

# Frank Curzio's FRANKLY SPEAKING



- Speaker 1: 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 Mainstream.
- Frank Curzio: How's it going out there? It's May 14th and I'm Frank Curzio, host of the Frankly Speaking podcast where we answer all of your questions about the market, stocks, economy, sports, and anything else you want to throw at me.
- Frank Curzio: I created this podcast to answer more of your questions that you send to me through my Wall Street Unplugged podcast, which I host every Thursday. If you have any questions you want answered, just send me an e-mail at [Frank@CurzioResearch.com](mailto:Frank@CurzioResearch.com). That's [Frank@CurzioResearch.com](mailto:Frank@CurzioResearch.com). Be sure to put 'Frankly Speaking' in the headline. You never know, your question may be the one I read on this podcast.
- Frank Curzio: Let's start out with a question from Seth: Say, Frank, recent fan of the podcast and new member of the Wall Street Unplugged All-Stars News Letter.
- Frank Curzio: Guys, if you haven't received it yet, we just started an amazing new product, which is a dollar to try for 14 days. One dollar. After that, it's going to be \$9.99 a month. Not \$999, but just nine-dollars and ninety-nine cents afterwards. Why would we offer such a product at such a low price for a dollar? Because, I believe, once you see it, it's a product that you'll have a very, very long time. This product is based on my interviews with some of the best guests, smartest people, analysts, billionaires. And taking a stock pick from each of them and putting into portfolio. It's called the Wall Street Unplugged All-Star Portfolio.
- Frank Curzio: So, why do we do this? Because, from the e-mails that I get, I feel a lot of you are missing out on these picks. And yes, some of them are going to come directly from the podcast and you can say, 'Well, Frank, some of them I can listen to,' but a lot of these picks also come from when I speak to these guys before the podcast when we're offline or after the podcast when we're

offline. And that's where I get my best ideas.

Frank Curzio: So, we're putting all of these in a portfolio having tight-stops on them because we're gonna come out with, basically, a recommendation almost every week. [inaudible 00:02:10] we're gonna have stock-pickers, gurus and stuff like that. We're gonna have specialists, we're gonna have a CEO of a particular company where the CEO of the company is always going to talk great about his company and it might not be the best recommendation. But, I would say, at least three a month. So, we're keeping our stops very tight. Fifteen percent trailing stops. And you're gonna have tons of ideas coming into this newsletter for just \$9.99 a month.

Frank Curzio: Now, we're starting to sell a lot of it cause it's a good product. We got a lot of feedback from our best clients. We're trying to make it as perfect as possible. A lot of constructive criticism, which is awesome - which we love. Again, we want do this product that we think is great for you. It's about you. We want to know what you like, how we can improve it, and a lot of the feedback - the majority of it - has been positive, and the rest of the feedback has been great on how to improve the product and make it even better.

Frank Curzio: I mean, you get it. We have a research reporter on all of these. Probably a page or two long. Pretty brief. We've got a picture of the person. You know exactly who the pick is coming from so you can learn more about that guest. But, it's pretty cool and I know it's something that no one else could duplicate in this entire industry. And we want to use that network to our advantage. There might be some stock picks that you don't like, there might be some that you love. But, you'll always get fresh ideas and they're all going to be laid out in a portfolio for you to see what the buy-up-to price. The trailing stop. The symbol. And once these things hit our trailing stop, we're out of them. This way, it's gonna have, pretty much, a high turnover. Which is good because this way it will allow you to invest in more stocks as you stop out of some of these things.

Frank Curzio: You can stop out [inaudible 00:03:52] at a high - if it goes up 100 percent and then falls down 50 percent. You can stop out of these positions if they report bad earnings, which, we had one company during earning season. Or if they report great earnings, which NVIDIA did last week. You saw that stock fall. Saw Google Report blowout earnings. You that stock fell. Earning season's gonna be incredibly volatile, you might stop out of a few positions here or

there, but you're always going to have fresh capital to buy new positions and let those winners ride. You wanna limit our risk and have unlimited upside potential. That's the goal.

