



Harry's Take

February 17, 2026

Early Warning: Car Payments Falling Behind

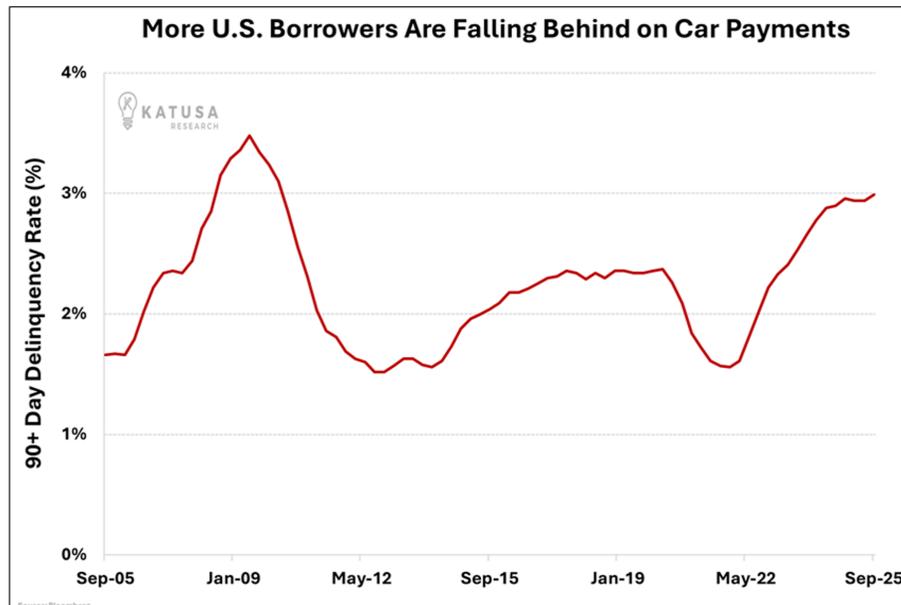
One year ago, indicators were pointing towards a recession by now. But then things got better, and now there are no serious signs of a recession ahead. There is one good reason for this. The demographic trends were down from 2008 through 2022/23 due to the Baby Bust rolling into their peak spending years in fewer numbers. In fact, on my overall cycle hierarchy and long-term four-season patterns, we should have seen a winter more like 1930-42 in that period. But instead, we got \$30T in combined fiscal and monetary stimulus between 2008 and now to combat the economy's natural cycle. The real truth is that we totally abandoned free market capitalism: the most successful economic policy in history, by far... Hey, don't fight the hand that feeds you!!!

The real reason the economy is doing better than expected now despite some pullback in stimulus is that the Millennials finally kicked in on their 47-year lag for peak spending from 2024 forward and they will continue to drive spending trends up into late 2037 before a long plateau into 2054 or so... But, the most extended artificial boom from such massive stimulus has allowed debts to accumulate more than any time in history and such debts will see increasing defaults and a natural crisis ahead. All booms eventually see rising defaults. I think it's now likely that we see the natural downturn due from late 2019 into late 2022 hit now from 2026 well into 2028, and maybe even into early 2029.

This chart shows one of the first signs of such trouble. Car payments are starting to fall behind like they did at a peak of 3.5% in early 2009 towards the end of the Great Recession. Payments have already started to fall behind up to 3.0% and we aren't even in a recession yet. Hence, that bodes for much

deeper if we do see weakness ahead. Credit cards have also already seen rising delinquencies as those don't end up in repossessions or foreclosures as do cars and homes – i.e., you can lose them!

Another Worrisome Sign Despite No Recession in Sight Yet



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

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So, let's look for more signs ahead that debts are starting to start to fail with mortgages likely next. That is what kills most booms and bull markets; and this one (outside of the brief and unexpected COVID crisis) since mid-2009 is the longest in history and overdue to see a debt detox before the final demographic run into late 2037.

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

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