



# *Harry's Take*

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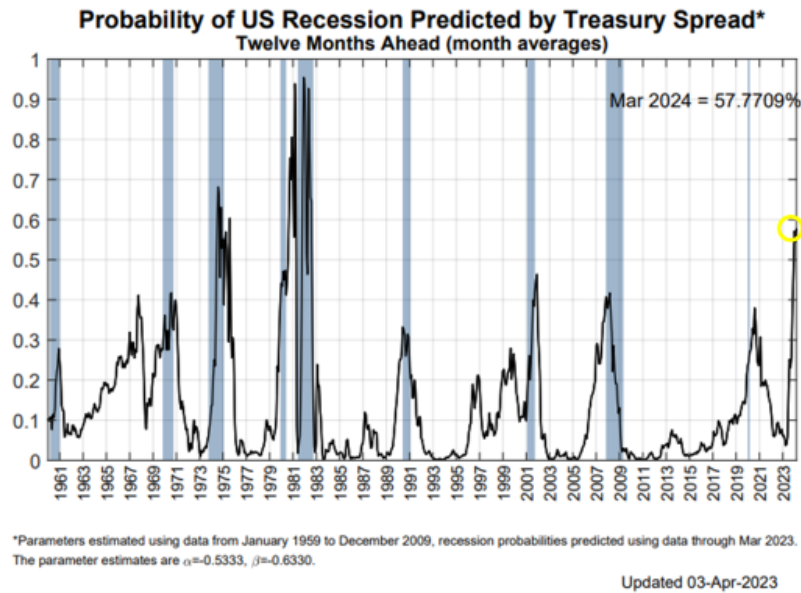
## **The Probability of a Recession Is at Its Highest Since 1980-1981: Great Crash Continues**

I have talked before about zombie companies. They are a good indicator of trouble brewing, as they do what companies do in recessions: default on their debt. These are the companies that even in the late stages of a boom cannot pay their debt service. In other words, the only reason they are still in business is that they are stiffing their creditors.

Zombie companies are back up to near 10% of all U.S. companies and rising, but now there is a number on their potential damage. These companies carry \$1.4T in debt, which they will tend to default on, more than the \$0.55T such companies held in 2008-2009. That's all it takes to start a financial crisis, and then you get a spiral that just gets worse. A slowing economy causes more debt defaults, and more debt defaults deepen the recession, as creditors get crucified.

This indicator shows that the probability of a recession is now the highest since 1980-1981 (the deepest recession since the Great Depression), before the 2008 financial crisis hit. In that recession, the Baby Boomers stopped spending, as I predicted decades before it happened. So, expect these defaults to start to accelerate soon. And expect the stock crash that started on January 4 with the all-time high on the S&P 500 to get a lot worse soon. I have long predicted that by late 2024, the S&P 500 would fall 86% from its top.

## Probability of Recession Is up Most Since 1980-1981! Great Crash Ahead



Source: [https://www.newyorkfed.org/medialibrary/media/research/capital\\_markets/Prob\\_Rec.pdf](https://www.newyorkfed.org/medialibrary/media/research/capital_markets/Prob_Rec.pdf)

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It's a little suspicious that this is the most-anticipated recession ever, but there is a good reason for that. The Fed has simply bullied their way out of the last debt crisis, with massive money printing over an unprecedented 13 years. And their forced tightening since March 2022 hits right about now on that infamous 12-month lag...

**Get ready for the Great Recession of 2023-2024, which is likely to linger into early 2025 or so. And it will certainly be worse than the 2008-2009 Great Recession.**

Harry

Got a question or comment? You can contact us at [info@hsdent.com](mailto:info@hsdent.com).