



# 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 Stream.

**Frank Curzio:** How's it going out there? It's 8:30 and I'm Frank Curzio, hosting the Wall Street Unplugged podcast, where I break down the headlines and tell you what's really moving these markets.

**Frank Curzio:** Man, a really crazy week. Just trying to relax a bit after a long holiday weekend. Then, I can't believe it. ABC announces that they're canceling Roseanne. What's that about? Making racist comments, getting thrown off the air. What was she thinking? Is actually the biggest story on CNBC on Tuesday. Even though the market fell by 400 points, that was the number one story.

**Frank Curzio:** But you know what? We want to cover the elephant in the room. We get a lot of questions on, you've seen it. Top story everywhere. The reason why the market fell by more than 500 points, I think almost 600 points before coming back a little bit, this was on Tuesday, and that's Italy. This is the most confusing story ever, ever! If you try to really follow this story of what's going on. Government, there's no government now. There's another government coming. These guys might do it.

**Frank Curzio:** Here's the gist of things. Italy has something called a Five Star Movement, which started less than a decade ago. Now, it's the largest party in Italian politics. They have about 347 of the 630 seats in at least lower house of government. When you look at this party, it's anti-Euro, pro-green, anti-immigration, but a new leaders is just 31 years old of this party, Luigi Di Maio. I'm probably pronouncing all this stuff wrong and I'm going to pronounce a lot of names wrong but it's not important because you get to the point, at least I will.

**Frank Curzio:** I don't want to get too technical here and lose everybody so I'm just going to tell you the quick story here, as quick as I can. You have the Five Star Movement. They want to create their own government along with another party called the League. I know. It sounds like

an eSports video game. That's what it sounds like. You have these two parties merging together. They try to elect a potential finance minister at this [inaudible 00:02:26] become a government. His name is Paolo Savona. Italy's president, Sergio Mattarella, rejected the appointment of Savona which, as a president, he's allowed to do under Italian law. He doesn't need the government. He doesn't need anything. He could just do it himself.

**Frank Curzio:** This is a big deal considering the president is using his personal power to block formation of a government that many people in Italy are in favor of. This is a Five Star Movement in combine with the League. This guy, Savona's a piece of work that are for finance being the Five Star Movement. He's 81 years old, an economist. He's a little out there, not in a bad way but he has his agenda and he's a guy that it's almost you try to convince someone to change their religion. He sees one way and that's going to be it. He wrote a book about Italy, about how they should have never join the EU and what is it, Italy's purchase power has been halved since joining in the 1990s. He compared Italy to a "German cage." I'm quoting him.

**Frank Curzio:** The guy's totally against the European Union, which means he's not a market-friendly candidate. That's why you've seen the market come down because the markets, they don't like uncertainty. Now there is a chance that Italy, if this goes through and they have new elections and you have Five Star Movement to lead, they come into power. We could see something where Italy leaves the European Union.

**Frank Curzio:** If this happens, we're not looking at something that's Brexit. We're not looking at something Greece or, again, the Greek crisis or something like that. It's a much bigger story because Italy's the third largest economy in Europe behind Germany and France. If this happens, it will be a very big deal. Sure, Italy's a mess, has high-def GDP, banking system is very weak, so going through bailouts, tons of anti-growth laws exist. The comments like this for a long time. You could look back 17 years, guys, where the living standards have not gotten much better in Italy. This is from doing research, non-biased websites, and even talking to people and some subscribers, people want change. Think about that. The quality of living for most of the people there has not changed in a long period of time. You want something, try something new.

**Frank Curzio:** Plus, when you look at the recent bailouts that have come from Italy and this is about a year ago, it was over 6.6 billion Euros need to be bailed out for one of their troubled banks. When Italy turned to the ECB, the European Central Bank, they refused to help out,

which is interesting. Isn't that the benefit of being European Union, where you guys are all together, but they said, "No," which is like, "Okay, if you're not going to help us when we need it," and again, Italy hasn't been doing a great job and they've needed a lot of help, then why not just go on our own? It's a very easy story to tell even though it'll have huge negative effects, I believe, for Italy just to break out. Nobody wants to talk about that. They just want change. People just want change. They just want change. When things aren't good, they want change. I don't care how drastic it's going to be.

**Frank Curzio:**

A good example of that is Donald Trump getting elected. They overlook so many of his flaws and everything and said, "Listen. We just hate politics. We want to put somebody in there." Again, I know no one in the United States voted for Trump. Nobody admits it because I think it means you're a racist and whatever. However, there was ... Yeah. What is it, 46% of the vote or 45 but whatever he ... I don't know what it was but that's how extreme it was, where it's, "Okay. I'd rather see this than see the status quo because right now, we hate the political system. We're not getting anything done. It's the same thing all the time. You guys lie. We have you in social media now. You're flip flopping no matter what poll goes on. Let's just get someone who's outside and bring them in." I could see this movement in Italy.

**Frank Curzio:**

If you're still confused about what's going on because a lot of moving parts, I'll explain to maybe, if it's a younger generation who, "Hey, I want to know really what's going on because it's a little confining." If you watch Game of Thrones, this new party, Five Star Movement, it's like the High Sparrow, so start out as something small but became a huge movement. I can see the president of Italy walked the streets naked. It's on Game of Thrones with the queen or hold a special meeting in a castle to blow up the entire Five Star Movement, again, like we saw in Game of Thrones. We're not going to see stuff like that but it's basically a party of pissed-off people. They have a right to be pissed since living standards have been terrible for close to two decades since Italy joined the EU.

**Frank Curzio:**

What does it mean to you, US investors or a lot of my people are the listeners and subscribers who invest in the US but do not live in the US. As usual, it's a buying opportunity. We've been seeing the markets cut back today but just like we saw with the Greek crisis, it gets overblown. Of course, there's a problem but we see it coming. This is something in the very early stage. This is almost like the Yankee's going 3 and 10 to begin this season. You're like, "Okay, we've got to get with Aaron Judge. We got to get rid

of Stanton. We got to get rid of all the pictures. We got to ... The whole team's got to be gutted after the first 10 games." That's where we are in Italy right now. A lot needs to happen for this whole entire thing to really come to fruition where Italy actually ... The elections and things of that so that's going to take a while. The market's going to see that coming.

**Frank Curzio:** We also saw the same thing with Brexit. Massive panics, market crashed, small caps you could say there's a crash. They fell 20% but you see Brexit. Early 2016. I mean, again, some think that was overblown. We're okay now.

