WALL STREET UNPLUGGED

AUDIO TRANSCRIPT

Episode 605: America May Be Entering Its Fourth Economic Revolution

Announcer: Wall Street Unplugged looks beyond the regular headlines heard on mainstream financial media to bring you unscripted interviews and breaking commentary direct from Wall Street right to you on Main Street.

Frank Curzio: How's it going out there. It's March 21st. Frank Curzio, host of the Wall Street Unplugged podcast. Where we break [inaudible 00:00:22] headlines and tell you what's really moving these markets. March Madness is insane. You can't find a better name, right? March Madness. The first number one seed to lose in the first round, which is Virginia. Not only seeing upsets, but blowouts of some of the greatest teams.

And the North Carolina game destroyed, wasn't even close, by Texas A&M. That game was in Charlotte. Okay, UNC, say, wow, these guys played bad and were able to win, that's why I like them so much, but they play bad and Texas A&M played amazing. Yet Arizona gets annihilated in the first round by Buffalo?

Cincinnati, one of the greatest teams out there defensively, they're up 20 with nine minutes to go. The probability, I'm not kidding you, the probability of them losing that game 99.9%. So you have 99.9%, that's a fact, that's the numbers they had with about nine and a half minutes to go. So the probability of them winning the game was 99.9%, 99.9% and they lost. Up 20 points and nine minutes to go.

Michigan State losing to Syracuse, that game was in Detroit. And Syracuse, a team that shouldn't even be in this tournament. Well, you could argue look how far they went. Doesn't matter, you have to earn that, you have to earn that right to get in the tournament.

You have Boeheim that bitches every year, so this year he said, okay, let me improve our schedule. So you look at their strength of schedule, they played good teams, but lost to everyone of those good teams. Were they 19 and 13? They got killed, they had only one good win this year. It was against Clemson, their other next best win was Louisville, and they didn't even make the tournament.

They lost to North Carolina. Duke lost to everybody. Oklahoma State should have went in easily over Syracuse. Notre Dame you could make the case. This is like five teams, but they're playing well, they deserve it. I think Oklahoma State could have made a similar run, same with Notre Dame and they're making the best of it.

But Michigan State? Michigan State doesn't score in the final six minutes of the game? You're Michigan State, one of the best teams. Xavier up 12 in the second half against Florida State and Florida State looked like, fighting with each other, arguing. There was going to be a 20-25 point blowout, they just stopped playing and wind up losing.

Loyola Chicago beating Tennessee? Holy cow. Unless you have Villanova, most brackets are completely busted. And my sleepers from last week where Texas Tech, Gonzaga, Kansas State, all those were in the Sweet 16. I'm not going to pat myself on the back because I had North Carolina winning it all and they're gone, which is very surprising.

I like Kansas State to go to the Final Four if, and only if, they get their star player back, Dean Wade. He didn't play the first two games and they still made it this far and they played horrible the last game. They played terrible. I can't believe. They still won because they played a crappy team. They have a week's rest. I think they have an easy schedule. They play Kentucky who I don't think is that good.

Again, they have to have their best player, this guy's amazing. I've seen him play against Kansas, lit them up, fantastic, Dean Wade, he has to play. He's on the floor just for a couple minutes I think, but he's really not healthy. They say he'll be back next week.

My ultimate sleeper right now is West Virginia. Told you how good their defense was last week. I saw West Virginia play a ton this year. I think they have the best defense in the league, better than Cincinnati, but they could never really score. They were up against Kansas at Kansas by 12 or 14, I want to say four minutes left, and blew that game.

But the team that can't score, well, they just played Marshall. It is Marshall, but they scored 94 points. I think they averaged something like 60 something maybe. If they can score 75 points, if they score 75 points, they're going to win the tournament. They'll beat every team because they're not going to give up 75 points. They gave up a lot of points on Marshall because it was garbage time. They blew an amount and they scored 94.

This is a team that gets hot, they are that good to win. Don't be surprised because I know they're off your radar. But in mid-January they were ranked as the number two team in the nation behind Villanova. They were ranked number two and I followed Big 12 because of Kansas, I know all these teams.

I knew Kansas State was great, knew [inaudible 00:04:59] was great because they're amazing. Right now you can bet a $100, win $1600 on West Virginia to win it all. This is not some sleeper team. They've always had a great D, if their offense clicks and they get hot and they're able to score more than 75-80 points, they're not going to give up that much. They are the best team, they'll beat anybody.

Because they can guard Villanova. They might lose the next game if they're cold, but don't be surprised if they're there. I think it's a very good bet based on risk / reward.

That covers March Madness [inaudible 00:05:29] as an investment podcast. But I do have a great educational segment coming up. It is about the NCAA Tournament, but it's how it relates to stock picking or how you can become a better stock picker.

I'm going to merge all this stuff together, it's going to be really cool. I promise. You don't need to be a college basketball fan, a sports fan to appreciate it. But seriously, this segment is going to make you money. So please listen to it even if you don't like college basketball. Because something happened at [inaudible 00:05:58] that's very important that relates to investing and it's going to teach you how to become a better investor.

Before we get to that, I also have an interview set up with Steve Koomar. Steve is a former derivative trader at Goldman Sachs. Is editor of Vigilante Investor, it's his newsletter. It's an awesome newsletter that I read personally, I don't read a lot of newsletters. I just feel like I only like to read stuff when learning things, learning something new. I do that by reading Vigilante Investor. Maybe two or three other newsletters.

Not a bad thing or good thing, I'm just telling you the truth. I wanted to bring Steve back on because his latest issue was awesome. It goes into more details about tariffs and how this crazy hot mess that we're seeing every day, these trade wars are going to happen. Basically the actual economic implications that it's going to cause, well, Steve explains how it'll lead to one of the biggest bull markets ever.

I'm talking about annualized gains of 15% over the next 10 to 15 years. Koomar is not some crazy guy. He has amazing stats to back this up, whether you agree with him or not, listen. Because he can support all this stuff and it's very interesting what he says. Whether you agree with it or not.

Everyone makes crazy predictions out there. That bitcoin [inaudible], the market's going to crash 80%, nobody really backs it up. It's all BS, they don't have the numbers, they don't have models. Well you listen to this. He's going to be able to back it up and it's very interesting. I'm not saying you're going to agree with or not, but it's fantastic once you listen.

Also, he's going to share his favorite sector with you. It's not uranium or gold. It's actually a [inaudible] sector that's dirt cheap. And a lot of stocks in that industry are seeing distraught earnings and free cash flow growth in over four years.

