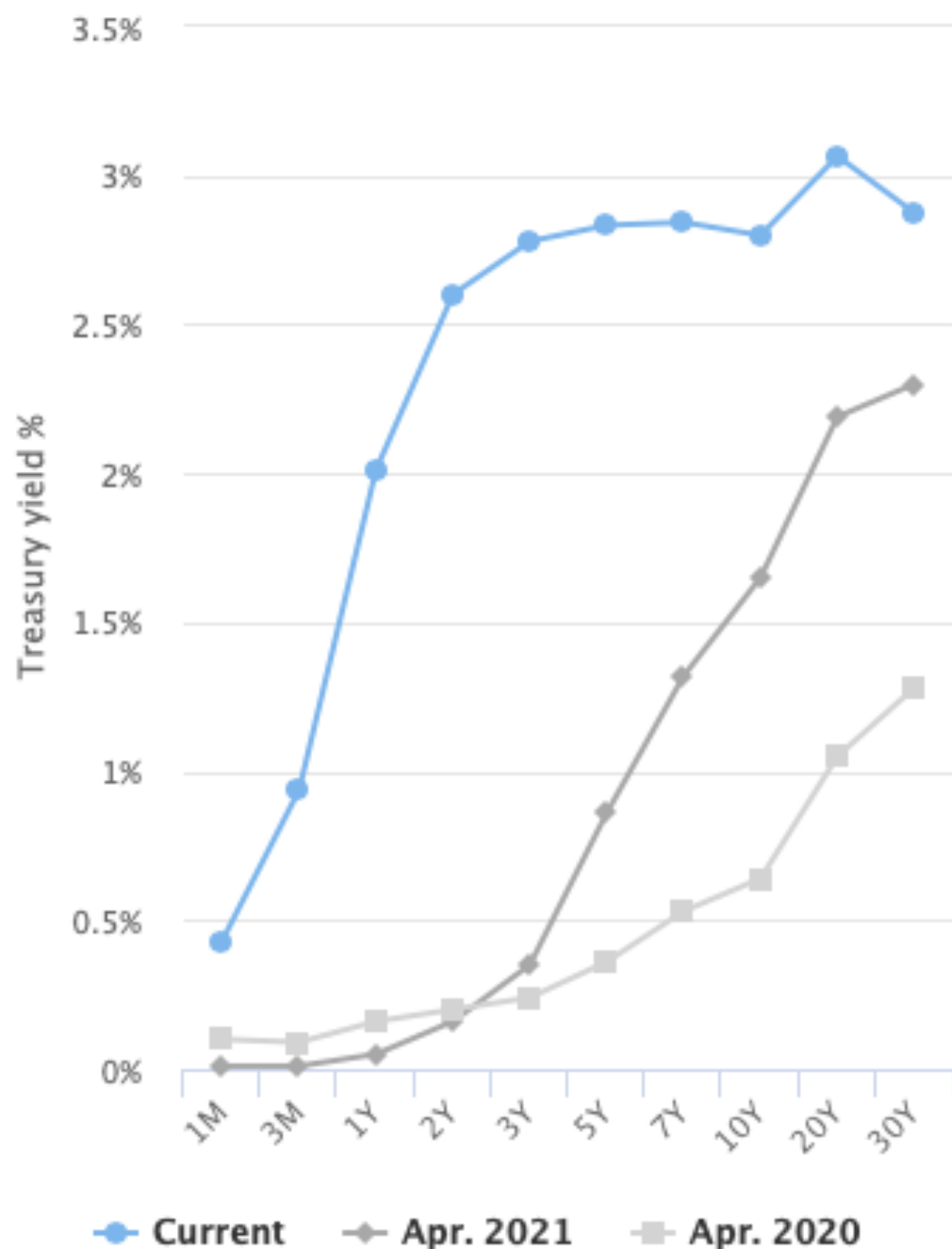


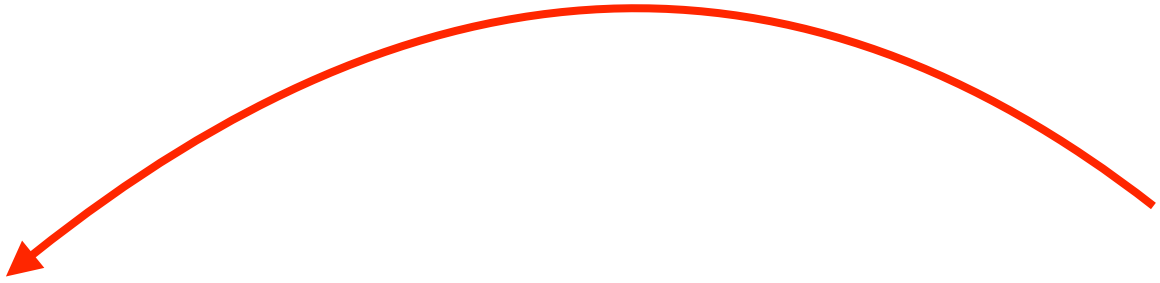


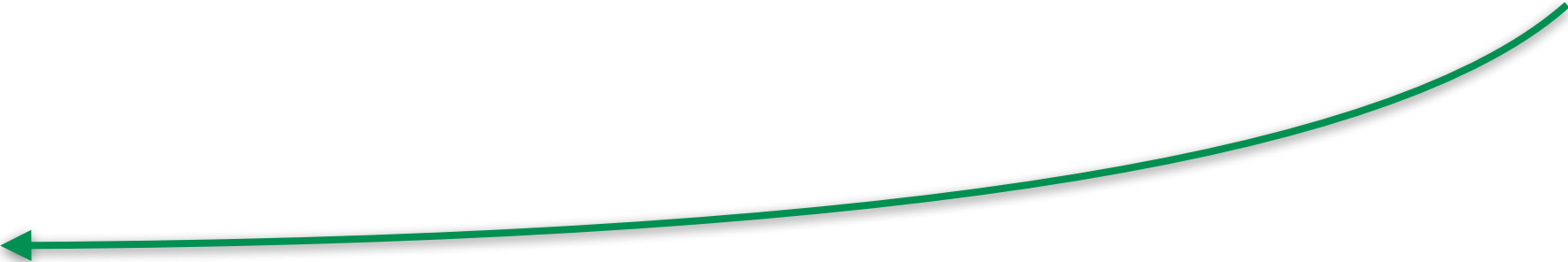
The Yield Curve Plots yield on Government  
Bills, Notes and Bonds

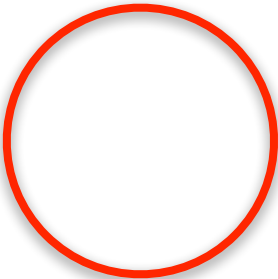
# Treasury Yield Curve

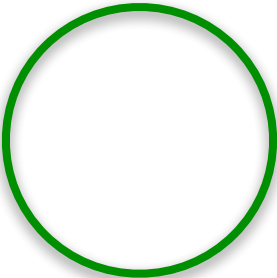


This plot shows a “normal” yield curve because yields are higher for longer-term debt (20 years: 3%)

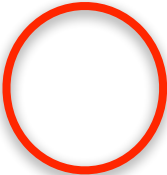


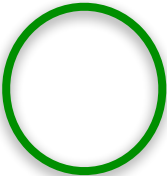












than for shorter-term debt  
(1Month: 0.5%)

The difference in yields is the spread:

S









a



[REDACTED]

[REDACTED]

























