



Harry's Take

May 5, 2026

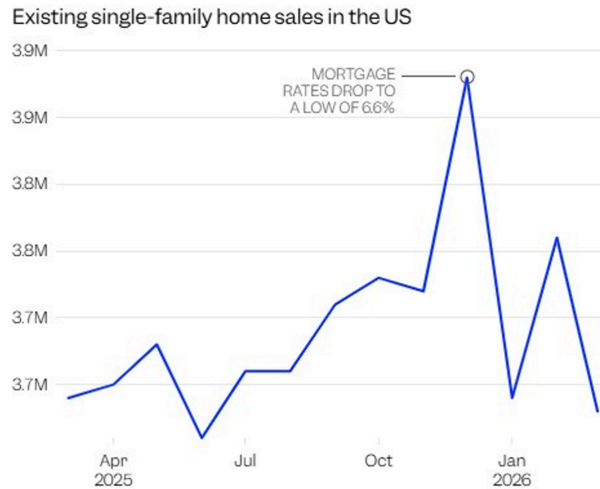
How Can Stocks Keep Edging Up with Home Sales Falling Like a Rock?

There's nothing more important to the economy compared to home building and home sales. These are not just the largest purchases most of us make in our entire lives, but they are leveraged by mortgages up to 80% to 100% these days. In addition to our more minor down payments, massive amounts of money are created by banks to loan against the high and typically durable equity in homes, and offices for businesses. This is not like food or vacation travel... or even most appliances that may be borrowed against to lesser degrees.

While stocks just keep climbing to new highs, home sales just keep falling, and recently to new lows over January of this year, and looking to cross soon below the lows back in June of last year, as this chart shows. The truth is this entire boom since early 2009 has been from ever-escalating stimulus that has now totaled over \$30 trillion. Over twice the average GDP over that time period. How does the economy keep expanding if we don't need to build or can't sell more new homes??? It can't. When stocks finally figure this out, we should see the greatest crash of our lifetime and hundreds of trillions of dollars in financial assets globally will simply disappear. That's not something we recover from and go back to new highs in real estate or stocks again... likely not for the rest of most of our lifetimes!

So, don't look a gift horse in the mouth. Sell any financial assets, especially stocks and real estate, that you don't really need for the future... NOW! Your more fully owned real estate will save you more loss than your more leveraged, as banks and governments may have to take a good chunk of those losses in the end... so that's counter-intuitively the best to sell if you can.

How Can Markets Be Ignoring the Continued Crash in Home Sales?



Source: National Association of Realtors via FRED®

Jennifer Sor/BI

Source: <https://www.businessinsider.com/recession-stock-market-crash-outlook-gary-shilling-inflation-consumer-spending-2026-5>

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