Markets and economists are increasingly certain of recession
Economists and market indicators seem increasingly certain that the U.S. is either already in a cyclical downturn, or soon will be.

Driving the news: Perhaps the most-watched market indicator for predicting recessions — a so-called inversion of the yield curve between 3-month and 10-year Treasuries — is now near at hand.

How it works: An inversion is a bit of bond market jargon that describes an unusual situation in which shorter-term Treasury yields rise above yields on Treasuries that mature later.

- In recent days, the yield on 3-month Treasury bills shot sharply higher, while the yield on the T-note has been steady.

- Now, the 10-year is yielding just 0.12 percentage points more than the 3-month bill — perilously close to going negative, aka
inverted for months, the relationship between 3-month and 10-year Treasuries has a special status.

- Over the last 60-ish years, when this particular part of the Treasury yield curve has inverted, a recession has followed within two years.

- That makes it perhaps the single best market-based indicator of recessions.

- Check out this Q&A from Duke University finance professor Campbell Harvey, the dean of yield curve watchers, for more.

**Zoom out:** The yield curve isn't alone.

- Since yet another hotter-than-expected inflation report earlier this month, economic forecasters have turned increasingly dour.

- An economic model from Bloomberg now suggests a 100% probability of a recession within 12 months (though a separate Bloomberg survey puts it at 60%).

- A similar Wall Street Journal poll of economists showed the odds at 63% in August, up from 49% in July.

**Unemployment remains remarkably low**, but traditional rules of thumb say we're already in a recession since we've had two straight quarters of contracting GDP.

- The official call on recessions is made by the NBER, however.

**The bottom line:** Both the markets and economists seem to think the current downturn, soft patch, or whatever you want to call it, is going to get worse.
Triangle MLS: not a new Major League Soccer team

Although we would love an MLS franchise in Raleigh, for us, MLS stands for Multiple Listing Service.

What you need to know: Triangle MLS is the operating system that all 16,000 area Realtors use as a place to share properties for sale.

Explore market trends, training programs and more.
Credit markets flash warnings as rates soar

**BofA U.S. Credit Stress Indicator**

100 = highest stress level; Weekly; Jan. 7, 2000, to Oct. 12, 2022

![Graph showing the BofA U.S. Credit Stress Indicator from 2000 to 2022 with a peak at 75.6.](image)

Data: BofA Global Research; Chart: Axios Visuals

Indicators of bond market stress keep hitting levels not seen since the early days of the COVID market crisis.

**Driving the news:** BofA's Credit Stress Indicator (CSI) just breached a level — 75, on a scale of 0 to 100 — it hasn’t hit since April 2020.

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Shawna Chen
subpoena from Atlanta grand jury in 2020 election probe

U.S. Sen. Lindsey Graham (R-SC) listens as Peiter “Mudge” Zatko, former head of security at Twitter, testifies during a Senate Judiciary Committee on data security at Twitter, on Capitol Hill, September 13, 2022 in Washington, DC. Photo: Kevin Dietsch/Getty Images

Sen. Lindsey Graham (R-S.C.) asked the Supreme Court Friday to block a subpoena issued by the Atlanta special grand jury investigating possible criminal efforts to overturn the 2020 election.

Driving the news: Graham — one of several Republicans who reportedly pressed Georgia Secretary of State Brad Raffensperger (R) to reverse Trump’s 2020 loss in the state — filed the emergency request one day after a federal appeals court ruled that Graham must testify before the jury.

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https://www.axios.com/2022/10/19/us-recession-risk-markets-economy
A senior White House lawyer expressed concerns to President Trump's advisers and attorneys about the president signing a sworn court statement verifying inaccurate evidence of voter fraud, according to emails from December 2020 obtained by Axios.

**Why it matters:** The emails shed new light on a federal judge's explosive finding Wednesday that Trump knew specific instances of voter fraud in Georgia had been debunked, but continued to tout them both in public and under oath.