Frank Curzio: It's a really cool product. You're not gonna see anyplace else where people are in this newsletter industry that are offering something for a dollar for 14 days. Why? Because we know when you try it you're gonna love it. Very excited about it, so Seth, thanks for bringing that up.

Frank Curzio: Getting back to Seth's question here. He says, over the last month or so, I've listened to a ton of your podcasts all the way back to 2015 and I frequently hear about opportunities for entry level stock analysts positions. Either at your firm or at firms you know of. This is something I'd be interested in doing, although I'm not sure if you or anyone you know have openings, but I would be interested to hear any qualifications that you, or most others you know in the industry, might be looking for. Like to see if it's really something I could do, should that opportunity arise, because this is something I would really love to do. I've been researching and investing my own money for over fifteen years and life has lead me down other paths over that time, professionally speaking.

Frank Curzio: Seth, that's a good question. We're always looking for new talent. All the time. New analysts. Because, many people, they're great people[inaudible 00:05:36] and also, even young analysts. And I can tell you, one of the biggest qualifications, at least for me, this is a newsletter industry. The biggest qualification is writing. That might sound crazy for you, what does writing have to do with all these stock picks I'm just good at investing my own money? For us in the financial newsletter industry, it's not like you're working a hedge fund or a mutual fund where you have these models, or are making models, have this kind of cash flow analysis with a target price. I mean, that research is behind a lot of our recommendations. But when we're on the buy side - what we call it, not the sell side like the Goldman Sachs, the J.P. Morgans. We're on the buy side, what we're doing is we're talking to mom and pop investors. People who like our ideas. Maybe they own big businesses, but they're not too familiar with investing in stocks. So what we are, essentially, are communicators.

Frank Curzio: This is institutional research. You can see the amount of work that goes into each one of these picks. If you get a chance go to the Curzio Research Facebook page. I was just in New York with Michael Alkin. We posted a series

of videos, four videos, which are awesome. I'll talk about this in a little while, too. And we're driving around these lots because, you know, he's skeptical of the auto industry and he's a forensic accountant and he's seeing a lot of things, a lot of red flags. And the research doesn't end there. It's not like, wow the auto industry is gonna crash because I saw a couple numbers. No, it's just the beginning. Going out into the field. That's where he was showing me all these lots and we're taking live videos of the massive - we were at Belmont Racetrack, not for the Breeder's Cup in a couple of weeks. Four, five weeks, at the Kentucky Derby. And then the [inaudible 00:07:30].

Frank Curzio: They have thousands of cars in these lots combined. When you look at it, it's pretty crazy. We were just driving, showing you how these brand new cars have been there for months and months and months. My podcasts, Wall Street Unplugged, this one Frankly Speaking. Alkin has his podcast Talking Stocks Over a Beer and what that does is we have a massive network of you. Great people, great analysts that are out there as well. They've been sending pictures to Alkin saying, 'Look at this lot here. Look at this lot. How many cars are in these lots?' And then he'll go to the dealers and start asking them. Talk about inventory. This is how he builds a short case for an entire industry.

Frank Curzio: You can see that research being done, which is really cool and that's what we like to basically be communicators of this. How do we tell this story? That's important in our industry because, I can tell you, when you're looking at the fundamentals ... I mean, cash flow, income statement, balance sheets ... that's pretty easy to teach. That's kind of simple math. A lotta people could analyze this stuff even if it's technical analysis or whatever. That's not difficult to teach as long as you have someone that has that desire to learn. It's the writing and simplifying thing. Using analogies, making sure you understand, hey, this stock is trading at 13 times earnings. What does that mean? For me, that's very simple, but just to say, hey, that's a lot cheaper than the market trading at 18 times earnings. That statement goes a long way to conveying your message to people.

Frank Curzio: Learning how to write. I'm not talking about using big, sophisticated words. No, it's the opposite. It's making it a lot easier. Telling people stories of why this is such a big deal. What do you see? And behind that, we're doing all the numbers, we're doing all the research. Similar to the sell side, but what we're doing is providing more of the story aspect. Driving around like we did last week in New York with Alkin. Great videos, guys, for free. Go see the page, I'm telling ya, you're gonna love it. If you haven't visited the Curzio Research

Facebook page - it's for free, we're not selling anything - just take a look at it. It's awesome.

