

Liz Ann Sonders Is Wrong: U.S. Economy Not Bottoming, TrimTabs' Biderman Says

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"The U.S. economy is not bottoming, let alone recovering," says Charles Biderman, CEO of [TrimTabs Investment Research](#).

Biderman takes a very different view on the "green shoots" than Schwab's Liz Ann Sonders, who [believes the recession has already ended](#)

In taking the opposing view, Biderman cited the following: Income tax withholdings are down 5.1% on a year-over-year basis, based on the Treasury's daily reports. "That's an amazingly large decline in income," he says, and a much worse than the 2% drop ahead of the 2001 recession.

That decline in income suggests the personal savings rate is not improving nearly as much as the [Bureau of Economic Analysis](#) says, because their analysis is based on lagging data.

More importantly, Biderman says falling incomes are going to make it very hard for Americans to make the \$1 trillion in consumer debt service payments that are due annually. As a result, Biderman believes foreclosures are going to pick up again after the recent lull, with Alt-A and jumbo loans being the next problem areas. In addition, credit card default rates will rise sharply from their already elevated levels, he predicts, noting default rates at Bank of America increased to 12.5% in May vs. 10.5% in April.

"A significant portion of the \$14 trillion of consumer debt is going to go bad," he says. "The negative implications on the [bank] stress test were nowhere near what's really going on."

That's one reason Biderman is short the [Financial SPDR \(XLF\)](#) in his model portfolio. Stay tuned for part 2 of the interview where we discuss his reasons for being "cautiously bearish" on the stock market.

<http://finance.yahoo.com/tech-ticker/article/265999/Liz-Ann-Sonders-Is-Wrong-U.S.-Economy-Not-Bottoming-TrimTabs%27-Biderman-Says?tickers=XLF,BAC,JPM,MS,GS,^DJI,^GSPC>