Box 1: Factors that may influence the Resistance to Inversion of the Yield Curve in Colombia - Financial Markets Report, Second Quarter 2023

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Recent analyses in the U.S. suggest that the cycle of increases in its benchmark interest rate was accompanied by the inversion of its yield curve and an increase in the probability of recession. The yield curve is understood to be inverted when long-term (10-year) bond rates are lower than short-term (2-year) rates. This behavior has been documented, and its predictive power to anticipate economic slowdown or recession events has been studied.

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/publications-research/financial-markets-report/second-quarter-2023-box-1