So what do you have? You have cheap stocks in an industry that expects to see strong growth over the next few years, that's always exciting to me. You really don't see that in this market. You usually see high growth, very expensive stuff. You don't see cheap stocks. It's cheap stocks and a weak sector or market, like gold/uranium.

It's this sector that's seeing strong earnings, free cash flow, everything going higher, higher, higher, expecting to do better, better, better, yet the stocks are still cheap. He's going to share that sector. More important, he's going to highlight his favorite stocks within that sector that are likely to surge, even double, over the next six to 12 months.

So enough of me building this up. Let's get to my interview with the one and only Steve Koomar. Steve Koomar, thanks so much for joining us again on podcast.

Steve Koomar: Great to be on. Thanks for having me.

Frank Curzio: No worries. I appreciate doing this interview because I know you're not at your house, you're not at your home base, but you're on the road, but I really appreciate it.

You're one of the newsletters, Steve, that I actually read. I don't say I read a lot of newsletters and it's not that I'm putting anybody down, but I like to read newsletters that I learn, that I can learn something new from. And that's why I love reading it, especially your macro thesis on some of these things and how it relates to a top down approach and how it filters down to the stocks you recommend.

Your last issue was on tariffs. I just spoke about tariffs, I got a lot of comments, a lot of feedback, most of it positive, some of it ah, whatever, but you went more in depth than I did. When I read it, it was fascinating. When you went to VATs and stuff like that. Could you talk a little bit about that issue? Because it's fascinating, it's going to lead to a whole bunch of questions that I'm going to ask, which is going to result in market predictions, stocks you should invest in, sectors you should invest in. But let's get everybody on the same page first and talk about that issue that you just wrote. It's fantastic.

Steve Koomar: Thank you very much, Frank. First, let me say it's very humbling to me that you read my newsletter, that you find that it has value to you because you really produce some of the best research that I've ever seen anywhere.

Frank Curzio: I appreciate that.

Steve Koomar: I thank you very much for that compliment.

Frank Curzio: Thank you.

Steve Koomar: Yes, I listened to your podcast last week. I always listen to your podcasts and I thought you gave a tremendous analysis on what Trump is doing, what the Trump Administration is trying to do with the tariff. It's really not that threatening and why it's not that threatening and where it could produce some real value and outcomes. I thought it was a great analysis.

My most recent issue was about the steel tariffs and that very specific part of Trump's agenda. But it does relate to the bigger issue of how trade works and how it's taxed. I think the issue that is rarely discussed, the only place where I've ever seen it discussed in policy areas, was when the Republicans first got elected in 2016 and they were talking about a border adjustment tax.

The issue was the United States needed the border adjustment tax in order to compete with the value added tax that's out there in the rest of the world. The value added tax, which everybody has except the United States, basically has a value added tax or something similar to it like a general sales tax.

Acts like a tariff at the border. When somebody imports a car to the U.S., there are no taxes, there's a very small tariff, but there are no taxes. But if somebody imports a car in Germany, they pay the full value of the German value added tax at the border, which is about 20%. So it acts like a tariff there, but in the U.S., is the only country in the world, only major trading country in the world that has no value added tax.

And so that puts the U.S. in an incredible trade disadvantage towards everybody else because if you're trying to export goods, if you have excess goods you want to export someplace, the U.S. is one place where it's 10 to 20 percent cheaper to get to the consumer than any other place because there's no tax on the border. There's no value added tax that's added at the border.

It's really made the U.S. an international dumping ground. You can go down the list, I mean Canada is one of the lower taxes, their sales tax is like 11 to 15 percent, but China is 17%, German is 19, Mexico is 16, Russia 18, the U.K. 20%. These are all taxes, it's kind of like a hidden tariff.

When goods hit the border there, they get that surcharge of about 20% across the board at all those countries. In the United States, there's no similar tax to that. You feel it in steel because there's a lot of global excess supply of steel and that all ends up coming to the U.S. because there's no tax in the U.S. when it hits the border.

Really, it's the same case for all goods. It's really probably the biggest reason why the U.S. has this enormous trade deficit across the board. Really, with just about every trading partner, the U.S. has a trade deficit and it's because we don't tax consumption like everybody else does in the U.S.

With regards to the steel tariff, I think it really doesn't do much more than equalize the taxes at the border. It's got some problems with it because there are some isolated consumers that could get punished. Like an automaker could get punished some because they're going to have a higher price for steel in the United States and an importer of autos in the U.S. isn't going to have that higher cost of steel.

So there's probably likely to be more steel that comes into the U.S. in the form of finished goods like cars or other fabricated car parts or other heavy equipment. But nonetheless, in the reality it's in this one very small sector of the economy, which is steel, it's really kind of equalizing the border taxes that occur across different countries.

Frank Curzio: Yeah, and, Steve, you did a great job because you actually put a chart in there. This is where you went into more detail than I do about the value add tax and you have slash the DGST, which is the general sales tax, and you have it combined. Just like you explained, you have Canada at 11, 15 percent, China 17%, Costa Rica 13%, Egypt 14%.

We have no value added tax in the U.S. as you explained. Exporters can sell at a relatively high price and still compete for U.S. consumers. The playing field is not level. I want to ask you a question before we get into details, which is really cool, because you have a whole economic analysis based on this of why it's going to backfire and be really good for the stock market ultimately.

Why do you think, is it just the media, I don't see this anywhere, okay. Again, because I say this all the time because it's difficult. Put your politics aside, okay, maybe Trump could have handled this a different way, maybe he could have threatened a little bit more. Just like we did with, I don't know, 13 Days. Remember that book and the movie? Where we negotiated, where we moved our missiles from Turkey, but you can't tell anybody that we did that. The Cuban Missile Crisis and stuff.

There's ways to handle this behind closed doors instead of just announcing it publicly, maybe handled it differently, but why is this not being explained everyplace? Because if you read almost anything, on both sides, it's almost we're destroying the country, global trade is going to end and this is horrible. This is going to start a recession, it's going to blow … You're hearing all these fears out there. How come no one's actually telling the story of how everyone else is really ripping us off and we just want to level the playing field here?

Steve Koomar: It's a really good question. I think there's a vested interest in maintaining the status quo. Over the last 70 years of free trade, which has largely come at the sponsorship of the United States, there's many industries in the United States that are dependent on cheap imports.

Most of the industries in the U.S. do not want to see any change in the status quo. For instance, when they were talking about a border adjustment tax in the initial tax bill that Paul Ryan was proposing, it was something like a 15% tax. It would have acted like a value added tax at the border for imported goods and that's all it would have affected.

