



Unbounded Wealth: John's Take 11-28-24

Puttin' it on Plastic

Thanksgiving is my favorite holiday each year, and fall is my favorite time of year. It's a good meal among loved ones and friends, and the Green Bay Packers play football on TV.

And you don't have to buy anything for anyone.

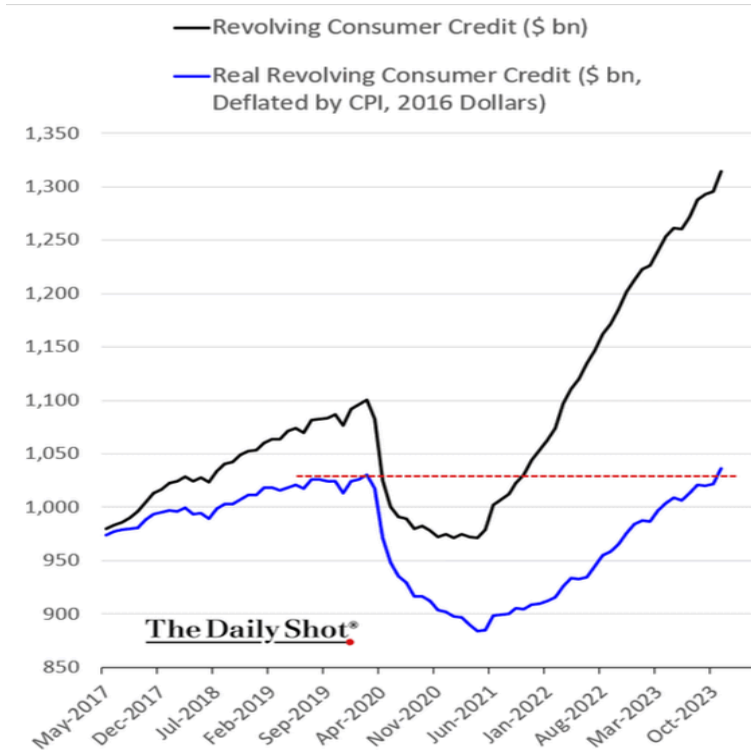
It's one of the least commercialized holidays. All of that starts the day after.

Americans love to spend. They especially love to spend money they don't have. As the great comedian George Carlin said, "*Consumption. This is the new national pastime. F--k baseball, it's consumption, the only true, lasting American value that's left . . . buying things . . . People spending money they don't have on things they don't need . . . So they can max out their credit cards and spend the rest of their lives paying 18 percent interest on something that cost \$12.50. And they didn't like it when they got it home anyway. Not too bright, folks, not too f--kin' bright.*"

Americans take that pastime very seriously!

It's also why they'll never be rich.

After a dip during COVID, credit card debt is surging back to pre-pandemic levels.

