Frank Curzio's WALL STREET UNPLUGGED

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

Frank Curzio: How's it going on out there? It's June 27th. I'm Frank Curzio, host of the Wall Street Unplugged podcast where I break down the headlines and tell you what's really moving these markets. Man, it's so crazy right now. I was watching the World Cup game a few days ago. Portugal played against Iran, which ended up in a one-one tie. Portugal was winning one nothing. It was late in the game, about 20 minutes left and that's when Ronaldo got called for a penalty for knocking someone down. They went to the video replay, just like they do in the NFL, right? They use video replays to see everything that happened during a foul. Ronaldo clearly elbowed the defender in the face while trying to go by him.

It wasn't violent. I might have been a little bit on purpose. It didn't hurt the guy or anything, but it was clearly an elbow to the face, which the rules state is supposed to result in an automatic red card. Now, for non-soccer fans, hopefully you're basketball fans, it's like a [inaudible 00:01:22] in basketball where the player gets kicked out of the game immediately. With a red card, it also means a player will get suspended for at least one game, maybe more depending on how serious the penalty is, which is a huge deal in the World Cup, right? It happens every four years. I went to Brazil last year. I was thinking about going to Russia. I didn't go this year. Too busy with the business, but it's such a big deal because you're going to see elimination rounds now, which means if you lose, you're done. That's it. You got to wait a long time to get back here.

After looking at the video, there's a reason why I tell you this story, the ref gave Ronaldo a yellow card, which is like a slap on the hand basically a warning that, "Hey, you know what? You better not do anything stupid for the rest of the game or you're going to get a red card. You're going to get suspended," blah, blah, blah. So I'm watching this live and the announcers, the ref's basically looking at the replay, the announcers see the replay for themselves and they agreeing like, "Ronaldo should get suspended. It's a clear elbow to the face. There's going to be terrible news to Portugal. They better prepare because if it's a red card, you have to leave the game right then and there and you play a man down for the rest of the game, which is dangerous," right?

So I'm laughing at that announcers because there is zero chance that they're going to throw out Ronaldo. Throw him out of the game, suspend him, zero, zero chance, zero. I'm not sure if you watch soccer or know who Ronaldo is. He's basically more important than the Pope to most of the world, and I'm not even joking here. Picture Michael Jordan who is a popular figure to hundreds of millions of people. Ronaldo is worshiped by billions since soccer is an international sport. He's the greatest player in the world right now, arguably one of the greatest to ever play the game. Don't go crazy and email me, but yeah, there is some fact to that if you look at the history of what he's done.

The funny thing is Ronaldo's going to be the first person to tell you how great he is, how good looking he is because he's the most arrogant person in sports, which I love. I love to see from athletes. You have that confidence. I'm the greatest. I don't care if you like me. If you hate me, I'm going to prove you wrong. That's how he is. So he's a very popular figure. People either love him or hate him. So they watch him even more.

When it comes to America where soccer is not all that popular, if the ref threw Ronaldo out the game who's leading this year's World Cup in goals. He's already doing great, suspend him for next game, there's a strong possibility that

most Americans, I would say even up to 60% might stop tuning in because outside of Messi, who plays for Argentina, superstar, now advanced to the elimination round and Neymar, who plays for Brazil, those are the popular players. I mean, Ronaldo is the only person that they know, right? Like two or three or them. Again, for non-soccer people who are watching the World Cup. In other words, there was a zero chance Ronaldo's going to get kicked out of the game, especially given that FIFA is the most corrupt sports organization in the world, right?

They don't want to lose ratings. These guys are supposed to get paid a certain amount of money and they have mansions in like every country. The bribes that go on to get the World Cup, I mean Qatar was great, right? You're going to have basically a World Cup in Qatar where it's like 125 degrees, which is insane. So some money, actually it's been proven. It's been said out there that a lot of money has passed hands to get that deal done, but I like the World Cup. Where else can you see a grown man, who are incredible athletes. They're strong. They're smart. They're fast. They're coordinated and they get brushed by another play on the shoulder and fall down like they just got shot in the face?

They start rolling on the ground for like five minutes because their team's leading and they want to kill the clock and then they go back to the video replay. Keep in mind, there's billions of people watching and you see that the guy just got tapped on his shoulder and he's holding his face and checking to see if he's bleeding. I mean, you think that would chance right? I mean for example, you look at hockey. You don't really see these people throwing themselves on the floor. I mean you might see them exaggerate when they try to get a call, but when these guys are laying on the ice for longer than 20 seconds, there's blood all over the ice. It's everywhere. They're not faking it.

In football, if you get hurt, you come off the field. Why not have the same in soccer? If the player's down for more than two minutes, they got to leave the field for ten minutes,

throw a sub in there. They can't come back in for a while. It's the only thing I don't like about soccer. Yeah, it's a little bit of a soccer and I do like it. Again, I've been to the World Cup in Brazil. It was fantastic, unbelievable and it's going on right now. It happens every four years. I know throwing yourself on the ground and pretending, it's the culture. It's never going to change, but you would think you're on the biggest stage in the world, billions of people watching. Is that the image you want people to have of you? Getting tapped on the wrist, going for the ball and you scream in pain like your wrist just got sawed off, only to get up, what? A minute later and then run full speed and score a goal. Oh, [inaudible 00:06:40] everything's fine, yeah, high five and you run full speed around the crowd, around the field. Yeah, this is awesome.

Anyway, I'm enjoying the World Cup. Still like England as my sleeper, although they're not much of a sleeper anymore. They do look great and Spain is probably going to win it. Not really playing up to their potential right now, but I mean, it's still the best team on paper. Should crush Russia. They look good. Defensively, they don't look too good, but still, I think Spain is definitely in the lead. Germany's made the elimination round. It's going to be very exciting, but Spain is still my top pick to win.

Oh, yeah. The reason why you're tuning into this podcast, the stock market. Just watching the market come down. The last time I did this podcast a week ago, I think the market has declined. I think it was three days into that podcast and another five or so. So it was eight straight days. Then it went up and you have a couple more down days, but it's declining. I'm getting lots of emails. "Worried, trade fears, what's going on?" So of course I'm going to address this because some believe, "Well, maybe these trade wars are for real." I'm not going to go back into that.

