

Why do we care about an inverted yield curve?

	Inverted Prior to Recession?	Inverted at Recession?	# Months Inverted	Inverted vs Recession	Inverted vs. Market Peak	Return - Initial Inversion to Market Peak	S&P 500 6 Months after Inversion	S&P 500 1 Year after Inversion	S&P 500 2 Years after Inversion
1980	Yes	Yes	21	17 Months Before	18.5 Months Before	13%	-6%	3%	20%
1981 / 1982	Yes	Yes	13	10 Months Before	3 Months Before	12%	3%	-3%	-4%
1990 / 1991	Yes	No	9	18 Months Before	17.5 Months Before	32%	15%	26%	15%
2001	Yes	No	10	13 Months Before	1 Month Before	8%	2%	-4%	-20%
2008 / 2009	Yes	No	7	16 Months Before	14 Months Before	23%	15%	13%	2%
Average			12	15	11	18%	6%	7%	3%
Median			10	16	14	13%	3%	3%	2%

Source: Manulife Investment Management, Bloomberg. As of July 31, 2019