But the retail lobby went crazy over it. And they're two Senators that are very closely tied to the retail industry, Tom Cotton from Arkansas, who sponsored Walmart, and David Perdue from Georgia, who was the executor of several retail companies in the past, including CEO of Dollar General. These guys marshaled the forces and they blocked any real serious consideration of that sort of a tax.

That just tells you that there are some really strong vested interests, some people would call it special interests, whatever you want to call it, that really are dependent, their current set up, their current business operation, are dependent on the current status quo of globalization and cheap imports into the U.S.

They have their friends in media, they have their friends that are lobbyists and that's the story that gets told is the story of globalization and the benefits of it.

It's interesting, everybody likes to talk about the worries of a trade war and the last time there was a really serious trade war was during the Great Depression. Smoot-Hawley Tariff. Arguably it did worsen the depression and worsened things for the U.S., but at that time the U.S. started that trade war and it was a really stupid trade war to start because the U.S. was running a trade surplus with all these other countries around the world so the U.S. had the most to lose from a trade war.

Well, now, the U.S. has a huge trade deficit. All the countries with a surplus are the ones with something to lose. I don't think there's likely to be a trade war because I don't think anybody can afford to lose their massive surpluses that they have going with the U.S. Not over one narrow, small industry like steel. I just don't see that being a big issue.

Frank Curzio: Now you bring up a good point here. We're going to get to the sectors and stocks, guys, and I love explaining the macro part of it to get everybody on board and sometimes that can be boring for people, but it's very important that you understand this because this leads to what sectors going to benefit, ultimately what stocks are going to benefit so that's why I wanted to cover that at the beginning.

But you say tariffs are going to have a limited impact on inflation and you provide the numbers just on the steel industry. And then you go more into it, which we talked off line about how, not like this stuff backfire, but it could lead to something which will create a stable market.

Could you explain how we get to these tariffs and what's going on now? To that point of where you say, hey, you know what, this could be good for stocks at the end run because people think there's going to be inflation. But when you look at the numbers there's really not going to be inflation, which you provide all the data for.

Steve Koomar: The primary metals' industry, which includes steel product, iron ore, copper, all that, is about 0.3% of U.S. GDP. If you had a 20% increase in prices of all those primary metals, which isn't going to happen, it's not going to be that much, but let's just say worse case it was a 20% increase to steel, copper and all those prices.

When applied to 0.3% of GDP, that amounts to less than 0.1%, about 0.05% inflation rate. It's almost nothing, it's a rounding error in the calculation of inflation for a year. This will not affect inflation in any measurable way. However, what it will do is it will help the U.S. steel industry.

It will allow these companies in the U.S. to increase their capacity utilization. They've got enormous amounts of unused capacity and as they are allowed to sell their steel at somewhat higher prices, it won't be a lot higher, because there's still a lot of competition out there. They'll be able to increase their capacity utilization and the combination of more volume and somewhat higher prices is going to mean significantly higher profit margins for these companies, particularly in steel and in iron production.

Those companies, they're going to be the biggest winners. It's really not going to affect the overall economy. I think that there will be automakers in the U.S. are going to have eat some higher costs. There's about 2,000 pounds of steel in an average car. At 50 cents a pound, that's about a $1,000 a car. If you get a 10 to 20 percent increase in price of steel, that's going to amount to 100 to 200 dollars a car. That's something that the U.S. car companies are going to have to deal with and suffer from; however, on the flip side, they just got an enormous policy benefit from the tax cut.

The corporate tax cut was cut 14% in their tax rate from 35% to 21%. When you consider that GM makes about $4,000 per car profit, on average, that amounts to something like $560 per car of added profit that they didn't have before. So it won't be hard at all for them to eat that $100 to $200 extra cost of steel. They're making a lot more money on the tax cut than will cost them to pay on steel.

And the other thing that GM and all the other car companies and all the other steel users will do is they'll find ways to optimize in the supply chain. They'll import more parts, they'll find ways to import more steel goods that are semi-finished or finished steel goods. That will reduce, that will off-set some of the costs increase for them. So they're not going to eat the entire cost of ... the tariff isn't going to be embedded in the car. They're going to find ways to cut corners and reduce some of those costs.

Yeah, I think the steel companies will be the biggest beneficiary.

Frank Curzio: Thanks for breaking down those numbers because they're hard to find as well. When you see how much per car, and $4,000 for profit and how the tax cuts is going to be a little over 500, it's going to be 100 to 200, say a $150. You are going to see prices raised a little bit, but like you said, when you say it's a rounding error, it is a rounding error.

If you look at the economic data, it says basically leave room for this much, it could be off, it's within that, which is interesting. I want to move on to politics a little bit because you talk about, there's just one thing, you talk about taxes. This brings into everything. I'm not going to get personal with politics here, but it relates to what we're talking about.

Because you're saying that a political-economic revolution, this is a once in a lifetime thing. And you're saying it's creating one of the best long term bull markets that you could see and it could last for a very, very long time where you're not to worry about inflation. In the past, we have cycles of lowering debt. Inflation always goes lower. You've done a lot of homework on this.

Explain it because it seems to us, not just to us or to me especially, that that's a different opinion what we hear out there, where the people believe the market's toppy. We see a [inaudible 00:25:09] coming, higher interest rates. You're saying that, okay, we're not going to see as much inflation as you think and you know what, it's going to be a good environment for stocks long term. Explain that.

Steve Koomar: This is the fourth economic revolution in this country's history. The first one started in the 1790s when we had a debt crisis that was resolved by all the reforms that Alexander Hamilton put through and it created stable currency and a federal system.

That revolution, even though the government changed when Thomas Jefferson took over, it launched an expansionist revolution where the country moved westward and creating the continental economy and the economy boomed.

Similar thing happened in 1860 when the next revolution happened and we had another debt crisis. We had some initiatives in terms of infrastructure development that really kicked off an enormous growth phase for the country. You had the transcontinental railroad was the key thing. The Panama Canal eventually came in. Some things that really changed the way the country transported goods. Made the country a national and international powerhouse, both economically and militarily.

The next revolution was the New Deal. The New Deal was really a critical reform of the way in which the financial markets worked. It allowed investors to come in and invest with confidence, with good information. Until the New Deal, if you want to invest in the stock market, it was a buyer beware. You didn't have good information, companies didn't have to disclose facts and they could lie if they wanted to and usually get away with it, but the New Deal changed that.

It also added deposit insurance and things like that and when the economy stabilized after that debt crisis, in the 1940s the economy stabilized. The boom that occurred over the next 15 to 20 years was just unbelievable and you had 15% annualized stock market returns.