Others believe it's tensions in the oil markets. This is before OPEC agreed to a small unexpected rise in output, which is no surprise if you're listening to this podcast. The last time

they really messed around with quotas and said, "Okay, we're going to increase the supply to unlimited and go crazy." It was 2014 and they lost over a trillion dollars with the oil collapse from over 100 to what was it $20 a barrel? I think they learned since then. They don't want to crash the markets here.

And what do you see? Right, when the markets go up or down, you're watching TV. You're reading blogs. You're looking at different sites. These sites in the media, they always have to give you an excuse, right? They're not allowed to say, "The markets are down simply from profit taking." Or, "Funds are rebalancing, [inaudible 00:08:40] technology," and maybe going into all the financials." It's funny because they have different headlines and I love when the market's flat and it's getting five minutes to the close and if it goes up like 30 points, the headline's like, "Stocks move higher because," and if it goes down like 20 points, it's like, "Stocks went down because," just because it's like basically the difference is a few points in the DOW.

Again, I'm using the DOW. It's not the best measure of the market. The S&P 500 is, but it's just funny how they have the different headlines. Like there has to be an excuse, but right now in the marketplace, right now, I like what I'm seeing. Think about it. How often over the past, say five years have we seen a gradual move lower in the stock market or a healthy pullback after years of a significant run up, right? We're used to 500 point, one day pullbacks in the DOW. S&P falling 2% in a day. I mean, the trade fears, potential new elections in Italy that could crush the euro. The ten year yield, right?

Holy cow. [inaudible 00:09:57] it's going to push to 3%. Buy a cave. Lock yourself in a room. Just crazy. What is it, 3.1, 3.2? It came back down. Everybody's still alive, everything's fine, but still, those are significant news stories. We've pushed the markets down a lot in a short period. This pullback's a little different. Now look, I own stocks personally that are pulling back, just like yours in this market, but the

way I look at it, as long as my thesis is still intact on these names, I'm being smart. I'm holding them, trying to add a little bit to these positions to improve my cost basis.

I know, this may sound crazy. You're adding to positions on a pullback, right? Because when the market falls, what happens? You see all these stories come out and panic and the first reaction is, "Hey, you know what? Let me follow the crowd and sell everything." Especially if this continues, right? Because it's been going on. You're seeing weakness in the markets. Markets are now down for the year. Some sectors are off 20% from their high. So they're going to say, "Financials are in correction territory, a 10% pullback from the highs, 20% pullback," which we've seen in several sectors. "It's a crash," and you're going to see these crazy headlines.

Your immediate reaction is, "Let me get out of the market. This could be it. This could be the 60% pullback everybody's talking about in 2010, '11, '12, '13, '14, '15, '16, and '17. It could start now." Guys, don't panic. It's a healthy pullback. Like I said, it may continue, but when we look at the underlying fundamentals, I mean, the economic conditions are still very strong. Looking on the housing front, manufacturing, jobs. You look at GDP, expected to surge 4% this quarter. Who had 4% nine months ago, 4%? Earnings and sales expected to grow well into double digits over the next few quarters. Stocks, not all that expensive.

17 times forward earnings. I mean, given the massive growth we're seeing, some people would argue. I'm just telling you the facts. We usually trade around a 15.5 PE, but earnings are used to growing at 8%. We're growing more than double that and we're just trading at 17 times forward earnings. They're not super expensive. They're not cheap, but they're not super expensive. Now look at 40 times like before the NASDAQ crashed or anything. What does this all mean? It means start making a list of names that you want to buy if the market pulls back further.

Intel is down after two downgrades. The CEO was let go.

Personal reasons. Had an affair. You're hearing inside, I mean there was one downgrade that suggested that they were just looking to get right of him. There's much more than that [inaudible 00:12:50], which is a downgrade, which is interesting, but they raised guidance for next quarter to mask the CEO news. That guidance included record earnings, record sales. Plus the stock is super cheap here. That's a buying opportunity. Other large cap names, look at the financial sector I've been talking about for the past weeks. I mean, dirt cheap, about to announce huge buyback plans and raise their dividends following the stress test results, which everybody passed, as expected, but try not to panic when the market is going down. As you look at the greatest investors, they love to see market pullbacks, why? Because they can buy more of their favorite names at cheaper prices.

While the rest of the world's panicking because they're watching news highlighting how higher interest rates, trade wars, debt concerns. They keep pushing the stocks lower and lower and lower. Just be smart. Make a list of those stocks you want to buy in a further pullback, which id the strategy we use on almost every pullback we've seen over the past 34 to 36 months, if you listen to this podcast, and you know what? You should have made a lot of money by doing it. That's how I'm playing the market. Again, don't get crazy. Don't get panicky. Be smart and while everyone else is selling or looking to get out of the markets and reading these crazy headlines, again, fundamentals are strong, the economy is still strong. Good footing. Here's the opportunity to add some of your favorite positions and actually buy into some new ones.

Now, I have a great interview today. Actually, a first time guest. She's been analyzing the markets for over 20 years. Her name is Lenore Hawkins, who's a chief macro strategist at Tematica Research. You may have seen her all over the media, especially on FOX Business. Works for some of the largest financial institutions, including JP Morgan and Accenture. Today she's going to break down some of the biggest risks we're hearing and seeing today in the market.

This includes rising interest rates, the trade wars, earnings, which we're going to see slower growth year over year starting in 2019. Sounds like a long time away. It really isn't. It really isn't, okay? A few quarters away. This is going to be a really awesome interview. Lenore will also share her favorite trend where investors still have plenty of opportunities to cash in on.

Later on in my educational segment, I'm going to break down a multi-billion dollar sector that our government created last month out of thin air by making this simple rule change. It's a trend you need to get familiar with because there is enormous upside potential for several companies within this sector. It's being addressed a little bit in the media. Unfortunately, there's also several companies that this rule change is going to hurt and I've seen analysts in the media talk about these companies, making you worried, which these are not the names that are going to benefit from this. Again, it's a big trend. You're going to know exactly what I'm talking about when I mention it, but I want to tell you exactly, break it down, get the record straight of who the winners and who the losers are going to be and how to make money on this landmark decision.

Before I break down this incredible new sector. Let's get to my interview with macro expert Lenore Hawkins. Lenore Hawkins, thanks so much for joining us on Wall Street Unplugged.

Lenore Hawkins: Thanks for having me.

Frank Curzio: Well, so first time guest. I wanted everyone to be familiar with you, because you're the chief macro officer at Tematica Research and I know what macro means, you know what macro means, but could you tell my listeners exactly what you do, because macro can entail hundreds of things right?

