

Large Company Bankruptcy Filings at Fastest Pace Since 2010

May 27, 2023 - Large corporate bankruptcy filings have hit their fastest pace since 2010. And the filings aren't just hitting one market sector. It's just another sign of a faltering US economy and one of the clearest signals yet that the United States is in the midst of a recession.

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In 2022, there were 40 large corporations that filed for bankruptcy protection. So far this year, there have already been 27 such filings and the year is nowhere near over.

The highest profile filing so far probably came from Bed, Bath and Beyond. But Vice Media also filed within the past two weeks. In all, there have been companies in the tech sector, retail and even pharmaceuticals that have had to seek protection from their creditors. This indicates that the financial issues these companies have experienced are widespread and not just impacting one economic sector.

With that said, companies involved in retail sales do seem to be getting hit harder than many other areas. Bed Bath and Beyond along with David's Bridal have both failed within the last month. And one-time retail giant Sears has been forced to announce more store closures. In the end, that chain which had over 700 open store locations in 2018 will only have 12 stores remaining by the end of the year.

These business failings also mean that thousands of people will lose their jobs. David's Bridal alone employed 9,000 people.

The reasons for this trend are many. The government pumped billions of dollars into the economy during the COVID lockdowns. Much of this "stimulus" was in the form of low interest loans. But much of it was simply given away to consumers; many of whom found themselves stuck at home without a job. Consumers spending that money kept many of these now-failing businesses afloat.

But now, all of that "easy money" is gone. Couple that with the fact that the FED has been raising interest rates at a record pace and you have a formula for business failures. And given the FED's most recent actions, there is no reason to believe that the situation will improve anytime soon. This means that we should all be prepared for more bankruptcies

and higher unemployment numbers in the coming months.

by Jim Malmberg

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