**Frank Curzio:** I mentioned earlier, with the markets falling over 500 points at one time on Tuesday, see NBC's top story was Roseanne getting canceled, but when you have no more earnings right now, companies sending these sales force reported pretty good earnings but earning season is basically over. It's a period where you're not seeing too much. Companies just before and after earning season aren't really allowed to talk too much so we're still in that quiet period of what we call, too, so there's not a lot of news flow going on. Make these stories 10 times more important than they are. Is this important? It is important but it's still in the very early stages. The fact that the markets will adjust and say, "Okay, what is the worst case scenario," what's going to happen, here's what we do to adjust. What companies adjust, that they have sales overseas. Wherever it is, this is how they're going to adjust because they're going to see it coming.

**Frank Curzio:** Looking at the big picture, the chance for Italy to leave EU is pretty low right now for a lot of this to happen in terms of election, the actual exit could take years. I just mentioned the markets have to adjust but when you're looking at our markets, it could influence what the Fed's going to do. The Fed's supposed to raise rates three times this year and another two going forward but the odds after Italy. This is yesterday, guys. I looked this up.

**Frank Curzio:** The odds, which have odds that they came for the Fed possibly raising rates and that's what they trade off of but the odds of just one more rate hike from the Fed this year spiked from just 8%, meaning they thought they were going to raise more than one time before Italy to nearly 50% now, indicated that market believed the Fed would not raise rates after their next meeting, which is, I believe it's June 12th, June 13th, around that. Don't quote me on that.

**Frank Curzio:** You look at Italy. It already closed at 10 year to full. Remember when it hit 3% a year ago and everyone said, "The world's going to end. That's it! It's over! Recession. [Contasion 00:09:58]."

Everything. Everything is ... Yeah. Disaster. Go buy a cave. Are 10 years at 2.77. Sure, our banks fell out of news, which is Tuesday. Italy's banks also fell, trading at 13 month lows.

**Frank Curzio:** However, when you look at Italy itself, the 10 year is at 3%. Not insanely crazy. I know it spiked from about 2.3, 2.4% in a short amount of time but if you want to compare to extreme times, which you would think this is an extreme situation for what we see on CNBC and what we see in Fox and what's being reported in all the papers, the 10 year in Italy was over 8% during the credit crisis. It's just 3% now, so relax. Relax. Relax.

**Frank Curzio:** You look at the whole market. It does create uncertainty. I always tell you that markets hate uncertainty, almost like with the huge lawsuit going on like, say, at Wells Fargo which gets fined pretty much every week. But if you look at stocks, they usually remain weak until a verdict is made. You'll see a stock actually rise once they're instructed by the courts to pay a certain amount of money or that case is over because they removes that uncertainty. Granted, companies usually know during this lawsuit, their know their max losses if they were to lose and they keep these cash in reserves.

**Frank Curzio:** I'm not saying that a company with \$100,000 marcap does 30 millions sales gets funded two billion from whatever, Patent infringement for Apple and Samsung at the same time, that stock's not going to go up, obviously but most of the time when you see that, it's the uncertainty of surrounding different settlements, what's going to happen and you'll see weakness in the stock and you can't really gain momentum. Once that ends the uncertainty. "Here. This is what I'm paying. Here's my fundamentals going forward. Now, we can move on." Italy, we have uncertainty and it's going to be around for a while but it's in a very, very, very, very, very early stages. There's so much, so much that can happen before then. Right now, the market's going to adjust and say, "Okay, what is the worst case scenario? Italy is what's going to happen to your ... This is the whole thing collapse.

**Frank Curzio:** Now that you have algorithms pricing in this stuff because it's on the table. if you noticed on Wednesday, We're seeing a nice pop in the markets again. It's coming right back. It's almost like we're forcing a risk into this market. When it happens, because people get nervous and sell stocks but if you look at the whole economy, if you look at the market out there, there's a lot of positives, still. I'm not going to go out there and say, "Stocks are insanely cheap," but they're definitely not super expensive. I don't care what you say. They're

not super expensive here based on the current earnings, guys. It's trading for 17 times forward earnings. That's not crazy expensive. Hey, 70 times total earnings and you're growing 17, 18%. That's not cheap. It's not expensive either. That's pretty normal.

**Frank Curzio:** We have negative news like tariffs. Apple suppliers cutting production on iPhone's. Now, Italian election, the markets first reaction is to sell off. You see this sell off, it triggers algorithms, which are basically a form of front running. It's not fundamentals or anything. It's just, yeah, they see the orders before them. They're ahead of them. That caused the market downturn to accelerate, which is what we saw on Tuesday.

**Frank Curzio:** As an individual investor, which is yourselves, grab a cup of coffee, smoke a joint, if that's what you do. Try to relax. Pick out some of your favorite names that are down and scale into them. Don't buy full positions but scale out. Maybe the market's come down a little bit further here. Instead of buying Intel 53, 54, but put a little bit in it. Then, if it comes down to 51, put more in it. If it comes down to [inaudible 00:13:34], put more in it. Take a full position in the 50. I love Intel. I think Intel's going to be a monster stock for the next three to five years. It's in our portfolio, we're up over 20% on it. That's just one example. Okay, Italy is not the US.

**Frank Curzio:** Of course, if Italy exits EU, we will see some negative effects as the rest of the world rushes into treasuries. So amazing that treasuries is still the safe haven, not gold, not Bitcoin. Some people will still predict, "The dollar is going to zero! It's going to zero! We're going to lose reserve currency status." Just think of every major event that's negative and where people go to. It's not going anywhere, guys. It's a great story. It's awesome. It sells newsletters but reality, use your common sense. It won't happen in our lifetimes or in your kids' lifetimes. Anyway, be smart here, stay calm, we could fall a little bit further in which I hope, talk about some of my favorite names from my personal account, since I do have some in dry powder and when you look at this story, look, I wish I had something more newsworthy for you but, I don't know, Mussolini's grandson's running for president or something. Whatever. Michael Corleone's grandson is a finance minister, running with Mussolini. Whatever. I love to make this so exciting. I just can't. I can't.

**Frank Curzio:** I do miss the Godfather episodes. They should stopped after the second one. The third one was horrible, the Vatican, stuff like that.

**Frank Curzio:** But anyway, you're going to see stories like this overblown. It's normal. It's almost laughable but it's perfectly fine. Use it to your advantage because it is pushing stocks lower. Be smart. Don't panic.



Use a pullback as a buying opportunity. You be very, very happy. Trust me. I've been telling you to buy and tariff news when the market came down. I told you to buy on Brexit when the market came down. Why? Because the fundamentals behind the US economy are still great, very great. Looking at housing very strong.

