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: How's it going out there? It's Friday, March 30th. I'm Frank Curzio, host of the Frankly Speaking podcast, where I answer all of your questions, on the market, stocks, comedy, sports, and anything else you want to throw at me. I created this podcast to answer more of your questions that you would send me to my Wall Street Unplugged podcast, which I host every Wednesday. If you have any questions that you want answered, just sent me an email at frank@curzioresearch.com. That's frank@curzioresearch.com. Be sure to put Frankly Speaking in the headline. And you never know, your question may be the one I read on this podcast! Let's get right into it today.

First one's from Mike. Says, "Hey Frank. As a dad with kids near the same age as your daughters, I can only imagine how trying the last week must have been. I wish you the very best in recovery and long-term health. Though we never met, I feel like you're a friend after listening to your podcast and reading your newsletter for 10 plus years. I wish I could be more of help. But I appreciate you doing a podcast every week. You should feel okay about taking a week off or have Alkin host the show when family needs arise. Wishing you and your family the best." That's from Mike. I appreciate that.

Guys, if you didn't listen to Wednesday's podcast, my daughter got diagnosed with Crohn's Disease. She's seven years old and it was a pretty big week for us. She's back home now in good spirits. She's having fun running around. It's just something, again it's not life-threatening in 98% of the cases, but you have to monitor it. It could flare up every few years. And it's just difficult with a young kid because everything's new to her, and she loves sweets, and candy, and stuff like that. And we gotta go through a whole nother diet and things like that with her, so. She's doing great now. I appreciate it. I let everybody know because you guys are my family members. I got tons of emails, tons of great feedback. And look, guys, I really appreciate it! I really do.

So again, it's all about family. It's all about kids. Making sure they have a better life than us, the parents. And I just appreciate all the feedback. It really helped a lot because it was a tough situation. It's cool, ready to rock n roll. And look, if I had to take off a newsletter, or something like that, I would. Or if I had to postpone it or have someone else come on. It's just I have a history of always ... I don't think I've ever missed a podcast on the date we were supposed to send it out, so.

I mean, it's not like, "Oh, well I don't care how sick my family is we gotta keep that." It wasn't that, but it just helps out to basically get my mind off everything, too. So that's why I did it. But I appreciate that. And I know a lot of people, listeners are scratching the same boat with your sentiments here, Mike. Saying, "Ah, it's okay if you miss a week or two. Whatever." But again, I'm here for you guys. That's what you guys pay me for, and it's cool, and it's always family first. And I appreciate the emails and everyone that emailed in. I really, really, really appreciate. Thank you so much!

Now. Let's get to the fun stuff. I've got some really good stock questions. And Alberto says, "Hey, Frank. Love the show. Thanks for all you're sharing, and knowledge, and advice. Can you please talk about your percentage of stocks, which are long-term, and your average holding period verse your percentage of short-term stocks, considering a 100% portfolio invested in stocks? Thank you."

I would say it's like 80/20. Short-term would be 20. I have a good gage of earnings. I love to follow earnings. I love when sentiments are really high because of the research engines that I have. And I notice who's raised earnings estimates into those quarters, which a lot of you can't really see. Right? You see the upgrades and the downgrades from Goldman Sachs, and Merrill Lynch, and Morgan Stanley. I mean, those get published everywhere, but you really don't know when companies are raising their earnings. And when you have 30 companies covering a stock, and they're all raising their earnings, but they're not really raising ... You know, maybe they're at target price a little bit, but they're not upgrading their stock because they already have a buy rating on it.

A lot of times sentiment into that quarter you don't even realize it but it'll say, "Hey. You know this company missed by ten cents." And you're like, "Wow. I thought everything was so positive." It's because everybody raised their estimate, and they take the consensus of those very firms, sell-side firms. And that's the number you see on CNBC. So a lot of times I can see when sentiment's really very, very high, like it was with Walmart trading at 21, 22 times earnings heading into the quarter. There's this current quarter, which it fell 11, 12%. It was like, it's the biggest loss in Walmart history in one day. But everyone failed to mention that the stock went up 40% from October until they reported. Which is what? In late January, early February, I believe.

So, you gotta take everything into consideration when you're looking at Walmart, it is a stock that usually trades at a market multiple 17, 18 times forward earnings. And it was trading at 21, 22 times earnings, and it went up 40% into the quarter. They reported not so good numbers. It wasn't terrible. They said they're spending more money, eCommerce, and things like that, which is always a good thing. But it was kind of obvious that stock was going to get nailed.