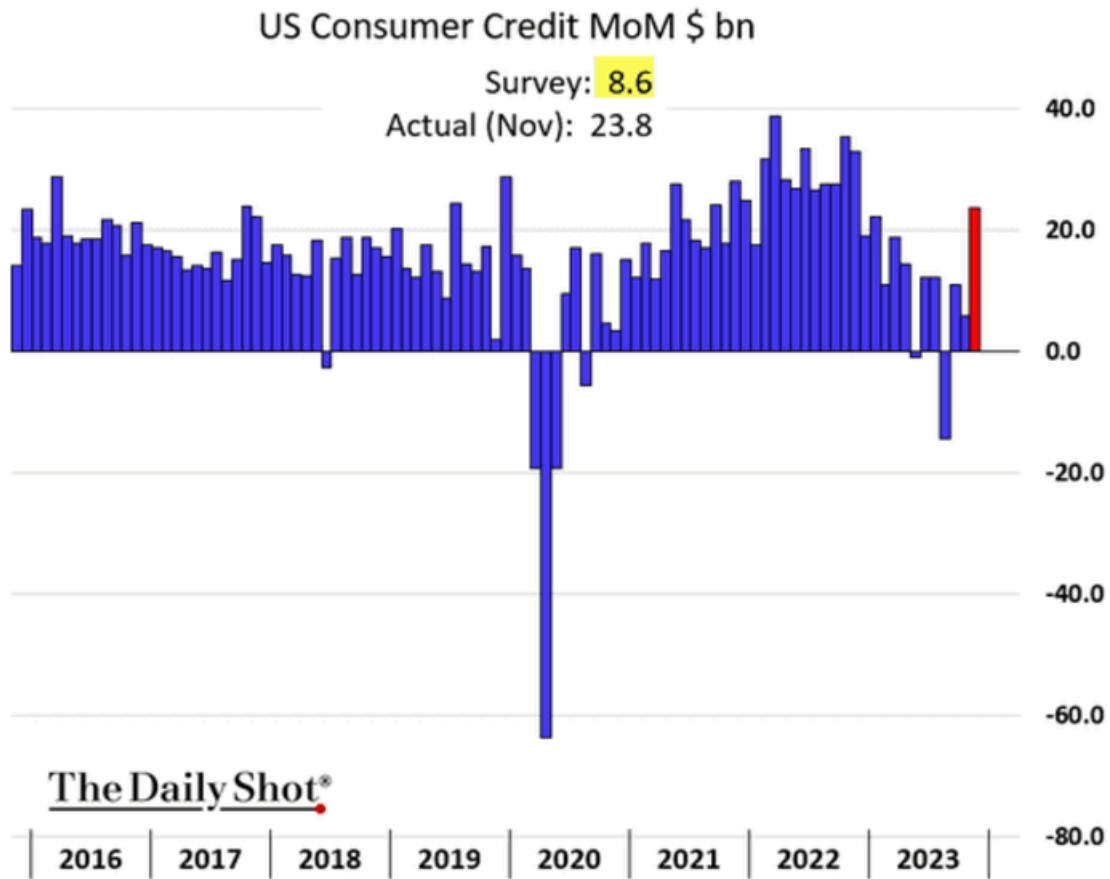


Meanwhile, credit card rates have surged to all-time highs. As Carlin notes, Americans buy stuff they don't need with money they don't have and pay 18% (actually 21.47%) for something that costs \$12.50. He concludes, "Not too f—king bright."

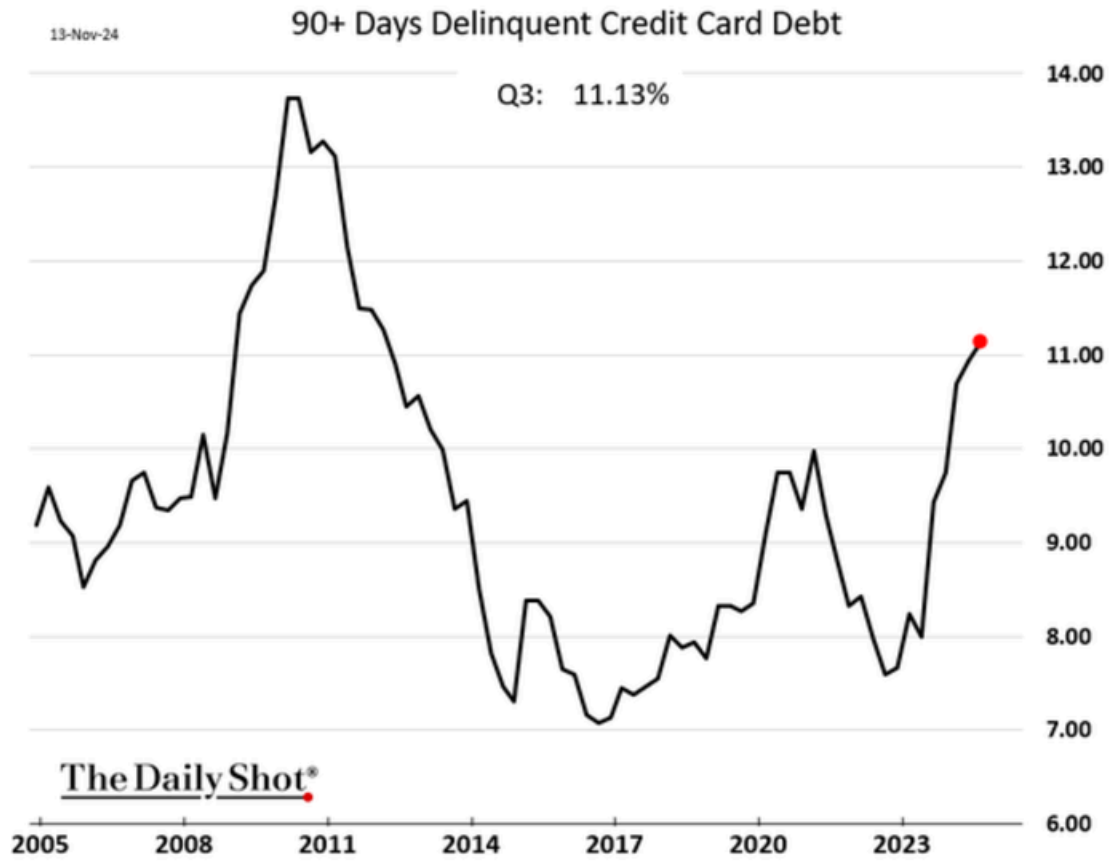


I'll say.

While credit growth surges *well above* expectation...