You have another revolution that's starting right now. What led up to it was the debt crisis of 2008. All these economic revolutions start with a debt crisis and reforms that follow. These reforms are … the New Deal kind of got out of hand. Not only did we have very high corporate taxes and things like that, the regulation was beginning to suffocate the economy.

Many of the regulations of the New Deal were very helpful and necessary, but they got to be over-burdensome on business. Now as those burdens are lessened and businesses can operate more freely and some of these tax burdens are lessened, the corporate tax cut is making American corporations far more competitive and some of the trade issues, some trade disadvantages are starting to be addressed.

You're looking at a period of incredible investor returns that are going to be available over the next generation. And this is one of those times when you just have to be in the market. The market might seem rich, but it's going to just keep on going higher and climbing the wall of worry.

You had 15% per year average returns and during the New Deal revolution I think you're going to get that over the next 15 to 20 years here. It's a period that's accompanied with very low inflation and a lot of that is because we're dealing with a period of time where excessive private sector debt has to be unwound. That means basically that consumers, as consumers pay down debt, there is less pricing power in the economy and you have less inflation.

That's what you had in the 40s, the Fed kept rates below two percent from 1929 until 1956 and you had two big wars during that time and they still kept rates essentially it was zero and you had no inflation during that time.

You probably have a similar situation now where there's just, and you can see it. Everybody says, there's no inflationary pressure, they don't know why. But the real reason is that there's this debt overhang out there. The inflationary pressure is going to be intensified by this corporate tax cut because corporations now have lower costs, they have lower tax costs.

To the extent that they have competition that they have to deal with, they can lower their prices and still make a higher profit than they did before. That's going to keep downward pressure on prices for a while. At the same time, this corporate tax cut, it's not a one time shot in the arm like most fiscal stimulus is. This is the gift that keeps on giving.

Companies are going to have lower tax rates to pay for as far as they can see into the future. That's going to have a very powerful incentive effect on their investments and on the returns of their companies.

There's just a lot of reasons to look forward to very high staff market returns, unusually high staff market returns for the next generation.

Frank Curzio: Now what is some of the risks to your thesis? Because that's what I always do when I have something positive or negative and your expecting. Returns, haven't heard that. Fifteen percent annually going on 15 years out is pretty remarkable where you're not going to hear that anywhere. And you're not a perma-bull or perma-bear, you look at the numbers, you look at the markets and tell how it is.

I won't mention names, for the last 30 years they've been bearish and even if the market crashes, they're still going to be bearish.

Steve Koomar: Right.

Frank Curzio: So what are some of these risks? Say if a new administration comes in? Updates to the Tax Code? Or there's something, which I think would be political suicide, when you see all the benefits and people getting more money and more money coming into the country, it's going to be hard to change that or change your perception that that's not good somehow for everyone in the United States.

But do you see maybe political problems with infrastructure or maybe we don't have that deregulation and more regulation? What are some of the risks to that thesis happening over the next couple years?

Steve Koomar: The big risk to that thesis is not just a political change, but a political change that is retrograde, that really is determined and has a political power behind it to reverse what's already started a motion.

I think that's a very low risk. Anything is possible. You don't know how things will play out. I think it's a very low risk. Because you can see, for instance, in Pennsylvania, in this open seat Congressional district, a Democrat did just win, but that Democrat ran on a very moderate policy, really supporting the tax cut and deregulation and all that.

I think what you're more likely to see is you will see political change, you will see parties change back and forth in terms of who's in power, but I don't think at this point in time anybody can take back the tax cut and get away with it and stay in power. I think they know that and that's why you're starting to see the platforms are starting to change of the Democratic Party.

So even if the Democratic Party takes control in the future, it's going to be more moderate. For instance, when Jefferson took control in the 1800s when he won a very hard fought, bitter election, not that dissimilar from the Trump-Clinton fight, he had for the prior six or eight years, fought hard against all Hamilton's reforms.

But when he was President, he embraced them and used them and didn't reverse any of the changes in the reforms that had been put in place because he could see them working and they were making a very positive impact on the economy. I think the same will be the case with the corporate tax cut and we deregulation.

Just one more thing on that is that you saw recently that the Senate passed a reform of Dodd-Frank. Now it's not that a significant of a reform, but it's a step in the right direction and there were nine Democrats that voted for this policy change.

I think that indicates that there's still significant momentum towards deregulation even on things that need bipartisan support. I really fully expect that agenda is more likely to take place. It would take a really significant scandalous reversal of the political power structure out there right now to see that change. I jut don't see that a dramatic of a reversal taking place in anything that I can foresee.

Frank Curzio: Yeah. That definitely makes sense. We've got about five minutes and I want to cover two things. One, I have a follow-up question because when people see deregulation and say they're not into the stock market. Say they have other jobs, they listen to this podcast, they read your newsletter, they want to get good stock ideas and learn about the markets. Just as we want to learn about their jobs too.

But when they look at and hear deregulation, they think credit crisis. Could you explain it again? I want to cover this quick because I wanted to touch on one other thing, one sector and a couple of stocks that you like.

Could you explain how deregulation is good to the point where it's not the credit crisis, but it's almost like when we had the big oil spill, the BP disaster in the Gulf of Mexico. The immediate reaction is, nobody can produce oil in the Gulf. Then it comes back and says, okay, now we need to have more, we need to understand, there's got to be more safety rules in place and then they come up with the perfect policy.

I feel that since the credit crisis that pendulum has swung to one side and it's staying there to the point where there's people with good credit that can't get loans right now and they have so much, there's supposed to be so much capital on their balance sheets to basically have enough money to withstand another, what is it? Thirty percent decline in the stock market, a 30% decline in home prices and a 10% unemployment rate or higher, which has never happened, all three of them at the same, since the 1930s.

It seems like we're really still over there. We want to come back to the middle. So explain it, because I think when people here deregulation they get very nervous and they think, oh, no, the bank's going to be able to do whatever they want now and that can lead to another credit crisis. That's not really the case, right?

Steve Koomar: No. That credit crisis that we had, a lot of that was created by some serious abuses of mortgage back securitization process. That was really the bulk of the problem and the response, the regulatory response, the Dodd-Frank response, was to clamp down on all kinds of lending to businesses. And not just to big banks that were really the big abusers in the mortgage back security issue, it hit the small banks just as hard as the big banks.

So now you have all these small banks, these community banks all over the country that are the principal lenders for small businesses, small to medium size businesses and those are the business that are really the engine of the economic growth. That's where all the innovation occurs and that's where a lot of the basic servicing of people's needs take place.