**Frank Curzio:** Even if you look at Europe where all this is going on. Sales are great. A steady uptrend. Force Italy to buy. China sales are also an uptrend. We have strong tax reform, deregulations passed and who knows if we're going to get an infrastructure bill passed but it's strong economy right now. Things are going well. You have unemployment numbers. Very solid. Inflation, a little bit higher but still modest compared to historically.

**Frank Curzio:** In fact, one big positive I think that nobody's really talk about is output is surging. What does that mean? Output? There's a strong likelihood that we see output surge, productivity usually follows. When that happens, it leaves the very most important indicator that's been lagging, which is wage growth, so probably going to see that pretty soon as well. A lot of positives, I'm not say ... Listen, I'm not a perma-bull or perma-bear. I'm just telling you what the facts are. I don't think this is that big of a deal, even if it is, you're not going to see it come to fruition for well over a year but keep it on the radar and use it as a buying opportunity.

**Frank Curzio:** I have a great interview for you today. My favorite guest, Steve Koomar, editor of the Vigilante newsletter. They're friend, really amazing analyst. Steve, on every few months or so and the last time he was on, he was also saying should ignore the headlines around tariffs and buy stocks. Turned out to be a great call. He also said to buy energy stocks. Again, another great call considering oil prices and the stock surged over the past few months. Yes, they pulled back over the past couple days which I'll get to in a minute but he's still a lot on the recommendations that he's giving you through this podcast, which I love because I love to see you guys make money.

**Frank Curzio:** Today, Steve will talk about politics including what Italy's elections mean to you, the individual investor. Our potential sit down with North Korea he's going to go over so a lot of geopolitical events really quick. Also, trade wars with China and Europe. Again, that's coming in the news now again. He's going to break all of this stuff down and show you why this is a big deal or isn't a big deal.

**Frank Curzio:** Also, Steve's going to talk about an amazing trend. It's about to create hyper growth in several sectors. It's technology trend. He follows technology a lot. Guys, I'm not talking about cloud, AI, or

big data, which is pretty cool. Eliminates those. Yes, that's a good tease, because I know you're thinking, "What could it be," but it's something that's going to enhance all of those so it's extremely, extremely important but Steve says it's one of the biggest industrial revolutions because of this trend that he's seen since the internet. As always, Steve's going to share some of his ideas to play off that trend you'll hear from in just the minute.

**Frank Curzio:** Later on, in my educational segment, I'm going to break down the current state of the oil market, a sector I've been bullish on for over a year, well ahead of most of the street. Oil prices and stocks went up sharply but they're pulling back.

**Frank Curzio:** Before you run out, buy some of your favorite names in oil patch on this pullback, better listen to this segment first. Trust me. I'm going to surprise you with some of the information I'm going to give you. Speaking of surprises, let's get to my interview with the one and only Steve Koomar and give a listen to some of his new stocks he suggests you buy today. Steve Koomar, thanks so much for joining us again on the podcast.

**Steve Koomar:** Great. Thanks for having me, Frank.

**Frank Curzio:** We have a lot of news going on with Italy. I notice in your newsletter, Vigilante Investor, you write a lot about geopolitical events and politics and not so much what your newsletter's pro-Trump or pro-Democrat but more about the impacts of certain laws, I guess, certain geopolitical events will have on your portfolio. A lot of times, you relate back to times in history when this happened.

**Frank Curzio:** I want to get your take on what you're seeing with Italy. We see new election can be possible, new government being created. People are worried that they may leave the EU. This would be further down the line, I covered this earlier in my intro. I want to get your thoughts on this because the market didn't move pretty significantly yesterday on this news and this news isn't going away any time soon. Should investors in the US be concerned?

**Steve Koomar:** Not really. It's very early in the game if things change significantly and Italy, what has happened so far is really insignificant. Certainly, you could move more towards Italy leaving the EU but that's really not in the picture right now. If it did happen, ultimately, there would be some problems for everybody, only because all these positions are correlated as people are selling European stocks, they're going to throw the baby out with the bathwater, at least



at first, but it's not going to affect the long-term growth picture particularly in the US. As a US investor, I think you watch it. I don't think you worry about it.

**Frank Curzio:**

Another topic that you've been writing about a lot, which I love, that I mentioned last time on the podcast is tariffs. Saw a little bit in the news. I was calling this a non-event, considering that I'm a big believer that when it comes to the EU, when it comes to China, they're going to have no choice but to work with us since they have massive surpluses but what are your thoughts because we're seeing stories come back into the market. It's still there, still friction. It is causing little volatility in the stock market.

**Frank Curzio:**

I wanted to get your thoughts on this where some people worry this could cause inflation, it could cause trade wars and things like that. We've covered it but again, it's still on the news. The market's still like adjusting to this. What are your thoughts saying ... I think I talked to you probably about three months ago about this but anything updated now, is it a concern, do you see this being more of a concern or is it more also like a buying opportunity here?

**Steve Koomar:**

In the end, I think it's more of a buying opportunity. However, the threat of a trade war, of really having a real problem somewhere down the road, I don't think it's going to happen. I think, like you said, the EU, China, they don't really have any choice but to play ball right now with the US. Those are the countries that are vulnerable. The US is simply going to extract some concessions in the big picture but the fact that there is still some concern out there that this could spill into a full-fledged trade war is keeping a lid on the market. I think that's creating some opportunity to buy stocks particularly every time that the market dips on some kind of trade concern. I think those are great times to go out and buy because this really isn't going to spin out of control.

**Steve Koomar:**

Like you said, Europe and China are going to come to the table. They're going to make concessions. They're not going to like it. They're going to make a lot of noise but in the end, they're going to make some concessions. The US is not going to get everything it wants but it's all going to move forward. As the US is in a really, really good negotiating position, but that doesn't mean that they're going to get everything they want. I think it just means that they're going to be patient about pressing their case and sometimes, they might take an incremental gains. This is going to continue to come and go. It's going to be an ebb and flow on the trade concerns and the trade talks but in the end, I think that every time that you get a dip based on trade, you're supposed to be buying the stocks that you've been waiting to buy.

**Frank Curzio:** I want to cover one more geopolitical event and that's North Korea. When we talked probably three months ago, the situation was a lot different than it was now where, hey, the Olympics and friends with South Korea. Now, it seems like meetings are going to go on with the US where the heads of state are going to meet in person. What are your thoughts on this?

**Frank Curzio:** I want you to talk because you've written something pretty amazing in your newsletter that I don't think too many people talk about with September 3rd, 2017 and North Korea conducted a six nuclear weapons test. Talk about the hell of it because that was a great story which I don't think people are familiar with and I'm not reading that anywhere so if you can, bring that in because I know it's going to go into your thesis of what's going on with North Korea.

