



***As consumer confidence levels peak, consumers may NOT be confident***

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Record low unemployment, record gains in income and wealth, and near-record lows in inflation and interest rates result in confident American consumers who look forward to a continued, excellent financial position. Right? Maybe not.

According to [MarketWatch](#), consumer confidence recently hit its biggest peak since last summer, thanks to a soaring stock market and the lowest unemployment rate in 50 years. However, a disturbing byproduct of a great economy seems to be rearing its ugly head.

Consumers, buoyed by an excellent economic outlook, are spending. A lot. In fact, according to a report last week from the [New York Federal Reserve](#), households in the U.S. now hold more than \$14 trillion of debt, a new record. Total household debt now stands \$1.5 trillion higher than the pre-recession peak of \$12.7 trillion reached in 2008. Plus, transitions into delinquency among credit card borrowers have steadily risen over the last three years.

Another fact that perhaps has gone unnoticed coincides with the debt level parallel between 2008 and 2020. According to Google analytics, consumers are now searching the term “debt relief” as often as they did in 2008’s great recession.

This tells me that confident consumers aren’t really that confident. It says that a booming economy is spurring additional debt. And additional debt causes worry and stress that potentially could undermine our economy.

In my opinion, consumers would do well to be cautious. While the economy rages, perhaps it makes more sense to pay down debt, rather than increase it, save instead of spending extravagantly on credit.

In spite of an expanding economy, even the most confident consumer would be wise to be vigilant.

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