9































S



















**F**







3













**V**













U



V







W



g





3





























3



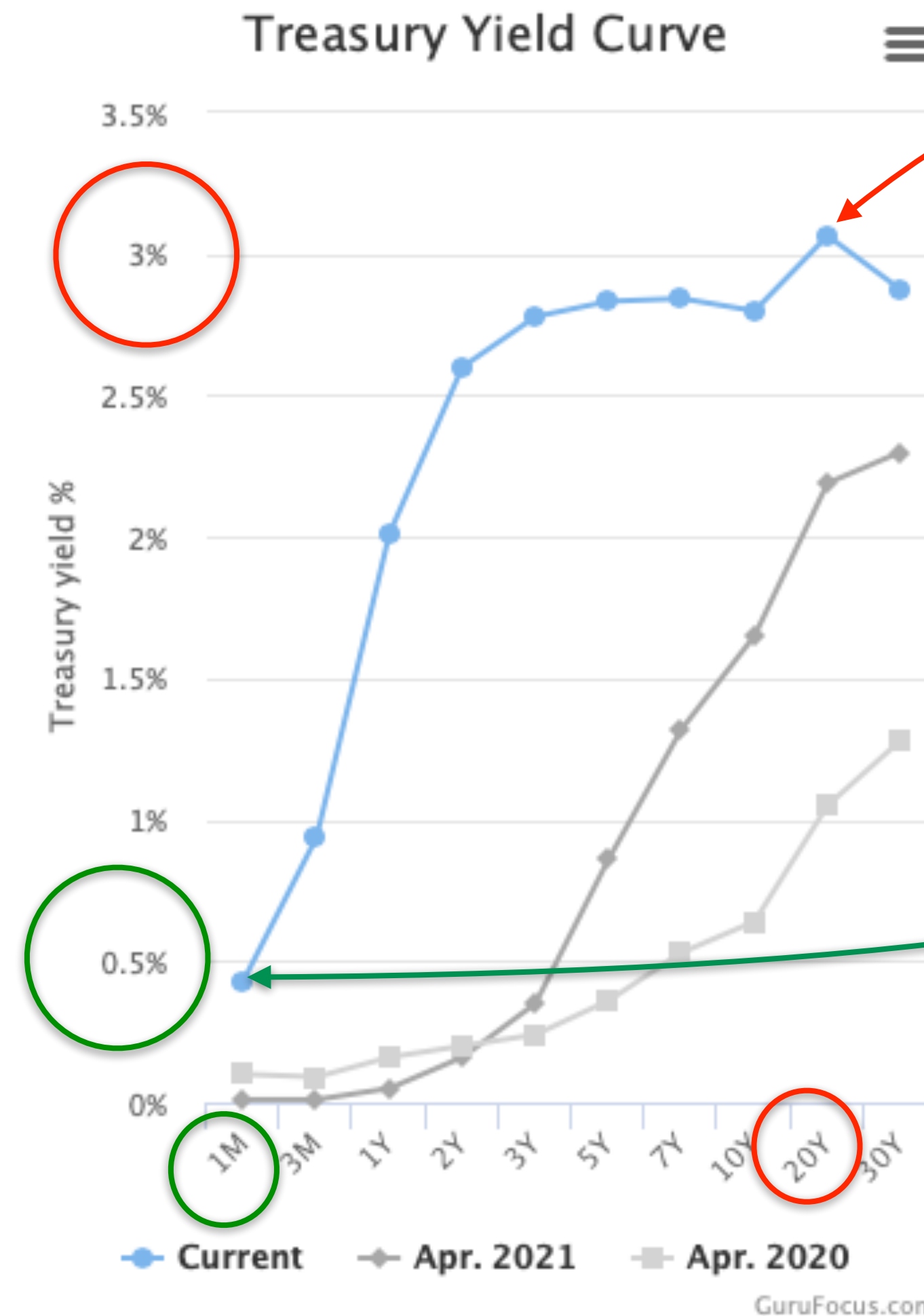
$$\text{Spread} = \text{Yield for Long Term} - \text{Yield for Short Term}$$

# The Yield Curve Plots yield on Government Bills, Notes and Bonds

The difference in yields is the **spread**:

**Spread** = Yield for **Long** Term - Yield for **Short** Term

For a **normal** yield curve, we get a **positive** spread

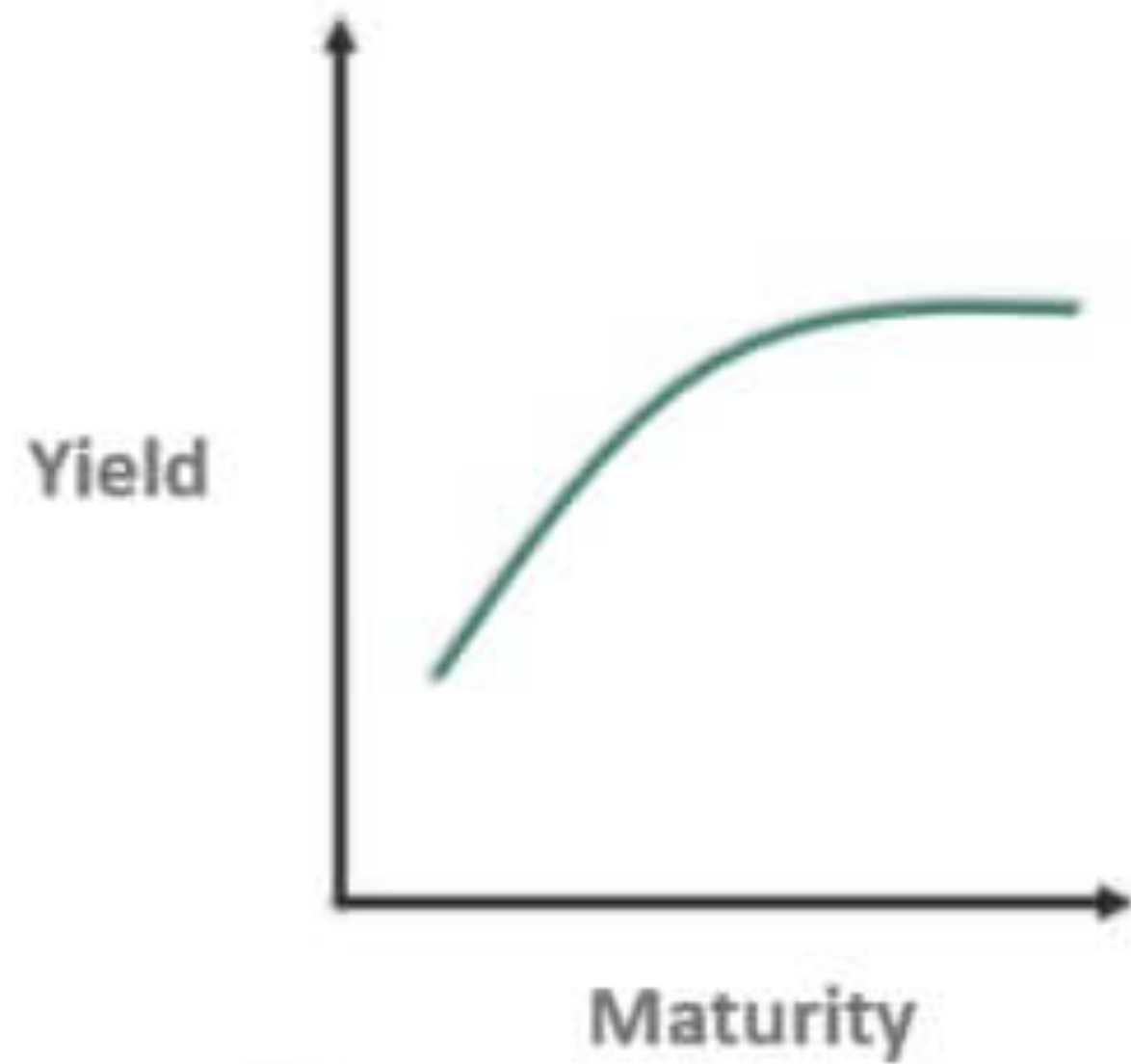


This plot shows a "**normal**" yield curve because yields are **higher** for **longer**-term debt (20 years: 3%)

