# Frank Curzio's FRANKLY SPEAKING

**Frank Curzio:** How's it going out there? It's Monday, April 23rd, and I'm Frank Curzio, host of the Frankly Speaking Podcast where I answer all of your questions on market, stocks, economy, sports, and anything else you want to throw at me. I created this podcast to answer more of your questions that you were sending me through my Wall Street Unplugged podcast, which I host every Thursday now. So if you have any questions you want answered, just send 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.

**Frank Curzio:** Let's jump right in here. First one is from Joe, "Hey, Frank, long time subscriber, big fan of the podcast, great call on oil. We're really up nice on your recent recommendation. Do you think this run in oil can continue? Should I increase my exposure to this sector? If so, should I buy large caps or small caps?" Joe, going to look in my crystal ball right here. Let you know everything that's going to happen over the next couple of weeks, couple of years, everything. Right? Here we go. Oil's going to hit 87 in about three months from now and here's the stocks that are going to go up 20- to 25% each during that run. You ready? Here we go. All great questions. I've been high on oil and oil stocks pretty much for the past couple months, you're finally seeing a huge breakout, I really pounded the table on this, if you listen to my Facebook Live videos, if you're subscribe to the Curzio Research Advisory.

**Frank Curzio:** Oil prices had no place to go but up when they were around 40 bucks and people were more bearish than ever on oil. But if you look at the statistics, we really can't produce oil below $40 a barrel. There's some companies that can, most can't. And we fell below $40 and we went to below $30 for a sec, I think it was like $28, what happened? We saw over a million barrels of oil come off the market pretty much within a few months. What happened? Prices pop right back up and now that we go to 40, we went more to 50 and 50's around the average price, 50, 52, 53, on average where you can produce it almost every place inside the US when it comes to shell. And I visit a lot of these shell [inaudible 00:02:29] personally, which is fortunate, got a lot of friends in the industry. Roughnecks hopping on rigs. My buddy Cactus who I interview a lot. I went to the Permian Eagle Ford, the Bakken in North Dakota, and learned about these technologies really helped me understand where prices were going, what's going to happen with the markets. For me it wasn't too difficult to see.

**Frank Curzio:** And then we're going into this earning season with tax reforms and if you look at the explosion in earnings, forget about the rest of the market, we're probably going to see 17- to 18% year over year growth in earnings. We're looking at that number significantly higher for oil companies, by far we're going to see the biggest growth in sales and earnings year over year compared to any single sector. So what do we see? We saw prices rise up to 60 bucks, almost all these oil companies are profitable now. The ones that survived during that big downfall, 2014, '15, little bit in '16, they were able to restructure their debt, push it further out, now they generate a huge cash flow able to easily cover their debt payments, which aren't even due for, small debt payments, but the bigger payments aren't due for the past five years because they pushed a lot of this out. So it's a surprise to me that oil stocks didn't rise like this earlier, so I see it continuing, I do. But it doesn't mean oil prices have to go higher for me, if they do, obviously you're going to see even more momentum but you really just need them to hold above 60. And what is it, 67 now? And they're going to hold above 60.

**Frank Curzio:** There's a lot of conflict going on, we're seeing draws. Right now the fundamentals just are very positive for the industry. And we look at stocks, [inaudible 00:04:28] to answer your question to increase your exposure. It depends on how much exposure you have. I don't know. You don't want to really overdo it. Again, I don't have a crystal ball. Maybe oil prices will come down 25% from here over the next couple months. I have no idea what's going to happen. What I think's going to happen, is they're going to stay over 60. They stay over 65, these companies still have a long way to go. We've seen stocks, probably about 15, 20, 25% most for a lot of these names. Off their lows in the past month in a half, two months or so.

**Frank Curzio:** I would go maybe about two months. And we saw the correction. And that really hurt a lot of oil stocks because these stocks are leveraged. And that's what I'm getting to here. You see down turns, the stocks that are leveraged the most, get hit the hardest. So, Joe, that goes back to your question, should you buy large caps or small caps. Whenever you're in a bull market you want to buy the most risky stocks. I know that might sound insane to you. You can buy the most conservative ones. They're going to go higher, and you're going to be like "okay, that's safe." But, what you should be buying right now are the ones that are highly leveraged. The most speculative names go up the highest during bull markets. Just like they go down the most during bear markets.