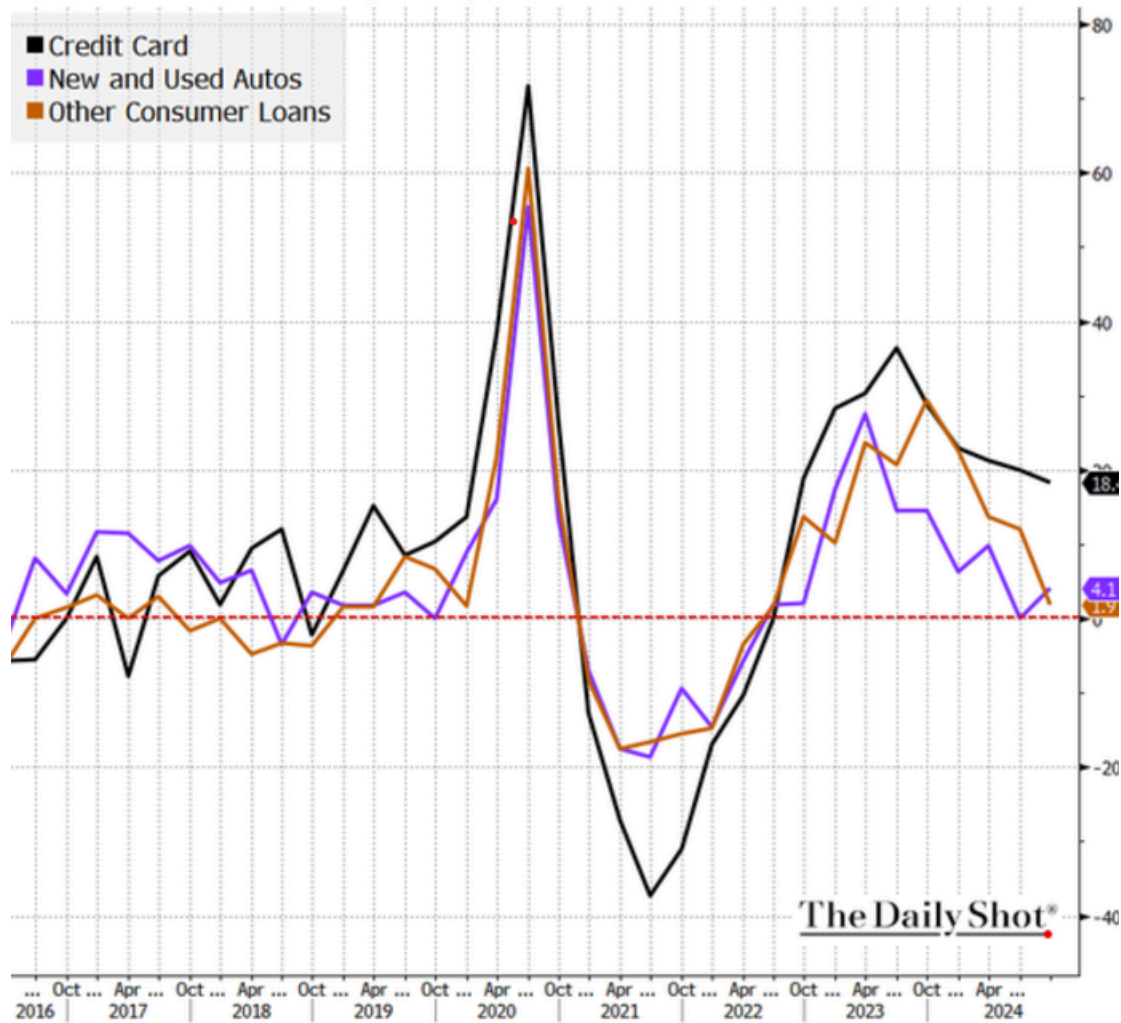


Delinquency rates are climbing!



And easier lending standards appear to have bottomed out and are back on the rise.

Net % of Domestic Banks Tightening Standards for Consumer Loans



What does it all mean?

My biggest concern is an increasing divide between those who have and those who do not. This trend will never reverse.

We do not know what people use their credit cards for entirely. Is it to put food on the table? Is it to cover other bills from month to month just to *live*?

Inflation hurts poor people. Deflation hurts rich people. The system will *always* favor the rich.

Higher-end companies may still be able to survive and thrive as wealthier consumers become richer. Meanwhile, as the poor become poorer, they support low-end consumption.

The middle gets gutted.

There will be very stock-specific consequences as these trends continue to worsen over time.

Great for stock pickers! Not great for society.

In my book *Unbounded Wealth*, I highlight that consumption is what keeps people from becoming wealthy. The average house has over 300,000 items in it. Do you even know where all the stuff is?

You can still enjoy life and live very well by enjoying life and living well as opposed to buying stuff that adds no value to your being!

I am thankful to spend the day with loved ones this Thanksgiving and enjoy a good meal.

And thankful that my credit card balance is \$0.00!

Happy Thanksgiving!

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