



Harry's Take

October 20, 2026

Consumer Sentiment Keeps Falling

You would think consumers would be feeling better as the economy keeps growing and there are no credible forecasts for a recession in the future. But the one stick in the mud is that inflation keeps sticking more around 3% versus the Fed's target of 2%. And key sectors like housing are even more unaffordable than ever with rates recently rising to 7.5% for 30-year mortgages. That's the wall that the Fed is facing and why they are more likely now to raise rates again instead of easing as was originally expected, and that's rarely good for stocks. Consumer Sentiment has recently fallen to as low as 44.8 in August from 101 in early 2020 before COVID struck.

University of Michigan Consumer Sentiment Down From 101 to 44.8



Source: University of Michigan, University of Michigan: Consumer Sentiment [UMCSent], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/UMCSent>, October 19, 2026.

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I am surprised that home sales haven't started falling aggressively with mortgage rates now the highest since 2000 at 8.05% and home prices now higher than ever. Oh, and 2000 was the first time we saw a major stock bubble burst since the long-term bottom in late 1982 (the first more minor was in late 1987). I wouldn't be surprised to see home sales take a sharper turn down, sooner than later... and that would be the death knell for stocks and the economy as well.

Harry

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

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