**Frank Curzio:** I understand that's not for everybody, and you might say, "You know what, I'm an older investor. I don't have any working power." I get it. Maybe you're 70, 75. Stick to your large caps. Buy the Exxons, the BPs, the Chevrons, that's fine. If it was me, which I'm doing my own personal money, buy a lot of the high leverage ones. I mean you look at SM Energy. Upwards of high. Sanchez Energy, which is one Steve Kumar gave to you, what was it around three bucks, and it went up to 4? Around 3.70, 3.80 now? That's 25% gain in a few weeks. He just came on the podcast not long ago. Laredo Petroleum is another one. But I look for the ones that are more leveraged, take on more debt, risky. Those are the ones that fell the most. Those are the ones that are going to come back the most and go up the highest while we have this momentum.

**Frank Curzio:** And this momentum's not going to slow down. As long as oil prices stay above 60, we'll be fine. If they do fall 5% from here, and we see a little bit of a pull back, $3, $4, yeah it'll get hit a little bit. Use it as a buying opportunity. Because these stocks are so far behind and if I had to put it in innings, it's in the third inning of them catching up. That's how much, not only have they liked the markets, but oil prices are up 25, 30% off their lows, and these stocks went down 10, 15%. This is why I'm saying, even in past podcasts, I'm seeing more opportunity right now than I've seen probably in the past five years. There's so many disconnects in the market. I don't know why. I don't know if it's algorithms that are causing it. What do we see? Sketchers report earnings and the earnings were good, and they warned, and Sketchers are funny stock because it either goes up 30% or down 30% after earnings. If you go back and look, that stock either gets destroyed or it goes up like crazy.

**Frank Curzio:** I mean it's insane. I hate to guess which way it's going to go. But here's a company that said, "You know what? These international orders, we're going to push them out a little further." And the stock got destroyed. Destroyed. They didn't say we're seeing slower growth, and they were marketing a lot. They have golf guys. They have Rory McIlroy I think and how many guys? Like three or four different guys now do Sketcher commercials, and athletes and things like that. So, they're not trying to be like Nike or anything. But, it's a good brand. They didn't say that they lost any sponsorships. They didn't say it was declining. They said, "Look, we're pushing our orders out a little bit further that we thought we were going to get in the second quarter. It's going to be until the end of the year." And the stock gets destroyed.

**Frank Curzio:** But, the disconnects, there's a reason why, Goldman Sachs just reported unbelievable profits from their trading division. They're seeing the same thing over there. It's just a disconnect you're seeing when all the prices go up 25%, oil stocks are not supposed to go down 15%. And that's what happened in this market. And now that you're seeing amazing earnings growth. Amazing earnings growth, amazing sales growth. The balance sheets on these companies are better than they've ever been. I shouldn't say better than they've ever been. Better than they've been in the past five years. Because they were really, really leveraged.

**Frank Curzio:** Especially makes sense, right? Just like oil companies. When are they leveraged the most? When the prices are the highest. I mean gold companies. I forgot the name of it. I took out, I spent billions on a gold project that crosses over between two countries that hate each other. Yeah, right. I mean you're going to need $5,000 gold prices for that project to get developed. And they bought it. Why? Because, gold prices were 1600, 1700, 1800. Okay, let's buy it. Same with oil. Oil's 90, 90, 90 year after year. And then goes up over 100. That's when these companies get the most aggressive, most leveraged. And then when prices got crushed, a lot of these companies got nailed. It took a little while. Why? Because they were hedged at higher prices. Once those hedges come off, they have to reset, you're in trouble.

**Frank Curzio:** But, oil fell to 70, 60. Some of these guys were hedged at 85, 90. Once those hedges come off, you're in trouble. Big trouble. Especially, now, you got to make these huge debt payments.

And you don't have that cash flow coming in. So, I look at oil companies. The majors are going to do good. The safe plays are those majors. The Exxon, Chevron, BPs. Even the safer plays that have actually performed well, Baker Hughes, Schlumberger, Halliburton. Those are the oil services players. But, the momentum in oil is going to continue. You haven't missed that opportunity. Would've been nice if you got it a little bit earlier. When people get in early in a couple of stocks positioned on newsletter. We've seen a lot of oil positions that we win early. So, when I say early, what does that mean? When anyone says early, that means that they were wrong.

**Frank Curzio:** All right, so I was wrong. (laugh) So, I was early, and now a lot of these names are coming back. But, even the names that I've mentioned on the podcast, are doing very well now. And I think they're going to continue to do well because we're only in the third inning of this. You haven't missed it. It's very, very early. It's not technology. But, you have to watch out. I think Apple's going to be in big trouble here. This has nothing to do with how I analyzed Apple in the past. But, you've seen [inaudible 00:11:06] Semi which is a company I like. Just warn a little bit and say, "Hey, you know what, smart phone demand is definitely cooling off right now." It's a little scary. Apple can talk about all its services, the wearables, everything they want. It's an iPhone company. It's a hardware company, and they have to sell iPhones. They used to sell them every two years, and they're like we need more revenue. Let's sell them every eighteen months. Now they're putting them out two, three phones every year.