**Steve Koomar:** Yes. The last time we talked about North Korea, most of the Western world wasn't aware that in September, the last time that North Korea conducted a nuclear test. It was their sixth test in total, that North Korea blew up several tunnels, caused several tunnels to collapse deep under a mountain where they have their nuclear test site, which isn't that far with the border with China. There was a collapse at that time. Then, there was a secondary collapse in October. According to Japanese press reports, that secondary collapse killed about 100 rescue workers. North Korea really ... Their test site has collapsed.

**Steve Koomar:** The news of this really leaked out through various Asian media reports last fall but people really didn't catch onto what had happened until the Chinese press released this information in late April, just before Kim Jong-un walked across the DMZ in that dramatic meeting gesture of peace and offer denuclearization. The day before that, China's media agencies released the information that there was indeed a collapse of this nuclear test site.

**Steve Koomar:** Really, there's no way North Korea can afford to rebuild this. Basically their nuclear testing is ended. They have a few crude nuclear weapons but they've never figured out how to miniaturize a weapon that could be put on a missile and delivered somewhere else. They're not going to get to that point at this ...

**Steve Koomar:** They've gone ahead and in the last month, they have completed the collapse of the rest of the tunnels in this test site but this test site's already radioactive. The Chinese aren't interested in it being used anymore. Probably have told North Korea that they had to stop operations there and start to clean it up.

**Steve Koomar:** Really, North Korea doesn't have much of a choice at this point and time. They've already started the denuclearization process. While they at least still have some weapons and there's still some memory of their other recent nuclear tests and missile launches and things like that, they won't find a better time to get good terms for a peace treaty. They're looking for a peace treaty including denuclearization. I think, in the end, it will lead to a full denuclearization but time will only tell to how far that goes but I think that this is very real, what you're seeing in terms of their need for a peace. They need to re-engage with the global economy. The sanctions that have been hurting them badly. I think China has seized this also as a bargaining chip to help them to get a little bit better deal on trade with the US if they can be seen as helping Trump get what he wants on a deal with North Korea, they're much more likely. Trump has told them they would get a better deal on trade.

**Steve Koomar:** This is how North Korea really fits in with the US/China trade negotiations. I think there's going to be a lot of progress on both fronts. In the next month, there's going to be a lot of pressure. There's going to be a lot of noise from all the parties but everything's lined up for there to be progress. Trump is holding China's feet to the fire on trade. China's going to be holding North Korea's feet to the fire to make a deal but to not make a deal too quickly because they're going to want to maintain as much negotiating power as they can with the US as well.

**Frank Curzio:** Great explaining. Guys, look. It's a geopolitical event that are in the news often. Steve, when you and I talk, it's not so much that we're talking about this stuff, where it's more like different ideas and maybe different sectors, but this is being mentioned in the news, CNBC and you hear these stories all the time. It forced us to write about it and say, "Hey, guys. Look. It's not that big of a deal. We'll let you know when it's a big deal."

**Frank Curzio:** This comes back to everything because you're one of the Allens, I want to say contrarian actually because long-term bullish. As people talking about being bullish and the people I talk to are bullish, everyone says the same thing. "The market's good, but ..." But! Everything before but is meaningless but they say, "But the market could really fall due to deficits later on." It's the next two years are going to be good. You never really have people come out and say, "Listen. The next 10 years look fantastic." That's what you're saying here, where you like stocks, you think there's a lot of things in place today.

**Frank Curzio:** Could you talk about that sentiment because we're hearing so many bearish stories out there and only short-term bullish but you're saying, "Listen. This is market to earn to generate significant returns over the next decade."

**Steve Koomar:** Yes. The policy-related stimulus for the US economy over the next decade is really something that we haven't seen in 70, 80 years. In particular with this, we've seen a corporate tax cut and we've seen that tax cut includes specific incentives for investment in plant and equipment and that sort of thing, capital investment where you can immediately write off those investments. Those things are going to increase investment by corporations significantly, having a lower hurdle rate, a lower tax rate as well as a tax incentive to invest immediately.

**Steve Koomar:** In addition to that, the reduction of regulation is going to improve profitability going forward and reduce uncertainty as well. That program of tax incentives, lower tax rates and deregulation is going to increase investment in the US for a long time. It's going to take many, many years for this to play out. More than a decade for it to play out. What you're going to see is increasing rates of productivity increasing, which is going to reduce inflationary pressures even as wages rise and probably rise significantly because if you go from 1% rate of productivity growth to two or 3%, which is what Japan has right now, you're going to see much higher growth rates and lower unit labor costs as workers produce more out of every hour that they work, than the actual cost to employ them. Even if you raise their wages isn't going to rise that much. It might even go down.

**Steve Koomar:** All the way around, you're developing the virtuous circle where you're going to get increasing rates of growth, increasing rates of consumption from the labor force, which is going to be getting paid more and more. It will lead to a stronger economy and stronger investment returns.

**Steve Koomar:** An important thing is if you're getting higher wages but you're not getting significantly higher wage inflation, the Fed can keep rates relatively low for a long time. The last time we were in a phase like this was in the 40s and 50s when we had some of the New Deal reforms were implemented that really brought a lot of new capital investment in the marketplace. You had a similar thing where the Fed kept rates essentially below 2% from 1929 until 1957. You had a couple wars in there. You had some years where economic growth was over 10%. There were a lot of reasons why you might have gotten sustained inflation but you didn't, even as wages

rose. It's because productivity growth was very, very high as that investment cycle played out. We're in another period like that right now. This is going to go on for a while.

**Steve Koomar:** The rest of the world doesn't have this same kind of policy-related boost to investment. I think that you're going to see the US outperform a lot of these other countries. I think in the developing world, there's still some great stories out there like India and Mexico. They've got such great demographics and reforms going on in their economy where there's probably going to be really great returns in some of these other countries that still outpaces the US but the rates of growth in the economy and in the stock market in the US is still going to be above trend for the next decade. It's going to be very good.

**Frank Curzio:** See. I want to ask you, what are some of the risks to that thesis because what we hear out there and I know you're an analyst, this is what you look at. We all look at things and the predictions but we also highlight our risks as well because there's a possibility we could be wrong and everybody's wrong some times in their career.

**Frank Curzio:** Do you see where the Fed maybe can aggressively raise rates too high because we're seeing maybe ... I don't know. We have runaway inflation. You see deficits where, yes, we have tax cuts but in order to have those tax cuts, we have to take on average deficit going to be higher but we're hoping to make that up with high-end growth GDP and stuff like that but if we don't see that, what are some of the things or the risks that you see or maybe after Trump doesn't get elected, is there a possibility that these tax cuts get reversed at all? Is there anything that you see on the horizon like that that could have you worried?