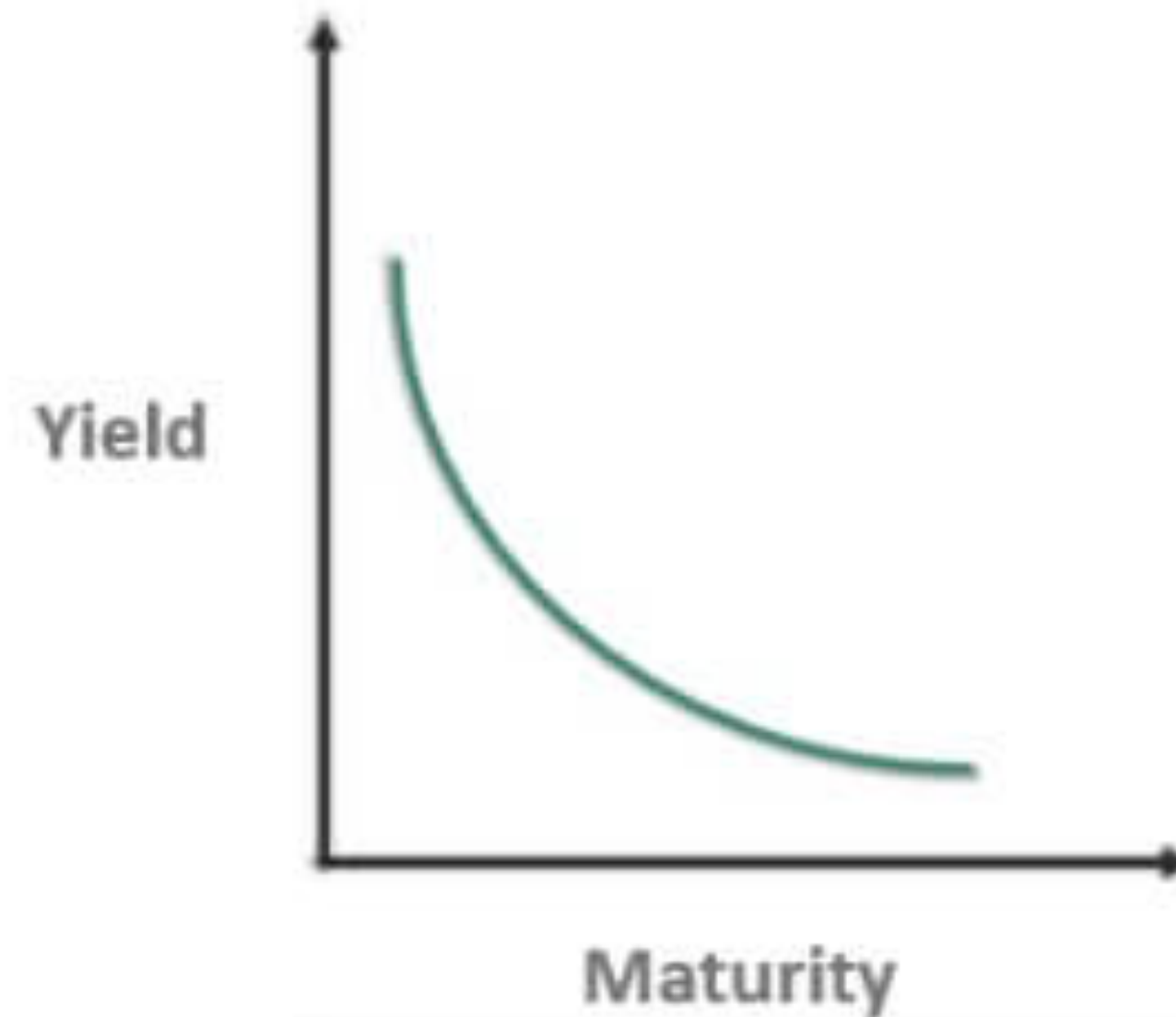
than for **shorter**-term debt (1Month: 0.5%)



# Inverted Yield Curve



Normal Yield Curve



Inverted Yield Curve