**Frank Curzio:** The difference between the iPhone 8 and the iPhone 7, there's no difference. It's the same phone other than a little upgrade with a camera. Ten's a little bit better, but why'd they offer that? That's a necessity. Not too many things. Now you're going to come out with another phone in a few months? Four, five months. What are they going to come out with? Only four months. What is it September they released their phone? Not to get off topic here. The oil question. But, listen, you want to be careful. I would say in technology, you're more in the seventh inning, eighth inning. You're going to see a lot of semi-conductors get hurt here. They have leverage to Apple, leverage to Samsung, IoT, which is an internet of things. Connectivity of all devices, not just smart phones, tablets, and stuff like that. But, everything. Every appliance, car, anything you basically plug in.

**Frank Curzio:** Your toothbrushes are now connected. I'm not kidding. Everything's connected. But, when it comes to oil. This is the third inning. Maybe even the second inning. Do you still have time to get in? I would buy more of the leveraged names that are up probably 30, 35%. But, before you say, "Well, buying a stock of 30, 35%." Look at that three, four year chart. And look at how far these stocks are still down from those highs. And even look, when oil prices were close to 70 where these things traded. They still traded probably about 40% higher than what they're trading now. Especially, those small cap, and even some of those mid cap names. I believe in oil. I still think that there's a lot more room in these stocks. That was a great question, Joe. Moving on.

**Frank Curzio:** A question from Derek. Derek says, "This is the first time I've heard of a maintenance fee on your lifetime membership. Is this new, or did I miss it in the details of the original offer? If I missed it, please send me a link to that original offer, and show me where it was. Unfortunately, they're still making a second time there had been unclear or hidden details to offers I've accepted from Curzio Research. I accept that I might have missed them, but it still feels upsetting when it happens. Do not charge my account until it's clarified."

**Frank Curzio:** I pulled this question because we've gotten a lot of negative feedback about a maintenance fee that we're charging for Curzio Research Advisory. And, some of the emails are questioning my credibility, and saying, "Frank, you changed my agreement. You're just charging me this $19 fee." So, we offered the lifetime. What happens when you subscribed, everybody subscribed the same promotion. After you subscribe, it came up with another one page sell. And that was a lifetime offer, was one page. And in the middle of that page we said, "Listen, for this amount you can subscribe for a lifetime. The goal here." Not only did I get amazing feedback because people want to subscribe lifetime. "Is to really charge the cheapest price possible, so you can be in this newsletter for a very, very long time." For a very long time. Because, in order to give you a lifetime deal, and when I say lifetime, it doesn't mean oh, okay let's come into my product for three year, Curzio Research Advisory. And then at three years, the newsletter doesn't do that well, I'm not going to fold it into another one of our products and then charge you more money for it.

**Frank Curzio:** And the lifetime doesn't exist anymore. No. Lifetime for me means for the next twenty five years. That's my goal. I want you to partner with me for that long. That's how long I plan to be in this business. Hopefully, I'll be alive by then. We'll see. So when the lifetime offer came up, which is one page, right in the middle of it. We didn't bury it in a disclaimer guides. You've been listening to me for a long time. It's not in the middle of a fifty page report. I complain about fees and all this garbage all the time. It's $19 for the entire year. And most people say, "Well, it's only $19." But, that's the point. Nothing changed. Right in the middle of the page, it said the only other fee you'll ever pay is a small $19 annual maintenance fee to help cover our publishing costs.

**Frank Curzio:** It says, "Without this fee, there's absolutely no way I could make this offer, but this fee won't kick in until next year." So, a lot of our subscribers, Curzio Research, which we first launched was a year ago. And when that $19 maintenance fee kicked in, people were like, "Oh, I thought I was in." This is what we need to do guys. If I have you in for 25 years, there's a lot of costs to produce a newsletter. And $19 might seem like a little bit, but when you have a lot of subscribers, it adds up to enough for us to cover a lot of the things that, the huge costs. And the research engines alone are over $100. You travel all over the world to find idea. IT, publishing costs, graphic design, credit card processing fees. So, the offer's something at such a very, very low price. And having that go over 25 years, there's no way it could be affordable unless we did this.