Frank Curzio: These are some of the things we're providing as we expand our brand to new people. Right now, the people who are in our company and love our brand. You guys have been familiar with us for a while. Familiar with me through the podcast for over 10 years now. My job is to get our brand out there to the people who don't know us. And how do they trust you? By giving away free content. By offering things for a dollar so you can try it for 14 days and if you like it, you can subscribe. If not, that's fine. We do that because we know our content is pretty much, I believe, the best in the industry. I'm not putting anyone down.

Frank Curzio: There's other guys that have great content out there. We're talking about a stable of three analysts that have been around for a while. Over twenty years doing research. Seen boom and bust markets. All boots on the ground. [inaudible 00:10:26] very, very soon. Few weeks away. Very excited. I've been saying that a lot, but this time it's really true. It's been a crazy crypto-market, but he's going to that massive conference in New York next week and gonna report back to you. We're all 'boots on the ground' guys. We all get out there. We don't sit behind desks. When you see that, and you see the hard work. That's what's going to bring people to our products. That's what we're doing.

Frank Curzio: Writing is a big qualification. Writing and just determination. I can teach you 30 different types of investing, and yes, there's 30 different types, believe me, from interviewing so many different people. There's all kinds of analysis, all kind of metrics people use. That's easy to teach. I could teach you all that stuff. But when it comes to writing, that's the most difficult part cause we get really smart people in here. Really smart analysts. Guys who have all the desire in the world, but in the end, we're the middle men between Wall Street and Main Street and if we can't communicate to the people on Main Street, the product will never, ever work.

Frank Curzio: So, that's important. If you see really good financial newsletter writers. And there are some out there. I feel like sometimes I trash the industry. It's not the whole industry. There's great guys out there. I know. I know almost everyone in this industry. I've been doing it so long. Since the day I was frigging born. My dad was a newsletter writer for 30 years. Those are the guys who have boots on the ground analysis and they're writing is great. They're telling stories. They're telling you why this is such a big deal. They're

comparing it to something else that happened in the past. Give you a nice history lesson. But the writing is key. It's very, very important and that's the difficulty we see where we'll have great analysts, but it's hard to have a great analyst be a great writer. It's just something that's weird. Doesn't go together.

Frank Curzio: I was fortunate to have very smart people teach me about this and I was against it saying, What is this? It's all about me telling a stock and they're like, no, if you don't communicate, no one's gonna read your stuff. There's a reason why Michael Lewis is one of the biggest selling authors in the world, especially in the financial sector. He's not writing a book on economics. He's writing about something like the housing crisis and dialing it down. If you saw the movie The Big Short. He has people come in. Selena Gomez explain to you what a Synthetic CDO is out of nowhere. You don't realize that's happening, but that brings everyone in. This way you understand what's going on.

Frank Curzio: Imagine that movie's just like, 'Yeah, these cdos' and they just start talking about it. You lose half the audience. They're like, ugh, this movie is horrible. I don't even know what's going on. But you have chef's explaining things and just stopping and whatever her face is, Margot - whatever her name is - sitting in the bathtub explaining something. If you look at how he can explain moneyball statistics to the average person, that's the difficulty in our business.

Frank Curzio: Once you have that understanding and people understand what you're talking about. Why it's such a big deal to buy J.P. Morgan. Not because it's the biggest bank and they pay a dividend. Jamie Dimon's a good CEO. But, putting the story behind it of why it's such a big deal to buy it now. That's a difficulty I have. That's a major qualification.

Frank Curzio: Hopefully that helps. There's always people looking. But I can tell you, if you are a great writer, and you have a little bit of a financial background, you can get hired very, very easy in this industry. It's not difficult. So, hopefully that answers your question.

Frank Curzio: Let's move on.

Frank Curzio: I have a question from Michael. It goes, hey Frank, I'm planning on heading to the Steel Dynamics annual meeting here in Ft. Wayne, next week. Any questions you want answered?