These community lenders have basically had to freeze up a lot of the activity. They can't lend anywhere like they have to. Like you said, these kind of crazy capital standards in terms of how much capital they have to have on the balance sheet. They have enormous compliance burdens to show that they're in compliance with these new bank laws, and they don't have the size that say a Bank of America or City Bank has to where they can spread out the cost of compliance across hundreds of billions of dollars of assets or trillions of dollars of assets.

They have to do it over maybe five or 10 billion of assets or maybe even a billion of assets, and it's not economically feasible for them. It's caused these community banks to shrink, to really shrink down and freeze what they're doing, and it's hurting the real economy in a very big way.

We take away that burden where businesses that have good investment opportunities can get credit, you'll see a lot more growth of investment, a lot more growth of employment, a lot more growth in wages. It's going to help all the way around.

The regulatory burden, it was an overreaction in Congress. It's an understandable overreaction, but now you have to kind of swing it back to something that makes sense. Let's fix the problems that really need to be addressed. You probably do need excessive capital burdens on companies like Bank of America because you don't want to have to take the risk of bailing out a massive bank.

But all these small banks that aren't a risk to the economy, let them operate like the normal company. I think it only makes sense.

Frank Curzio: No, I definitely agree. Okay, so let's get to the final thing here because there's one sector that you like that I like that I would say that I was definitely wrong on. It's weird because I was right, we're talking about oil here, right. I thought I'd provided unique detailed analysis because I'm fortunate to have great contacts in this industry who drill [inaudible 00:39:36] area and understand that below 40 it's basically, we can't scale, we can't produce at a massive scale, so you're seeing oil come off the market tremendously.

We went 40 for a little a while, and I'm oil prices are going to go high, I thought it was a good opportunity to buy some of these stocks. Specifically two or three of them within a small area in the Permian base and where you could produce at 30-35 dollars a barrel.

They were leveraged though. They pushed out a lot of their debt. They survived, they did great earning cash flow, but a lot of stocks in this industry got crushed. And they're still trading at levels that are very surprising, considering we've seen what? A 20-25 percent bump in oil prices, yet these stocks have been down 10-15 percent almost over the same timeframe.

You're a big energy guy as well. Talk about that industry because it seems like that's one of the few because we say, oh, it's a good, cheap industry. Gold and uranium and stuff like that, which who knows. But this is an industry that you're seeing corporate profits, free cash flow rise. Stock prices are still relatively cheap.

Steve Koomar: Yeah, it's just amazing. It's amazing, Frank. I completely missed one part of this, I have to say, and that is I did see the profitability improving and was really encouraged when saw how innovative some of these companies had become at cutting some of their costs.

Where at $60 a barrel oil, they used to maybe break even, maybe even lose a little bit, now they're making a good profit at 60 and at three dollars in gas, they were losing money and now their making good money.

The companies are now almost universally running healthy profits and healthy cash flows, positive cash flows, but some of these companies are really, their stock prices have been crushed in the last six months. Where you look at it and you look at the companies that have been hurt and the ones that aren't, the real [inaudible 00:41:36] is leverage.

The companies that don't have any leverage are trading at a 15 PE, which isn't really a high PE, but it's reasonable. I think a company like, that would be say Cabot Oil and Gas a 15. A slightly [inaudible 00:41:53] company is 11 PE.

But if I take a company that's pretty high levered, maybe one and a half, two times the market cap in leverage, like Southwestern Energy, that's at a five PE. Then if you go a more levered company like Chesapeake, it's more like a two times, it's a four PE. Sanchez Energy, which I like Sanchez a lot. It's got an incredible great growth of profit expectations, it's trading at three PE. It's about three times levered.

These companies still present tremendous opportunity, but the way in which they're going to make a profit for investors is they have to de-lever because investors are punishing leverage right now. If they take their profits and they sink that in to paying down their debt, they should seek their stock prices rise significantly, but that's what they've got to do.

They've got to be really disciplined about making positive cash flow and reducing their debt and then they'll get some really performance out of it.

Frank Curzio: Steve, could you explain to the average investor what three times leverage means and maybe for industry standards as well? Because they might say, what's three times leverage or four times leverage? What's the industry? Could you just explain? It's something you cover very thoroughly.

Steve Koomar: Yeah. It's really hard, sometimes it's hard to look at your book value because these companies have written down so many assets that they might even have [inaudible 00:43:36] book value. But I can look at where say the market cap of the company and where the market thinks their assets are worth.

That's why I'm kind of using the multiple based on the market capital as opposed to debt equity in some of these cases.

A company that has three times levered has basically three times as much debt as they have investment capital in there. There's a not a lot of margin for error for them if oil prices drop significantly and they start producing losses. They may not be able to meet their debt service requirements and so three times is pretty high.

One time levered is not that high because in most cases any profits at all they'll be able to meet the interest payments. Basically it's just a very rough and simple metric to measure how big the debt burden is for these companies.

Frank Curzio: I want to ask you something, Steve, too on this too, we've got about a minute left. Is there a good opportunity? Because when I do research on these companies, and that was a perfect storm, which I highlighted in 2014, 2015. I was telling everyone you sell every single oil stock you own because they were able to keep their profit margins higher because they were hedging oil prices and a lot of those hedges were from oil, whether it's 70, 80, 90 dollars a barrel. Once those hedged came off, now you have oil much lower.

Now do you not only have a massive amount of debt to service, but you're not making profits and free cash flow is down, it's negative and resulted in a lot of bankruptcies. However, during that period, a lot of these companies restructured their debt. So when people look say on some Yahoo finance oil company they'll see the mark cap 100 million, they'll see maybe 40 million in cash and I'll see two billion in debt and they go to the next company.

Without looking at free cash flow and without looking at when that debt is due because sometimes 80% of that debt could be due after five years. Is that something that you should look after you invest in the oil industry? Where yeah, you buy into leveraged companies and they've been punished, but those are the ones that are cheapest valuation, trading at low earnings.

They generate high free cash flow, but if you could find a way to see which companies have pushed out their debt and, obviously the interest rates on the debt, and how much they cost serviced that debt, it can be a real good opportunity to get stocks. Not only that would go up 50, 100 percent, but if oil prices went higher these could be massive, massive winners from these levels, right?

Steve Koomar: Yeah, that's exactly what I've looked for in my picks in the industry. I've looked for companies that have pushed their debt out three to five years before they have significant principle repayments so that they really only have to meet the interest prior to those burdens in their term and they have also hedged at least out for the next year to two years significant amount of their production so that they're ensured of having profits in the near term.