**Frank Curzio:** So, we figured out a structure and said, "Okay, this is the lowest amount possible that we can do." And everybody that I've sent that one page to has said. Listen, it's right here. This isn't some buried in there. And everybody apologized that I've sent this to. And now we have a little bit of a back log in customer service. Guys look, I'm not looking to take $19 and put it in my pocket. I'm looking to give you a newsletter for a very long time. Because I want you to be in this product for a very long time. Because if you are, it's going to be the best product that you've ever been in. And it's going to be the greatest financial decision that you make in your entire like. Trust me.

**Frank Curzio:** It's not a joke. I'm not trying to throw a little tiny fee in here. I hate that. I hate that more than anything. I rant about it all the time. I travel the world. I stay at hotels. You can't even go on Expedia anymore. That's how you know Expedia's going to be in trouble, because they don't have the pricing power. They can't increase margins. They're squeezing anybody. I have five, six different friends that own hotels. And every one of them tells me, whatever you do don't book on Expedia. Don't book on Expedia. Don't book on any of those. They're squeezing the hell out of them. And you know how they're making it up, the hotels? They're charging you additional fees. So, usually at checkout of Expedia and it used to be here's your total amount. Great. Now when you get out of the hotel, they get a credit card on file and it's like an extra $25 a night for the room.

**Frank Curzio:** For what? For a refrigerator fee. I don't have a refrigerator in my room. Oh, for parking. I didn't bring a car with me. Just tell me it's the F U fee. I'll respect you more. Just tell me that. Just say I'm charging you because we need to generate more money. Just say it. Don't BS me. So, when it comes to fees, I hate it more than anything. But to make this product work, we have to charge that annual maintenance fee. When it comes to customer service, I know we have an automated system, an old automated system that actually sent out a couple of emails instead of just one. So, we got a little negative feedback. I get it. I understand. I apologize about that.

**Frank Curzio:** But guys, no gimmicks here. No nothing. If you think it is, you can cancel, it's perfectly fine with us. But, for me to keep you in this product and that's what I want. Because you're going to have access to stuff that you're not going to get access to any place else, especially for that price. You're going to be ahead of the market. Stuff you're going to be talking about, you're going to be laughing when all your friends are talking about stuff at the water cooler. Because that's news that totally irrelevant compared to what you know with this newsletter. This is what I want. I want you guys thinking like pros. I want you guys to learn how to invest like pros. How to ignore the garbage in news that's out there. And the terrible stuff. IBM reported a bad quarter. I get it. It came down. But, what about the headlines for how long.

**Frank Curzio:** There's a company I recommend for 130, I got so much crap on. People were saying, "Whoa, if you look at IBM their sales declined for 17 straight quarters." That's when I was talking about recommending it. Right, I hated it to change, and Warren Buffett loved it. And people say, "Well, Warren Buffett's selling. How could you like it?" And at 130, I thought it was a great buy. And it's still 150 after a pullback which I think is temporary. I was very surprised it pulled back that much with just a slight margin miss. But, instead of looking at the headlines, right. Because now it was 22 straight quarters for IBM, 22 straight quarters of revenue decline. Like year over year. 22 straight quarters. What people aren't telling you is that their revenue from 2011, which I believe was their highest ever, was about $106 billion. Now their revenue's more like $80 billion.

**Frank Curzio:** And back then they generated $13 in earnings. Today, they're generating 80 billion in revenue was at about 25% decline in sales. Their earnings this year are going to be close to $14. So, you're looking at what? 7% increase in earnings on sales that are down 25%. Nobody's telling you that about IBM. They're just saying, "The quarter decline." And that stopped, by the way, January not this quarter but the quarter before. And this quarter too. Year over year sales growth. So, no longer can they have those headlines. But, the point is trying to get you to ignore the headlines and use them to your advantage. Because companies get unfairly beat up. You have all the noise, all the news. Tariffs, I told you it was going to be a story, right? They're not even talking about it anymore. I thought it disappeared three months. It disappeared a couple weeks. Already gone.

**Frank Curzio:** There's a massive story that pushed the markets down 10%. And what everyone's saying, "That's it. Here's the crash." What are we saying? "You know what? Add to your positions here." Because it's very rare that a market crashes when you're seeing earnings, not even sold by double digits. Which when people say double digits, end year via increase, they're like 10, 11%, 17, 18, it could be 20% growth. And we're going to look at 12 to 15% growth over the next few quarters. It's going to be very difficult for the market to collapse in the face of earnings going through the roof. The market can't pull back? Yeah, it could, but there's a lot of stocks that are going to get hit that don't deserve to get hit.