**Steve Koomar:** Yeah. I guess we can break this down into two different kinds of policy-related risks. The fiscal policy or the tax policies, could that change and could Fed policy on monetary policy, could that upset the apple cart? I think that you're always going to get political change that's going to cause fiscal policy to change. It's always going to happen. There's an ebb and flow to the control of every party out there.

**Steve Koomar:** However, if the policies are working, the party that takes over doesn't reverse them. It never happens, especially during these periods of revolutionary change like you had with the New Deal and you had several other times going back to when Hamilton and Jefferson were fighting with each other over monetary forms in the US in the 1790s.

**Steve Koomar:** Every time you've had new policies that took effect that were working, that were making people's lives better, that were making the economy perform, the new party that came into power didn't reverse the policy change. They embraced them and kept them. Hamilton and Jefferson fought like dogs. Jefferson finally won that fight. He wanted to expand the country and take on the Louisiana Purchase, he desperately needed the monetary reforms that Hamilton had created in order to have the tax revenue to do what he needed to do. He didn't change anything. He didn't reverse anything. He took his revolution in a different direction but he did it by embracing the important monetary forms.

**Steve Koomar:** The New Deal, the Republicans, whenever they took power in the 50s and in the 80s, they didn't reverse any of the New Deal. They kept it. They embraced it and, in fact, sometimes they increased their own regulatory, put their own regulations on top of what was already there and Sarbanes-Oxley was an excess of active regulation that was really implemented by Republicans.

**Steve Koomar:** I think in this case, you're going to get times when the Democrats are going to be in power and Republicans going to be in power but this tax cut is having such a positive impact on the economy and on growth. Even though some of the leaders out there like, I think, Nancy Pelosi still talks about reversing some of these tax cuts at times. I think that they're just not going to have the guts to reverse it. It would be too hard to do when things are going so well. It would probably mean that they would lose power very quickly when they saw how the economy turned down. I just don't think there's much of a chance of that. It could happen but I think it's unlikely.

**Steve Koomar:** The other part of that would be the monetary policy and how much that could upset things and could the Fed raise rates so fast that it kills the economy. I expect that to happen at some point, probably in the next couple of years, I think that the Fed is then talking like they're willing to be patient about inflation and allowing inflation to overshoot a little bit and that's good news. It might mean that they're a little slower to raise rates too fast but that's just a cyclical risk. Even if they do raise rates too fast and create a recession, the Fed will respond by cutting rates very significantly.

**Steve Koomar:** If you don't reverse the fiscal incentives, you'll still see the long-term growth rate of the economy and of the stock market accelerate above normal, even as you do get little recessions here and there that could slow the progress.



**Steve Koomar:** Yeah, I think that I'm less worried about the monetary policy risk but I do it, I think that's something that investors could be on guard if the Fed starts to raise rates very quickly, much more ... Right now, I think they're forecasting getting to three and a half percent area in 2020. If they really do that, I think if they get to that rate that fast, I think there is a good chance that we end up with a recession but I think it would be a temporary setback.

**Frank Curzio:** Yeah. You looking at long term here, which is great. Guys, look. We're talk about the economy. We're talking about Fed policies. We're talking about geopolitical risks. Again, it's all fitting into this, which I know you love, which is a stock picks and sectors. One of the sectors that you're high on and I know you follow technology a lot. People talk about AI and IoT and big data analytics and cloud. We hear this term all the time but it was pretty far away. Now it seems like it's right around the corner but 5G is something you've been looking at.

**Frank Curzio:** Could you explain what 5G is? From what I know and, again, I went to consumer electronics show every year for the past seven years guys. This year, the biggest theme was probably 5G. It came from Qualcomm, it came from Intel, it came from Broadcom. Ericsson, right? Those are the four companies and the AT&Ts and Verizon but that's what I see. I know China, there's stories out there that China is really killing us in this and they're first in the market here but this is what I'm reading. Let's talk to someone like yourself who's followed this industry. Talk about 5G and maybe some of the players, some of the stocks you like there.

**Steve Koomar:** Every generation of cellular technology starting with, I guess it would be 1G, which came in in 1983, has created a revolution in mobile communication but 5G is just going to be such an exponential change and improvement that what you're going to get from mobile will be faster and better than what most people already get from fixed internet service right now. It's going to enable just an incredible change in terms of the industrial application and connectivity of everything that we do. What 5G's going to do is basically, it's a new standard or a set of standards that's going to bring multiple additional technologies into creating more capacity and more speed in mobile cellular communication. It's going to be something like 1,000 times more capacity in the system.

**Steve Koomar:** 4G increased data speeds by a factor of 10 times. 5G will increase data speeds somewhere between 10 times and 100 times what 4G is. The exponential growth is going to be amazing. What you got with 4G was a lot of media applications and people can walk around and engage in with the media on their cell phones pretty

much anywhere but this 5G with the really, really super-fast speeds and very low latency and universal coverage, it's going to allow industrial applications in very remote areas, in rural areas even. When I say that, I mean, I think if we ever get to the point where we have truly autonomous vehicles, it's going to be through 5G technology that's going to enable that to happen because when you have almost no latency with ...

**Steve Koomar:** By latency, I mean no delays in the communication back and forth from a remote device, almost no latency. Everything is immediate. The car will be able to have all kinds of communication chips that communicate via the cloud and basically, instead of having a whole bunch of computers inside the car that's trying to automate the driving of the car, there will be some devices on the cloud that are directing the car. There will be so much more that you'll be able to get into that car. It'll be a lot less expensive.

**Steve Koomar:** If you're ever going to get to a reality of automated driving, this is the critical tool is 5G. It's just going to make the communication so much better but everything in the IoT, Internet of Things, artificial intelligence, and industrial applications, it's like it's limitless. The possibilities are just limitless. We can't even imagine all the ways in which this is going to happen and how it's going to play out.

**Steve Koomar:** I think, for me right now, I think that there's going to be long-term, some big winners in the cloud area. There already are. There's already a lot of anticipation of this in the market in some of these cloud stocks. I think it's a lot of what's behind Amazon's success, actually and its returned. Microsoft, you name it. These companies are big in the cloud are doing very well. I think it's not all their Amazon's retailing business, it's not all of Microsoft's, their subscription services, a lot of it is people looking to add how the cloud and 5G's going to work out for them.

**Steve Koomar:** This is going to be an enormous boon. It's like a gold rush thing and you go back to the gold rush, 1850s. The big winners were the sellers of picks and shovels, not the producers of gold. I think that some of the people that put together the infrastructure that make the infrastructure equipment, the big radios and that sort of thing, the companies like Qualcomms that produce the chips that go into devices. Those companies are going to do very well.