Lenore Hawkins: Yes.

Frank Curzio: From analyzing, the global economy, researching something specific within the economy, like housing or even analyze a specific trend like maybe AI or cloud.

Lenore Hawkins: Very true, yes. Well, for me, the macro focus is looking at the big picture of what's happening in the global economy and then down as well per country to get an idea of the big trends that are affecting us. For example, big macro trends that you can look at are things like an aging demographic, right? As we've got the baby boomers all over the world either in or heading into retirement, how is that going to affect the global economy? Macro also involves things like looking at what's going on with monetary policy all over the world, right? So you probably hear in the headlines, people talking about quantitative easing and now quantitative tapering. That's basically the fed making, putting more money out there in the world by pushing down the interest rates. When interest rates are lower, it's easier to borrow money because it costs you less and that's going to have an impact on the economy. So macro is looking at those big picture things and figuring out, okay, how are these big picture things going to affect the economy and then even more importantly, what is that going to do to the investible world?

Frank Curzio: Yeah, and thanks for explaining that too. I mean, we call that top down as an analyst too because you look at the macro picture, and then maybe the sector and determine which stocks in that sector, if you like banking or whatever. If interest rates are going higher, you can say, "Okay, that's good for banks without business margins. Okay, JP Morgan is the best bank." Or filtering out.

Lenore Hawkins: Exactly.

Frank Curzio: But thank you so much for explaining that because you've been doing this a long time. I don't want to, you know, I don't want to say how many years, right? Because I've been in this for 20 years and people say, "Wow, are you old?" But I'm saying it as a compliment because you've been doing this for over two decades and you have a lot of experience. I know you worked at Street and other places. I want to ask you about current events right now and stay at the macro level where you're seeing tariffs right now in the news. They've been in the news for a while, right? So now you've seen the

market come down. I'm not too sure if it's from tariffs or if we're just seeing your gradual pullback after going up so much, which is pretty much, little by little. It's nothing crazy, but what are your thoughts, and you never want to get political here, right? I try not to be political as well.

Lenore Hawkins: Oh, right.

Frank Curzio: Just get to the facts, but we're placing tariffs on imports from China and Europe, two places that have incredible surpluses and many consider unfair trade agreements with us. I've argued that this isn't really going to be that much of a story later on because, one, if you look at China and Europe, they kind of, the trade policies are unfair and I think they need to be fairer, if you really look at the facts. Two, they have a lot to lose where you're seeing a potential recession in these economies if we actually have trade wars and this goes on for a few months. You're actually seeing that in those markets right now, which are declining more than ours. I want to get your view. Am I crazy? Because you're the professional. Or is it a big deal or is it not a big deal?

Lenore Hawkins: Well, I think what we're seeing right now is the market asking exactly that question, is it a big deal or isn't it a big deal? Like you said, you never really want to get political with this. Putting aside just even on a personal basis, when you're looking at the markets, you have to leave your policies, your personal preferences at the door, because it'll color your analysis of it, right? It can't be that I like this guy and this stuff's good or I don't like him and it's bad, but what we got to do is just look at the plain facts. Like you said, we do have, we have problems with trade.

The challenge here with what's going on is we're going around the normal process that we, the United States, created to address these issues. We created the World Trade Organization along with a couple other countries, but we really were the ones driving it and the World Trade organization has historically been a fairly effective way for the United States to address these problems when we

see something we don't like, where we think somebody's cheating us. Right now, we're very much going about that back door and we are in effect now unfortunately. We're violating the very laws, the international laws under the World Trade Organization that we helped to create because those rules say, "If you got a problem, you gotta come to the WTO and deal with it there."

We're not doing that and we're saying, "Alright, we're going to launch these tariffs. So we're judge and jury and we are going to launch these tariffs." The big problem here is it seems every day, it's getting a little bit more heated and there's a lot of generic threats being tossed out by everyone. Not a whole lot of specifics behind it and that instability alone, forget if anything even really comes of it. Forget if we just have all this yelling back and forth and nothing really comes of it. That in and of itself is going to slow down the global economy because all rational, reasonable, responsible business owners are going to go, "Uh,-oh. Things are changing. This is nerve-racking, right? Because we really like its predictability."

Right now the level of predictability keeps going down. So people are getting nervous and we've already got in Europe, well, yeah. The trade hasn't been so great. You've already got Europe very nervous about what's going on with the current administration because I'll give you an example for in Italy, you had a bunch of companies that were starting to work with the Middle East, providing them with materials. They were doing nothing wrong, right? With Iran, Iran was following the rules under the agreement that Obama put together and now these companies were building up to help supply Iran now that the sanctions have been lifted. Well, the United States single handedly changed all that and now suddenly, these companies that were going to be working with Iran, they're having to fire employees. They've wasted all this money on expanding their productive capacity and that's happening at a country that was already struggling.

You have it in France as well. So you have these companies

that we're saying, "Well, wait a minute. We didn't do anything wrong. We were following the rules. We were doing what we were told we could do and things just got flipped upside down." So we've already seen where companies have gotten really hurt trusting that the United States was going to do what it said it was going to do. Now we're telling the world that we may just change our minds without a whole lot of notice. That in itself, even if we don't do anything more, that in itself is making people a little bit nervous and that is causing less investment and that's one of the big things it's serving is a headwind to Europe and that on top of a rising dollar because people are getting very nervous and they're moving towards, "What's the one thing we can count on?" All that's serving as headwinds.

Frank Curzio: Now that definitely makes sense. When you're looking at this and you're seeing the noise, right?

Lenore Hawkins: Yeah.

Frank Curzio: Where you're seeing it creates uncertainty, is this more about saving face because if we actually came out, which we did come out and say that, "Trade is unfair. We're going to raise tariffs on you." If China and the EU said, "Okay, we'll make it fair." I mean, that would never happen, right? It's really coming from a position of weakness. Is this the EU in a lot of the headlines and you're seeing whether it's [inaudible 00:23:54] and China of course where it's going back and forth. China's response, the EU response, is this more just to save face in the general public where they think behind the scenes, these guys are really talking to see what they could possibly do because I see it that way where obviously China and the EU aren't going to say, "Okay, US. Whatever you guys want. This is perfect." I see them putting up a fight, but behind the scenes, it seems like this almost has to get done.

I mean, you're seeing their effects where maybe our economy's falling or our stock market is falling because of this, but we see that their markets are falling much more. So you would think that something has to get done, right? Is

that what you would predict or do you really think that we could see this go on for months and months, which would definitely impact the global markets?