And at least had some of their hedges out over the next three years so that they know they can meet the ... they'll have some profits, even if oil prices drop a lot, there have some profits to pay that debt service based on the hedges that they've set and they've all been able to set significant amount of hedges in this environment because oil prices they've been trading at about 60 for a long time. This is very profitable levels. Gas is around three dollars, these guys are making money at three dollars in gas and they've been setting a lot of hedges and they're pretty well protected in the near term.

So, yes, things can go wrong for these guys because there is still, you can't hedge out forever. In the near term, there is some clear sailing and they also are running very high profits right now.

Frank Curzio: That's great stuff. I always want to try and keep these a little bit shorter, but there's so much interesting things, so many interesting stuff to talk about. And we'll end with this, Steve, if someone wants to find out more information on your newsletter the Vigilante Investor, how can they do it?

Steve Koomar: Go to Vigilante Investor dot com and you can read about me there and you can follow me on Twitter at VI Investor.

Frank Curzio: That's perfect. Thank so much for this interview, Steve. For me, hopefully, it comes through. I always say this podcast is about you, not about me when I'm talking to my listeners. For me personally, every time I talk to you I learn something new. Every prediction you have is backed up by tons of facts. Whether you agree with it or not, it just makes you think more, makes you research more and that's something I love to do and hopefully that comes over to the audience as well. So I really appreciate you coming on.

Steve Koomar: I appreciate your time, Frank, and thanks to all your listeners for hearing me.

Frank Curzio: Man, I love my job. I love doing this podcast. Where else can you talk to some of the most brilliant people out there?

You don't have to agree with everything Steve says, I mean 15% annual returns over the next 15 years, that's interesting. That's great. That's why I said, hey, what are some of the risks to your thesis? But I love people that come on here that just really challenge your belief, challenge your thesis or say something, where you're, wow, that's a little crazy, but they back it up.

We have so many people that make ... you see on TV, they'll come in, bitcoin is going to a million. We heard how many people? Bitcoin is going to a million. Where's your analysis, no analysis, just going to a million.

You could say whatever you want, how crazy it is, but when you have the research to back it up, it just makes you think a little bit. It makes you dig a little further.

And Steve's not, he's not ... You have Jim Cramer, you watch him on TV. Jim is great at Ronald McDonald and he understands the entertainment factor. That you want to draw more listeners in because you're going to teach them. If he just says McDonald's is trading at 20 times earnings, and they have a new menu item, and it's a good buy, you're not going to have a lot of people watch that.

Now you turn into Louis Rukeyser, who's smart, but boring. Nobody really watches the show anymore. I liked it because I'm a diehard. It's almost like reading Mohamed El-Erian's book. He's a brilliant economists, I enjoy that. Ninety-nine percent of the people don't, but then when you have somebody like Michael Lewis could appeal to a massive audience because he made statistics interesting by telling a story about Billy Beane and Moneyball and stuff like that.

So I have a guy like Steve come on it's important where, yeah, you might get lost in some of the numbers and I try to put things in perspective for you and I'll tell him what is three times leverage mean? I love that people back up their claims in what they say. That's why I love this job, where it's not just about me and, oh, Frank Curzio, said this and you have to listen. I'm not always going to be right.

I'll be right more times than I'm wrong. If I'm not, I should get another job, but that's what helps me become a better stock, by interviewing guys like this, by listening to people out there. Listening to other people who challenge you.

We look at Michael Alkin who I think is brilliant. And he thinks the market is going to come down tremendously. I read both of their research. I mean Alkin's obviously, Koomar, but you have two guys on different ends, use them both. People are like, well, you have Alkin on saying the market is going to crash and then you have Koomar on to say that the markets going to go up 15% annually. Use that to your advantage.

Would you rather I bring on 75 people in a row who are libertarians that said the market is going to crash and you go buy a cave? What is that going to do? And you say there's so many websites like that. I'd love to research on Zero Hedge, but it's so biased to the negative all the time. They'll take the most positive story, no matter who it is. If Obama rescued a baby that's about to drown, they'd find something negative to say about it and how it's terrible for the stock market. But yet they have great research on that site.

You want to be able to listen to both sides of the story. It doesn't mean you have to like that person. They can still have good points about things. And trust me, it'll make you a much better investor when you do that. Listen to more people. That's why I love my job, it's so many different opinions. Not only that, get a lot of good free stock picks as well.

Okay, let's get to my educational segment. If you haven't heard, it's one of the greatest upsets in sports' history. The first time a number 16 seed UMBC beat another one seed, which is Virginia. And Virginia was not just a one seed, they were the number one seed. Seeded as the best team in the entire tournament.

And not only did they lose, they got the crap kicked out of them. They lost by more than 20 points. Put that in perspective, Virginia was favored to win the game by more than 20 points. It's insane. You're hearing, this might be the greatest upset in sports' history, you might debate that and say I don't know.

There was the miracle on ice. Mike Tyson-Buster Douglas. I could keep going. Some of the biggest upsets ever, but here's why you have to take this into consideration. You look at UMBC hit a buzzer beater against Vermont in their conference tournament. If you win the conference tournament, you make the tournament automatically.

Vermont was favored to win that game, they blew out UMBC two times. They beat them last time in February by 28 points. UMBC hit a buzzer beater and that automatically got their bid in the tournament. This is a team that's ranked 188 out of what? Three something. You've got the top 64 teams in there. Well, it's top 32 and then all the winners of the conference tournaments.

Their recent loss, that recent loss was to Albany, they lost by more than 40 points. Albany! And they lost it to Stony Brook. Albany and Stony Brook, if you could dribble a basketball and chew gum at the same time, you're going to play on those teams. You make the team. I don't live too far away from Stony Brook when I was in Long Island. It's incredible.

I watched this game, here's the part I'm getting to guys, I know most of you are sports fans and most of you are college basketball, but some of you aren't, but follow me here. It's very, very important. Because when I watch this game looking at Virginia, I've seen them play a lot, they're a great team.

They crushed North Caroline, Duke, Clemson, all the great teams in ACC. Dominated the division, but they're a defensive-minded team and they play slow, which means they don't press, score a lot of fast break points, they don't run a lot. They play a style of basketball that's slower, different. You could say almost non-athletic. But they manage to outwit teams, since they have few turnovers, they have lots of steals, back door passes, very smart, moving the ball really quick. Just fundamentally sound and that worked. It worked the whole season for them.

But the UMBC game, in the first half, their strategy kind of worked. The score was tied at 21-21, very, very low scoring. So you have Virginia and UMBC kind of playing the same game. You kind of want to lead and dictate Virginia dominating, but it was 21-21. It's very low scoring, but then second half out. UMBC started hitting shots like crazy, hit every three pointer they took. One of their players, Jairus Lyles got hot, he throws the basketball. I mean this guy could have just heaved the basketball from the opposite baseline it would have went in without even hitting the rim. This guy was on fire. It was incredible.

