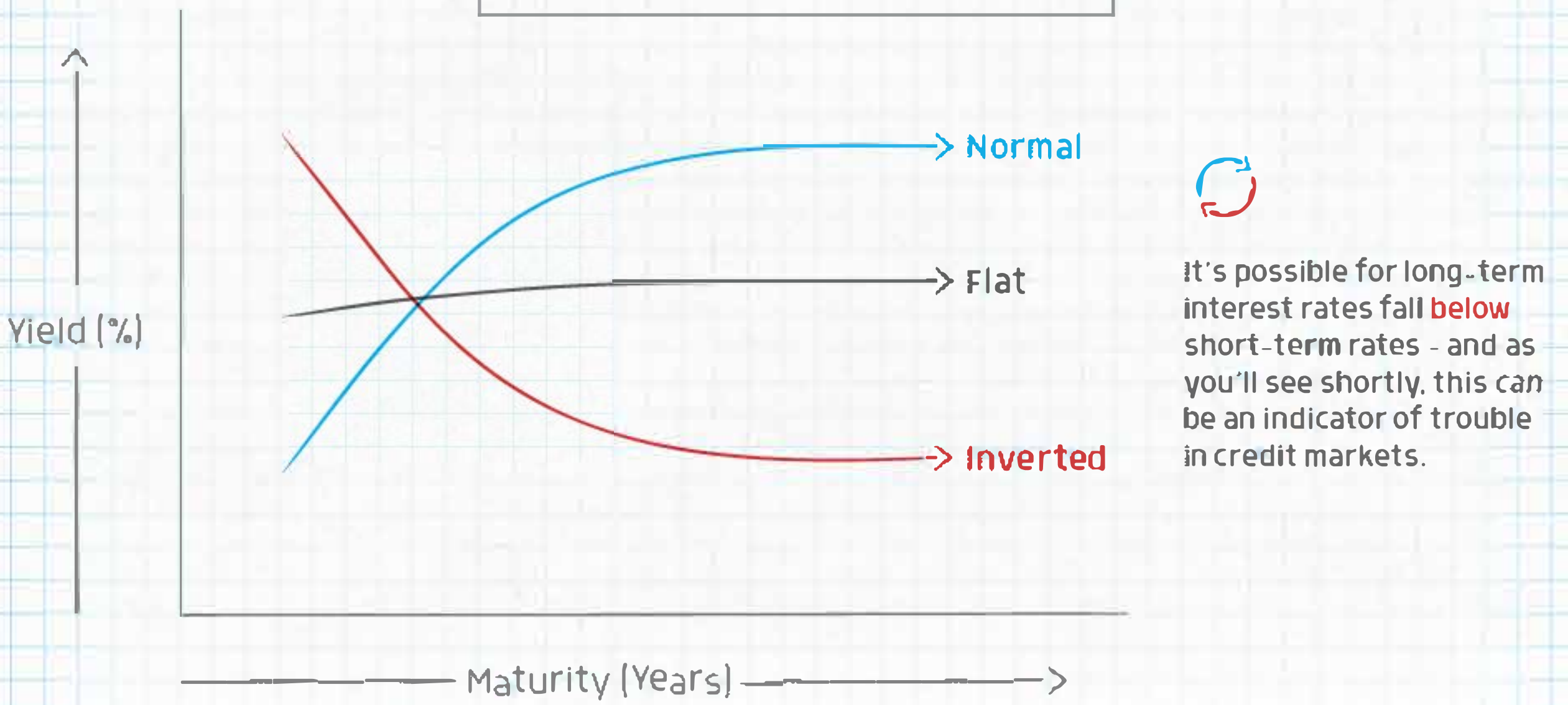


# Yield Curve Basics



Maturity (Years)

Sometimes the market gets out of whack, and yield curves do some interesting things.

