

What Recovery? U.S. Consumers Getting "Dramatically Worse," Howard Davidowitz Says

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According to the National Retail Federation, retail sales over the Thanksgiving holiday weekend were \$41.2 billion, up slightly from a year ago, while about 195 million consumers shopped, up from 172 million last year.

Meanwhile, Coremetrics says the average online shopper spent 35% more on Black Friday vs. a year ago, while robust sales were predicted for Cyber Monday.

Against that backdrop, you might expect Howard Davidowitz of Davidowitz & Associates to backtrack from some of the bearishness he's professed on Tech Ticker (and elsewhere) in the past year. But you'd be wrong.

"The consumer is in worse shape since I was here last" in August, Davidowitz says, citing the following:

- **Unemployment has exploded:** "We've lost a ton of jobs since I was here last," Davidowitz says, noting the "real" unemployment rate is 17.5%. "That's an astounding number."
- **Housing continues to sink:** "The consumers' biggest asset is down trillions" in value while "foreclosures are exploding" and a huge percentage have negative equity -- 23% according to CoreLogic.
- **Record numbers of consumer bankruptcies:** The American consumer has "never been further behind...never defaulted more" on mortgages, student loans, auto loans, and credit card bills, he says.
- **Poverty on the Rise:** One in eight Americans and one in four children are receiving food stamps, as The NYT reported this weekend.

"A lot of people were out on Black Friday -- you're always going to spend some money because it's Christmas," he says. "[But] the consumer continues to get dramatically worse."

Davidowitz predicts "the noise will be taken out" about "strong" Black Friday sales in the coming weeks and a sobering reality will settle in:

"People will look at stores closing and a rash of bankruptcies after Christmas. People will start to look at this and say 'wow, this is terrible,'" he says

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