Frank Curzio: Mike's a good guy. I love the fact that you're doing boots on the ground, since he lives in that area. For me, Steel Dynamics, for you guys it's a stock I've recommended. I think about four years ago. Much, much cheaper price near it's 52 week high. Just a great company. I felt like the cycle was going to turn back then. Not only that, the[inaudible 00:14:06] turned four years ago, that was around 2012. But, this was a company that was paying out 4 percent yield at the time. That yield's a little bit down. Around 1 1/2 percent now. Stock's really taking off.

Frank Curzio: I said, hey, I'm willing to wait with a 4 percent yield when the interest rate's zero. It worked out. Got some great gains out of the stock. I do have lots of winners. I like covering my losers more than my winners cause it's an educational thing.

Frank Curzio: Hey, if you're going there. A couple of questions. The operational issues are crushing their competitors. US Steel got nailed. Nucor. I mean, one of the reasons I like their stock so much is they have the newest technology and newest facilities. I would ask them to talk more about that. I think it's seven in total. These things are fully operational. Capacity is around 75 percent or so. I've seen strong demand. Let them talk about why they have this edge over their competitors. I think it's important to understand that. When your facilities are new, they don't get shut down as much for maintenance. That's a very big deal. Just look at US Steel. They've done it several times and that stock's gotten crushed every time.

Frank Curzio: You look at the company. It's got one of the best balance sheets in the industry. One billion in cash. Another billion in liquidity. What does that mean, liquidity? Well, credit lines. Money they can spend on acquisitions. Find out what they're going to do with it. It stops trading at 10 times forward earnings. Again, what does that mean? The market's trading at, what, 17 times forward earnings? So, very, very cheap. Maybe the industry's probably more like 12, 13 times earnings? You're seeing a stock go higher, but their earnings are going even higher. Are they gonna buy back more stock? Or increase their current buyback? They had a \$450 million buyback in 2016, they probably have around \$150 million left. Ten times forward earnings, seeing strong earnings growth. Good time to buy back the rest of that? Maybe raise your dividend or increase that dividend?

Frank Curzio: Their payout ratio is super low. What does that mean? Their earnings are over \$3 a share and out of those \$3, their dividend is just 75 cents. Now, you're putting that in perspective. Payout ratio of 50 percent would be a payout of \$1.50, with earnings at three. You usually see 75, 80 percent payout ratios sometimes. When you see over 100 percent payout, then I wouldn't say it's an automatic red-flag, but you want to see what's going on. Do they take charges? You want to look at cashflow coming in. How much cash on that balance sheet. Is it a company that maintains their dividend. You want to look, again, deep down to cashflow, but if makes you dig a little further, but this company, easily, could increase their dividend. They could double their dividend and still be fine.

Frank Curzio: Or, do you want to look to acquire companies? A lot of competitors aren't doing that well. You may say, well, Frank, what about tariffs? Don't waste your time on tariffs. You know why? A thousand people, a hundred people, however many people attend these events. Forty, fifty, sixty thousand if you're Warren Buffett. Everybody's going to ask that question. Don't waste your time.

Frank Curzio: When I go to a consumer electronics show, I rarely go to the keynote speaking events. Why? Because I could look on Twitter and see everything the guy is saying in real-time. What am I doing? I'm on the floor while there's tens of thousands of people listening to the Samsung CEO speak about whatever products are coming out and I'm having direct access because there's not many people on the floor now. I can get literally everything that guy said - which is going to be videotaped, or Periscope or Facebook or whatever - and get updates the whole entire time while I have access to a lot of people on the floor. A lot of different companies.

Frank Curzio: So, don't ask about tariffs. Is that a big deal? Probably, but that question's going to be asked a hundred times. What I'm more concerned with is construction. If you look at their construction segment. Which is commercial, residential, metal building, heavy construction. It counts for 40 percent of sales. We're supposed to see an infrastructure bill. We're not going to see it now with the election's coming up, but next year. How much of an impact is that going to be? That is going to be a very positive impact. Does that go right, directly, into their end-markets?

