

Regardless of Government-Speak, the Next Recession is Here and the Data Proves It

December 12, 2022 - Over the past year, we've heard the Biden administration repeatedly say things like, "Inflation is transitory," and from Joe's own mouth that the economy, "is strong as he@!" But the vast majority of Americans would probably disagree with both of those statements just based on anecdotal evidence. You know, the type where you believe your own eyes rather than the propaganda that is being fed to you. Fortunately, there are now enough hard sources of data available to confirm that we are in a recession and that from the looks of it, it will be a very deep recession. Here are a few "for instances" of that data.

Tweet

```
(function() {
var s = document.createElement('SCRIPT'), s1 = document.getElementsByTagName('SCRIPT')[0];
```

```
s.type = 'text/javascript';
s.src = 'http://widgets.digg.com/buttons.js';
s1.parentNode.insertBefore(s, s1);
})();
```

```
(function() {
var po = document.createElement('script'); po.type = 'text/javascript'; po.async = true;
po.src = 'https://apis.google.com/js/plusone.js';
var s = document.getElementsByTagName('script')[0]; s.parentNode.insertBefore(po, s);
})();
```

More than 2/3s of Americans are having trouble paying for groceries!

Just this week, Swiftly (a retail technology company) reported that 69% of shoppers are now reporting that they are having difficulty paying for groceries. And 83% of shoppers are now rely on loyalty program membership to help them reduced their grocery prices.

This is a trend that isn't likely to change anytime soon. There are global shortages of many food items, which is only going to drive prices higher. And the war in Ukraine is making things even worse because Ukraine is one of the worlds largest exporters of grain. And, by the way, that's a war that the Biden administration could end in about ten minutes if it really wanted to, but that's another topic entirely. Housing sales and prices are plummeting!

At the beginning of this year, mortgage interest rates were around 3%. Now they top 7% and are continuing to rise. That's had a significant impact on the housing market.

The sale figures for residential homes have fallen off a cliff. A quick look at MLS data in Los Angeles Country paints a pretty good picture of that. In November of 2021 there were 4,408 single family homes that sold. In November 2022 there were only 2,558 single family homes sold in the country. That's a 42% decline in sales year over year. As interest rates continue to rise, this trend will only accelerate.

A recent survey from Black Knight shows the results of all of this. According to the survey data, homeowners have lost

around \$1.3 Trillion in equity over the past years due to falling home prices. The survey also showed that around 450,000 homeowners nationwide now owe more on their homes than they are actually worth, and that roughly 8% of the mortgages issued since the beginning of this year fall into that category. Another 20% of homebuyers from this year are in very low equity positions. This means that they are clearly at risk of owing more on their homes than they are worth if prices continue to fall.

To put that in perspective, this means that more than a quarter of homeowners nationally are currently in a very poor financial position with their homes. It is beginning to look a lot like 2008 all over again. Layoffs are accelerating!

So far this year, nearly 150,000 tech jobs have been eliminated. But the layoffs aren't just in tech. Jobs in real estate, construction, hospitality, transportation/logistics, and a wide variety of other fields are also being slashed. And it also looks like corporate bankruptcies have started.

One of the first economic victims of the economy may be Carvana. The company's creditors have begun to circle. The company is in trouble because used car prices and demand have fallen off a cliff. The company is deeply in debt and many of its creditor formed an alliance this week. That announcement sent the company's stock price to record lows. Bankruptcy and layoffs are both likely.

The housing construction industry is also likely to shed large numbers of jobs. With soaring interest rates, new housing starts have plummeted. That means layoffs of many construction workers. As they finish their current jobs, there simply won't be new jobs for them to turn to. As so many people learned during the last recession, as goes the construction industry, so goes the economy.

by Jim Malmberg

Note: When posting a comment, please sign-in first if you want a response. If you are not registered, [click here](#). Registration is easy and free.

Follow ACCESS