



# *Harry's Take*

May 12, 2026

## **Personal Savings Rates Are Falling Fast. Not a Good Sign for the Economy**

Today's my birthday so I'm going to make this one a bit short. An obvious sign that consumers are starting to struggle is when they have to cut back on their normal savings rate to keep up with either rising inflation or a slowing economy. The truth is that inflation is remaining buoyant closer to 3% than the Fed's target rate of 2%. That means that stubborn inflation is more likely the culprit here. This chart shows that in the last year, consumer savings rates have fallen quite substantially from a peak of 6.4% in January 2024 down to 3.6% recently in March. That's substantial in just one year. Since inflation is not showing signs of abating further towards target, and seems more inclined to edge up, this could be one of the key triggers for a slowdown and stocks crash to finally put an end to the largest, longest stock market bubble in history, and the second record real estate bubble since 2012 to follow the first that peaked in early 2006 and helped trigger the Great Recession of 2008 to 2009. Stocks recovered from that crash starting in March of 2009, but housing did not start to recover until mid-2012.

## Substantial Fall in Personal Savings Rate Shows Struggling Consumer



Source: U.S. Bureau of Economic Analysis, Personal Saving Rate [PSAVER], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PSAVER>, May 11, 2026. [www.hsdent.com](http://www.hsdent.com)

What's different this time in this boom and stock rally, outside of the 2-year COVID crisis, is that it has been the longest bull run in history without a natural recession or major stock crash, and that minor recession lasted only 2 quarters. With so much government stimulus, through both nonstop and growing fiscal deficits since 2001, and off-the-charts money printing from 2008 into early 2022 to fight the last recession and weak recovery otherwise: **This is the first 100% artificial bubble since the South Seas Bubble in England and the Mississippi Land Bubbles of 1720.** Governments created that first official bubble in stock market history by pushing new ventures to raise money for the race to explore "The New World." This time it has been governments driving this bubble for 17 years now in an unprecedented and naïve effort to "prevent a recession at all costs" which couldn't be a larger violation of free market capitalism, which I consider perhaps the greatest invention in modern history.

The U.S. alone has injected over \$30 trillion in combined fiscal and monetary stimulus since the 2008 Great Recession. But it got more public, and clear, when Mario Draghi on July 26, 2012, publicly threatened short sellers to "print unlimited amounts of money" to fight them if they chose to short the stock markets and take advantage of the growing crisis in Europe after the recession. He obviously wasn't kidding... and was speaking for the U.S. Fed and government as well. Who would have thought \$30T would have been injected by just one country (U.S.) to fight just one recession!!!

**How can a bubble this large and long do anything but crash the greatest in history when it finally does? If consumers are now struggling to keep up, so should the economy soon!**

Harry

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

*Disclaimer: Copyright 2020 HS Dent Publishing LLC. These e-letters (the "E-letters") are created and authored by Harry Dent (the "Content Creator") and are published and provided for informational purposes only. The information in the E-letters constitutes the Content Creator's opinions. None of the information contained in the E-letters constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable for any specific person. The Content Creator is not advising and will not advise you personally concerning the nature, potential, value or suitability of any particular security, portfolio of securities, transaction, investment strategy or other matter. To the extent that any of the information contained in the E-letters may be deemed to be investment advice, such information is impersonal and not tailored to the investment needs of any specific person. From time to time, the Content Creators or their affiliates may hold positions or other interests in securities mentioned in the Newsletters and may trade for their own accounts on the information presented. The material in these Newsletters may not be reproduced, copied, or distributed without the express written permission of HS Dent Publishing, LLC.*