Frank Curzio: These guys are in construction. They should be talking to their senators, their local politicians. Finding out when this could possibly take place. You've got

idiots on both sides - I don't care which ones you are - right? You have to hate each other, right? So if you're a Republican, you hate every Democrat. If you're Democrat, you hate Republicans. That the way our life is right now. You can't agree, whatever. But both of them have a \$1 trillion infrastructure plan that they both ran on. Lot of similarities there. Very easy to get this passed, but they hate each other, so they don't want to get it passed. No matter who's elected they don't want to get it passed. You gotta vote on it - make sure this senator this, this senator get that, in order to get your votes.

Frank Curzio: Eventually, we should. How many people do we need to die? How many bridges need to fall down? This is a major, major, major problem that needs to be dealt with. I'm curious to see what they believe on that front. When will it happen? How will it impact their sales?

Frank Curzio: Ten percent of their sales are energy. Drill pipes. [inaudible 00:19:28] see big demand in energy. Are they? I'd ask them that question. Seen profits go through the roof for energy companies. Makes sense. These companies cut costs dramatically over a three year period. Now, they just saw 25-30 percent rise in oil prices and they lowered their cost of production tremendously. Cause of new technology. These guys are producing at \$50, \$45 in some areas. They're printing money at 60, 65, 70. But that could be from existing wells. Are they seeing an increase in demand? All the energy companies I research - we have a couple in the portfolios - we're seeing across the board. Let's hear from these guys. That's a leading indicator. Are they seeing very strong demand for drill pipes? Ten percent of sales.

Frank Curzio: I really wouldn't focus on tariffs because you're going to get that answer. It's going to be the first question no matter who raises their hand first. But for me, those are some of the questions I would ask. Remember, you're not just there for Steel Dynamics. You're there to find out what's going. This is a leading indicator for construction. What do they see in residential? Is that market really strong? What I'm seeing, from all the real estate agents from where I live, everyone I talk to, my network. Tens of thousands of people. There's no supply of houses out there. They're building like crazy. Are they seeing demand? See what they say about that.

Frank Curzio: Now, you're getting an indication on the housing market. Look at the infrastructure market. Look at the energy market. That can lead to new ideas. Always be aware when you're at these things, don't just focus on the company at hand, but what ideas it's going to lead to, from what they're

saying, because they cover so many different end-markets.

Frank Curzio: Mike, I appreciate you asking me that question and going there. I know you're gonna give me an update like always, so, I really appreciate it.

Frank Curzio: Get to a couple more questions here.

Frank Curzio: This one's from Steve. Frank, hope all is well with the family. I'm loving the rants. Quick question: As you've been on site visits to this crypto data-mining companies, regarding their data centers, are these sizable centers with a large number of servers? I'm just curious as to the size of the computer horsepower these guys have and I'm wondering if they'd be good targets for me for my business, which he means, as it relates to the solutions I have. I sell enterprise software [inaudible 00:21:56] big savings for these guys I'd basically save them a fortune in IT infrastructure cost.

Frank Curzio: Steve goes on to say, also, I was at a customer site last week and was told one of their servers was hacked into by a crypto mining company that was stealing CPU horsepower from them to create their coins. They noticed the odd activity with the software, real-time, which was monitoring for rogue CPU activity. I was wanting to see if this would become more of a trend.

Frank Curzio: I don't know if that would become more of a trend. I'm not sure, but I've heard that. I see people that are trying to do that. Especially if you're on a certain website and you own a company where people are on the website for a long time, and maybe you want to do things like that. But it's very, very difficult. It's not easy. I don't see that being a major trend. As far as the IT and infrastructure costs. I've been to one of these sites and I've analyzed dozens of companies in this space. When it comes to the hardware costs, it's not really that bad. It's kind of fixed no matter what you're mining for, Ethereum, you're looking at video-graphic cards or if it's Bitmain for Bitcoin. Estine antminers and they're coming out with new machines, as well. That's kind of fixed. If you're looking at data centers, that's not really too much of a huge expense for them, as well.

