# *Harry's Take*

March 4, 2025

**Economy Suddenly Weakens: Recession Coming Soon?**

I've been seeing the economy as the most stretched in history after the longest $27T U.S. stimulus program, by far. Nothing like it ever. And such stimulus is meant to be a temporary tool when the economy needs to get over a short-term crisis… not a 16-year, now permanent program. I've been expecting a deep recession or short depression, but there has been little sign of that in this "economy and markets on crack," until now.

What happened here? It's simple to me. The largest generation in history peaked in their collective Spending Wave in late 2007, as I forecasted would happen all the way back to the mid-1980s with the simplest leading indicator in history: a 46-year lag on the immigration-adjusted birth index for predictable peak spending. I've been preaching this for 30 years in several best-selling books and in speeches around the world. You would think the major economists would notice, but only Dr. Lacy Hunt in Austin, Texas did. How blind and closed to innovation can you be?

The problem now is just when the Millennial generation is finally moving us up again with their Spending Wave from 2024 into 2037, plateauing long-term into 2054… The economy is over-stretched, and loaded with debts and an unsustainable financial asset bubble that was never allowed to deleverage…

And now it's finally showing signs of cracking without ever-escalating stimulus for the first time in recent years.

## Fed Atlanta GDP Model Plunges Suddenly to -2.8%, Similar to 5/2022


Source: https://www.atlantafed.org/

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Now it's going to look bi-polar for the Fed to reverse dramatically again to easing after tightening dramatically in reaction to their original over-easing in reaction to COVID. Hence, as I've been also forecasting, they will tend to be a little late in reacting.

It's going to be very interesting to see what happens here as we've never seen a scenario like this before, not even close! But my view is simple:

A soft landing is not possible as they never follow bubbles, and this bubble is the most artificial and longest in history.

So, continue to be defensive and in gold and/or 10- to 30-year Treasury bonds, or GLD and TLT in ETFs. Best to lean more towards the gold here and transition towards the T bonds after the first 50% or so crash in the Nasdaq, likely now into 2025.

I'll keep you updated.

Harry

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