



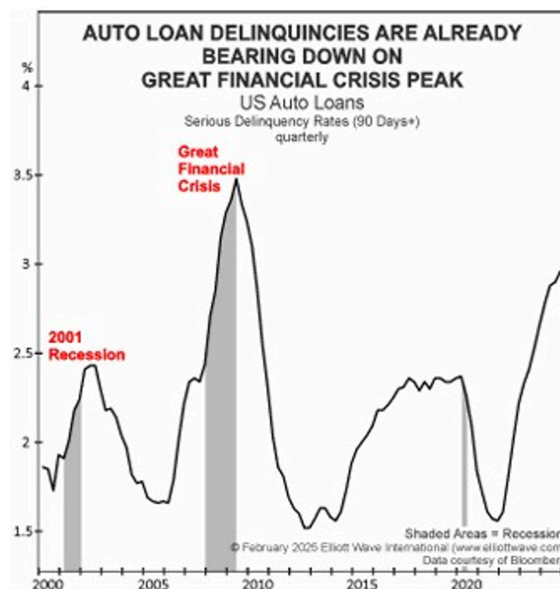
Harry's Take

March 11, 2025

Auto Delinquencies Are Setting Off the Alarms Again

Credit card delinquencies are rising, but auto loans are an even larger sign that a recession is nearing faster than most economists seem to be assuming. Note in this chart that the delinquencies start rising before the recession hits as a warning signal and then the recession obviously just makes them worse. And then they continue to rise into or just after the recession is over.

Auto Delinquencies Rising Sharply as Into Past 3 Crises & Recessions



Source: <https://www.elliottwave.com/>

www.hsdent.com

The first surge in delinquencies started in late 2000 after the stock market had peaked in March of that year. It continued into late 2002 after the recession was over and into when the stock market crash bottomed, down 78% on the Nasdaq.

The second surge was much larger from early 2006 into mid-2009, with the recession bottom. It lasted into mid-2009 with the peak of delinquencies

coming just after the stock bottom in March of 2009 and unemployment reaching 10% in the latter part of 2009.

The third surge was less steep and peaked right as the very brief and minor recession hit from COVID. This was not a normal downturn or crisis.

The current surge started in early 2022 and is much larger and steeper like the 2006-2009 surge. But note how far this one has already gone before the recession has even started. That means that this one is very likely to be much larger than the 2008 financial crisis – as everything else I look at also strongly suggests.

This time around, auto loan delinquencies are very likely to get well over 4% and likely as high as 5%+, much higher than in the 2008 crisis at 3.5%. That means unemployment rates should get well over the 10% rate reached in 2009.

Be nice to your boss and keep that job if you have one. Hunker down in your business before the crisis hits, so you can be one of the ones that survives... and expands your market share as a bonus.

Harry

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

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