



Pawn Shop Inventories Are Exploding As The Failing U.S. Economy Hammers Those At The Bottom Of The Economic Food Chain

Description

US : How much longer will the Biden administration and the mainstream media continue to deny that we are in the midst of a very painful economic downturn?

Debt levels have never been higher, delinquency rates are spiking, the commercial real estate market is crashing, the banking industry is mired in turmoil and large companies are conducting mass layoffs all over the nation.

Anyone that attempts to claim that the U.S. economy is in good shape is just being delusional. Unfortunately, it is those that are at the bottom of the economic food chain that are being hurt the most.

If you want to know what is really going on with the economy, pawn shops are a great place to look. When the economy is doing well, pawn shop inventories tend to go down because people aren't pawning much stuff and there is lots of buying going on.

But when the economy is not doing well, pawn shop inventories tend to go up because people are pawning lots of stuff for fast cash and there aren't as many buyers as there were during the good times.

So what are we seeing during the early stages of 2024?

One pawn shop owner that was recently interviewed by USA Today admitted that he has "a glut of inventory" right now...

That same article pointed out that inventory levels have also grown rapidly at some of the largest pawn shop chains in the entire nation...

Two of the largest, publicly traded pawnshop corporations in the U.S. – which between them own roughly 1,700 pawnshops nationwide – are also reporting growing inventory and increased demand for short-term loans.

FirstCash Holdings Inc. operates nearly 1,200 pawnshops under the FirstCash and Cash America

brands in 29 states and the District of Columbia. The company reported “record pawn receivables” in its most recent year-end earnings report and a 10% increase in inventory at its U.S. stores.

EZCORP Inc. also owns 530 pawnshops in the U.S. and reported an 8% increase in inventory at U.S. stores in the company’s latest earnings report. The “challenging macro-economic backdrop” continued to fuel demand for short-term cash loans, the company said.

If anyone comes to you and tries to convince you that the economy is doing well, just show them these numbers.

That will be the end of any debate.

One of the reasons why so many Americans need fast cash is because debt loads have risen to unprecedented levels. Here is just one example...

Can you imagine how much stress they must be feeling on a daily basis?

Sadly, there are millions of others that are in similar positions.

The combination of high debt levels and high interest rates has created a “perfect storm” of suffering for U.S. consumers, and so it should be no surprise that delinquency rates have been surging...

The signs are obvious. Last week we noted that banks’ charge-offs are accelerating, and are now above pre-pandemic levels.

...and leading this increase are credit card loans – with delinquencies that haven’t been this high since Q3 2011.

On top of that, while credit cards and nonfarm, nonresidential commercial real estate loans drove the quarterly increase in the noncurrent rate, residential mortgages drove the quarterly increase in the share of loans 30-89 days past due.

When large numbers of people start getting behind on their mortgages, it is only a matter of time before foreclosures start to spike.

And that is precisely what we are witnessing...

Home foreclosures rose again in February as Americans continue to grapple with the ongoing cost-of-living crisis.

That is according to a new report published by real estate data provider ATTOM, which found that there were 32,938 properties in February with foreclosure filings, which includes default notices, scheduled auctions and bank repossessions.

Sadly, things are only going to get worse during the months ahead, because the labor market is starting to get very tight.

One 26-year-old woman that has multiple degrees hasn't been able to find a job even though she has already applied for approximately 1,000 different positions...

Cheyenne Barton, 26, of Kissimmee, Florida, graduated in December with one degree in biomedical sciences and another in computing technology and software development – the kind of practical background employers have coveted.

She initially targeted software development jobs but is now looking for “really any job” where she can use her degrees.

Barton has applied for about 1,000 positions but hasn't yet notched an interview.

Companies “say they want recent grads who are teachable and can learn quicker,” she says. “But then you apply for the job and it's like, ‘Oh, we already have over 100 applications with people who are more qualified.’”

Wait a second.

Joe Biden told us that good jobs are easy to find these days.

So why can't Cheyenne Barton even get an interview? Something is not adding up.

Of course the truth is that we have seen a major shift in the labor market in recent months. According to Challenger, Gray & Christmas, the number of layoffs in February was the highest that they have ever recorded for that particular month....

The outlook for the rest of the year is absolutely dismal. So even more Americans will fall into poverty. And even more Americans will fall into hunger.

And even more Americans will end up homeless.

Over the weekend, a story about a homeless man in Wasco, California that was apparently eating “a severed human leg” has been going viral...

That is pretty shocking.

But it is also a preview of where this country is heading.

The economic suffering of the past couple of years has been very painful, but the truth is that it isn't even worth comparing to what is in front of us.

by Michael

Category

1. Agriculture-Food Crisis
2. Disasters-Crisis-Depopulation-Genocide
3. Economy-Business-Fin/Invest
4. Main

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