**Frank Curzio:** It's going to create amazing buying opportunities and even amazing shore opportunities. With some of these stocks are still trading at highs and it should be Netflix right now. Really not pushing too much higher after that quarter. Interesting. You're not going to see any downgrades on Netflix. Right? They reported. I don't know if you guys saw the line with Netflix which is great. We're going to tap the debt markets. In order to buy original content. Look, they're killing it. Netflix. Right? I watch all their programs and everything. But, when you're telling the whole entire market. They're not going to generate cash flow for the next 15 years. (laugh) They're not going to be free [inaudible 00:22:01]. Even they say that. Expect to be cash flow negative for a long time. Nobody cares. Nobody cares about that metric.

**Frank Curzio:** Now what does that mean to you? It means that there's not a single sell side firm out there. That's going to downgrade the stock because they want that investment banking business. That's the way it's done. If they don't get the investment banking business they go out of business. So, they have to think this way. There's nothing wrong with it. You could say, "Wow, the investment banks. I hate Wall Street." They have to generate profits. That's what it's about. They have to generate profits. Just like healthcare companies. Just like insurance companies. They have to generate profits. It's that simple.

**Frank Curzio:** But, people just read a headline and that's it. They just believe exactly what they hear. With this newsletter, trust me. It's going to be an amazing investment. There's no hidden fees. There's no hidden agenda. That's not why I created this company. I created it to disrupt the market that's really shady right now in the newsletter business. The crazy promos. Analysts with two, three years of experience. Pawning this off as experts. You see it all the time. That's not what we're about here. If you have questions, comments, FrankCurzioResearch.com. Try to answer as many emails as possible. Especially the ones I didn't, overwhelmingly guys, when I was talking about my daughter and everything. She got diagnosed with Crohn's disease last month. I mean overwhelming emails, I appreciate. I'm still answering them. I'm still getting back to some of the emails.

**Frank Curzio:** So, if you feel like, "Oh, Frank, I sent you an email that a couple things." Listen, I'm going to get back to every single one. It's very humbling. I didn't want to get off topic there. With Derek, I sent him the one page, and said, "Hey, look it's right in the middle of this one page. Offer, for lifetime, saying this is what we need to do." I'm going to charge that small $19. It's not a monthly fee. It's an annual fee. It will help us pay for all of those costs. This way we could provide this newsletter for a lifetime. For 10, 15, 25 years. That's our goal. No gimmicks. Next question is from Dave.

**Frank Curzio:** He says, "Hey Frank, I'm a faithful listener and lifetime member. Recently, I was on a Delta flight from Syracuse to Detroit and sat next to a Delta flight attendant off duty. A thirty-ish year old woman with a Delta red sweater, and a 10-year veteran. She says there are maker CEOs and taker CEOs. Former CEO, Richard Anderson, was a maker. He provided the FAs, which is the flight attendants, needed to offer great service. HE built the DWT hub efficiently, and did the refining deal. He's like you mentioned the refineries and fuel as a catalyst of one of the reasons why to invest in Delta. And you're right. But, now, the present CEO, Ed Bastian, is a taker, she says. FAs are feeling less engaged and having to work with less resources. They find they are often short on attendance. For new transcontinental service with their plans, Delta will be doing flight with four FAs. Where by American, he's doing similar routes with six FAs.

**Frank Curzio:** She claims, service will suffer. She predicts significant complaints, and lower service scores on surveys. More significant to me, as a human resources pro, is what she said about labor. She says there's an ongoing effort among her peers to unionize. They've been trying to follow pilots who are already in unions, but so far Delta has been able to squash it. Overall, she still likes the company, but she indicated that early on she loved it. How much consideration should my investors give to things like employee engagement and potential unionization attempts? Thanks. And all the best." And that was from Dave.

**Frank Curzio:** So, the question here is about Delta. How much consideration should my investors give to things like employee engagement and potential unionization attempts? Zero. Absolutely zero. If you're a flight attendant or a pilot, before you email me, I'm talking about the stock. That's my job. I'm supposed to tell you about an investment. I'm not supposed to sugar coat it. I'm not supposed to say, "Oh, that stinks. I wish you had more flight attendants. This way you don't have to work as hard." Whatever. It'll make it a lot easier. Customer service. But, things like this do not matter when it comes to stock. Will it matter? Maybe in the future.

**Frank Curzio:** But, what's going to happen in the short term is they're going to save costs. And these stocks move higher based on earnings. I recommended a company, Curzio Research Advisory, and I'm going to give one away because it's up a lot well above buy into price. It's called DXC Technology. Hired a crazy CEO, guy's nuts. The employees, the complaints on this guy are just. Go online check it out. "He's horrible. He's terrible. We got fired." He's one of the best turn around specialists in the world. He's got DXC Technology.