Lenore Hawkins: Well, the people making these decisions are politicians and the way they get elected is by getting people to think they're fighting the good fight for them. Right now you have most of the economies, the developed economies in the world very nervous and you have this rise of nationalism. When you see that, it becomes we're the good guys and those guys are the bad guys. So the US has done a very, we're really definitely doing that. We're the good guys and those guys are the bad guys and trade is bad. We're getting screwed.

Now, Europe is doing the same thing. Italy is in the same position. France is in the same position where they're saying, "We don't really like what the US is doing." So it's all about your perspective, right? Because they have a similar perspective where they think the US is being unfair. So if you're a politician, forget the long term results because all these trade wars, like this stuff, it takes a big for it to pan out. So it's not like you immediately get a report card on, "Yeah, that was a good decision. That was a bad decision." The problem is we have the United States saying, "You guys are screwing us over and we are going to make your products way more expensive."

That immediately can cause harm to European companies because it's either more expensive for them to sell to the US or it's more expensive for them with steel, right? To importing steel is more expensive coming into the US, so they're less competitive. Their people who are going to be voting for these politicians, they immediately see, "Well, wait a minute, that just hurt me. It's harder for me to sell things." How do you get them to vote for you if you don't say, "No, US. We're going to do it right back to you?" Because it's not about, you're right, the realities, but the realities of global trade are something very few people actually understand because it is way too big picture, way too complicated. Throw in the impact of exchange rates on all of it and people really

just don't understand. What they do understand is yelling and screaming on Twitter.

Frank Curzio: Yeah, I know and you hear the yelling and screaming all the time. It is difficult to understand, right? You bought up a good point-

Lenore Hawkins: It is.

Frank Curzio: When I asked you a question, right? You said, "You don't. The market's trying to figure it out." I think that's a good analogy. I mean, not an analogy, but a good response to this because it seems like we're trying to figure it out.

Lenore Hawkins: Yeah, the market. None of this is straightforward, and there are so many factors involved in it that we don't really know what's going to happen and we also don't really know how this administration is going to move forward because this is a very different game than we've ever really seen with a presidency. So trying to figure out, "Is this out of his playbook? From his book? What exactly is he doing?" That in itself is enough to make everybody go, "Okay, I'm just going to stop right here and wait to see how this pans out," and that alone slows things down, right? Then that can become a spiraling downhill because business likes predictability. It likes to have a high degree of confidence as what is the playing field going to look like six months from now, a year from now?

No one really knows too how to respond to these things, right? Because the other countries, like, "Wait a minute. We have not seen a guy like this." Now, love him or hate him, we've never dealt with something like this and they're not really sure how to react, right? Because if they knew, you've got a game theory playing out here. If other countries knew, "Alright, well, if we come back really strong and then cave, it'll work out." Well, they don't know. They don't really know his game. So it's difficult for them to even play this out as well, and all of that again, ends up everything slowing down.

Frank Curzio: Now you bring up a good point where predictability, right? I want to change to interest rates because we're seeing, as I made it clear, they're going to continually look to gradually raise short-terms rates. Rates have moved considerably higher since mid-2016. It actually doubled when you're looking at the ten year yield.

Lenore Hawkins: Yeah.

Frank Curzio: How much of a concern is rising interest rates? Because I know you're right about that, when we talk about the debt levels, but also, when we look at risk, like the biggest risk comes from things we can't see and the whole entire world knows that the fed's going to continue to gradually raise interest rates while looking at the data, but at what level does it become something that we really need to worry about? I mean, what rate do we need to see? I know we don't want to go too out, because we're actually a nation filled with debt, especially, not only on the government level, but consumer level.

Lenore Hawkins: Yeah, the big thing, there's two aspects to this rising rate environment that are concerning. One of them, like you said is just the level of debt. Just in the United States alone, we have an absolute record level of debt when you look across the federal, state, local and household debt levels. We've never seen anything like that. What's really concerning is just how much households are already stressed when it comes to the percentage of their disposable income that's going to pay off existing debt levels. So as interest rates go up, as their credit card rates get more expensive, as any kind of short term rates like auto loans, student loans, right? As these get more expensive with rising rates, they have less and less of their disposable income left to spend.

The other aspect that's very concerning with this is in a rising rate environment, on top of the US economy, while not great, it's still better than what we're seeing in a lot of other places in the world. The rising rate, better economy means that the dollar's becoming more and more attractive.

As the dollar becomes more and more attractive, that's very painful for the rest of the world because you've got a lot of dollar denominated debt out there. Tons of it out there and that debt, as the dollar gets stronger, that debt becomes more expensive and that means that more money's going for countries outside of the world, outside of the United States, more of their money has to go to servicing that debt and that means they can't buy other stuff. They can't buy things from us.

We can get into a spiral. Whenever we see the dollar rising significantly, we start to see a lot of weakness in emerging markets and we've actually been seeing this this year in their stock markets.

Frank Curzio: And that is a great point. I mean, it's not just tariffs and negotiations that are really getting it. We had the EU and China with big surplus. They have a lot more to lose, but now with rising interest rate and environment, it's you've got everything, just huge headwinds coming out at the same time. When we look at the US economy though, right? So we're raising rates because the feds sees that the economy's on good footing. Now when we look at a GDP number, everybody thought this number was crazy not long ago, but we're going to see probably 4% in Q2. What should individual investors know about this number? Is it sustainable? I know GDP gets revised three times and this number could be two and a half percent, right? In a couple months, right?

Lenore Hawkins: Right.

Frank Curzio: And now one's really going to talk about it, but with projected 4%, which was a crazy number when I know the current administration mentioned it earlier. Or maybe not earlier, maybe about six months ago, nine months ago, but could this be sustained or is this just a one-time thing? Is this, because what worries me is maybe people look at this number and say, "Oh, wow. The economy's absolutely perfect," and they're not really looking at earnings, which year over year, growth's going to slow considerably year over year, which

you wrote about on your website. The feds' still in hawkish mode, looking to raise interest rates here. Talk a little bit about that because I don't know if this 4% number, we can really rely on.

