

BUSINESS INSIDER

Interest rate forecasters are shockingly wrong almost all of the time



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Most interest rate forecasters are wrong most of the time.

Very wrong.

The chart below is from [Jeff Gundlach's presentation on Tuesday](#), comparing the US 10-year yield to median economist forecasts over the past five years.

The black line is the 10-year yield, and the colored lines are the paths that economists thought rates would take.

Clearly, these forecasters were wrong most of the time, as there were only a few instances of convergence between both lines.

In 2012, forecasters were hugely bleak about the economy, and thought that interest rates would collapse the whole year. Rates ended the year higher than where they started.

Last year was particularly bad, when strategists became too optimistic that the Federal Reserve would hike rates.

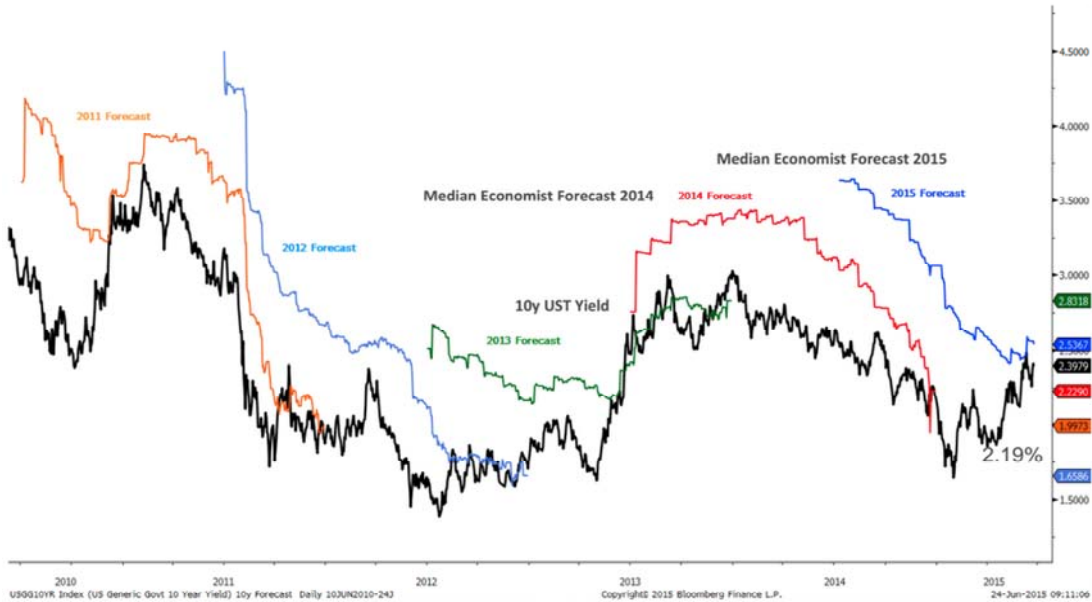
This year, forecasters again thought rates would rise and as rates fell, so did those forecasts, which have now converged with interest rates.



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10y U.S. Treasury Yield Forecast for Year End 2015

June 10, 2010 through June 24, 2015

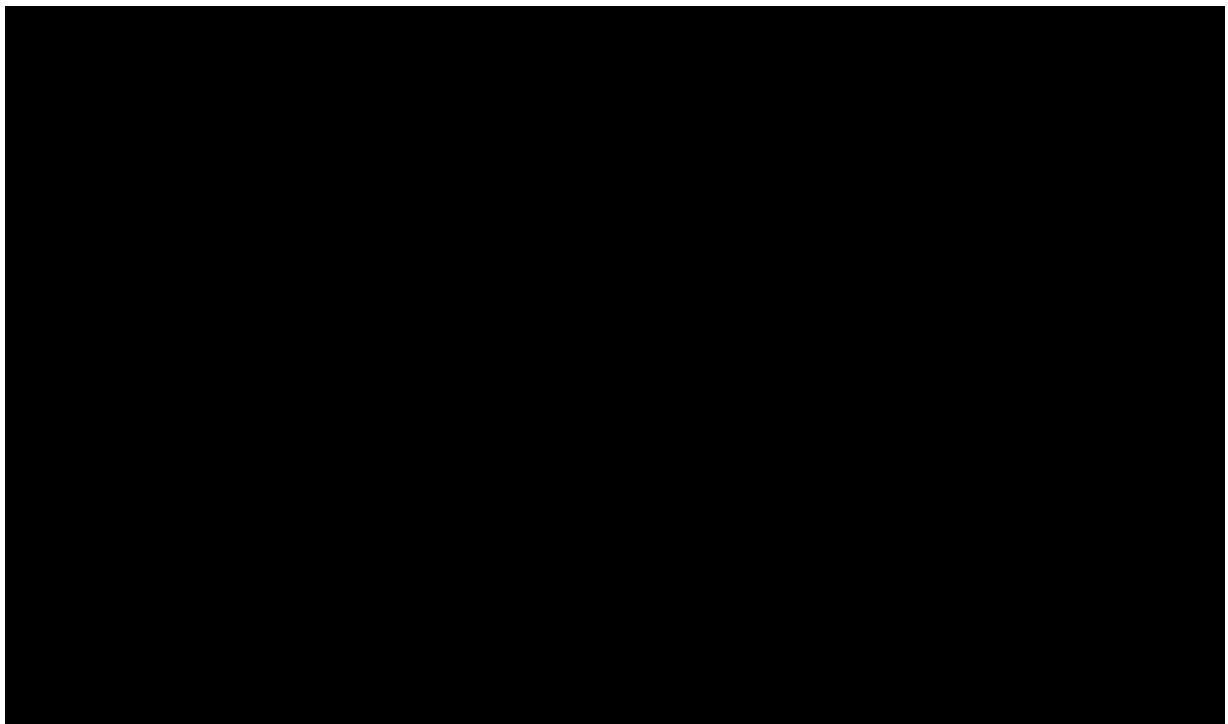


Notes: Median economist forecasts are based on Bloomberg survey data.
Source: Bloomberg, Doubleline
You cannot invest directly in an index.

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