Merging all these cloud businesses, providing all the IT, everything you need for big companies. And they have most of the Fortune 500 companies as clients. They need everything.

**Frank Curzio:** Big data analysts, cloud servers, everything just to run the whole entire back office, data sales, provide a suite of everything, work with every partner, so AWS might be good which is Amazon's cloud platform. [inaudible 00:27:30] from Microsoft on some other things and merging it with different things offered by HP. Whatever it is. They merge all these things and make sure they come up with the best solution for your business and whatever's costly. So, here's a CEO that comes in, and he's cut costs like crazy. He fires high paying employees. Makes people accountable. Why? Because his salary is almost 100% tied to earnings. And where the stocks going to go.

**Frank Curzio:** And every place this guy has gone, the stock has gone up tremendously, and he made an absolute fortune. That's what he does. He's not there to make friends. He's there to cut costs. If you look at the stocks up over 30% for us in about 9 months. But it comes to things like this, they're going to save money. They're going to have less employees. That saves money. They're cutting costs. That saves money. They're raising prices per seat. That generate higher earnings. That is good for the stock price, and that's why stock prices are going to go higher. Not to mention, when you look at some of the competition, and I fly all over the world. To me, I think Delta's the best. Everyone's going to have different opinions. I fly a lot. I think United is just horrendous. American is. Delta, I just, newer planes, I like them, Wi-Fi. I mean JetBlue is a nightmare to me. Spirit is just forget it. I love the low-cost airlines, but by the time you go to the bathroom or you shake someone's hand it's like ten bucks.

**Frank Curzio:** I mean, there's a fee for everything. By the time it's over with. You can't run a low cost airline. (laugh) There's no such thing. So, you have fewer costs. I know they try to hedge these things, but you got to have. You never want to run a business or invest, I wouldn't say invest in a business because sometimes these things do well. JetBlue did okay. Spirit did okay. But most of that, they're not low cost airlines. I mean basically low cost means I'm limiting the amount I could charge. You never want to limit the amount, right? I'll be able to charge higher fees, more money if you're a business. Prices go higher. Fuel costs go higher. Parts go higher. Expenses, commodities, all this stuff that go into making everything for your planes. I look at JetBlue, old planes, half the TVs don't even work on some of those flights. But, I like Delta.

**Frank Curzio:** But, getting back to the point. Look, Comcast is the shittiest company on the planet. Right? It is. The stocks are going a lot higher, you should buy it. They know they have a monopoly. They know they don't. Every one of my bills they over charge me. Every one for like five years. I can't go any place else. AT&T came and said, "Well, we're going to offer much, much faster, high speed internet. And they lied to everybody." You get high speed internet, and it's barely that fast. And they're still working on it. They said, "Let's just throw it out there." Right? The ultimate sales thing. Throw it out there. Throw it out there and we'll fix it. (laugh)

**Frank Curzio:** So, everyone's like, "Okay. I'll subscribe." And the service turns out to be not that good. But, they're trying to compete at least in my area in Florida. But, Comcast, I got an office a year now, pretty close to a year, and because I'm in the business district, they're like, "Well, you need Comcast Business." So, I get my first bill and it's four times the amount of residential. I'm getting nothing. I'm paying for ESPN. I've never paid extra for ESPN in thirty years. I have to pay extra for everything. They say, "Well, we have the best customer service department. We get right on the phone with you." I called them twice so far. And the service was horrible. But, they could charge whatever they want.

**Frank Curzio:** So, when I look at this as a business, are these guys you know what? Yes. I hate them. They know it. They're terrible. I've had them come into my house. They don't even know the technology that they're trying to install. Because they outsource this stuff to other people. It's horrible what they do to customers. But, the stock's going to go higher because they could charge you whatever they want. It's a monopoly. My job is to tell you what's a good investment. Am I happy that they're going to cut employees on those flights? No. I'm going to be pissed off as someone to flies Delta. I'll be pissed, but I'll tell you what, the stock's going to go higher because they're saving costs.

**Frank Curzio:** So, personally, I hate that. But, from a stock perspective, it makes me want to put more money into it. There's a stock I've been pitching in the thirties. I mean we'll get to the next question about JP Morgan, but there's a stock I was pitching in the thirties and it's over fifty. I say, just buy any airline, buy any airline. And it's well before Buffett. I mean airlines were a different business. They're cheap. They're generating massive amounts of cash flow. They're still incredibly cheap. Good business now, cutting debt, finding ways to cut costs, raise prices. I mean that's what you want if you own the stock.

