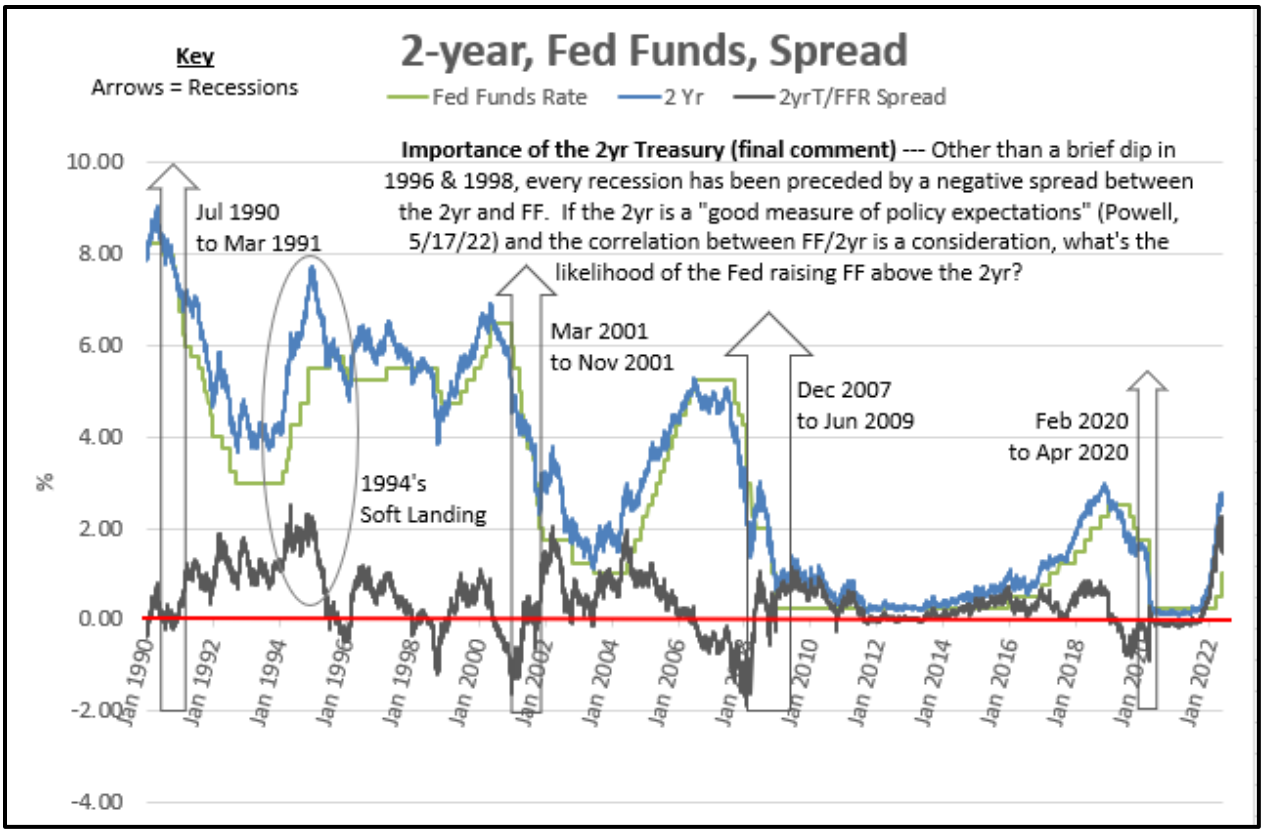
2-year, Fed Funds, Spread
Key
Arrows = Recessions
Fed Funds Rate
2 Yr
2yrT/FFR Spread
Importance of the 2yr Treasury (final comment) --- Other than a brief dip in 1996 & 1998, every recession has been preceded by a negative spread between the 2yr and FF. If the 2yr is a "good measure of policy expectations" (Powell, 5/17/22) and the correlation between FF/2yr is a consideration, what's the likelihood of the Fed raising FF above the 2yr?
Jul 1990
to Mar 1991
Mar 2001
to Nov 2001
Dec 2007
to Jun 2009
Feb 2020
to Apr 2020
1994's
Soft Landing
%
10.00
8.00
6.00
4.00
2.00
0.00
-2.00
-4.00
Jan 1990
Jan 1992
Jan 1994
Jan 1996
Jan 1998
Jan 2000
Jan 2002
Jan 2004
Jan 2006
Jan 2010
Jan 2012
Jan 2014
Jan 2016
Jan 2018
Jan 2022