And there's other companies, where you see Under Armour where expectations are so low, and terrible, and sentiment's so bad there's not one buy rating in the stock. I mean, you've seen their company go from bad to less bad. Just a decent ... An end-line quarter for Under Armour, which is basically it was. I mean their business is mostly US. And they said it's not growing. But they said internationally they're starting to see ... On the international front they're, I wouldn't say gaining market share on Nike, but they saw an uptick, which is still a very small part of their business. And the stock flew up 25%. You have a lot of short covering. You want to see how much shorts are on that.

So that's why I use short-term investing. Long-term investing, for me ... I want to make it clear. There's some stocks that I like to hold long-term where say, an AT&T I've had for quite a while. I look at AT&T, I love to see the Time Warner go through. It should go through. There's no reason why it can get blocked, but it's political and politicians can do whatever they want. But when I look at AT&T paying a five percent yield, that's something I like in my portfolio, something I'll hold long-term.

It used to be hardware utility company. That's where you get the high-yield from, right? A lot of those companies have high-yields. But now, you look at Time Warner. I mean, you've got a company that's going to change its business model, basically to compete with advertising giants like Google and Facebook. A massive distribution platform, right. With all the hundreds of millions of wireless subscribers. How many subscribers have DirecTV? Now with Time Warner, you have a content. Now they're going to have a huge way of basically putting their name and putting all this great new content, it's going to be a huge content provider, with a company that has one of the greatest distribution systems in America.

So that's where they're going. You look at AT&T and say, "Wow! They have a lot of debt!" And yeah, the five percent yield looks okay, but what they've been doing compared to the Verizons and the Sprints who are just continuing to say, "Hey, we're wireless people in the US." And what do we know about the wireless market? It's completely saturated. Everyone has a cellphone. Everyone who has a cell phone's going to have a cellphone. Yeah, there's pricing wars back and forth. And AT&T and T-Mobile are like, "You get unlimited whatever for 60 bucks!" And you know they have massive losses and they can't sustain that, so now they're going to raise prices significantly. But they took a lot of business away from AT&T and Verizon. But it's just a competitive market.

And AT&T said, "You know what? Let's not be like totally focused on this market where we're not really going to see a lot of growth. We're going to be a utility company forever." And they go on out and bought DirecTV. Putting fiber everywhere to compete with the cable companies. The Time Warner deal. They're doing a lot of things to get away from that platform that I think people don't see yet. And if I'm wrong, you're still collecting a five percent yield. And I don't think the stock is going to get hit from here. But once that merger takes place, and it will, I mean, they're going to go to court. If they don't, they're going to have to basically undo how many different deals out there?

So that's a long-term holding for me. So I went over short-term and long-term a stock that I like to have in my portfolio for a long time. But most stocks I have in my portfolio are kind of the ones I'm recommending in my newsletters. Ones that have a catalyst that will be triggered in the next 12 to 18 months. I like to get something that's cheap, which is not easy in this market. Even though we've seen a little bit more of a correction, again. Right? Stocks are pulling back. Try to find a good valuation or stocks that people are not talking about.

I just sent out a promotion to my Curzio Venture Opportunity subscribers. I found a small cap stock that I thought was incredible. I saw low downside risk and this company was likely going to make a pretty big announcement that they announced on the conference calls. I said, "Listen, we have a top-5 cell phone manufacturer looking at technology. I studied this technology for months. I looked at it, it was amazing! It's a possibility it could be on every single phone. It could compliment Gorilla Glass, which is on five billion devices. It's been on five billion devices."

So I pushed pretty hard to say, "Hey. If you're going to come in, come in now." What happened? Well, the people who came in on that four-day promotion, the company went out, and they made that announcement. They signed a top-5 cell phone manufacturer, and the stocks up 15% in a couple days. So that's how I look to invest stocks. When I see something that is very cheap, or people that don't understand, or something's that gotten crushed because of delays. That's a market we're in. If you delay anything, doesn't matter if it's on your backlog, and you're like, "Well, we thought we were going to recognize this revenue this quarter." It might take next quarter, quarter after. The stock will get hammered. They're not seeing slower traffic. They're not changing their business model. Basically had accounting adjustment, people leave the stock, and yet these catalysts are going to hit over the next 12 months.

