The OG Yield Curve Whisperer

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Campbell Harvey is a finance professor at Duke University. Back in the mid-1980s, when he was working on his PhD thesis, scholars were scrutinizing different markets for evidence that they could predict economic growth.

Harvey turned his own attention to the Treasury market — and his thesis would become the first formal explanation of the yield curve's predictive qualities. In his
model, a yield curve that inverts for a quarter — that is, long-term interest rates are on average lower than short-term interest rates for a full quarter — predicts that a recession will begin within about a year.

At the time he was writing his thesis, this was true for every recession since the 1960s — and it has been true of every recession since his thesis was published.

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