**Frank Curzio:** Insurance companies are the same thing. Only insurance companies. Even though most of them are a scam. Even when they have to pay you, they do everything they can not to pay you. They have all these algorithms and everything. They know exactly what they're doing. How much to pay. Exactly how much. They know the numbers. Have everything. Think of how long you've paid car insurance for, and how many times you've used it. And these people are like, "Well, I got into a major accident." Yes, but just think of your family and friends. Healthcare costs. I mean not it's getting to the point where you're paying a fortune for healthcare costs, and they don't even cover half the stuff. You're going there. I just saw a specialist for my knee. I need to get my knee done. I won't even get to it. X-rays of my hips and stuff like that. It's like I'm a science fiction, forget it. I'm like a nightmare now I'm so old.

**Frank Curzio:** Anyway, fifty dollars because it's a specialist. Doesn't matter you're paying two grand a month. Fifty dollars for a specialist, twenty dollars for prescriptions. You get out, you're going to get a bill for 500. Got to meet your deductible. It's just the amount of fees that they charge. Does it piss everybody off? Of course it does. How about the insurance companies. They can get away with it. Even when they have to pay out, they find ways where they don't have to pay as much. Especially during natural disasters. Last couple years have been horrible for these guys. Insurance companies are still doing pretty well, some of them. But, they make an absolute fortune. The reinsurance industry. These massive pools of cash. So much so there's a reason why Buffett owns Geico, taking those massive pools and investing in his favorite stocks. They're sitting on massive cash hoards.

**Frank Curzio:** The only business you have to pay for up front for something that could happen that probably will never happen. Usually you get the service and then you pay the person. This is you're paying up front, saying "Oh, okay here's money just in case something happens." And it's not going to happen. They keep all the money. And when it does, they just find ways to screw you. But insurance companies, are good investments. So, that's what you're asking me about. When it comes to Delta, I still like Delta. I think it's a fantastic company. But, no, don't worry about employee engagement and things like that. I mean, look, you'll be able to get out of the stock before that comes to a head, well before. But, these measures are going to increase cash flow, increase earnings, and nine times out of ten that means the stock's going to increase. So, I like Delta here.

**Frank Curzio:** Let's take one more. This one's from Doug.

**Frank Curzio:** "Hey Frank. I've been listening for about ten years." Ten years. Good job, buddy. "I know this because I used to listen to you while I gave my daughter her bottle on weekends before her nap, and she's ten now." That's interesting, Doug. Because my daughter is ten now too. So, we're both doing the same thing, buddy. "Sorry about the news with your youngest daughter, but it sounds like your family, your daughter, will be able to manage it well." Yes, we will, and I appreciate that. "I'm curious about one of your pre Curzio Research recommendations, JP Morgan, which announced another strong quarter last week. It's doing very well of those of us who bought when you recommended it. Is it's run slowing? It might be why as to redeploy that money elsewhere or will Jamie Diamond continue heading on all cylinders?" I think Jamie Diamond will continue to head on all cylinders. He's a realist. He doesn't sugarcoat things.

**Frank Curzio:** This is a stock I want to say, pre-recommendation is probably in the 50s when I recommended this. I think, Doug. Don't quote me, I think it was. Pretty sure it was in the 50s. This is a stock that I own in my portfolio for a long time as well. I'd probably take a little bit off the table. I wouldn't sell your full position. I think it's a great long term investment, decent yield. But, I still like the financials, but the one company I like here, and I don't think I've ever said that I like this company. (laugh) Maybe ten years ago. I think I mentioned it like a week or two ago, Citigroup. I mean Citigroup lagged JP Morgan. JP Morgan is about 35% over the past twelve months whereas Citi's up a little over 20%. You can go longer. It's lagged JP Morgan in most of the financials. Large cap financials.

**Frank Curzio:** But, if you look at the last quarter, last quarter's really good for Citi. And, beat estimates like most financials, earnings was 24% year over year. But, the quality of earnings. I mean, they saw strong growth across every single segment, institutional, consumer businesses. Very, very strong loan growth. If you look at it, Citi's trading at below its book value, where JP Morgan's trading at

1.7 times book. That's a pretty big difference. So you say, "Okay. Well, it's cheaper." And, guys, you never want to buy a stock just because it's cheap. Just like you never want to sell or short a stock that's expensive. You need more evidence than that, right? I mean, imagine and video was expensive 100 points ago. Tesla was expensive at 100. It's 300 around. You got to have more than that. But, my point is don't buy Citi just because it's much cheaper, but the last quarters show that they're really hitting it out of the park right now.