Lenore Hawkins: Yeah, and a good bit of this, like you said, that number is driven in a decent part by one-off events, the tax cut. Right? That tax cut and the repatriation, those were one-off events, meaning that the difference between one quarter and the next, that big difference as far as your tax rate happens once. Going forward, right, the tax rate doesn't get cut again. So you've got that one time break that's going to make things jump up and we didn't really see that much in the first quarter. We're seeing the impact of those tax cuts, we're really hitting more in the second quarter, but like you said, the expectations for our corporate earnings are that they're going to keep slowing down more and more and more. We're actually seeing things that are more long term picture as far as the spending on durable goods are slowing.

We're seeing indications that these things that are more long term out there and not sentiment based, but actual activity, expectations around orders for those big picture items that you expect people to buy when they think things are going to be good in the long run, those are starting to definitely slow. When you see corporate investment in those big picture items, when that's not going so great, but then how can it be that great when you look at the level of debt on corporate balance sheets at a record high? That makes it a little bit tougher. Putting that all together, I'm not seeing a whole lot of reasons for really strong growth going forward because if you think about it, the growth of an economy is a really simple thing.

It's just two factors. The growth of the labor force and growth in productivity. We all know the labor force is not growing very fast, right? You've got this aging population. So that's one thing. You've got more and more a big bulk of the population is either in or moving into retirement. You have a smaller generation behind it, the X generation. Now,

that generation is actually struggling as well as far as putting in a lot of labor hours because their parents are retiring and struggling because they don't maybe have as much savings as they need. So the generation behind them is finding it a little bit tougher to get all the hours in that they need at work because they're having to help their parents. So they're having a tougher time putting in those hours at work and they're actually not able to spend as much as they'd like because they're having to help mom and dad because mom and dad didn't quite save as much as they probably should have.

They also got hurt during the big financial crisis and after the financial crisis, they were really hurt [inaudible 00:34:45] interest rates, so they couldn't rebuild their portfolio that well. So we have a baby boom population that does not have nearly enough money to help them in retirement. So the generations behind them are having to help support them, which means that they're not able to buy that much stuff. So there we get problems with the labor pool. As for productivity, well, we haven't really been investing a whole lot in our productive capacity. What we've been seeing is things like share buybacks.

We've been seeing dividend payments, right? Corporates haven't been putting a ton into their productivity. Part of what we're seeing is because they're not so confident about the future of the economy, but part of it too is it's more and more challenging to get those productive improvements the more advanced the economy becomes. China was able to have incredible productivity because it moved from a rural, relatively agrarian population with very, very low skill people. You take them from agrarian, working on the farm into a factory, going from a factory into high-skilled jobs, massive improvements in productivity. The US, it's already a fairly high skilled economy. So getting those extra moves up is a little bit more challenging.

Frank Curzio: You sound like that you're more learning towards bearish. I mean, I sound like I'm bullish because I've read your stuff

and I know where you're coming from. So I'm playing devil's advocate.

Lenore Hawkins: Yeah, cool. Go ahead.

Frank Curzio: This way we can debate, which is cool, but you sound like you're worried when it comes to debt levels, where it comes to slower growth. I mean, how much impact for say individual investors. Like how concerned should they be? Should they be looking at well, right now if you look at earnings, they're still relatively, they're not expensive. The earnings that are being reported right now-

Lenore Hawkins: Not that bad, yeah.

Frank Curzio: We're like 17, 18 times. A little expensive, but we're growing tremendously, which supports their evaluation for now. Like I said earlier and you mentioned as well on Tematica website how earnings are going to decline. Not decline, but slow significantly year over year if we're looking at first quarter next year. So what do you, not that you would advise clients, but I guess how would investors position themselves? Should they be a little cautious here or are you really cautious? Like seeing a much more bigger pullback, maybe over the next, and no one knows what's going to happen next quarter or the quarter after.

Lenore Hawkins: Right.

Frank Curzio: But say over the next 12 months or is it you just got to be careful, pick your spots and maybe certain sectors are going to do better than others, that maybe won't be as impacted, just like we're seeing small caps really outperform the markets.

Lenore Hawkins: Right.

Frank Curzio: Because they don't really have tariffs concerns because they don't do a lot of business overseas, at least most of them. So how are you positioning yourself in this market?

Lenore Hawkins: Yeah, I'm with you. I think the small cap is just going to be safer because this trade war, all this talk I don't think is

going to end anytime soon. So that is definitely a headwind to those bigger S&P companies that derive. The S&P derives more than 50% of its revenue from international. So that's going to be a little bit of a headwind. Plus, with the dollar strengthening, that's also a headwind to those companies that generate their revenue overseas. That being said, there's two things. There's the economy and then there's the stock market. So with the economy, I am concerned that we're going to be slowing. There are some very big issues with the level of debt. The debt levels being at record levels now. We've got a rising rate environment. You put those two together and you have the demographics of an aging population. There's a lot of things here that have me very, very concerned for the economy, more the 12+ months out.

The stock market, which is separate. You know, they're related. You usually don't get a complete bear market unless you're in a recession, but the stock market and the economy can operate very independently. As far as the stock market goes, I think there's still quite a bit of legs in this because we're still seeing companies buying an awful lot of their shares back. The thing I'm watching is when I see those share buybacks really slowing because that's really what's driving share price these days. It is not individual investors. There's not a whole lot of that going in there. It's all about share buybacks. When I see that companies are no longer able to do that, that's when it's going to get ugly.

Frank Curzio: No, it definitely makes sense and we've been going crazy on the macro, but I want to give you a chance to talk about your podcast, right? Which is called Cocktail investing.

Lenore Hawkins: Yes.

Frank Curzio: And you have a partner, but to be honest, we both know that you're the big star on that podcast. I had to take a shot.

Lenore Hawkins: That's what I tell him.

Frank Curzio: I had to take a shot. Her partner is Chris [inaudible 00:39:03], who's actually, I interviewed him about nine months ago

and he's a good friend. I would with him at the Street.com. Actually, I saw him at the New York Stock Exchange not too long ago and I was ringing the bell with US Global, but talk a little about your podcast because I always like to see people get into this. I've been doing this for ten years. It's a lot of fun. It's not like competition because you can listen to a podcast anytime.

Lenore Hawkins: Yeah.

Frank Curzio: It's not like they all come out at the same time.

Lenore Hawkins: Exactly.

Frank Curzio: But it's really cool and I can tell about you guys, just listening to a few that it becomes addicting as well. I just want to get your thoughts on it and tell everyone about your podcast.