Frank Curzio: A lot of these companies, including the one that I visited, had their own setup. They made it themselves. A lot of companies bring this to the table and have these casings and stuff like that. It's over 200 degrees. They have these massive fans. When I went it was in Washington state in a snowstorm - a five hour drive from Vancouver - and these guys have a fully operational site that's mining for Bitcoin right now. If you're looking at these companies as not

so much the IT and the infrastructure, it's more about electricity costs. That's a major expense. If you look at companies, they say electricity costs around five-cents, six-cents per kilowatt, and this is what it is when they're up and running. And that's what they say. A lot of companies are six, seven percent on average, and right now, that's kind of break even. The place I visited, their cost - 2 1/2 cents per kilowatt. I haven't seen it lower than that.

Frank Curzio: It's like they're printing money right now. Their cost to mine Bitcoin is very, very, very low. I'm an investor in this company - I won't mention the name now because it's still private, but they're coming to market and the end of the month or early June. Fidelity is apparently an owner of shares, which is really cool, seeing an institution they invest in the latest [inaudible 00:24:37]. From a few months ago. They should be coming public at the end of this month or early June.

Frank Curzio: So, if you're looking at the cost, it's mostly electricity generation. That's the cost that's most important. When it comes to IT and infrastructure, these guys can figure it out. The computers and, when I went a place, it was great because these guys had everything up and running and most companies I analyze are like, this is what we're going to do. We're going to buy this facility. It's only going to cost 4 cents and 5 cents and we have people already there. Once we take over this facility, we have guaranteed this and that. There's just a million moving parts in an industry where Bitcoin could be ten-thousand or six-thousand, depending on what week it is.

Frank Curzio: I'm investing in a company where the cost is 2 1/2 cents they're not really worried about the massive price movements considering they can produce Bitcoin and make money at \$2000 when most companies, it's \$6000, \$6500. Maybe \$7000 is where they break even. Which is fine now because we saw Bitcoin go up higher. I'm using Bitcoin as an example.

Frank Curzio: I'm not too sure you'll be able to target that business because these guys can build these things by themselves and most of the companies I've seen, so far - I don't know if you've seen a lot of new entrants, a lot of new people come into this industry right now - it wasn't as big as four, five, six months ago. The current companies that are in it are established. Have high blockchain, which is really good. The company I invested in, getting a few more out there. But, overall, I don't know if you'll be able to add to that system. You could try and say, hey, these could save you costs. But, from what I see, it's from electricity. If you can find a way to lower electricity costs, which means finding the right

areas to build these facilities in - that are cold. Cause heat is, I'm telling ya, walking through this, you would not understand the heat that's generated. All these computers, servers, everything. You're looking and hundreds and hundreds and hundreds of them. Sometimes thousands of them. It's insane. The heat that comes off these things.

Frank Curzio: So, hopefully I answered your question.

Frank Curzio: Let's get to one more. This is Richard. Richard says, hey Frank! Great job! Love the boots on the ground approach. Nice communication skill in conveying the message and the 'why' of a position is outstanding. The best of the best.

Frank Curzio: Thank you.

Frank Curzio: Richard's referring to the Facebook research we've done. I thought it was really cool to get Michael out there in the field cause' he was talking about these massive lots of cars that he's been monitoring that have been there for a while. He's not cherry-picking. He's basically been monitoring for the last six months, nine months. When I went there, there was one lot that we saw, which is Belmont, that had half a dozen car carriers. Four or five were there? They were just piling in the cars. They were just bringing them in as we were there. It was amazing. They were unloading some of them.

Frank Curzio: We were walking around. I thought we might get stopped or whatever, which would have been cool cause we're going live video. If we got shot you'd get to see it. Which would go viral. Which we didn't want, but we're climbing up to get a good view, an overview. There's fences and things like that, but you see that's the type of research we're doing. It's really cool, I'm glad you liked it and that was pretty much last week, the couple days I was there.

Frank Curzio: I had a great time with Michael. Talking about his investment strategy, his podcast, what he does, how he looks for shorts, how he forms a thesis where it's more than just him finding a couple red-flags. But after he finds red-flags in the accounting he goes out into the field and starts really doing his research and going to different places. Whether its dealers in the auto industry. Suppliers. Talking to contacts. Talking to his hedge fund buddies. That's where you find out the best, individual, names to short, which he provides a system that is limited to the amount of money you're going to put into the position, which is pretty cool. So you have a limited risk when you're shorting. This system has been working amazing since we launched this product a couple of months ago.

