

## “You Will Rent Nothing And You Will Be Happy”: Rent-A-Center Crashes After Pulling Guidance Due To Collapsing “Economic Conditions”

### Description

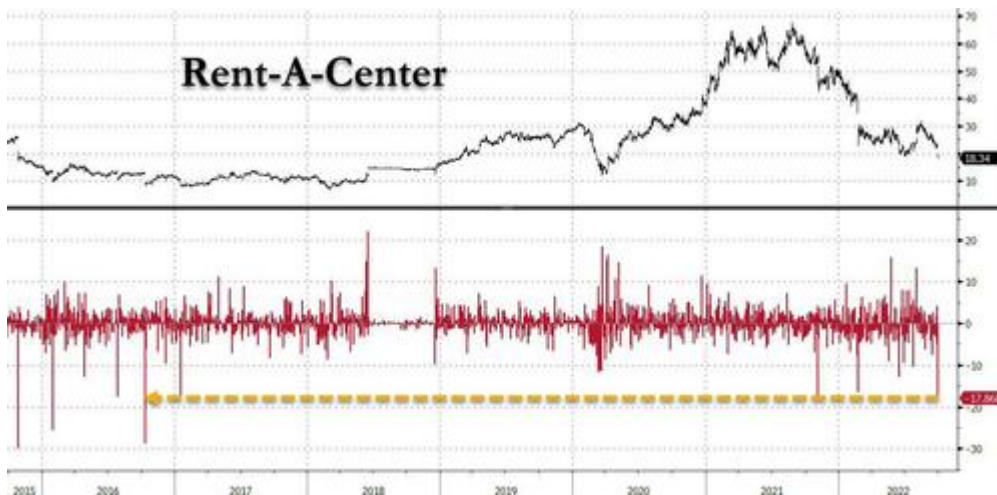
**USA: How bad is it out there? So bad Americans can’t even afford to rent any more, or as Biden would put it: “the strongest economic recovery in recent history.”**

My first two years in office spurred the strongest economic recovery in recent history. Today, I'm releasing my Economic Blueprint, a look at how our wins are rebuilding an economy that works for working families. <https://t.co/eSlr3ymdo8>

It's long. So here are the big things:

— President Biden (@POTUS) [September 9, 2022](#)

In addition to the previously discussed implosion at Nike, whose stock is getting crushed by the bullwhip effect sending inventories soaring as US consumers hit a recession brick wall, a middle-American staple is getting hammered even harder: yes, **Rent-A-Center** is down as much as 20% today...



... one of its biggest one-day drops on record, which has pushed the stock back to April 2020 levels.

What happened? Well, the floor fell out after the rent-to-own store chain operator's adj. EPS forecast for the third quarter fell far short of analyst estimates, lowered Q3 guidance citing macroeconomic headwinds – which impacted retail traffic and customer payment behavior – and most ominously, the company didn't reaffirm its 2022 guidance, prompting brokers to cut their targets on the stock.

Some details:

- RCII expects Q3 adj. EPS of \$0.85-\$0.95, missing consensus estimate of \$1.16. Its prior outlook was \$1.05-\$1.25.
- Q3 revenue is projected to be \$1B-\$1.02B vs. consensus estimate of \$1.03B. Its earlier forecast was \$1B-\$1.055B.

Oh yeah, and the CFO just quit.

Commenting on the disastrous results driven by a collapse in demand, RCII CEO Mitch Fadel said "external economic conditions continued to deteriorate over the past few months... recent inflationary conditions have been especially challenging for customers." Or, again, as Biden would say: "the strongest economic recovery in recent history."

The Company said it was not updating or reaffirming its previously reported consolidated guidance for the full year 2022, and will provide an update on the fourth quarter 2022 with its earnings announcement that is expected in early November.

- "External economic conditions have continued to deteriorate over the past few months," said Mr. Fadel.
- "This has affected both retail traffic and customer payment behavior, so we are updating third quarter guidance to reflect the impact of those trends on our business."

Translation: Americans can't even afford to **rent** stuff any more, let alone buy.



And like in the case of Nike, sellside research was shocked:

**KeyBanc (overweight, cuts PT to \$37 from \$41)**

- Analyst Bradley Thomas is “disappointed” by the degree of near-term challenges at RCII, though notes that they do align with weakness seen in some of co.’s channels
- While analyst continues to see near-term risks, believes RCII’s Acima segment can benefit from long-term secular growth trends

**Janney (buy, PT cut to \$44 from \$52)**

- Given RCII’s management did not reaffirm 2022 guidance, the clear indication is that it will be cut when they report 3Q22 EPS, analyst John Rowan says
- While the announcement is “disappointing,” the stock is undervalued

What happens next? Why those same lower/middle consumers who can’t even afford to rent stuff due to soaring prices, are about to lose their jobs too as the Fed and the puppet Biden regime push the US economy into all-out collapse.

by Tyler Durden

**Category**

1. Crime-Justice-Terrorism-Corruption
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4. NWO-Deep State-Dictatorship-Tyrrany

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