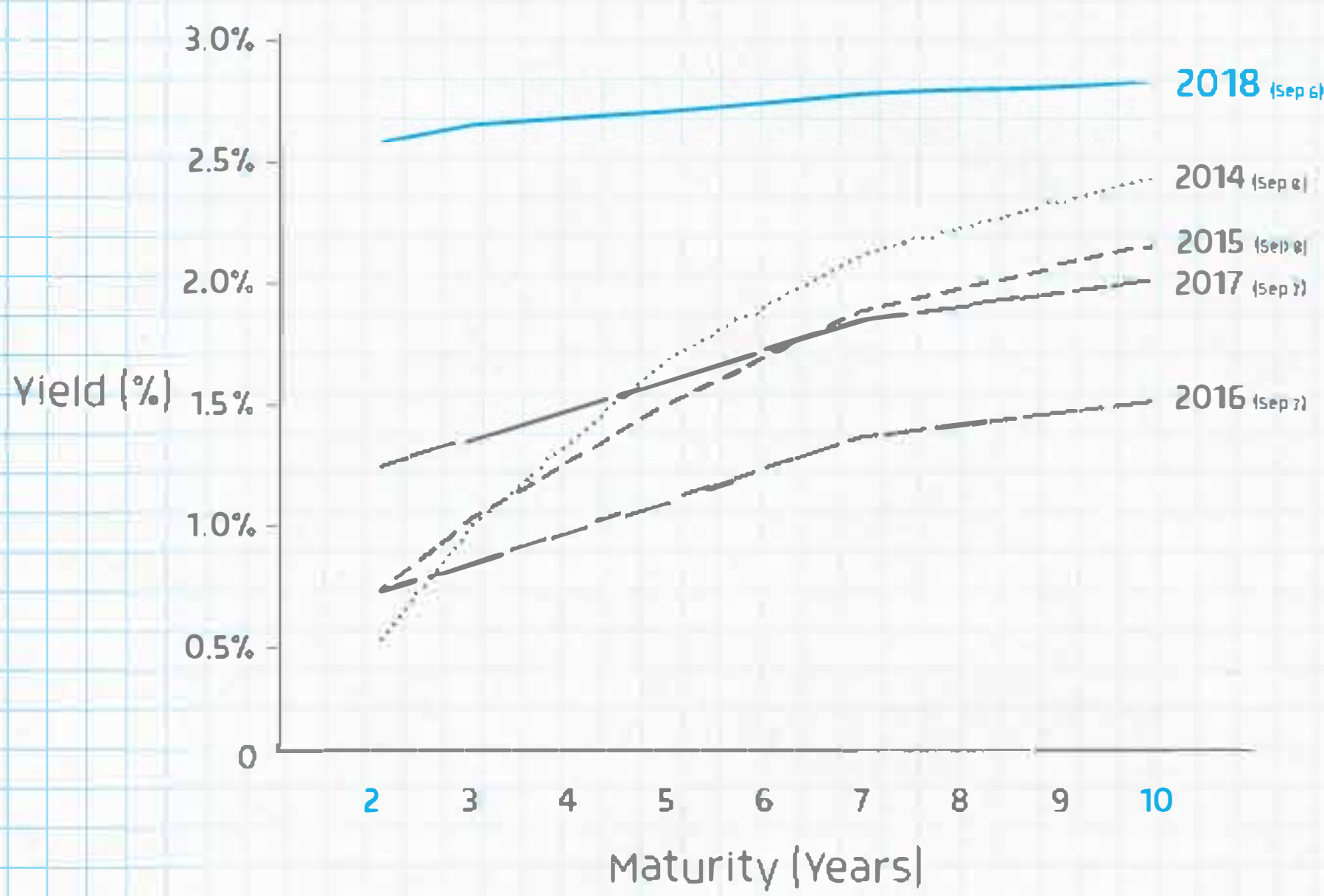


Maturity (Years)

## The Most Talked About Yield Curve

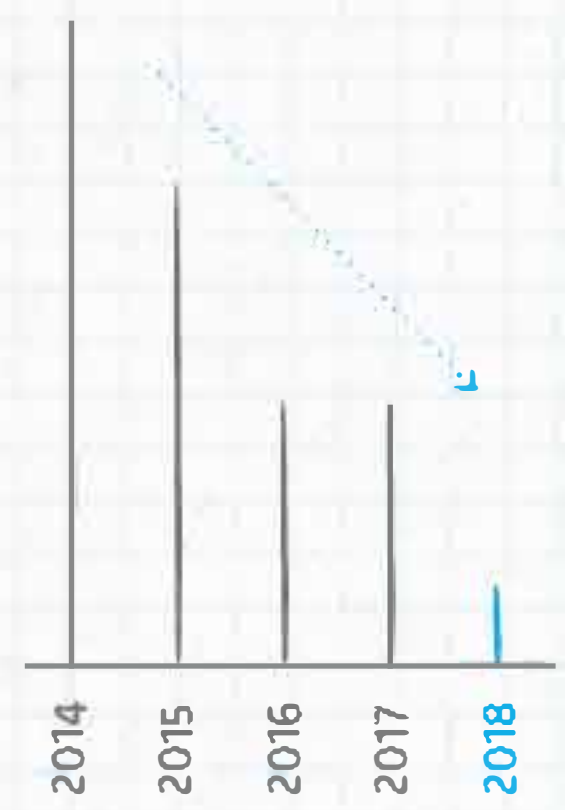
While a yield curve can be shown for any bond, there is one particular yield curve that economists watch very closely:

 **U.S. Treasuries** More specifically, it's a reference to the spread **between 10-year and 2-year U.S. Treasuries**.



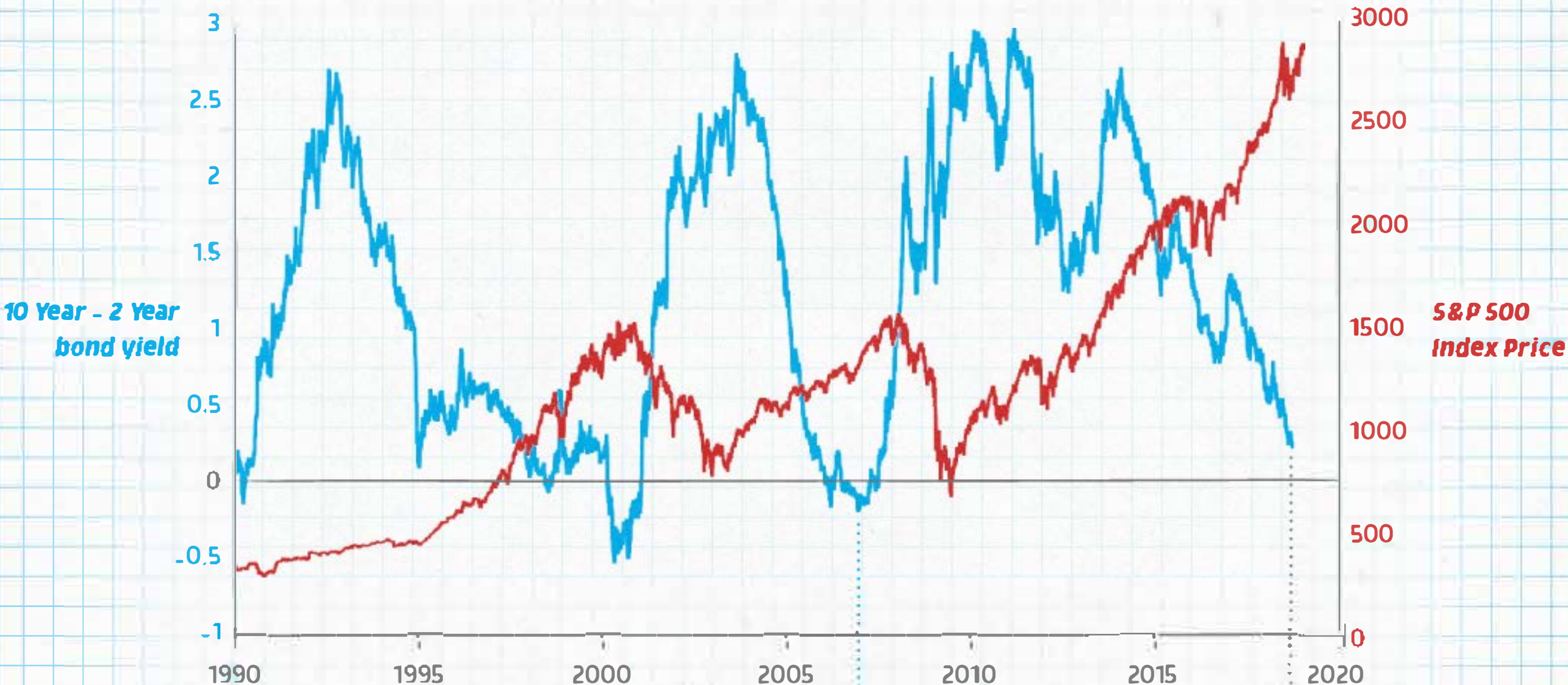
**Why is it being talked about?** Because it's increasingly **flattening**:

**Difference (10 yr - 2 yr rates)**



## The Concern

When the **yield curve** dips into **inverted** territory, there exists an extremely high correlation with market contractions and/or sluggish economic growth:



The last time it dipped into inverted territory was in 2007, and you may remember what happened just after.

And while an inversion may mean nothing this time around, the above chart explains why financial pundits care so much about watching it closely.