So then we have the 12 minute mark and all of a sudden UMBC is suddenly up by 16. Hear me out, guys, I'm getting to the investment point here. And what did Virginia's head coach do? It's Tony Bennett, which by the way I said I warned you, he's not a big game coach, he's not proven, he's number one seed in the past, lost early. He really hasn't done anything in a tournament ever.

So that's why Kansas State had a very good shot at beating them, but they never even made it to that game. Kent State is in the Sweet 16 now. Also, warned you that this could be the year the number one seed loses in the first round, which I don't say every year. However, I got to take zero credit since three of my top four teams including my winner UNC, North Carolina, already lost.

But we get back to the coach of Virginia, they're down 16 with 12 minutes left. And what did the coach do? He didn't change a thing. His team was walking the ball up wasting time. They let the guards of UMBC take 25 seconds off the clock, walk the ball all the way up the court, get past half court, so you don't get a violation. Then just sit there and dribble the ball and they just sat back. Down 16, 17, 18 points! They didn't press them, they didn't do anything.

Remember this is a team, UMBC, that's never been there before. They're nervous, they had four stupid turnovers late in the game. It didn't really matter because they blew them out anyway. But why you're not pressing full court? Why you're not double teaming Lyles who scored it seems 20 points in a row? And let someone else shoot, those guys are nervous as hell, they're not used to this environment. Let them make mistakes.

Basketball, like most sports, is about confidence and Lyles was not missing so get the ball out of that guy's hands and let someone else try to score. Try something different. Press, put pressure on them. They're going to get nervous, they're going to have turnovers. All you need is one or two turnovers and that team could fall apart immediately. You see it happen all the time. Teams just collapse and you're the number one team in the nation, they're supposed to lose.

They go in there, oh, man, look at the clock. Every minute passed like 10 minutes left. We're still up, we're still up, we're still up, which is horrible coaching. Why is it so important? What does it have to do with investing? It's pretty easy.

Let's taken David Einhorn for example. Einhorn is a hedge fund legend. Although Lehman collapsed, everyone thought he was crazy, Lehman was worthless. Allied Capital, they made that collapse. His returns were incredible over a 15 year period. Analyzed gains close to 20%. He's sitting on top of the world, highest paid hedge funder, everything great.

[inaudible 00:58:00] Einhorn he's one of the great short sellers and he's also known for being a great value investor. You know what? Over the past five years, value investing, short selling, two of the worse markets to be in. Value investing, I mean how many of you, even Einhorn came out value investing is dead. Shorting any stock. Stocks going high, not even based on valuation. You look at some of the FANG stocks, you look at Video Take-Two, it's a growth market momentum market. You're just going to get run over trying to short these names.

The other market where, I'm not going to say it's pretty easy, but kind of easy to see interest rates are going to remain at historical lows for a long period. I mean you've just got to listen to the Fed on that. We all thought it was going to go higher 2011. We said by 2013, I mean 2013, the Fed's maybe 2015. It'll kind of let us know that, hey, the markets aren't on great footing yet, we're going to keep interest rates low.

We have interest rates low, we also have super low inflation, inflation is not easy to predict. Everyone thought that inflation would surge with all the stimulus and low interest rates and it didn't. But without or even say with low interest rates, and with lower inflation, that's the perfect market, the perfect recipe for growth. That's where growth excels.

That's why you're seeing technology go through the roof. You're seeing companies that have that growth component, by adding the cloud to their business, Big Data Analytics. A lot of these technology companies. It's a great market for growth, which is what Einhorn is not great at. I'm not saying Einhorn should have saw this coming. We can all say, oh, we should have saw that coming. You don't.

But you know what? He should have been able to really hedge his short exposure. Maybe add a little growth in his portfolio. Instead, he shorted Green Mountain Coffee, got wrecked. He shorted Amazon, got destroyed. He shorted Tesla, he's getting destroyed. He shorted Netflix. So you have a professional investor who's great. And I think he's going to make a remarkable come back because he does great during volatile periods. And we're going to see volatility over the next year or so.

I'm not picking on him here, this is a point. Because I wish I had as much money as Einhorn. But Einhorn failed to change his investment philosophy. He didn't adjust, he didn't adapt and he paid the price. Or shall I say, the investors of his fund paid the price? I'm sure Einhorn's still has plenty of money in his bank accounts all over the world.

Where am I going with this? In 2017, I was having a tough year I was a research advisor. I was buying up [inaudible 01:00:47] they had short term catalyst. I'm not trying to cadge a filet knife here because I started buying these stocks and trade close to book value. Loved to see the insider buying and they had several growth accounts that we're going to kick in six to 12 months, which I always see. It was a good style of investing, for a little while. Then value stocks started getting crushed.

I also bought some energy stocks that looked fantastic because I knew oil prices were going to surge to better Steve Koomar. Have oil prices surged? Oil stocks, especially ones that were high leverage, got nailed. Even as they pushed their debt out, it was great buys. Got stopped out on some of those.

It looked like it worked, style looked fantastic, but it wasn't working, it wasn't working and I was losing people money. The only thing that was working at the time was growth. So I started investing in growth stocks. A fair warning. I'm going to give a couple away here, but they're much, much higher than the prices that my subscribers got in so I don't want to get any emails at all. But I recommended DXC Technology, stock surge over 30% since May. I recommended Amazon in October. I can't tell you how many negative emails I got. "I bought your newsletter, Amazon, are you crazy?" Stock is up 60% for us.

I recommended a cloud company called Mind Body, up nearly 50% in five months. Again, I am giving a way a couple of picks here, because they're trading insanely higher than my by up to prices. So current subscribers relax a bit, because I don't recommend buying any of these names right now they've got a pull back. Amazon does look attractive here. We're up a lot on these names that I'm providing examples because it's going to make you a better investor.

Because my point is, if you're a coach and you're a good coach, good coaches are able to adjust and they adjust mid-game. If something's not working, they change their strategies, they mix things up. Look at Nick Saban, benching his starting quarterback, Jalan Hurts in the second half of the National Championship game for a freshmen quarterback. Are you insane? They're losing 13-none, 13-zip and Hurts was three for eight in passing with 21 yards, but he was playing terrible, he was playing terrible.

And I saw, I don't know if everybody saw it, there were three or four wide open guys that he didn't even see. He chose to run instead. He was just all discombu-, it was terrible. Hurts, by the way, was 25 and 2 as a starter over the past two season at Alabama. Ninety-nine percent of the coaches would have never made that move. They would have just been, you're the one who got us here, you're the one who's going to do it. And you know what? They would have lost that game.

