



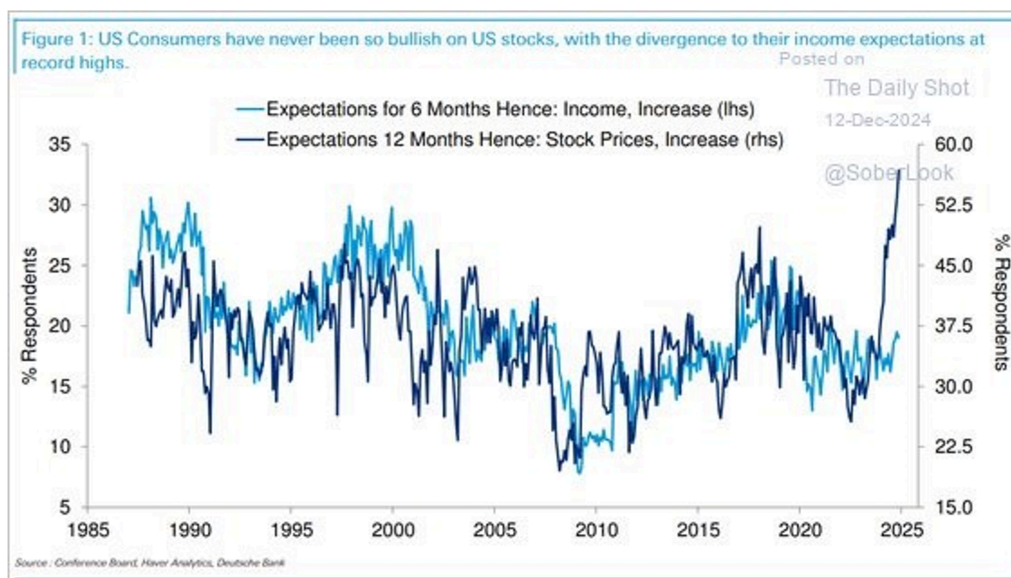
Harry's Take

December 17, 2024

Consumers Are More Bullish Than Ever: Substantial Stock Crash Likely

As most people now know, we as consumers and investors have a clear tendency to get more and more bullish, the longer and stronger an economic expansion goes on. It's only natural. But it's deadly for investments. The greatest crashes come just before major downturns in economic activity. But many major corrections like 1987 or 2000-02 come merely from overvaluation of stocks from this tendency towards over optimism even in ongoing economic expansions. This crash will come from very high valuations and the likely end of the \$27T stimulus bonanza since 2008. Hence, look out below!

US Consumers More Bullish Than Ever on Stocks: Not a Good Sign!



Source: <https://thedailyshot.com/>

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The light blue line is consumer expectations for their incomes. The dark blue line is for the stock market. Since the Great Recession of 2008/09 we have

seen the strongest and longest economic expansion and stock advance. Note that the first surge saw both their expectations for their incomes and stocks rise more moderately and together into 2018. After that they both fell into late 2022 during the COVID Crisis.

Then we saw the bubble blow-off into now, late 2024. This is when we see a major divergence with the highest stock confidence, near 60%, but only a minor gain in confidence in growth of incomes.

This is another of many indicators that say we are nearing the end of the longest and most extreme bubble in history going on 16 years since early 2009... This makes a first crash into 2025 very likely with the most likely first major support around the early 2020 COVID lows, down as much as 58% from the recent 608 highs in the S&P 500...

This is not a crash to sit through, and the ultimate downside could be much higher depending on how much the Fed and government has speed and credibility to step in. The ultimate downside target is the early 2009 lows down 87%!

Harry

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

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