



Written by [Bob Adelman](#) on September 10, 2024

## U.S. Consumer Continues to Struggle, Says New York Fed

Buried in the New York Fed's August [Survey of Consumer Expectations](#) is confirmation: The U.S. consumer is in trouble, and thinks things will get worse before they get better.

Of course, the headline — “Consumers’ Inflation and Labor Market Expectations Remain Largely Stable” — hides the reality more and more consumers are facing:

1. Inflation expectations are increasing, not decreasing;
2. Prices for gas, rent, medical care, food, and college education are expected to increase by anywhere between 3.5 percent and 5.9 percent over the next 12 months;
3. Consumers expect the unemployment rate to continue to increase next year;
4. One out of eight currently employed expect to lose his job in the next year;
5. The chances of finding a new job are now just one in two;
6. The probability that consumers will miss making even the minimum payments on their credit card debt is now 13.6 percent;
7. Most consumers told the Fed they are worse off financially than they were a year ago; and
8. Their expectations for the future “also deteriorated somewhat, with a larger share of respondents expecting to be worse off.”



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### Largely Stable?

According to the U.S. Census Bureau's [Household Pulse Survey](#), nearly four out of 10 adults are in households that found it “somewhat” or “very” difficult to pay for typical expenses — food, gas, rent, insurance, health care, and so forth.

In “prosperous” states like Florida, 42 percent of those surveyed by the Census Bureau said they are having difficulty paying for their basic living expenses. It's 40 percent in New York and Texas; and 37.5 percent in California. And in poorer states like Mississippi, Alabama, and West Virginia, the percentage having trouble paying their bills approaches 50 percent!



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## Consumers Staying Home

One way to cut expenses is to stay home for dinner instead of eating out, and as a result the restaurant industry is suffering. Bankruptcies among restaurant chains have doubled over the last 12 months, from nine Chapter 11 bankruptcy filings last year to 17 so far this year.

The damage extends beyond restaurants. For instance, LL Flooring (previously known as Lumber Liquidators) announced it was in trouble earlier this year. It closed hundreds of stores, and was only saved from bankruptcy by a [last-minute deal](#).

According to the Administrative Office of the U.S. Courts, personal bankruptcy filings have jumped more than 15 percent in the last year, while small-business bankruptcies have increased more than 40 percent.

## Tech Industry Not Immune

According to [The Economic Times](#), tech companies like Intel, Cisco, IBM, and Apple laid off 27,000 employees just in the month of August. So far this year, the *Times* reported, more than 136,000 employees have been laid off by 422 tech companies.

Intel, for example, has laid off more than 15% of the company's entire workforce. Cisco has laid off one in every 14 workers while IBM, Infineon, GoPro, Apple, and Dell are cutting their staff to adjust to the weakening economy.

## Cause of the Problem? The Fed.

No matter how the New York Fed tries to hide a weakening economy, consumers themselves report suffering from the depreciation of their currency. That is the natural, predictable, and certain result of inflating the currency to pay the government's bills.

The New York Fed, part of the system that helps the Treasury pay its bills by creating new money out of nothing, never mentioned that in its press release.

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