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Stocks and Bonds Are Sending Different Messages. One of Them Is Wrong.

By [Nicholas Jasinski](#) [Follow](#) Updated Jan. 20, 2023 8:58 pm ET / Original Jan. 20, 2023 8:06 pm ET

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Stocks have embraced the concept of a [soft landing](#) so far in 2023. Bonds are trading like [a recession is nigh](#). Only one can be right.

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Under the surface, the soft-landing trade is even more pronounced. The communication-services and consumer-discretionary sectors of the S&P 500 are trouncing the market, each up at least 5% year to date.

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[Defensive consumer-staples](#), utilities, and healthcare stocks, on the other hand, have declined more than 2%. If stock investors were worried about a recession, shares of companies that sell electricity, toilet paper, and Cheerios should be doing better than riskier firms in more discretionary areas. They're not.