And those are the stocks I really like to invest in if I can. I do like to see insider's buying on those pullbacks. And sometimes I'll invest in momentum names, as well. But I revisit that portfolio every 12 months to 18 months to see what's going on. Has things changed? Has management lied? Because I listen to all the conference calls for every company I have in my portfolio. Which you should do, as well. It's for free. It's your money. Know this. You don't even have to hop on a conference call, you can get the transcripts almost anywhere for free. But see what's going on in these calls. What is the reason why you bought that stock? Did an analyst tell you to buy the stock for certain reasons? Well, see if those reasons are coming to fruition. You could do that by listening to the conference call.

And yes, CEOs are going to be full of, you know what. I was going to paint the positive picture, but you know what? If you're doing it for a while, you don't have to be a professional, but you know what's real and what's not. I mean, Alkin's great at doing that. I'm pretty good at doing that. Where you're seeing ... I just listen to something and shake my head. I'm like, "Man, there's no way they're going to do that. There's no way! They can say it all they want. There's no way that's going to happen in three months or six months."

But they'll give you a good indication of what happened last quarter, and what's going to happen over the next three months, and over the next 12 months. And make sure they're focused. Make sure the thesis, the reason why you bought that stock, still exists. Because a lot of people will buy a stock based on the thesis of whatever it is. Strong growth, they're going to build out their sales, whatever, more stores. And all of a sudden this company announces a big loss and says, "We're cutting back stores." And the stock falls 30% and people still hold those stocks.

That's what I don't understand. Even though your thesis no longer exists or the reason why you bought that stock no longer exists. You're still holding that stock saying, "Oh. Hopefully, it'll come back, and I'll make you money." You know what kills you? It's the opportunity cost because that's going to be the only stock you're paying attention to because it's going lower, and lower, and lower. Trust me, I'm talking from experience. It's not that I'm some kind of crazy genius. I've done it before. I've made these mistakes. I want to try to teach, so you don't have to make the same mistakes I've made in the past 20-plus years I've been doing this.

It's the stocks that go down, that you focus on the most. So you should have stop-losses on every one of your positions. There's no emotion, no nothing. It hits it, "Okay. I'm gone that's it." Maybe you revisit it a different time. But you're missing the other great opportunities out there. Because there's great opportunities every week that the market passes. There's news. There's political stuff. Things the Defense Department's doing that's going to reflect in more revenue for certain stocks and less revenue in other stocks within this particular sector or industry.

That's what we're looking at. The disconnects in the market that people aren't seeing. Try to buy stocks at the lowest possible price with huge growth potential. So for me, I try to revisit my portfolios every 12 to 18 months and make sure the reason why I bought them still exists. I'm following these stocks. And if doesn't, I sell them. Some of them may be a loss. Some of them may go a lot higher. Maybe I'll sell half of my position, lock in some profits just so I don't worry about the huge volatility we're seeing. I don't care if that stock falls down 20%, 25% in a market that's getting crushed right now. Because I already locked in 100% gains. I sold half my position. I won't go through that volatility. That huge period over the next couple months, or next year, or whatever. Because the thesis is still intact.

So hopefully that answers your question. But that's how I manage my portfolio and how I look at it. Not too many short-term trades. Again, around earnings season I love it because I'm very aware what's going on with earnings season. I just have great data, great tools. I spend, pretty close to $100,000 a year on my tools. Just to have access to everything. I know most of you out there unless you're in this field, you're not going to have this kind of access. But that helps me out. That helps me gauge sentiment around earnings season. And for me, I've been pretty good trading stocks. A lot of that goes on my Facebook page, Curzio Research. I do live videos. Say what I think about the quarter and what I don't think. And you know, most of the time I've nailed a few of them. And sometimes I've been wrong, of course.

But it's good because it stays on the site. You're available to watch everything. Even the mistakes that I make and everything. But around earnings season, that's when I like trading stocks the most. But not really too often. Most of the stocks I buy have a 12 to 18 month time horizon and then I revisit them. And I can hold them even longer for years, or I may just shift allocation and do something else. A lot of things in the market change. Okay, that's how I manage my portfolio. So hopefully, that answered your question.

Now, let's move on to Freddy. Freddy asks, "What are your thoughts on Tesla after the huge downturn? And also, now the big recall of 123,000 Model S cars?" Okay, so pullback a buying opportunity. And Tesla down what, about 25% from its highs, now? About over 20% just the last month? A few months ago someone asked me if I would short any of the FANG stocks. If you're not familiar with FANG, again it gets mentioned a lot. It's just a read like Facebook, Apple, Amazon, Netflix, Google. The stocks that really have pushed this market much higher for many years. And I said, "No. I wouldn't short on any of those." Even with the latest pullback in Facebook, it's still up from when I gave that advice.