**Frank Curzio:** They're growing. They're doing well. That's not really factored into the price. They need to close that gap on JP Morgan. I think, if you look from now for a twelve-month period, I think Citigroup's easily going to outperform JP Morgan. I could be wrong and I still like JP Morgan. I'm not selling my holding, but I'd probably add it to Citi right now. At least, sell a portion of it, add it to Citi. Let's see another quarter first. While you have that position. But, man, if they continue, you're going to see the stocks skyrocket from here. You're looking at the dividends almost comparable, off just a little bit. JP Morgan offers a little bit higher yield. Things like 2.2% to 1.8%.

**Frank Curzio:** You get a cheaper stock, one that's growing, one that's a little hated, right? I mean you don't see too many people going crazy. Everybody loves JP Morgan now. Everybody like JP Morgan. "Jamie Diamond's the greatest. He's awesome. JP Morgan is the best stock." You don't hear that about Citi. You're just starting to see upgrades in Citi, things that [inaudible 00:38:46] upgrades not too long ago. I think early this month. But, I like Citi here. JP Morgan, I'm glad you invested in it. I'm a guy that you know talks more about his losers than winners. JP Morgan's been a very, very big winner. That's something I've mentioned numerous, numerous, numerous times on podcasts over the past two years at least. So, I'm glad you're doing well. Thanks for the shout out on that.

**Frank Curzio:** But, that's what I would do. I think Citi is probably a better buy, but I still think you got to keep money in JP Morgan because again, I don't have a crystal ball. And JP Morgan is down a little bit, and look, they're the king. They're doing great. Another solid quarter. And what do we see financials, most of them report pretty good earnings and they sold them off a little bit. I think they're going to go a lot higher, but I just think Citigroup is probably going to outperform JP Morgan because now the fundamentals look good and it's growing. It has that growth component. But, again, if that changes next quarter, you want to monitor it. It's a fluke. It's just a one-time thing, but if you continue to see that growth maybe it's time to take business away from Wells Fargo. That loan growth is really important. And again, Citigroup has me excited for the first time in a long time. Just like Intel had me excited in the 30s about a year and a half ago when I came back from the consumer electronic shows.

**Frank Curzio:** Another stock I hated for a very, very long time that was depressed and said, "Guys, this stock. Finally they're getting into all these major growth trends. Intel looks great here. That's a stock you want to hold for the next two, three years you'll be fine." That's how I feel about Citi right now. And thanks for the question, Doug.

**Frank Curzio:** Okay, guys. Make sure you check out my Curzio Research Facebook page. I'm going to be posting a lot more. It's been a busy week trying to write a lot. Everything done. I have lots of fun here. Growing. Going to launch an amazing, amazing new product. I'm not hyping it up. Trust me, it's going to be an amazing product that's unique to the industry that no one else could offer except for us. I'm not kidding you. Going to launch it. It's going to be at a very, very affordable price and cheap. Not going to be a $3000, $5000 product. No, it's going to be an affordable product that's really cool. And, you know what? You're going to get an investment pick every single week. So, it's going to be a lot different than everything else that's out there. That's all I'm going to give away. I don't want to give away too much. But we're pretty close to launching this. I'm excited about.

**Frank Curzio:** We're working really hard over the past few months. Just to fine tune it, make it a really good product. I'm looking forward to your feedback because I know everyone's always really honest. Especially, our group. And I love that. I love the constructive criticism because I know you guys want to help grow the business and stuff like that. It's awesome. So, I want your feedback when we launch this product. It's coming out pretty soon. Just wanted to tease a little bit. But, trust me. It's going to be something that's really, really cool that we worked hard on. My team's been working hard on behind the scenes. And I'm very, very excited about it.

**Frank Curzio:** So, that's one thing. Also, like I say, make sure you check out the Curzio Research Facebook page. Also, you can find me on Twitter, handle's @frankcurzio, and we're going to be doing a lot more live videos and also live interviews pretty soon. Which will take place on Facebook, and we're going to also implement videos and we'll have video updates of our portfolios. Doing a lot of stuff, technology. You have new people coming in. It's going to be fantastic. Lot of exciting things going on just to improve that experience and make it much, much better for you. More timely. Better alerts, and access to just about everything we have including the network.

**Frank Curzio:** So, guys, be sure to check out the Curzio Research Facebook page, and also our Twitter, my Twitter account @frankcurzio. So guys, that's it for me. Thank you so much for listening. I'll see you in seven days. Take care.