Charlotte firm buys 35 homes in W-S

BY MARGARET MOFFETT
mmoffett@bizjournals.com

A Charlotte real estate firm has bought 35 homes in Winston-Salem for nearly $1.77 million. According to records filed Tuesday with the Forsyth County Register of Deeds, Kings Fund LLC bought the homes with financing from Bank of ZK.

Kings Fund's president is David Benson, according to the N.C. Secretary of State's office.

The seller was Winston-Salem-based S.E. Snyder Group. The homes, all in Winston-Salem, are:
- 518 and 519 W. 20th St.
- 421 E. 24th St.
- 609 and 615 E. 25th St.

The complex has a webpage for the daily yield curve, which can be drawn as a curve or represented in a table. The U.S. Treasury Department has a webpage for the daily yield curve, which shows the yield curve at different maturities. It can be drawn as a curve or represented in a table. The U.S. Treasury Department has a webpage for the daily yield curve, which shows the yield curve at different maturities.

The yield curve inverted on Monday of this week. To some, this was huge news, because for decades, whenever the yield curve has inverted, a recession has followed soon thereafter. There aren't many recession predictors with 100 percent accuracy, so this is worth paying attention to.

What's the yield curve? It's the array of interest rates (technically bond yields) at different maturities. It can be drawn as a curve or represented in a table. The U.S. Treasury Department has a webpage for the daily yield curve, which shows the yield curve at different maturities. It can be drawn as a curve or represented in a table. The U.S. Treasury Department has a webpage for the daily yield curve, which shows the yield curve at different maturities.

During an economic expansion, the yield curve slopes upward because investors expect long-term rates to rise even further, and so they park their money in short-term bonds while they wait for better long-term rates. Economic expansion is the normal state of the U.S. economy, with recessions popping up as short and infrequent interruptions in growth. A normal yield curve is a sign that financial markets expect an expansion to begin or continue.

The yield curve inverts when long-term rates fall below short-term rates. An inversion is a sign of imminent recession. Investors expecting an economic downturn tend to keep their money in short-term bonds.

Observers of the yield curve tend to focus on certain rate spreads. Two of the most watched are the 2-10 spread, the 10-year yield minus the 2-year yield; and the 3-10 spread, the 10-year yield minus the 3-month yield. As of Monday, the 2-10 spread was small but positive, at 17 basis points.

But because the 10-year yield and 3-month yields were 2.43 and 2.46 percent, respectively, the 3-10 spread was -3 basis points. That's the inversion that got so many people's attention.

The last time this happened, the 3-10 spread dropped below zero in July 2006 and stayed there until May 2007. The Great Recession began in December 2007.

In spite of this spread, the yield curve is mostly flat. Different parts of the curve have inverted at various times over the last year or so and then normalized. And in the past, the recessions that followed inversions have done so with a lag. Even if we believe with 100 percent probability that a recession is coming, we don't know when.

Moreover, some recent research suggests that yield curves have flattened in the U.S. and other advanced economies. Even in normal times, the spreads between long-term and short-term rates have narrowed. If that's the case, inversions will happen more often, and without the onset of recession.

On the other hand, economist Paul Krugman points out that previous inversions happened at higher interest rates, at 6 percent instead of 2.5 percent. The size of an inversion is the market's forecast of how much the Federal Reserve will have to cut short-term rates. In the current environment, there isn't much room to cut, which means that things could be worse than a given inversion implies.

The rules in financial markets have changed since the Great Recession, and therefore an inverted yield curve could have milder implications than in the past, or more severe. Economic prognosticating is certainly easier when we're not plunging into the unknown.

Andrew Brod is a senior research fellow in UNC's Center for Business and Economic Research. Reach him at 336-707-6439 or abrod@uncg.edu. An archive of his columns is available at http://cber.uncg.edu.