But I did say, the one momentum company that scares the hell out of me is, Tesla. And I avoid saying that about Tesla for a very, very long time. I even sent notes back and forth to Cramer that Morgan Stanley was incredibly bullish on the stock. I said, "I'm not too crazy about Tesla, but don't ever short it. Because the momentum name has huge premium valuation, which people say, "It doesn't make sense! You got a shortage." See stocks don't move higher in valuation, guys. They don't. It's a momentum name, it continues to move higher, and Elon Musk is not a guy you want to bet against.

So what's changed? And what made me change my sentiment? Look, guys. I just said, "Listen. I'm worried about the stock. I don't like it here. That would probably be the best ... " I didn't pound the table and say, "Guys, I've got it." I'm not taking credit for it but I'm just telling you what I'm seeing. And with Tesla, they don't have superior technology anymore. Not like they ever had it but they were just light years ahead of everyone. And now, all the car manufactures, I mean how many electronic vehicles have they launched? There's no proprietary system that Tesla has, that everyone else can't duplicate in this industry.

And how do I know that about this trend? Well, because I attend the Consumer Electronics Show every year, which is basically the biggest car show in the world. It's bigger than Detroit now. It's become its own car show in that segment. That's how big the Consumer Electronics Show is. All the big manufacturers display their best vehicles and newest technologies. I have great contacts in these industries. And this happens just before the Detroit Auto Show, which is amazing! They're putting their best cars at the Consumer Electronics Show and have to rush them back to Detroit Auto Show. Some of these new models. Because they're around the same time, the CES and the Detroit Auto Show. But the last two years, everything was electric. And we're not just looking at cars from the US and US manufacturers but internationally, as well. I mean, the cars are awesome! It was a major focus in the past two years.

So Tesla now has a ton of competition. This is a big deal to me. Because when you have a lot of competition, and your stock falls, the minute they falls what do you rely on? Well, you look at the fundamental landscape. Okay, now that has to be in play. And what's a fundamental landscape for Tesla? Oh, guys. It's pretty scary. It's a company that loses money on most of its cars they produce. And I'm going to say something as an analyst. Losing money is not the worst thing in the world. You have a lot of growth companies they often sacrifice profits. Especially when they IPO and they've been around 10 years. You see they're reporting losses.

They sacrifice profits to grow their brand. You can think Facebook, Amazon. I mean, imagine if Facebook started putting ads all over its site when they hit, what 500,000 users. You think they would have got to 2.7 billion now? That was the big argument, right? If you saw the movie, read the book, and know the history behind it. They had Zuckerberg, and one of their owners was just like, "Alright we've got to get advertising revenue." And you know, basically, Zuckerberg was like, after talking to a couple of crazy people, "Let's see what we have first. Let's not put advertisements all over. Let's see what we have." And look at it now. It's a good strategy. So don't think just because a company's losing money it's terrible. It's horrible. But you have to make sure that you're growing tremendously. You can't have growth slowing, and you have no earnings and huge debt.

And with Tesla, that's what scary. I mean you break down the fundamentals and Tesla said this, what about six months ago. They were saying that capital expenditures were going to be slightly around two billion dollars by the time we start the Model 3 production. They said, "We expect additional investment through the remainder of the year as we increase automation, add production capacity." Blah, blah, blah. Okay cool, I get it two billion. Tesla burned through $3.5 billion in cash in 2017. That's including capital investments. They're saying capital expenditures are going to be around two billion in 2018. This year, which doesn't make sense to me because you're ramping up production. Going to be a lot more than that. But let's say they're right. Two billion in cap-ex. They have another 1.2 billion in debt that's due over the next 12 months. And they just recalled 123,000 Model S cars due to, what was it? Faulty steering, which is going to cost the company a lot of money to fix.

So you're losing two billion in CapEx. 1.2 billion in debt payments, right? You have to make, which is 3.2 billion. Remember, they burned through 3.5 billion in cash in 2017. What do they have now? Around $3 billion in cash? Around that level? And who knows how much the recall's going to cost them. But that leaves them almost no cash at the end of this year, and a balance sheet of 12 billion in debt. Of which, another two billion in debt is due in 2020. That doesn't mean Tesla's going out of business, it means that they're going to have to raise cash. And since the whole world knows this, what do you think's going to happen to the stock? That's why it's getting crushed. I mean, you look at that, and you may say, "Well, that seems a little crazy to me. The stocks really going to get hit." But trust me, being in a small cap world, when you know a company, a biotech company, a junior miner, anything, needs to raise cash. Watch out. The shorts are going to be all over you.