**Steve Koomar:** The companies that actually design and construct the actual infrastructure, the towers and actually install all this new equipment that's going to go in. Those companies are going to do very, very well. They're going to build enormous backlogs as this

gets built out. I think that there's going to be some geographic differences in terms of how this plays out. It seems like the US and China and Korea are ahead of everyone else on it, likely to be implemented in 2019. I think everybody else is really not that far behind but there will be some advantage to the countries that start early because all of their companies that are domiciled there are going to be able to start developing their applications earlier and sell them all around the world.

**Frank Curzio:** Actually, you say, when it comes to towers, when it comes to building this stuff because what we saw with Apple, which is a good example, guys, is when Apple's growth slows and they're saying that they're not going to sell as many iPhone's and they're warning and you're seeing companies like Taiwan Semiconductor lower their estimates and stay in studio's slowest smart phone sales, which means the iPhone's the largest seller and also, when you have Samsung as well, both customers of Taiwan Semi, they're basically saying the future. They're talking about the future. When Apple reports earnings, they report earnings over the past three months.

**Frank Curzio:** Where I'm getting to is Steve, five years not really here in the US yet, where they're implementing it. You're hearing about it and you're seeing it but in terms of being a big benefit to consumers, it's still a little ways off, I think. It's almost here but the infrastructure needs to be built. I don't want to put words in your mouth but is this the place you're looking now but there's now are these parts and the nuts and bolts plays do fantastic during this trends. When we say, "Nuts and bolts," like you says, it's the people make the parts that go into the iPhone which is whatever, dozens and dozens of parts but when you look at this market, is this the best play because like, "We have to build more towers now. We have to ... These chips need to be built now." Is that the better play, then? Going with some of the bigger players that are going to benefit from this or maybe the Verizons and the AT&Ts.

**Steve Koomar:** Verizon and AT&T, they're going to be interesting cases because they're going to have to spend a lot of money to roll this out. T-Mobile's going to be doing it as well and Sprint but Verizon and AT&T also have fixed broadband services. To some extent, some of these fixed broadband services are going to get cannibalized by the mobile, particularly in suburban and rural areas. The mobile's going to probably in many cases deliver a better service at a cheaper price.

**Steve Koomar:** I don't really know now to evaluate right now Verizon and AT&T and how that's going to work. I think it could be great for them and it could be that it's a mixed bag. I really don't know. I know that there's a lot of investment they're going to have to make to get to where they want to be. They're definitely doing it.

**Steve Koomar:** I worry a little bit about a company like Comcast that, unless they buy somebody like T-Mobile, they're not going to have the mobile broadband. Their fixed services are ... I think they're like you got to buy them now but if you have a competitor out there in mobile that could deliver you better service at a lower price, you might have a hard time. I think that might be part of the reason why they're morphing into really more of a media company right now. They want to buy Fox and do all this kind of stuff. It's going to be interesting to see how the big telecommunication players, how things work out for them going forward.

**Steve Koomar:** But the guys that are building the infrastructure for AT&T, there's one of those companies. I have a guy in my portfolio right now, that's MasTec. They've grown significantly in the last two years on developing oil infrastructure, oil pipelines and the like but they've got a bigger business in telecommunications. They are AT&T's primary contractor. AT&T's going to spend a whole lot of money on 5G. MasTec's going to build an enormous backlog of contracts in order to do that, on top of what they're already doing in oil and gas infrastructure.

**Steve Koomar:** That would be, to me right there, I mean, I would say that would be one of my favorite places. It's already in my portfolio. I've got it from a much lower price. I think we bought it a year and a half ago at 33, \$34 a share. It's 47, 48 now. Arguably, it's cheaper now than it was then. I think that's a really good buy for people right now.

**Frank Curzio:** Yeah. For people that don't understand that and say, "Well, it's higher. How is it cheaper?" It's all about earnings. If you're basically earning more money now than you were then or your earnings increase by 200%, your stock price is up 30%. It's going to be cheaper now, even though the stock price is higher. People sometimes, people say, "How can it be that cheap," at a lower price, but again, you want to look at earnings and that's what fuels growth.

**Frank Curzio:** This is, Steve, great, great stuff on the 5G. Guys, when you're researching this show, just understand, when we talk about IoT, when you talk about big data analytics. You can come in here if you want, Steve but when we talk about cloud, what 5G's going to do is enhance these trends and make them that much better which buy

more speed, more ways you can analyze stuff, more capabilities. This is why it's such a priority right now but it's funny because when you said, "Hey, I like to talk about 5G," it's something that gets lost, where we're like, "Oh, 5G," but in reality, this is a monster trend because this is going to relate to IoT and all the major trends that you see, this is going to enhance them so you can see the focus and the spending coming up on them.

**Frank Curzio:** I don't know if that's what you would describe it but it is very interesting and fascinating because we talked and you say, "You wanted to talk about this trend." I started doing a lot of, more research on it. It is pretty exciting and there are a lot of players and there's still money to be made, from what I see.

**Steve Koomar:** Yeah. It's the biggest industrial development that's happened in, I think, since the internet because it just takes it to an incredible different level. Yeah.

**Steve Koomar:** In my next issues, I'm going to be focusing on 5G. That's really what my next issue's about. Maybe my next two or three. I think it's that big. It's that important that you really, to get your hands around all the things that it's going to affect is important and it's something that we can guess some of the early stage developments, like I can that somebody's going to build out, the infrastructure's going to do really well but in the long run, the competitive, the way it's going to change the competitive environment's going to be very dynamic and not entirely easy to predict right now.

**Frank Curzio:** That's great stuff. Looking forward to reading the issue of Vigilante Investor coming out, guys. If you want access to that, Steve, can you give them the website or where they can contact you?

**Steve Koomar:** My website is [vigilanteinvestor.com](http://vigilanteinvestor.com). You can also follow me on Twitter at [viinvestor](https://twitter.com/viinvestor). If you like, contact me, ask me questions. I'll be glad to help you out the best I can.

**Frank Curzio:** That's awesome. It's amazing, right, Steve? When we were first doing this and we first talked, just started the newsletter. I don't think you had a Twitter account. Now, you're giving out your Twitter handle. I think things have come along pretty good. I kind of like this industry a little bit, I think.

**Steve Koomar:** Oh, yeah. It's a lot of fun. I really enjoy it. It's a great thing. I like to write. I like to analyze and like to enlighten people on what I figure out, what I learn but I learn just as much from subscribers and

others that write back to me and point things out. I love the back and forth. It's great.

