Include in DQ2 data on yield values issued at a particular date, tabulate and provide its graph, use US treasury website (interest rate offered on treasuries on that day for maturities up to 30 years), please explain in detail, provide examples, provide in-text citations.

<https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield>

According to Ross, Westerfield, and Jaffe (2010), a plot of the yields on Treasury notes and bonds relative to maturity is called Treasury yield curve. This yield curve is based on coupon bond yields. Therefore, Treasury yields depend on three components – the real rate, expected future inflation, and the interest rate risk premium. Treasury bonds are default-free, taxable, and highly liquid.

Below is the table of yield values as of 04/02/2020 –

|  |  |
| --- | --- |
| Months | Yield |
| 1 | 0.09 |
| 2 | 0.1 |
| 3 | 0.09 |
| 6 | 0.15 |
| 12 | 0.14 |
| 24 | 0.23 |
| 36 | 0.29 |
| 60 | 0.39 |
| 84 | 0.53 |
| 120 | 0.63 |
| 240 | 1.04 |
| 360 | 1.26 |

This yield curve looks like a steep yield curve suggesting that long-term yields are rising at a faster rate than short-term yields. Both the normal and steep yield curves depict same general market conditions, the only difference being a steeper curve reflects a larger difference between short-term and long-term return expectations. Historically, steep yield curves have indicated the start of an expansionary economic period. Meaning, we could expect an economic recession in the near future.

References:

Ross, S., Westerfield, R., & Jaffe, J. (2010). *Corporate finance*. McGraw-Hill Higher Education.

<https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield>

Screenshot-