You say, "Well, how does that make sense? Well, let's say Goldman Sachs, and Morgan Stanley, and JP Morgan, and Merrill Lynch. Right? They're all covering Tesla. So Tesla wants to raise $3 billion, whatever. Raising equity, secondary offering, debt, whatever. Convertible debt. They go to these firms, and they say, "Okay here's what we're going to do." Say if it's an equity offer, and they want to do it at a certain price. And now it's going to be harder for them to do it on debt because they're getting that down-grader right now, which means it's going to be more expensive.

But if you go to these brokerage firms, they want to set a price to their clients. Like say, when Tesla was trading at 320, or 330. They're like, "Okay, let's do an offering at 310." Well, we just broke through that like three days later. Let's do 300. Just broke through that. 280 just broke through that. Now, it's 260. Now you have this recall. If you're Goldman Sachs, do you want to go to your best clients and say, "Hey we could do a big raise at 250?" When the stock's trading at what, 266? Because if you break through that level, and it goes lower, you're burning your best clients. That makes it really difficult for you to go there and pitch this to your best clients when the stock is in free-fall. That's why it's difficult for them to raise money. They might do it at 240, 230 now. Just to make sure that will get me to invest it. 230 that's enticing. It's 266, I know it's in free fall. But I'm not going to do it at 250. Especially after this recall.

So that's how that game works. And you're looking to raise money, and you know that the shorts are going to be pounding this. And what happens? It's so easy to create fake news these days. Okay? It really is. Whatever. I mean, I see people getting trashed on things. You know, football players, baseball players just piles on. I mean, these stories can go viral using bots or social media. And once they pile on, that's it. You believe everything on both sides. It's not political. It's not Democrats and Republicans, but you see it's very easy to create stories that go viral and go crazy. And you can see crazy headlines coming out in Tesla that aren't available now. I bet. Watch in the next three weeks. I wouldn't doubt.

Very easy to do. Tesla's a high profile stock everybody heard of and now it's crashing. It's front page CNBC, front page Wall Street Journal, front page everywhere how the stock's crashing. "There in a cash crunch." Not really in a cash crunch. They could raise money. Say, "They're in big trouble! The model's flawed" You're going to see all this stuff come out. But to be honest, Tesla is definitely in trouble. I mean, I definitely see the stock going lower from here.

Where it's a momentum name and what have I told you in the past? When a momentum name loses momentum, it's going to get crushed. Now, how far down does it go down? And how much does it get crushed? Well, usually when you're getting nailed, say Under Armour fell, what was it the 50s, or whatever? 40s? It went down to 10. And there's a valuation. And even there you could say, Under Armour's still trading at like 35 times forward earnings. But you fall back on the fundamentals.

Let's look at Facebook. Facebook's getting nailed, right? All the regulation, all the political stuff, the headline risk, and it's falling. So how far does Facebook fall? Well, it's trading at 17 times forward earnings, which is a market multiple. Growing sales 40% plus compared to what the market is ... I mean, that's about five times faster than the overall market. Trading at a market multiple. The fundamentals look very good. Doesn't mean Facebook can't come down. Maybe they have to change their business model results are lower earnings and sales. But now you have those value guys coming in here. You have the institutional investors coming out defending them. They're, "Facebook's okay. Look at it's okay. Look where it's down to. Used to trade at 30 times forward earnings. It's trading at 17 times forward earnings now."

So once momentum breaks down, they fall back on fundamentals. Look at Google, as well if it falls. It's trading at 20 times forward earnings. It pulls back. Okay, it's like 17, 18 times earnings now and it's growing at 25%. You're like, "Wow. You know what? Google's a pretty good value. I'll buy it here. Deal with all the BS risk, and the headline risk, and all the stories over the next year, but I can't see it falling more than 15% from these levels. Yet, if it comes back I'm going to get 30, 40, 50%." Because my thesis, or the thesis still intact huge growth advertising markets, or whatever.

But when we fall back on Tesla, what do you fall back on if the momentum breaks down? There's no fundamentals. They have massive debt payments. Billions are going to be spent on CapEx. You don't have those fundamentals to fall back on to where institutional investors could actually see a bottom. So it's not a pretty situation. You're not going to see a lot of downgrades either, from the investment firms. They're lowering their price. They're not downgrading. Why? Because they know Tesla has to rate a shit load of money. And who's Tesla going to go to?

