Title: MOASS x Mother of all crashes = Time to call the mother of all mothers? Part 1.
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Edit added this - TL;DR: We are past defaults starting, the amount of people now 60 days overdue on bills is surging meanwhile automotive backed securities are being traded at all time high rates while being one of the clearest bubbles and most at risk assets. The car market is starting to look like a smaller version of the 08 housing market. People have near record lows amounts of cash on hand/savings accounts while the cost of living surges. Some familes are being left with the choice of pay your debts or buy food.

In my last post I touched on the relationship the FED has with the bond market and also the US dollar x Money supply. Now I want to bring more things into focus to really show the size of the bubble that they are deflating and eventually one way or another it will pop. The timings of my recent posts are because I believe we are closer than ever to MOASS. I've been a long term holder and zen ape for some time but then a yet to be convicted criminal named Ken Griffin blamed retail for losing teachers pensions....

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So again much like my previous post I'm going to try and simplify a lot of rather complicated issues so that when MOASS happens and people flood to superstonk to see what the hell is going on there will be clear and simple data that I hope people without existing knowledge can digest because ultamitely the financial powers will need a scapegoat to justify continuing this incredibly broken system rather than actually fixing it and making it fair.

# SPACs

"A special purpose acquisition company (SPAC) is a company that has no commercial operations and is formed strictly to raise capital through an initial public offering (IPO) or the purpose of acquiring or merging with an existing company.

Also known as "blank check companies," SPACs have been around for decades, but their popularity has soared in recent years. In 2020, 247 SPACs were created with $80 billion invested."

It is normal when monetary policy relaxes to see an influx of people/companies trying to make the most of it, this can present exciting opportunities for new companies breaking into the market but this can also lead to a lot of companies without a plan taking a huge influx of cash they wouldn't normally so by nature all SPACs no matter how promising they seem on paper are speculative.

SPACs are largely popular due to the loose regulations (on wall street? *GASP*) Until 2020 the record number of SPACs was in 2007 with 66 which I will show shortly with a graph but before I do.

A recent article in the WSJ issued this *warning*,

" The companies with warnings amount to more than 10% of the 232 companies that listed through SPACs in that period, Audit Analytics said. That percentage is roughly double that for companies that listed through more-traditional initial public offerings, Audit Analytics said. The count excludes hundreds of IPOs by blank-check companies—SPACs before they merge with a private company—which often carry going-concern notices of their own. "

While 10% of 232 is a very worrying amount this is just what the WSJ is reporting on and for data that is currently available, much like most things on superstonk once we see the real numbers it's going to be A LOT higher.

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SPACs are speculative by nature, and bubble by exploit. More than 10% of SPACs in 248 are reporting they may not survive the next 12 months, well we don't have data on the record 613 SPACs OF 2021 nearly 10x that of 2007 but I'm pretty sure it's not going to be pretty. There is a wave of unemployment and bankruptcies coming.

# Savings rate dropping and debt defaults rising.

Personal saving as a percentage of disposable personal income (DPI), frequently referred to as "the personal saving rate," is calculated as the ratio of personal saving to DPI.

Personal saving is equal to personal income less personal outlays and personal taxes; it may generally be viewed as the portion of personal income that is used either to provide funds to capital markets or to invest in real assets such as residences

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This is as far back as the data goes but you can see the absolute insanity that happened during the lockdowns in terms of people saving money through whatever reasons and when I say insanity I'm not saying it's insane to save money, I'm saying to more than double the previous all time high from a data stand point is insanity. Now we can see due to rising inflation, general cost of living crisis that the personal savings rate is plummeting like Robinhood stock.

Now a lot of people are left with a choice of whether they wish to eat or pay back their loans with no relief. This is leading to a huge surge in defaults on personal loans, credit cards, car payments and mortgages.

The share of subprime credit cards and personal loans that are at least 60 days late is rising faster than normal, according to credit-reporting firm Equifax. In March, those delinquencies rose month over month for the eighth time in a row, nearing their pre pandemic levels. Delinquencies on subprime car loans and leases hit an all-time high in February, based on Equifax’s tracking that goes back to 2007.

Spending rate and default rate are both increasing after dropping significantly during the pandemic.

