LOCAL NEWS

Duke professor: Prepare now for possible recession

Tags: Duke, recession, economy

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DURHAM, N.C. — Wednesday's Wall Street slide was triggered by activity on the bond market, something experts have pointed to as an indicator of the next recession, yet there's no indication of how severe it might be.
Campbell Harvey, a Duke professor of finance with a strong track record of predicting recessions and their impact, says it could impact your job or next vacation.

Harvey's research has accurately predicted three recessions since 1986. His research is in line with a survey of 400 CFOs who predict our country could head for recession by 2020 or 2021.

Harvey says now is the time for consumers to prepare themselves as the signs of a recession are present.

"The economic uncertainty is much higher today than it was last year, and we've seen increased volatility in the stock market," he said. "When you've got an indicator that is seven for seven in terms of predicting recessions, that should be a source of worry for all."

The indicator is called a yield curve. It's a way to measure how an investor's money is at risk.

Harvey developed the indicator in 1986. When it inverts, that's a sign a recession is coming.
"We're in a yield curve inversion right now," he said.

And consumers need to get finances in order.

"Maybe this is not the right time to max out your credit card, maybe it's not the right time to go for the big ticket item. Maybe it's not the right time to take the vacation with your family that is going to overextend you," Harvey said.

He says job changes are hard during recessions, so it's best to stay where you are and work hard.

"Right now, you need to seriously reconsider your actions. If you are not doing 100 percent effort at your job, even if you don't like it, you are at risk," he said.

Harvey is confident in his predictions about the upcoming recession. He recommends consumers look up other information to predict what will happen with the economy.
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