**Frank Curzio:** It really is great. Steve, listen. I love when you come as my guest because you always there to give us picks and talk about the industry and the markets. I know everyone's subscribed to your newsletter loves it, loves your research. I love reading it. I learn something new all the time, so I really appreciate you coming on the show, bud.

**Steve Koomar:** Thanks, Frank. It's my pleasure. Look forward to doing it again, sometime.

**Frank Curzio:** Right, guys. Great stuff from Steve. I love when people have strong opinions. I'm not hearing that. Hey, the market's going to be great over the next decade. We've heard that from Buffett. He said that but pretty much, he's been bullish on the market for the last 30 years and no one really pays attention to that, even though he says, "America's in great shape," but when you see an analyst come on and say that, what you want to hear because that's not necessarily my opinion. I'm not bringing on guys that support my opinion. I rather that they have different opinions.

**Frank Curzio:** Me, I'm cautiously bullish and believe that, hey, I'm looking out two years which is as far as I could see but he's right. What I love about Steve is, it's not whether you agree with him or not because I know a lot of you questioning out there and you should be but you want an analyst to come on here and support his thesis. He does that. He's talking about tax reforms, infrastructure, why things are so different now, why the landscape is different. This is someone that's a 20 plus year analyst in this industry.

**Frank Curzio:** Really, if you look at his newsletter, Vigilante Investor, he's going to tell you a lot of things and compare this time to historical times and he goes back to the 50s, the 40s, the 30s, 20s. It's also last time Fed did this or did this. This is what happened. He proves his point, which is cool because that makes you think. It doesn't mean you have to agree with it.

**Frank Curzio:** People think Bitcoin's going to a million. Let's see the stats behind it, because if it goes to ... What, just 50,000 Bitcoin, it's going to be bigger than Apple. A million is like, "Okay. Why don't you explain that?" I hear people say, "Bitcoin's going to a million." I never heard anyone or sold their model behind it or explain their thesis of how that's going to happen, which is fine, which you see a lot in this world. People just make calls and there's no credibility. They don't



care, which Steve or with any of my guests, no matter what they say, right away, even if you have a different opinion, listen. That's where you educate yourself because you can disagree and say, "You know what? I don't agree with that. I think the Fed going to do stupid things. They're going to raise much faster than expected. Inflation's going to be out of control. Temperature's going to be out of control, and the market's going to come down."

**Frank Curzio:** That's fine but listen to other people's opinions, even if you don't agree and see where they're wrong because they might change your mind on certain things. In the end, it's going to make you a better investor. I think you did a great job explaining why he believes stocks are going to go higher over the next decade.

**Frank Curzio:** Steve is a good friend. He writes a great newsletter. Again, Vigilante Investor. If you have any questions, I always say, "This podcast is more about you than me." If you guys do have any questions, feel free to email me at [frank@curzioresearch.com](mailto:frank@curzioresearch.com). That's [frank@curzioresearch.com](mailto:frank@curzioresearch.com) and then your thoughts about the interviews, people or guests you want on the show and stuff like that, whatever.

**Frank Curzio:** Anyway, let's move on. Don't want to run too late here. I get to my educational segment, which is on oil because you know I follow oil for a very long time, have great contacts in this industry where I was able to visit all the major shale areas in the United States, learn about this stuff, this technology years before anybody else when it comes to shale oil. My subscribers did very well and profited from that and people have listened to this podcast. Lisa, you've been listening to it for a very long time. We'll talk about 2009, 2010, 2011, around that time frame. Yes, I've been doing a podcast that long and I'm getting old but all the industry that I love. I feel like it's one of the industries that I can really gauge and have a good outlook on and I'm studying old times with stock pics but where the markets is heading.

**Frank Curzio:** I remember, I was invited. It's after I was at Stansbury. The next year, I was at Weiss. I was invited to Stansbury Conference, I think it was 2015, to talk about oil. I said, "How many people have an oil stock in their portfolio?" 95% of the audience, I think it was close to six, 700 people there raised their hand. I said, "You should sell every single oil stock in your portfolio right now." Everybody thought I was crazy until they saw my presentation, which showed that the reason why oil's going to collapse even further and allow these companies are going to go out of business because they're all hedged right now and those hedges are coming off so

oil started collapsing from 100 to 70, a lot of these guys are still making money because they were hedging 80, 85, \$90 a barrel. Once those hedges came off, all price start going to 60, 50, 40. Now, if you want to lock in prices, you got to do it on much lower price, which doesn't make sense because most of these guys can't produce for under \$40 a barrel.

**Frank Curzio:** Yes. The Permian, there's four counties inside the Permian, not the whole Permian where some people say, "Yes, we can produce for less than \$30 a barrel." They have a stock like that in our portfolio and Curzio Venture Opportunities is 100% recommend to that. Pretty much, I want to say nine months ago, maybe a little longer. It's amazing company but most people can't.

**Frank Curzio:** What happens when we see oil at 40, because this is a year ago when we were at \$40 and it just came up off of what? I think it went below 30 really quick and we look at oil at 40 and everyone's saying, "Well, this is temporary. There's still a ton of supply in the market," and I was very bullish. I said, "Hey, guys. Listen. Pedal to the metal here. All is going to go a lot higher," because when we see it go to under 40, especially 30, what happens? A ton of production in America comes offline. Millions and millions of barrels and it happens very quickly. They cannot produce at that level. It could fall further and further. That's fine but eventually, prices are going to have to come back up.

**Frank Curzio:** At 40, I was very bullish, reiterated that bullish thesis for a very long time, over the last year. When I was recommending that I was going to go higher, at that time, guys, was interesting because when it was at 40, I would say 80%, 85% of sentiment was negative and people were saying, "It's going to 30. It's going to 20." It was some people saying that oil was going to 10. That's what I love to see, when you see strong sentiment on the opposite, that means you're a contrarian. It worked out. Where am I going with this?

**Frank Curzio:** Oil price are now 70. The whole world is completely bullish on oil. We've see oil come down. Why? Because Russia and OPEC met and said, "Listen. You know what? We're thinking about increasing our output." They cut output. They renewed that stance in 2017 and said, "All right. We're going to keep those barrels off the market to inflate prices." Now, they met and there's rumors, this is two days ago, that, "Hey, you know what? They might increase their output by a million barrels."

**Frank Curzio:** I'm going to tell you something. This is important to understand about the oil industry. If you're looking at OPEC, OPEC stands for the Organization of the Petroleum Exporting Countries. This is

an [inaudible 00:59:42] consisting of 13 oil-producing countries and mostly in the Middle East, whose mission is to ensure the [stabilization 00:59:48] of oil prices. At least, that's what they're defined to do.

