

Is a Recession Around the Corner? The Bond Market Thinks So, but Stock Market Says No.

Stocks were strong across all sectors of the market today, lifting the Entrepreneur Index™

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The yield spread between the three-month Treasury bill and 10-year Treasury bond fell below seven basis points – or 0.07 percent – today. When long-term interest rates fall below short-term rates, causing an inverted yield curve, it's one of the surest signs of an economic slowdown and possible recession on the horizon.

The stock market, however, shrugged off the bearish signal from the bond market. The major stock indexes posted strong gains today. The Dow and S&P 500 indexes rose 0.84 percent and 1.09 percent respectively, while the Nasdaq Composite index was up 1.42 percent. The Entrepreneur Index™ posted a gain of 1.19 percent with just four stocks of sixty on the index losing ground on the day.

NVIDIA Corp. had the biggest gain on the Entrepreneur Index™, rising 5.47 percent. The maker of graphics chips was up sharply along with the rest of the semiconductor sector as memory chip giant Micron Technology beat earnings estimates yesterday with financial results. Micron also predicted a

recovery in the market for memory chips this year. Other tech stocks posting good gains included fellow chip-maker Analog Devices, up 1.45 percent, software maker salesforce.com, up 2.1 percent and Adobe Systems Inc., up 1.72 percent.

Stock prices were strong across the market. Fedex Corp. (2.24 percent) was up smartly after posting the biggest loss (-3.49 percent) on the Entrepreneur Index™ yesterday. Foodmakers Tyson Foods and J.M. Smucker Company were up 2.53 percent and 4.22 percent respectively. Homebuilder D.R. Horton Inc. gained 3.39 percent, helped by the continuing decline in mortgage rates that track the 10-year Treasury bond yield.

The recent fall in interest rates is also helping REITs. All nine REITs on the index were up today with Kimco Realty Corp. (2.66 percent) and Simon Property Group (2.44 percent) both focused on shopping center and mall properties, posting the biggest gains. Another shopping center REIT, Macerich Company was also up 2.1 percent.

Other notable gains on the index today included Wynn Resorts (2.54 percent), O'Reilly Auto Parts (2.43 percent), Ford Motor Co. (2.12 percent) and Verisign Inc. (1.94 percent).

Only four stocks on the Entrepreneur Index™ declined today. Gap Inc., down 0.83 percent, fell the furthest. Regeneron Pharmaceuticals and Jefferies Financial Group were also down 0.72 percent and 0.47 percent respectively. Capital One Financial ended the day with a small 0.07 percent loss.

The Entrepreneur Index™ collects the top 60 publicly traded companies founded and run by entrepreneurs. The entrepreneurial spirit is a valuable asset for any business, and this index recognizes its importance, no matter how much a company has grown. These inspirational businesses can be tracked in real time on Entrepreneur.com.

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