Well, you're going to go the investment firms that have a buy rating. You're not going to go to an investment firm and say, "Hey, man. Thanks you have us celebrating on a stock. Listen, we want to give you investment banking business. We need to raise two billion dollars." No. No way! It never happens. Ever happens! They're going to go to the people who have the buy ratings on. That's why you're not seeing a lot of downgrades even though the stock is getting crushed. Because they know they have to raise money. It's going to be a big offering. And after that offering, you might see a lot of companies say, "You know what? We're downgrading Tesla." A lot of risk in that company. Could it come back? Absolutely. But it's a lot of risk owning Tesla here. It's one of the companies that when that momentum breaks down, and Netflix is in the same boat.

They're growing, everything is great. It's fine, but the debt payments they have, I mean it's a lot different from every other FANG stock if I had to pick one. Did we see it coming like that? I mean, they have to pay for that content. Tens of billions of dollars for that content. They need to. That's what their whole platform is. The whole platform's about. And they have to pay to get the best actors, the best everything, and the new shows. And we know how great the new shows are. It's working. It's a trend, but you could see something similar happen to Netflix. Where Apple has great fundamentals to fall back on. So does Facebook. So does Google. So does Amazon. You can say, "Well Amazon doesn't really have earnings." Listen, Amazon could be trading at 13 times earnings if they want to. They just put a lot of money into CapEx and growing the company. That's what they do. They're fine.

So Tesla, if you own I wouldn't try to bottom fish here. I'd basically look at technicals if it comes back. But, Man. I want to see what's going on with this offer. How much money they need to raise and they need to raise it quick. The longer they wait, the more their stock's going to get hit, the more difficult it's going to be. So see what happens over the next month or two, when they're going to raise money, and how much the stock takes a hit on this massive recall.

Let's take one more question. This one's from Mel. It says, "Frank, great podcast with Andrew Horowitz this week. I'm more the bearish camp as I see a long-term trend of weak economic and mar conditions ahead. And more cash than ever and plan on keeping it that way until I see a crash in the markets. Or huge opportunity almost like 2009, to put my money back to work. What are your thoughts? And thanks, Frank for everything you do. Loyal long-term listener and subscriber.

Mel, I don't have a crystal ball. I wish I did. Really, I do. I wish I could make all of you money, every single time, every trade, every stock I recommend. I don't though. I just use my experience being in this market. I learned for 20 plus years, had great mentors over that time. And use past situations to gauge where I think the market is heading going forward. I'm a pretty good judge of that. Not easy. And it helps having a great podcast that tens of thousands of people listen to, that email me all the time, that have their own businesses. And you get a really good perspective real-time on what's going on out there.

But lets going over something with you, since you are bearish. Only because you're bearish I'm going to talk about some of the positives. If you were really positive, I'd talk about the negatives. But you're bearish let's go with some of the positives. Because we're seeing what, a breakdown of FANG stocks, which have led the market for years. Okay. I'm going to talk about the positives, but these are kind of the risks in the marketplace right now. We've seen the Fed raise rates. Expect to continue raising, right. Through this year, at least. Maybe next year. That's what they're hinting at. Seeing an uptick in inflation, it's not great for stocks. Seeing a possible trade war with China and the EU over tariffs.

So these are the biggest risks in the marketplace right now. And here's a spin on the positive. Because you know what? We know every one of these risks. We read about them every day. Or every time the market pulls back. What does that mean? It means they're largely pricing the stocks right now. If we're talking about something, it's largely priced into stocks. I mean my job as an analyst is to find the disconnects. What's not priced into stocks. This is priced into stocks. We know these risks. And also, when I look at these risks ... And guys, these are the risks that people worry about the most. Talked about it with Andrew. This is what you read everywhere. This is what you hear everywhere. These are the top risks right now in the marketplace.

But when I look at these risks. I look at the whole picture. We're not expecting to see earnings growth slow anytime soon. And that's important because it's difficult to get overall earnings to grow faster over a given period. And for example, if earnings are growing say, one, two percent year over year. The S&P 500. You can't implement monetary and fiscal policy that's going to make earnings grow faster right away. It takes time. They can't snap their fingers. In China, they could do that because they just, you know they get along policy a lot quicker. Here it's a lot different. But these policies take long. It doesn't happen right away to see growth, or to slow down inflation. It takes a long time for these policies to be in place before we see those results.