Lenore Hawkins: Oh, thanks. Yeah, so the podcast is called Cocktail Investing and it's all about, our focus is distilling everyday noise into investible signals. So, our whole focus is to try and take all the complex stuff that you hear out there and all the headlines and break it down to what really matters and to make it easy to digest because an awful lot, one of the things that always drives me nuts about Wall Street is just the love of jargon that makes it sound really complicated and really hard to understand when it doesn't really need to be. So for us, it's a lot of fun to just break it down into stuff that's more easily relatable.

Frank Curzio: No, that's cool and is it a weekly podcast or how often-

Lenore Hawkins: Yes.

Frank Curzio: When can people listen to it? Yeah.

Lenore Hawkins: Yeah, we have it, it comes out every week, typically we come out on a Thursday every now and then because I tend to travel a ton for work. I have a base in San Diego. One in Genova, Italy and another in Dublin, Ireland. So, depending on what time zone I'm in, sometimes [inaudible 00:40:41],

but mostly it comes out on Thursday.

Frank Curzio: So how does that work? So where exactly do you live? Because you're doing this interview from where? I think you said you might be in Italy or Ireland, but I'm not too sure where we're doing this interview from.

Lenore Hawkins: Today I'm in, if you can actually believe it, I am in hot and sunny Dublin, Ireland. It is unreal right now how hot it is here. They're having I think it's the warmest summer in something like 40 years.

Frank Curzio: Yeah, I mean it can start raining in like ten minutes though, right? And be cold enough-

Lenore Hawkins: It should. We desperately need it. Everybody's starting to have to water their lawns, which just has everyone scratching their heads because that's not something you do in Ireland, but I'm here and then I'm also in Genova, Italy, which is just south of Milan, right on the Mediterranean.

Frank Curzio: Wow, that's a pretty cool life. I want your job actually. I want your job. That's a cool job. "Next week I'm going to be in Italy. Next week I'll be in Ireland. Yeah." That's cool. Good for you. Awesome. Now, I want to get just a few more questions before we end because we talk a lot about the macro, right? Which is interest rates, GDP, tariffs and stuff like that, things that can impact your portfolio, but as you know, as well as I know, when it comes to individual investors, they want to know about this stuff, but also they want to know maybe about different trends.

Lenore Hawkins: Right.

Frank Curzio: That people are looking at and I want to go into that part, which also covers macro. What are some of the trends that you like right now that you're looking at for Tematica? And maybe one or two of them because I've seen that you do cover some technology trends and I'm curious to know which ones have you very excited right now.

Lenore Hawkins: One of the things that is really exciting is we call it the connective society and that is, you think over the past 20 years. We've gone from where having a desktop was really exciting, but [inaudible 00:42:25] in an office or maybe you're lucky enough to have one at home. Then we got to laptops started to get a little more interesting, but now you think about what you have with a smartphone and you have more computing power in the palm of your hand than we had to put the Apollo Spacecraft up. That tiny little thing in the palm of your hand also has access to almost all of the information known to mankind and allows us to connect and interact with each other in ways that were unimaginable years ago. So that's a big macro trend and that's enabling all kinds of incredible things where people in third world countries are able to become banked. They're able to start engaging in the modern world where they couldn't before and now you can have some guy in a very remote location can actually have a way of transacting with people.

So with that, one of the things we always like to look at is how to buy the bullet and not the gun. So if you're looking at these smart devices, all this technology that allows us all to connect with each other, what trends are happening there? And one of the things that we see is these screens. So this is drilling all the way down from the big picture. One of the things that we see is the evolution of screen technology because we don't like to have to pick exactly like this company is going to be the one that's going to deliver the ultimate device. What we like to go with is more the evolutions of technology.

Frank Curzio: No, that's interesting. Is it more like instead of buying Apple, maybe you buy Apple suppliers, nuts and bolts companies and things like that? You can say, yeah, yeah.

Lenore Hawkins: Yeah, exactly. Like in chip manufacturers. One of the things is rather than trying to figure out is it AT&T or Verizon, it's hey, what's happening with 5G? Well, they're all moving to 5G. Okay, what do you need for 5G? What kind of chips do you

need? What kind of infrastructure do you need for 5G? So that way I don't have to pick if it's going to be Verizon or AT&T that's going to win the 5G race.

Frank Curzio: Yeah, that definitely makes sense. I appreciate you sharing that with us too because I know you guys do look at sectors and it has you excited. Thank you for sharing that. Now, my listeners, they want to learn more about you and actually be able to read some of the stuff that I keep saying that I read. How could they actually do that?

Lenore Hawkins: You guys can go to www.tematicaresearch.com. That's T-E-M-A-T-I-C-A, tematicaresearch.com and you can find me there under market commentary. I've got there's Elle's Economy, where I write pretty regularly about what I'm seeing going on in the world.

Frank Curzio: And that's great. They can also follow you on Twitter. I know you have a Twitter handle, which is ...

Lenore Hawkins: Yeah, @EllesEconomy.

Frank Curzio: See look at that.

Lenore Hawkins: And also on Facebook.

Frank Curzio: I'm actually plugging you. How great is that? That's awesome.

Lenore Hawkins: That is great. I appreciate it. I'm terrible at doing that, so thank you.

Frank Curzio: No, I know, but you know you interview some people and they'll go on for 20 minutes and stuff and I'll be like, "Alright, alright. Enough. Enough of the plugs," but no, I appreciate that because I'm exactly like that too. I'm like, "If you want to find me, just go to my website or whatever," but I really appreciate you taking the time. I know you do a lot of interviewing on FOX Business and a lot of interviews everywhere. I know how busy you are and the fact that you're doing this from overseas, I just want to say I really appreciate

it. I know my listeners' going to love this interview and hopefully you'll come back again soon.

Lenore Hawkins: I would love to. Thanks so much. It was my pleasure.

Frank Curzio: Okay, guys. Great stuff from Lenore. Man ,I'm jealous. She's in Ireland right now. She's going to be in Italy pretty soon and then in California. That's kind of a great idea, right? If you have three separate families that you can see a few weeks at a time. I bet spouses would get along so much better that way. I'm just kidding. I'm kidding. [inaudible 00:46:09]'s going to bust my you-know-what for that comment, but all kidding aside, I thought Lenore did a fantastic job, knew her stuff, no hype, great analysis, but this podcast is about you, not about me. So let me know what you thought at frank@curzioresearch.com. That's frank@curzioresearch.com.