- Frank Curzio: Really cool stuff guys. If you get a chance, Curzio Research Facebook page. If you haven't gone there, everything's for free. I'm not selling anything to you. It's just really cool. What I'll do videos now and the technology we have is. I could talk and actually show you a screen of what I'm looking at and I'll pull up free sites for you guys to follow along with. Whether it's Yahoo Finance or something. Fin viz. Just to provide financials and show you different things that are important during earning season. What you should look for.
- Frank Curzio: I broke down Apple. I just can't believe how many analysts, 43 analysts, no sell ratings and every one of these analysts significantly lowered their estimates into the quarter. How many companies could you say that for this earning season? Everybody's raising their estimates - taxes, tax reform. Apple significantly lowering their estimates over the last three months so they beat their estimates. You're looking at much, much, much slower growth overall compared to the rest of SP 500 over the next two years.
- Frank Curzio: You're just breaking down what I see. Not bias. Apple's one of the greatest companies in the world. They have a huge cash balance. They announced a \$100 million buyback. If they don't buy back stock, they have no shot at meeting their estimates for the next 2-3 years. They generate tons of cash. They have more cash on the balance sheet than anyone in the world, so that might keep Apple a little bit higher. If it doesn't and you see a 20-25 percent pullback in Apple, remember they sell iPhones and iPhone demand is slowing. Not just iPhones, but smartphones. We're hearing that from everyone out there. Look at Taiwan Semiconductor, look at Ivago. You can look at most of the suppliers. Those are leading indicators.
- Frank Curzio: You're looking at a company where 70 percent of its business is they sell phones. And that's declining. They're finding ways to increase their service revenue, which they said they're going to meet their estimate of \$16 billion. Which amounts to what? Six percent of sales? Big deal. \$16 billion is a massive amount for 99.9 percent of companies in the world - especially in the SP 500. You're doing \$265, \$270 billion in sales. That's a high margin business, which is important because you're seeing the average selling price on the iPhones come down. Because you know what? Apple makes a pretty good product. They're so good, they used to sell every two years. Then, they used to sell every eighteen months. Then it was every year. Now, they're trying to sell three phones to you every year. Because they need to, not because it's something that's going to be beneficial to you. The seven, the eight, exact same phones except a little bit better camera. Can they continue to get away

with it? I don't know. They're Apple, maybe they can, I don't know. It's going to have a negative impact for the industry for suppliers and if Apples does come down, do you know how many indexes Apple is in? And how they're a major component? Just something to think about.

Frank Curzio: They have enough cash on the balance sheet to buy back stock. But when I see Buffett telling you I'd buy the whole company if I can, even though he doesn't own an iPhone - which is kind of weird to me. You want to buy an entire company based on an industry you really don't know well? Not picking on him, but how do you not have an iPhone? And you talk about buying the whole company? You see Buffett on there saying Apple's the company ever and they have 43 analysts and you know how many sell ratings on the stock? Zero. Zero sell ratings.

Frank Curzio: We've seen this happen over and over and over again. Last time this happened with Apple, when all the analysts leaned one way, the whole world loved the stock. It went from 135 to 95. Let's see what happens this time. Wouldn't short it yet. You're seeing really good. A little momentum. But it's going to be hard to move that needle because they're lowering estimates significantly over the last three months and I don't think we can say that for a lot of companies in the SP 500 this year. All of them are raising estimates. Blowing out estimates. Especially with the tax reform. Just something to think about.

Frank Curzio: But again, I cover a lot of this on my Curzio Research Facebook page. For free. And show you the actual numbers. You could debate them. You could argue with me. You could have a difference of opinion. That's what this is about. You don't have to agree. Oh, Frank Curzio says this, so it has to be that way. No. I can be wrong sometimes. But, I tell ya, it's a pretty good argument.

Frank Curzio: That's for free, if you want to take a look at it at the Curzio Research Facebook page.

Frank Curzio: So, guys, that's it for me. Thanks for listening. I'll see you in seven days. Take care

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