So, where am I going with this? When you look at the risks that have investors in the world markets worried, they're all reversible. I mean, tariffs? Like, say this is a massive trade war. It's crushing the world economy. We could pull back those tariffs. We could try to negotiate, which would be easy since the EU and China will get crushed much, much more than us. I mean, these are the guys that have the surpluses. That's why they're arguing. Been screwing the US for a very, very long time. Just look at the value-added taxes, which they don't call taxes or tariffs. We have all these value-added tax on everything that we're exporting into their countries. But hey, this is a free country you could just ... You know again, they've been screwing us for a long time. I don't care what side or political angle you are. Just look at the numbers. Pretty easy to see.

We see the Apple CEO who has been critical of the current administration saying, "Listen. Hopefully, smoother heads will prevail, but it's definitely not even right now. And it's not fair." I mean, God. It's kind of obvious. But say if there's a massive trade war and we're getting crushed, well we could always reverse that. We could always negotiate, right? I mean some of these tariffs haven't even been implemented yet. What about interest rates? They tighten the rates, I get it. Let's say the economy slows down or we see a full-blown recession next year. The Fed could easily reverse costs. No longer tightening, or maintaining. In fact, they have the leeway now to reverse policy. They could lower rates again, to help stimulate the economy.

In short, the Fed could stop tightening or raising rates at any time. We have inflation, which is still low. Very low when you look back historically. And that's not easy to reverse, but say if we have profits starting to fall, GDP falls, and we go into a full-blown recession. It's going to be kind of difficult for companies that maintain pricing power, in that environment.

So inflation's kind of a problem that takes care of itself. And look we'd rather have inflation than deflation, any time of the week. Just don't want to have runaway inflation like we saw in the 80s. And we're not even close to that. But mild inflation has always been great for stocks. Not just to the US, to every global economy. You want to see mild inflation. That's what we're seeing.

Again, I'm talking about the positives because you're so bearish. I'm not painting this whole picture of why you should buy ... I'm just trying to balance it out because you're predicting that stocks are going to crash. We're going to have a credit crisis type crash. But when I look at these risks, they're not totally out of control. We see them clear as day. We have a black swan event. I love when people say, "Black swan event. Look at the debt and the debt level. Student loan debt, credit card debt, auto debt." That's not a black ... We know about that. We read about that. I mean, the bears talk about that every single week. We know about all that debt.Trillion, trillion, trillion. We know credit card debt's seen a minor uptick in delinquency rates. We know that. We get it. We see it. How many blogs you can go to, to read that stuff every single day? That's not a black swan event. Something is a black swan that we don't see, that can really destroy the markets. Something like the credit crisis.

The bears have been highlighting those debt risks, pretty much every day since 2009. And probably kept a lot of you out of the market during one of the biggest bull markets in a generation. And there's headlines out there today that says, "Household debt hit a record $13 trillion-plus last month." And they're right. But you know what? There should be a headline underneath that, that says, "Household wealth in the US is at a record $96 trillion, as well." It should be balanced. That included the value of financial assets, stocks, pension funds, real estate, of which owners' equity in real estate is near record high.

Remember nobody had equity in their homes subprime crisis, 2009. Our home prices have rebounded. And for those of you that think home prices are expensive, there's a huge shortfall on houses. Even in Florida. I mean, houses go on sale here, they're gone. Like in two minutes. They're starting to build more. There's just not enough houses out there for people to buy. You can say what you want. Or email me, frankcurzio@research.com.

I've seen this from so many people, so many real estate agents who I have great contacts with. But even in my neighborhood in Florida. Right? Ground zero, or pretty close to credit crisis. When it comes to the housing market, demand is insane right now. They're trying to build houses and they can't build them fast enough. Will that result in a bubble one day? Yeah, one day. Another bubble, but not any time soon. But, it's crazy. There's this huge demand to get out of the major markets, which are crushing you. Like, New York and California. I feel bad for people who live in those areas. Man! How much money you got to pay in tax and keep going ... Where does all that money go? Where does that money go that you collect in taxes? Where the hell does it go? I'd love to see it. Oh man. It's insane!

But anyway, when you see 13 trillion in debt, get the whole story. Get the whole story don't just put one number up and don't compare it to anything. So again, look I don't have a crystal ball, Mel. But I see double-digit earnings growth for the next four to six quarters. Stocks trading at a not so expensive valuation of 17 times forward earnings, right now. Which makes me think, a 20% correction is going to result in trillions, hundreds, and hundreds of billions of dollars coming into our market to buy great names at a discount to the market's historical multiple, which is around 15 1/2, 16 times forward earnings.

