



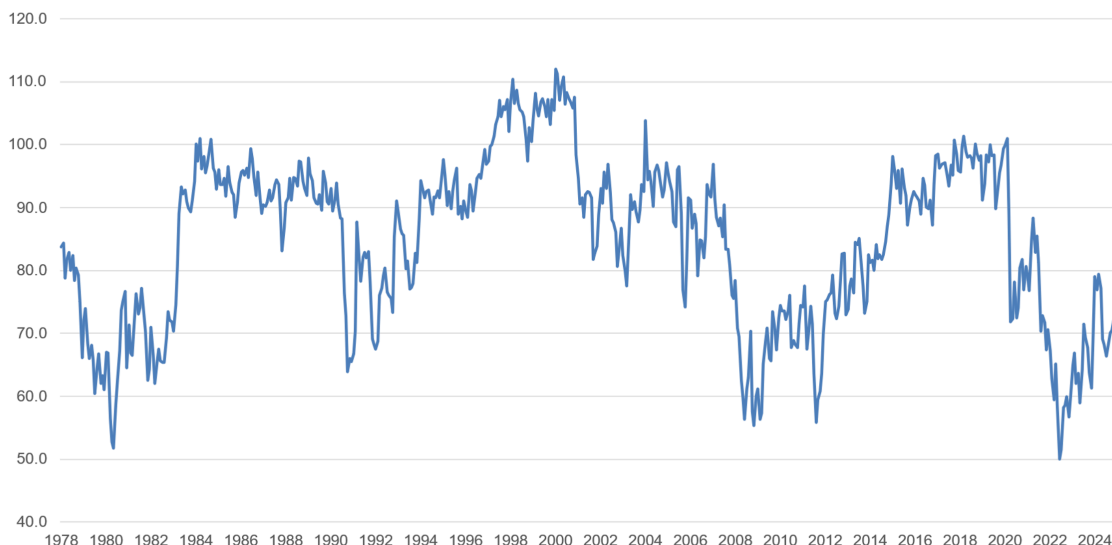
Harry's Take

April 15, 2025

Are We Already in a Recession? Consumer Sentiment Back to the Lowest in Decades!

The markets are getting more confusing to more investors as stocks are going down due to worries about recession, and Treasury bonds are backing off due to inflation concerns. The truth is it's not really that confusing and both of these trends - a slowing economy and buoyant inflation - are bad for stocks and the economy. Inflation pressures are still more sticky between 2.5% and 3.0% after the massive over-reaction to COVID with \$11T (trillion) in combined fiscal and monetary stimulus just since COVID, and the economy is massively overstretched after 16 years of \$27T in cumulative stimulus... how many times can you refinance your house or trade up from lower rates? Are consumers simply "saturated" from so much stimulus for so long? How could they not be!

Univ. Michigan Consumer Sentiment Much More Bearish Than Stocks



Source: <http://www.sca.isr.umich.edu/tables.html>

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I showed another reading on consumer confidence in the April issue, but this reading is worse and back retesting the late 2022 levels, which was the worst in 25 years – worse than 1980, or 2008! And this clearly does not look over yet. This says to me that consumers know that they are maxed out. It's not that the economy has weakened that much yet to get them bearish. The best sentiment was in early 2000 at the top of the first tech bubble, and it did not get back to near those levels in the last peak just before COVID hit in early 2020.

I have called this: “The Exhaustion of Demand” in past issues of my newsletter. This is just more proof of that, and there have been more experts on CNBC lately questioning whether we are not already in a recession. This should become more obvious in the coming months... You can be safe and defensive now!

Harry

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

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