Know what Sabin did? They were trailing at half, looked terrible, he benched the quarterback, put in freshman quarterback, whatever his name is Tagovailoa, whatever, went 12 for 24 passing, 166 yards, three touchdowns in just the second half. Alabama won that game 26-23 because of that adjustment. He knew it, he saw it and he made the adjustment.

As an investor you need to be able to switch it up. You can't have an investment strategy of picking value stocks when values been out of favor for six years because you're going to get crushed. Growth will be out of favor soon, maybe for five straight years. It'll be bye-bye value stocks. Stocks are dirt cheap, generate lots of cash flow, trade them at below market multiple. Generate lots of free cash flow.

If the market comes glued to technical levels, where tech analysis makes more sense than fundamental investing. Maybe mining comes back into favor, but I see this all the time and I'm not going to mention the guys because you know them. They're been predicting a crash for 15 straight years. They took credit for the last crash, because they didn't call them crashes basically for 20 years, but they've been bearish the whole entire time without even looking at the fundamentals, the economics, what's going on, low inflation.

We have a government that said we're back stopping everything so don't worry about losses and we're going to keep interest rates low and stabilize the banks. If you want to talk about the ultimate bull market ever, it's like getting the U.S. Basketball team with Jordan and Magic and Barkley on it and playing like a high school team. The stocks are guaranteed to go higher. The bears ignore it.

Yet guys tell us that the dollars going to crash for seven straight years. How long have we heard that? The dollars going to crash. It's going to be a terrible environment, which thesis makes no sense. Whenever things are terrible, a dollar goes higher, that's the safe haven for the world. Maybe it'll happen two generations from now, it's not happening any time soon. Don't listen to those people, believe me, they've already cost you for the last 10 years.

Gold bugs telling us ... gold prices have been $5,000 an ounce since 2012. And that real interest rates, as long as they remain negative, it's good for gold. Inflation rates is inflation [inaudible 01:05:48] on top of inflation together. In the meantime, real interest rates have been negative, what, 2012, '13, '14, '15, '16, '17 and gold prices where did they go? Well off their highs. Gold stocks are down 60%.

Instead of after 2012, '13, '14, saying, okay, this trend's not working, they're pounding the tables. I go to these conferences. I'm debating these guys right next to them. I hear it all the time. Are you kidding me? Well, real interest rate. What are you talking about? You've been telling me that since 2013, '14 and your stocks down 85% and you're still saying that's the reason gold prices are going to go higher? It's obviously not the reason.

Give me a different reason or find something out, figure it out, learn from your mistake, but what you're telling me is I shouldn't even go near your stock or any ... is that's your thesis, and it hasn't worked and you're maintaining that, why I should follow you? Why should I follow your advice? It's important that you understand this, guys. Try to be flexible, Don't be like the coach of Virginia who changed nothing and watched his team make history getting blown out by the 188th ranked team in Division I basketball, 300 teams.

So learn different investment styles. This podcast offers you that opportunity. I'm always interviewing fascinating people. You need strategies different from mine. Ed Horowitz, technical analysis or throw some shorts in there. John [Petritise 01:07:09], a value guy, with growth a little bit. Marc Lichtenfeld, dividend income. We just heard from Steve Koomar, top down approach to economics and filters it down to which sector and eventually what stocks he's going to buy. [inaudible 01:07:21], the girl from Momentum Invest, Chris Mayers a value guy. These are great strategies. They worked at one time or another.

No strategy works forever. It doesn't. But being able to understand the market conditions and switch things up and learn and not be stubborn, that's the key to being a great investor. I'm fortunate to know all the guys I just mentioned and followed them for years. Respect them, talk to them. They also share their favorite ideas with me just like I share my favorite ideas with them.

So this podcast is awesome to create a product like that. The best investment ideas from everybody. That'd be fascinating, different investment styles. But that's a smart way to invest, guys, don't be stubborn in your ways. Learn to adapt. Believe me, I'm speaking from experience. I don't want you to make the same mistakes I made being stubborn, closed minded.

You want to learn from those mistakes, this way you guys make a lot of money, a great retirement, pay for you kids' college, buy that new boat, that new house, whatever it is. That's what you have to think about when you're buying somebody's newsletter or you're listening to certain people in the investment industry, that's what you have to think about.

Not some stubborn guy that's just going to predict all these bad things that haven't impacted the market for 10 years, but I'm going to just keep saying them to entertain you, even though you're losing money and he's entertaining you so you're just going to keep listening. Be very careful of that guys, very, very careful.

All right, two things here. Check out my current research Facebook page. I just posted a pretty sick video. My oldest subscribers might not think it's so funny since I do have something really crazy with my daughter. Let's just say for those of you who think becoming a lifetime subscriber means it should be for my lifetime instead of yours, which a lot of subscribers say.

And the average newsletter subscribe is about 70 years old and I'm about 25 years younger than that. You may want to rethink this position after you see this video, I'm just saying. It's very interesting if you want to take a look at it. It's my Curzio [inaudible 01:09:27] Facebook page.

Also, real quick here, you know we're hiring, we're growing, we're looking for copywriters. Experienced copywriter, anyone's interested, email me at Frank@CurzioResearch.com, that's Frank@CurzioResearch.com. Our pay's one of the highest in the industry so we pay very well. So if you're interested in working for a fast growing, pretty cool company, I like to think, we're going to have an unlimited amount of amazing ideas to write. Trust me on that. Something you're interested, send me an email. Frank@CurzioResearch.com the best way to get in touch with me.

Okay, guys, enjoy the rest of March Madness. Watch out for West Virginia and Kansas State. Two teams I think go to the final four. Kansas City especially if they get their best player back, Dean Wade.

And my bet of the week, I hate saying this, I hate it, I hate telling you this. I really like Kansas, KU looks great against Clemson right in the points. I know Clemson blew out everybody, they look great, KU looks terrible. I would never say this because I hate jinxing it with Kansas, but the Devonte Graham loves games like this. He played terrible last game, he always gets up for really, really big games, especially after he plays terrible.

I think there's a one percent chance of Clemson playing that good again where they hit about more than 50% of their shots, lit it up. I think KU is not Auburn, which Clemson blew out by whatever, 30, 40 points. I think they're going to be really pumped, basically in front of a home crowd. They're going to be playing pretty close to home, so I do like Kansas this week as a bet.

That's it for me. Thank you so much for listening. I'll see you guys in seven days. Take care.

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