So what do I see? I don't see a crash on the horizon. I don't see a credit crisis. But more of a 10 to 15% correction, which is perfectly normal. We've had these every single year, minus 2017. For what was it, 34, 35 straight years. A market correction of 10% plus during the entry year. And believe me, guys. I know. I know the credit crisis, that's really the last bear market most investors will compare to. Right? If the markets do tank, that's what they're going to, "Oh no! It's another credit crisis!" I get it. I understand that it makes sense. Especially for investors who are retired. Who thought, "Hey, you know what? I'm 65. It's great." And the next thing you know the market fell by, what 35%. Your home value declined by 30 to 50% depending on where you live. I mean, you're looking at it going, "Wow! I didn't have to work a day. And how am I going to work at 65, 70 years old?" It's pretty scary. I get it. When you see this correction. But it's not the credit crisis. The bank's balance sheets are stronger than ever.

I'm sure a lot of you are going to disagree with this sentiment because you've been brainwashed into thinking otherwise. And that's fine. I'm not looking to change your mind. I'm just telling you what I see, which is a non-bias point of view. And tell you where I'm putting my money. Am I crazy bullish? No. I do have money on the sidelines. And if the market comes down, yes. I'm going to look to buy some of my favorite names.

And one more note, Mel. Because I see this all the time, bud. So many investors tell me, "I'm going to stay on the sidelines. I don't like the market right now. I want to wait 'til the market crashes." But when the market does pull back 15%, 20% you know what? They almost never buy stocks. Ever! They're more fearful, right? Because what do you have? You have a market that crashed. The headlines, forget it. "Credit crisis!" Everything. It goes crazy. Why? Because you know, it's just headlines. You're going to read those headlines. You love reading things that are going to scare the hell out of you. It's proven. It's a marketing strategy. That's what you do.

Sentiment's going to be horrible. And you know what? Our brains just don't work that way where we're going to do something that the entire world is telling us not to do. It's almost impossible. It's not easy. You know what that's called? Contrarian investing. It is very difficult to do. But if you're able to do it, a lot of times you'll make money because you're doing something that nobody else is doing. And then once it becomes positive, all those people on that one side, when that pendulum swings are going to start going into that position, going into that industry, going into that market. You're going to be sitting there while everyone's getting in. It's going higher, and higher, and higher. And that's how you become extremely wealthy. That's the way you play this market.

So again, I don't have a crystal ball. I don't know where the market's going but this is the way I look at it. I look at all the bearish statistics. Yes, GDP could fall. Maybe we see slower earnings' growth. I get it. But a lot of risks in the marketplace can be reversed. Which is something we'll see if the market corrects 10, 15%. So if you're on the sidelines, don't wait for the credit crisis type crash. You're not going to see the 30, 40%. But if we do see a 10, 15% correction, it's going to be a great opportunity for you, Mel.

Okay, guys. Quick note here. Frankly Speaking going forward's going to be published at 6:00 am on Mondays. So that's 6:00 a.m. on Mondays, instead of Fridays. Wall Street Unplugged will be published at 6:00 a.m. on Thursdays. This gives you an exact schedule. Because we used to produce the Wall Street Unplugged on Wednesdays between 6:00 and 8:00 p.m. And then, Frankly Speaking on Fridays between 6:00 and 8:00 p.m. But from listening to you, I get it. It's much better to have an exact schedule. This way you know you can go to that time and you know the podcast is going to be there. So it's much more important when it comes to producing my podcast. So those times are going to be set. Just to let you know, going forward. So don't get nervous you don't hear it or nothing. I didn't miss any podcast, but they're going to be produced on that schedule going forward, which is Frankly Speaking at 6:00 a.m. on Mondays and Wall Street Unplugged, 6:00 a.m. on Thursdays.

So, guys, that's it for me. Enjoy the Final Four. Should be really great! And man, KU has its work cut out. Don't sleep on Loyola. It's not a fluke they're here. They're going to be really loose. Being an underdog, they have nothing to lose against Michigan. Expect them to play really loose at the beginning of that game. That's what happened when they played their last game against Kansas State. Got off to a great start, finally. Never looked back. And the KU, Villanova game. I think Villanova's a much better team. Should be high scoring. Let's see KU has a lot of momentum. They have that chip on their shoulder. Should be a great, great Final Four. Guys, thanks so much for listening and I'll see you in seven days. Take care.

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