U.S. Recession Will Hit Just In Time For 2020 Election, According To Stat That Has Predicted Last 7 Recessions

A leading indicator of a coming recession known as an ‘inverted yield curve’ has predicted the last seven recessions, and now predicts another one.

As Donald Trump continues to claim that in his term, the United States is enjoying “the greatest economy we’ve had in the history of our country,” making that claim “dozens” of times, as the BBC reported, not only do experts say that his claim is debatable, but economists now point to specific economic phenomenon that has appeared just before the last seven U.S. economic recessions. This phenomenon, they say, reveals that the economy is headed into a recession possibly as soon as nine months from now — just as the 2020 presidential election primary season is getting into full swing.

The phenomenon noted by Duke University economist Campbell Harvey in a National Public Radio interview this week is called the “yield curve inversion,” and according to
Harvey whose research was the first to link it to recessions, the inversion has correctly predicted the last seven United States economic recessions — going back to the 1960s.

A yield curve inversion occurs when long-term interest rates on U.S. treasury bonds and bank certificates of deposit drop lower than short-term interest rates, according to Investopedia.
“If you lock your money up for five years, you expect to get a higher rate than, say, locking it up for six months,” Harvey said, as quoted by Salon, going on to explain that when that situation flips and the shorter-term rate is higher, “that’s exactly the situation we’ve got now, and it is a harbinger of bad news.”

The coming recession could be anywhere from nine months to 18 months away, experts say...

Mario Tama / Getty Images

But for the yield curve inversion to trigger a reliable prediction that a recession is on the way, under Harvey’s model, long-term rates have to stay lower than short-term rates for at least one full quarter — three months. In fact, as of June 30, the “yield curve” had remained inverted for one full quarter, according to Duke Today. Harvey told the publication that under his yield curve inversion model, “there have been no false signals yet.”
A recession is coming, experts say, but no one is sure how bad it will get.

Joe Raedle / Getty Images

According to investment adviser Jesse Colombo, writing on the Real Investment Advice site, the New York Federal Reserve Bank also uses a yield inversion curve prediction model, which now shows a 27 percent chance — better than one in four — that a recession will hit in the next 12 months — about the same probability as it showed just prior to the Great Recession that struck in late 2007.

Since that recession hit 12 years ago, interest rates worldwide have been held at artificially low levels, according to Colombo — a warning that “the coming recession is likely to be far more severe than the majority of economists expect,” due to the multiple “bubbles” created by the low rates.
Looking For Dental Implants? Check Out These Prices Near Durham
Dental Implants

Treating Toe Nail Fungus Could Be Easier Than You May Think
Nail Fungus

The Zulu Empire was located in which modern-day country?

- South Africa
- Tanzania
- Kenya
- Nigeria

powered by
powered by

EXPERIENCE THE DIFFERENCE

Bartlett

CLICK TO LEARN MORE

TRENDING NOW

Donald Trump Has Difficulty Coming Up With An Answer As To Why Job Growth Was Better

Donald Trump is 'Cruising Toward Re-Election,' Says 'The Guardian'

Global Financial Meltdown Draws Nearer As U.S. Corporate Debt Balloons
LATEST HEADLINES

Amber Heard Reclines In Decrepit Bathtub, Drinks Red Wine & Serves Up Cheeky Caption On Instagram

July 3, 2019

Rapper Nicki Minaj set to perform in Saudi Arabia at Music Festival

July 3, 2019

'Teen Mom OG' Dad Gary Shirley Is Now A Police Officer, Amber Portwood's Boyfriend Says It's A 'Huge Success'

July 3, 2019

Trump Campaign Reportedly Alarmed That The NRA's Very Public Meltdown Could Hurt Them In 2020

July 3, 2019

ENTERTAINMENT

Entertainment Celebrities Music Movies TV Famous Relationships