Now let's get to my educational segment. So the Professional and Amateur Sports Protection Act, known as PASPA was established in 1992. It's a federal law that prohibits gambling on individual sports games in America with the exception of the monopoly they created, Nevada. Now last month, specifically May 14th, the US Supreme Court ruled that this protection act is unconstitutional. This decision is basically a long time coming where most gaming companies believed this law would be overturned years ago and it was really expected because New Jersey challenged this via appeal process. People were expecting this to happen. It happened by a pretty wide margin.

So following this landmark decision, each state can now legalize gambling, including sports betting, which is the big deal here, which I'll explain in a minute and you know what? They're not waiting long to make this a reality. So a few weeks ago Jersey, Delaware signed bills to allow sports wagering in several of its casinos and race tracks. You have Mississippi, New York, Pennsylvania, Rhode Island, West Virginia enact the state laws to allow sports wagering in select

casinos and race tracks in their states. It's going to happen over the next few months.

So we have around 14 states are expected to legalize sports wagering over the next 24 months. Some in three to four months. Some in six months, some in a year, but over the next 24 months, but close to 70% of the states are expected to legalize sports wagering inside of five years. Now what does this mean? Because you're looking at this decision and saying, "Well, why's it a big deal? Who's going to benefit? I've seen it all over TV." It's interesting because when I look at the Fantasy Sports players, Draft Kings and the amount of money put into those companies given the fact that there's so much legal stuff.

I mean, there's massive amount of private equity that flew into those companies, but you know what, they were smart because if you look at the lobby dollars, especially from the gaming companies, the amount of money spent by these people to get a handle of what decision, what's coming up, what's going to happen is unbelievable, especially when you look at the spending this year or even in 2017 compared to previous years. They want to get ahead and they want to get ahead of this big ruling.

Now, let's throw some numbers behind this because according to the Nevada Gaming Commission, 138 million dollars were wagered on this year's Super Bowl. Yes, the one I went to. The Philadelphia Eagles won. The Eagles won the Super Bowl. I keep saying that because it's the first time they ever won and after this year, I'm a little nervous even though they look good.

Anyway, the Eagles who never win ever won the Super Bowl. We'll get that out of the way. 138 million dollars wagered. Again, Nevada Gaming Commission. That's where this number came from. The thing is this number's a complete lie because Nevada's the only state where you can legally bet on the outcome of individual sports games. This includes big

events like College Basketball's March Madness. If it's the NBA Championship games and of course the Super Bowl, but outside Nevada lies the biggest black market in the world. It's where everyone else in America goes to bet on their favorite sports teams, whether it's your local bookies, different places, whatever. You guys do what you want. Everybody knows it exists. It's not a secret. You know it exists. I know it exists. The government knows it exists. Everyone knows it exists.

Now according to the American gaming commission, it wasn't 180 million dollars that was wagered on the Super Bowl. It was more like 4.7 billion dollars. That's over 3000% more than the number being reported by the Nevada Gaming Commission. In fact, according to a report filed by the National Gaming Impact Study Commission. You can tell I've been doing a ton of research on this. Nearly 400 billion dollars is illegally wagered on sports every year. This is a study from 1999. So this number is super conservative. It could be when accounting for inflation, but we've seen numbers being reported by Bloomberg between 150 billion to 300 billion. So here's a company that says around 400 billion dollars. Again, I think this number is super conservative. You know why? Because think of all the people that want to bet that can't.

I mean, I would have bet the Super Bowl if I had access to some online site. I would have put out whatever, 100 bucks, maybe a little more on the Eagles, but I really couldn't bet it. Unless you're physically going to a casino in Nevada. So when you're looking at this number, it's incredible. Now, you don't say this market's a 400 billion dollar market. It's not, but if you assume the average hold. What does that mean? Basically the percentage of money made by the book makers, which is about five to 10%. If we take that 400 billion dollar number, it's basically a 20 billion to 40 billion dollar market that's up for grabs and created by the supreme court ruling last month.

So it's in its infancy. Some of the stocks has risen ten, 15%, but they pull back with the market. So you still have a

chance to get into this trend earlier. The key is and from my research, this market is growing like gangbusters. I mean, it's incredible. If you look at the Nevada Gaming Control Board, they had a record 4.8 billion dollars that was legally, this is Nevada, wagered on sports in Nevada last year. It was the eighth straight year where betters in Nevada wagered more money on sports than the previous year. So it keeps hitting a new record year after year after year.

Again, this number only includes money wagered by people going into the casino in Nevada and placing bets. In other words, these bets are not being placed on mobile phones, over the internet. Maybe there's a few sites that you could, but you have to be, show that you live in Nevada and stuff like that I believe, but hardly any bets in America placed on mobile phones and the internet. Going forward, every state is going to be allowed, if they want, to allow sports betting through mobile phones, internet and this is the biggest opportunity in this space. So if we're looking for a better comparison. We're not just Nevada, which is a small market, you would look at the UK, because betting in the UK is fully legal, including in person and remotely, which is mobile phones and online and according to the UK commission, roughly 18 billion dollars was wagered on sports games.

Just sports games, so excludes horse racing and dogs. Okay, that's annually. The amount of money generated by the gaming companies, which is called gross gambling yield. I don't want to get too technical and lose you here. There's a big story here was about 2.1 billion. So if we take that number, the average hold, which I mentioned could be five, 10%., in the UK, the average hold is around 11%. Can we apply this 11% to the 400 billion dollar market? It's 44 billion dollars. Let's say it's half the market of 200 billion. It's still 22 billion dollars. That's an incredible market that was just created out of thin air from a signature, from a couple people saying, "Yes, no. Yes, yes, yes, no." It's incredible.

But when you look deep into the numbers in the UK, there's a massive secular trend taking place within the gaming

industry and that's online betting. It's now the largest component of gambling in the country. So betting online has basically increased over 30% and we're looking at a compound annual growth rate since 2010. So if you want to put that perspective, remember guys, 2010 we're taking, 2010. What does that mean? What do you think 2010? Just after the credit crisis, right? The market's near their lows. If we compare that to the gains of the S&P 500, it's nearly three times faster than the growth you would have if you put your money in the stock market in 2010, which is pretty close to the lows. So that's an incredible number just to put in comparison. So using the UK as a test case, I mean the potential growth of sports wagering in America is absolutely enormous and it's incredible, but a lot of people out there that I see that are recommending stocks are recommending the wrong stocks.

