UNBOUNDED WEALTH

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# The Gas Tank is Empty (And Wall Street Knows It)

Look at the surface data, and the American consumer appears unstoppable.

People are still traveling. Restaurants stay packed. Retail sales numbers continue to rise. Wall Street points to this spending and tells you the consumer is in great shape.

Once again, they are measuring the wrong thing.

High spending does not automatically mean wealth. It simply means money is exchanging hands. To understand if a household is truly strong, you cannot just look at what they buy.

You must look at how they are paying for it.

Normally, the math is steady. In a healthy economy, American households save between 6% and 8% of their disposable income. It is a predictable baseline.

During the pandemic, that normal baseline shattered. The personal savings rate spiked to a wild high of 32%. Families locked away over $2 trillion in emergency cash. Government checks arrived. People stopped traveling and eating out. That sudden mountain of cash was an anomaly, but it created a massive protective wall.

That wall is now completely gone.

Not only did that $2 trillion cushion evaporate, but the savings rate didn't just return to its normal 6% to 8% level. It broke right through the floor.

Today, the savings rate has collapsed to around 3%. Americans are saving less than half of what they historically saved just to keep up with everyday life.

So how are they still spending? They are filling the gap with debt.

Total U.S. credit card balances recently hit a record high of over $1.26 trillion. That is a staggering 64% jump from the $770 billion level seen just a few years ago. And they are borrowing that money at brutal average interest rates above 22%.

Think of a family driving across the country in a large truck.

As long as there is gas in the main tank, the truck rolls down the highway effortlessly. When the main tank runs empty, the driver flips a switch to pull from the small emergency gas can sitting in the back.

To a person watching from the side of the road, the truck is moving at the exact same speed. It looks completely fine.

But the driver knows a simple truth: they are running on the emergency reserve. And that small can will not last forever.

Our economy is running on the emergency can right now.

People are not spending because their income is growing faster than prices. They are maintaining the appearance of momentum by draining what is left of their cash and loading up high-interest cards.

This is why retail investors get caught off guard.

A consumer running on a reserve tank looks identical to a consumer running on a full tank—right up until the exact moment the engine dies. There is no gradual slowdown. The vehicle simply stops.

When that credit wall is finally hit, spending doesn't just taper off gently. It snaps.

Companies that relied on artificial consumer strength suddenly find their sales drying up. Earnings drop. Valuations collapse. And the crowd stands around wondering how things changed so quickly.

Smart investing means looking beyond the speed of the truck.

It means asking how much fuel is left in the tank.

Do not confuse spending out of habit with spending out of strength.

When the emergency reserve runs dry, the market will quickly show you who was driving on real wealth—and who was just burning through the buffer.

Let the crowd admire the speed of the vehicle.

We will keep tracking the fuel gauge

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