



Rodney's Take

May 29, 2023

Memorial Day and a Slow Start to Summer

We have several current and past service members in our family. I'm proud to be associated with them, but today is not for them. Their day arrives in November. This day is for those who died in the service of our nation. I've always found it discordant that we honor our war dead by advertising beer and mattresses, but we also acknowledge the birth of Christ by selling cars and toys.

We're American to the core, encouraging people to spend their time and money how they want and when they want, as long as it's legal. While this might seem crass on days like today, it's also at the root of our great experiment. I have agency and dignity because I'm human. What I do with my agency (and to my dignity) is my business, as long as I'm not impeding others. Under the rule of law, all of us have the right to live this way. It seems such rights are under pressure these days, but I'd imagine it has always seemed that way. I'll take a few minutes this Memorial Day to remember those who gave their lives so that we could have arguments and discussions about such things.

When it comes to how we've been spending our money lately, we're leaving at least one market behind. Sales of towable trailers are off by more than 50% over this time last year. They are approaching the levels of the late 2010s but might fall lower. By pulling forward demand and tempting marginal buyers, the pandemic pushed many consumers to try their hand at the great outdoors. At the same time, the Federal Reserve and banks made financing

cheap and easy. Both of these trends have reversed, and it's easy to see how many "like new" campers now are sitting in storage, likely to end up on Craigslist or RV Trader.

This is an extension of our great experiment as a nation. By making (or not making) purchase decisions, we send hundreds of millions of pricing signals to the collective market every day in a way that top-down decision-making cannot. When allowed to operate unfettered by government manipulation, our collective spending wisdom reflects our wants and needs. When central bankers or government officials put their thumbs on the scales, the markets tilt until they're out of whack. The eventual correction tends to be brutal, as RV makers and dealers can attest to today.

As we open the summer vacation and spending season, let's hope that our economic mean reversion, courtesy of the Fed, doesn't create too much of a sucking sound and drive our GDP negative. Perhaps when this current correction is over, the central bankers and politicians will think twice before interfering, but I doubt it. Why leave important decisions such as economic growth to individuals who might screw it up when government officials have done such a great job at usurping (and devaluing) the very thing we prize above all others, individual freedom?

Rodney

Got a question or comment? You can contact us at info@hsdent.com.