Like if you're looking at the three big ones, the ones that I covered. I went to Macau to do some extra research. I've been to Macau, which is cool. Way in Las Vegas Sands, what do they do? They're like, "We're in Vegas and we're going to go to Macau and build massive casinos and maybe a couple here in Singapore or whatever and go international." You also had MGM resorts kind of in that. More of a Las Vegas play where [inaudible 00:55:14] Macau plays with operations in Las Vegas. These aren't the winners here. These companies have little to gain from this loss since they don't have casinos in individual states.

Not that this is going to really hurt them too much. It's not like they're going to lose the gaming revenue in Nevada, but there will be people that aren't going to travel in Nevada maybe so much if they could really bet online. It's happened with every single industry. Tons, you name it. Don't even want to go there, but you will see a lot of people just say, wake up and throw money on a bet [inaudible 00:55:56] mobile phones, which again, is a massive market opportunity. So it's not just sports betting. It's being able to bet on mobile

phones, being able to bet through the internet. So you want to look at companies that are going to create online platforms. In the US, it gets complicated because you can have a state approve it. Well, you probably have to live in that state. There's going to be a lot of gray areas.

So what you want to do is look for companies that already exist, that have these online platforms and there's not many, but that's going to be the biggest beneficiaries here. Also some big winners will be Penn National Gaming, Boyd Gaming, Churchill Downs I think is going to be a big winner. These guys have race-sinos, which are basically casinos inside a race track, but now they can really expand. Now you can have sports betting. Sports betting is a monster industry. It's a conservative number. These are estimates, but think about it. Think about all your friends, the Super Bowl parties you go to. How many people are going to bet the game if they could simply go on their phone? Whatever. If it's five bucks, ten bucks, 100 bucks. Fantasy sports, whatever it is. It's going to go through the roof.

You can look at gaming suppliers like International Gaming Technology, Scientific games. You guys could figure out the symbols I don't have to give you all of them. Penn National Gaming is PENN, Boyd Gaming is BYD, Churchill Downs is CHDN, and International Gaming Technology is IGT, Scientific Games is, I believe it's SGMS. I'll be nice. Do a little work for you. That's the type of guy I am, but when you're looking at the clear leaders and those guys are going to be beneficiaries. I think they're great buys. They went up after this ruling, 10, 15% and probably pulled back half that amount with the market coming down. It's a good buying opportunity. Again, it's not going to happen quick, but it's a massive market, open to the fastest people who can make this happen, whether it's the states, whether it's the companies, but you want to go after the people who have existing online platforms because that's where the massive amount of growth is going to take place.

There's one clear leader that's probably going to become the Amazon.com of the gaming industry due to this new ruling. Imagine you did a great job positioning yourself for the past six months to become the leader of the online space. Again, there's several of them. You can look at them, but the one that I found very difficult to find on [inaudible 00:58:07]. I won't tell you why because you'll probably find the stock, but I just recommended this company to Curzio Venture Opportunities subscribers. A little bit higher market cap than what I used to recommend. Not so much a small cap. A little bit bigger than a small cap, but it's amazing how this company positioned itself doing things that were completely under the radar that when I was researching this company, I was like, "Whoa, they obviously knew this was going to happen."

It's not the biggest surprise ever if you really follow industry, but to make the acquisitions, to really spend money to increase your presence online to become this massive behemoth, there's a lot of risk to doing that considering you're going to be dependent and you're spending billions to do this, dependent on a few judges making a decision. You hope it's going to be right.

This stock's going to benefit. I mean, profit, sales, free cash flow are going to surge as soon as the gaming industry moves more online, but guys, that's what you want to search for. Okay, I just gave you a whole bunch of names. Don't buy the MGM Resorts, Wynn Resorts, Las Vegas Sands on this catalyst. Doesn't mean they're not buys. They're just not going to be the big beneficiaries of this. They'll receive plenty of revenues. Those are the giants to the space. They may get hurt a little bit, but not too bad, but small localized players that have these little casinos in Mississippi or whatever that now can have sports books everywhere. The fact that you can go online and register and if you look at some of these companies, it used to be crazy back then, but if you look at it online, it's a regulated industry. The regulators don't mess

around in all the states.

I think it's like 17 to 20 jurisdictions that approve this and in order to approve it, what did you have to do? Because I don't know if you guys played poker in the past or played different things. If [inaudible 00:59:55], it was like forget it. It was like impossible. It was impossible. If you ever ask if you're doing well, okay, send me whatever it is, whatever amount of money. It was, "Okay, we got to do this. We can't bring it to your bank. We can't do that." Next thing you know, you get a check from Joe's Crab Bistro or something because there's just so many loopholes they had to go through. Now, it's directly linked to your account. You press the button, it transfers to your account. You have hundreds. I mean, they're required to have hundreds of people monitoring this, making sure everything's perfectly fine, perfectly safe, believable, especially what's happened in the past with a lot of these industries, where people went to jail because they were screwing people.

It's a much safer industry why? Because if you do it right, and I hope people in China are listening. Like if you don't lie and fudge your numbers or anything, you're eventually going to be the greatest economy in the world. It's going to take longer to get there if you keep doing what you're doing, but they realize, "Hey, you know what? If we just take a little bit of the rake on each hand that we deal in Texas Hold 'em, Omaha or roulette and the spin of the wheel, we're going to make an absolute fortune on this, if we do things the right way. So they did. They've been doing things the right way over the past couple years and that's why this industry had gotten more credible, but it's a big opportunity to start doing your research. Still time to buy a lot of these names. It's very early in this trend. A lot's going to happen. You're going to see maybe a few setbacks back and forth. The rules aren't too clear right now, but states right now are running to get this approved.

So 14's going to happen pretty quickly. You have 35 in

total, they all have some kind of bill legislation ready to be passed. Then boom, some of these states are going to generate a lot of revenue of money that is already being bet. So it just makes sense to collect some money off of this in tax revenue, which every state needs so they can spend ten times more money than what they bring in and are never held accountable, but it's just a win-win-win for everyone. Forget about your political beliefs. If you don't like gambling, if you have people that just had trouble gambling. I get it. I understand. I'm just saying from stock potential, which it's my job to bring you, great industry. It's great stock to buy so you can make money off of it.

This is an industry. It's still very early. We're invested to make a lot of money if you invest in the right stocks. Okay, guys, hopefully you love that sector. Hopefully you loved Lenore. It was a great interview. Again, I want to hear from you, frank@curzioresearch.com. That's frank@curzioresearch.com, and that's it for me. Thank you so much for listening. I'll see you guys in seven days. Take care.

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