



Assessing the Risk of Yield Curve Inversion

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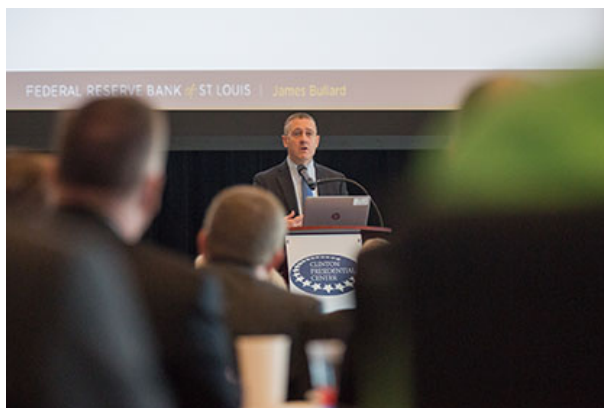
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Nov. 30-Dec. 1

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On a two-day tour of Little Rock, Ark., where the St. Louis Fed has a Branch, President James Bullard met with Arkansas Gov. Asa Hutchinson, toured the Venture Center startup incubator, spoke at a Regional Economic Briefing and met with the Little Rock Branch's board of directors.

At the Regional Economic Briefing, Bullard gave a presentation titled "[Assessing the Risk of Yield Curve Inversion](#)." He said there is "a material risk" of such an inversion over the forecast horizon if the FOMC continues on its present course for raising the fed funds rate, as suggested in the September 2017 Summary of Economic Projections. Such an inversion—whereby short-term interest rates exceed long-term interest rates—has helped predict recessions in the past. He noted that yield curve inversion is best avoided in the near term by caution in raising the fed funds rate. "Given below-target U.S. inflation, it is unnecessary to push normalization to such an extent that the yield curve inverts," he said.



Bullard spoke Friday morning at the Regional Economic Briefing, co-sponsored by the Little Rock Branch of the Federal Reserve Bank of St. Louis and the Arkansas Economic Development Institute. About 100 people attended the presentation, held at the

FOMC Speak

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James Bullard

President and Chief Executive Officer

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"Rationally, let it be said in a whisper, experience is certainly worth more than theory."
Amerigo Vespucci

Clinton Presidential Center in Little Rock.
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Before delivering his remarks on the possibility of a yield curve inversion, Bullard mingled with guests at the Regional Economic Briefing.
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At the state Capitol on Thursday, Bullard met with Gov. Asa Hutchinson. All of Arkansas is in the St. Louis Fed's District, along with parts of six neighboring states. Bullard's outreach efforts take him around the District on a regular basis.
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At the startup incubator, Bullard and other St. Louis Fed representatives met with leaders of the VC Fintech Accelerator—Empowered by FIS, which focuses on early-stage financial technology companies that are innovating in banking services. Collins Andrews (far left), FIS executive in residence, explained how FIS is nurturing the startups.
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After touring the Venture Center, Bullard and other St. Louis Fed representatives posed with those who run the startup incubator and some of the people who are using its services. From left: Maf Sonko of LUMOXchange, a startup that has online technology for shopping for the best exchange rates to send money abroad; Collins Andrews, executive in residence of FIS, a company behind the center's Fintech Accelerator program; James Hendren, chairman at the Venture Center; Wayne Miller, managing director at the Venture Center; Brian Bauer, program manager at the Venture Center; Lee Watson, president and CEO of the Venture Center; Susi Barakat of eGiftify, a startup with instant gifting technology for any size business; Bullard; Robert Hopkins, senior vice president and regional executive of the St. Louis Fed's Little Rock Branch; and Kevin Henry, an assistant vice president at the St. Louis Fed in the Supervision division.

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