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Some 11% of general-purpose credit cards held by consumers with credit scores below 620 were at least 60 days behind on payment in March compared with 9.8% a year prior, according to the latest data available from Equifax. Personal loans and lines of credit delinquencies came in at 11.3%, up from 10.4% a year prior. Both categories hit Covid-19-era lows of 7.5% and 8.3%, respectively, in July.

Car loan and lease delinquencies hit a record in February, based on Equifax’s tracking, with 8.8% of subprime accounts behind on payment by at least 60 days. That edged down to 8.5% in March but was still the second highest level on record.

Rising defaults were inevitable with the sharpest interest rate rise in years and they are looking to continue. The working class and lower income families are already suffering immensely, that will continue to bleed into the middle class as the rates continue to go up by 0.5 and possibly even higher as the battle with inflation continues.

Wall Street being the insatiable beast that has found a way to make this worse too, here's a snippet from a bloomberg article in May.

"Repackaged auto loans seem like an unlikely place for mauled credit investors to hide, but they are outperforming and issuance is at a multi-year high.

Corporations have sold more than $58 billion of asset-backed securities supported by auto loans this year, about 20% more than at this point in 2021"

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If this is beginning to sound familiar it is because defaults on Mortgage backed securities (MBS) were at the heart of the financial crisis in 08. ABS is backed by the price of the car which until this point has been rising like crazy, much like the housing bubble in 08, what happened in 08 when people couldn't pay their mortgages? The collateral is seized and the value drops.

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"But auto loan debt is ultimately backed by cars, including loans made to subprime borrowers. Prices on both new and used vehicles are up with prices on both new and used vehicles up 14% over the last year thanks in part to shortages of chips, according to US consumer price index data and the Manheim index. Used car prices have been falling in recent months, but new vehicle prices are still rising.

In addition, the bonds typically mature within a few years, and with unemployment at just 3.6%, investors are willing to bet that consumers will keep paying their loans in the near term."

Here is a graph to show just how inflated the used car market in the US is right now.

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Now with inflation still running hot, supply chain issues it may seem logical to think that prices for used cars will just continue to increase but with the increased cost of living, defaults on other payments already increasing and looking at the insane levels used cars are currently trading I believe this is about to change.

***"Consumer Sentiment declines from April.*** The initial March reading on Consumer Sentiment from the University of Michigan declined 9.4% to 59.1 from 65.2 in April. Consumers' views of both current conditions and future expectations declined similarly. The expected inflation rate was stable. Consumers' views of buying conditions for vehicles declined to the lowest reading this year. The daily index of consumer sentiment from Morning Consult has also declined so far in May. As of today, the index was down 0.4% week over week, leaving the index down 2.1% for the month so far. " - Manheim Index.

To simplify this, a lot of people have massively overpaid for cars for a variety of reasons and Automotive backed securities (ABS) are worked out on the value at time of purchase, as would any agreed payment plan. Defaults are increasing rapidly as now some people cannot keep up with this current cost of living crisis and are having to prioritise what monthly repayments they make. This is a systematic risk to anyone trading ABS however number of trades are surging showing that wallstreet is ignoring the risk once again as we the amount of $ in loans relating to motor vehicle loans surges to new all time highs at $1.3T https://preview.redd.it/b3g6iz8off291.png?width=1168&format;=png&auto;=webp&s;=a43d346c7af943024 8d70399c0e72171d6c05c24

So despite the evidence that things are turning and becoming incredibly bearish and that the possibility of the mother of all crashes is coming why outside of the major indexes is this being ignored? Just pure greed from wallstreet gaming the system and wrecklessly gambling away pensions. I have asked myslef this in the past when thinking about MOASS, why haven't they given up yet? The only awnser I have is that, they can't. I've thought to myslef why don't they just let the stock run and see if a few apes jump early and start selling for pennies on the dollar because investors have seen the price in the hundreds, they know how that feels. Apes are yet to see prices in the thousands, why not dangle the carrot and the only reason why I think this hasn't happened yet is because they can't afford to and they are waiting for a bailout.

For now apes I'll end part 1 with this message to all shills, hedgies, shorters etc... The players have started to figure out the game...

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BUY. HOLD. DRS. VOTE. SPLIT. MOON.