Business Bankruptcy Filings at Record High According to UBS

April 7, 2023 - It's another sign that the economy isn't doing well. According to UBS Evidence Lab, business bankruptcy filings are outpacing their 2020 COVID levels by 73% this year. Real estate, healthcare and retail are among the hardest hit; especially among small and mid-sized businesses. And according to the report, UBS expects things to get worse before they get better.

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UBS believes that the increase is due to the FED's interest rate hike. They state that while small and mid-sized businesses are being hit the hardest right now, everyone from individual borrowers to large corporations are feeling the pain. And they state that a lack of available credit is the predominant reason for increases in default rates.

The latest bet on Wall Street is that the FED will continue to increase rates when they meet again later this month. At the same time, the Biden administration is set to increase the business tax rate later this year even though economic conditions for those businesses are continuing to deteriorate prior to any tax increases. The inevitable outcome of this will be additional bankruptcies.
by Jim Malmberg
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