**Frank Curzio:** We have November, 2016, OPEC decided to cut supply by 1.2 million barrels. It's the first time the cartel cut supplies since the credit crisis, 2009. OPEC decided to initiate these cuts to help prop up oil prices. It had a big effect as oil prices surged by 20% to over \$50 a barrel in less than a month. Okay, we're looking at December, 2016 here. Now, you look at 2017, pretty much held strong and then March, April, they came down to a little bit below 50 but now, they've actually pushed up a lot higher.

**Frank Curzio:** When you look at OPEC cutting supplies, they reiterate the stance and everything is cool but if you're worried about Russia and OPEC increasing their output, I'm just going to tell you something. Okay. It's a very important story. This way, you understand oil, guys.

**Frank Curzio:** In the late 2014, OPEC made the worst move this organization was founded in 1960 by far. This is 2014. Oil price were averaging over \$90 a barrel for several years. We're getting used to \$100 a barrel oil price. It wasn't a problem. Everything was cool. America's on the verge of becoming the biggest oil producer in the world. This is 2014 because unconventional production, fracking, extremely profitable at current prices and they were going crazy.

**Frank Curzio:** OPEC, in an effort to disrupt the US shale industry, decided to suspend quotas and let the OPEC members produce oil at whatever rate they wanted. They said, "Go crazy guys. Go nuts. Let's have some fun." The goal was to lower oil prices enough, 50, \$40, may have been 60 at that time, so that shale production in the US was uneconomical. This will help OPEC gain that market share over the long term. The move completely backfired.

**Frank Curzio:** If you're looking at OPEC, they already supplied 40% of the world's oil. That was back then. Saudi Arabia increased their production by 11% in less than a month after this decision. Iran, Libya, also raised production significantly, resulting of millions of barrels of oil flooding the market. The meantime, you look at the GDP of developed nations like Germany, Canada, Germany at the time, Switzerland. They slowed considerably around 1%. In emerging markets, China, Brazil, Russia also slowed much more than what economists were predicting. In 2015, 2016, it was the worst time to do this.

**Frank Curzio:** What happened? That massive oil production coupled with slowing demand created the perfect storm. That explains why the price of oil crashed 70% after OPEC removed its quotas and this was late 2014.

**Frank Curzio:** I'm going to tell you how much that amounts to and think about this for a second because this is numbers from the OPEC's director general. That move cost the cartel \$2 trillion during that oil crash. To put that in perspective, Enron lost \$74 million. That was their loss, \$74 million for Enron, which started everything, the fiasco and stuff. Two trillion. For those of you who think OPEC and Russia and going to drastically increase production, they're going to kill themselves. They're going to crush themselves.

**Frank Curzio:** What does this mean? You go out and buy oil? Not necessarily because I said early, when it comes to sentiment, when I was bullish on oil over \$40, saying, "It's going to go higher." We knew based on the statistics, when it goes below 40, we see ton of production come offline and the US, that production come back online within two weeks. It's all it takes to turn those faucets back on. If you're looking at the US right now, you're seeing production starting to skyrocket. We're going to see more supply on the market.

**Frank Curzio:** I don't think the story is, "Hey, you're going to see more oil flood the markets from every place outside the US, from OPEC to Russia." I don't think they're crazy enough to do that unless they hate money but when it comes to the US, right now, where prices are and you're seeing the price [inaudible 01:03:52] go over 70, this is WTI and come back down. Now, it's around 66, 67. You people like, "This is a massive decline." Guys, it just roughly 40 to 70, recently. It's not a massive decline. It's a minor pullback but the fact is, when I look at sentiment right now and you're seeing more production come online for the US shale producers. Not only that, they can lock in prices here. Who locks in prices? They're called hedges.

**Frank Curzio:** What kind of companies hedge? Think of transportation companies. You're looking at Walmart, if you're looking to FedEx, UPS, Target, airlines. If you look between 2015, 2017, companies generated \$23 billion in gains from hedging. That's according to Wood Mackenzie. Today, you have Lorado, a company called Parsley Energy. They had 90% of the production hedged because they're hedging now because they know they can make money. Remember, these companies, although there were much more leveraged, they're still leveraged. They just push their debt out a few years. They still have significant debt. They just don't have as much debt due over the next two years compared over next five.

**Frank Curzio:** The fact that they can lock in a price right now and be profitable, most of these guys are going to do it with the current state of their balance sheet. What does that mean? That means even if oil does come down a little more, you're going to see American companies continue to flood the market. That's one of the negatives here.

**Frank Curzio:** Another negative is sentiment. When it was 40, we heard \$10 oil, \$20 oil. How many forecasts are we hearing of \$100 oil right now? A lot different. You always hear these crazy forecasts at the highs and the crazy, crazy low forecasts at the lows. Now, sentiment has shifted from super bearish to super bullish. This is Bank of America predicting \$100 forecast. You look at traders in the option market. December, 2018, 100 calls. You're looking at large oil funds. A lot of these guys see \$100 oil.

**Frank Curzio:** When it comes to oil, the biggest thing, if you forget Russia, forget OPEC, forget US shale production but don't you forget everything. When it comes to oil, if you're looking to gauge short-term movements, go by sentiment. It works almost every time. If everybody's bullish, it's going to come down. If everybody's bearish, it's going to go higher. It's crazy. It works like that. You can go back. At 40, everybody was bearish. I got a lot of negative emails. Right now, everybody's really bullish. We benefited on some of our oil picks, doing pretty well. There's a great call. However, we may look to take profits because I do see a little more weakness in the oil industry as prices come down, one because you got to see tons of oil hit the market as hedges are in place now. These guys are going to be producing, which means, again, why do people hedge?

**Frank Curzio:** If you look at fuel costs, guys, when it comes to airlines, oil is extremely volatile commodity. Now, you're looking and say, "Hey! I have all these growth plans. Everything I'm going to do over the next year or two. This is what I'm going to do. I'm going to add a fleet. We're going to add 50 planes and more routes and all this stuff and things are great and hire more people." If you're not hedging, oil prices go to \$120 a barrel, forget about those plans. You got to scrap them but when you hedge, you're locking in the price. It allows you to look at your company and say, "Okay." It provides just that extra layer of security, that extra layer that you can see and say, "Hey! You know what? The market, I can see what's coming down the line. We don't have any disruptions. We can actually forecast correctly but we don't have to worry about the price of a certain commodity go higher or lower, which is a major cost to our business."

**Frank Curzio:** You want to lock in that price, at least lock in some of the production, 70, 80% or whatever. This way, your costs are fixed. It's a lot easier if you check what you're going to do and have all these plans set for your company and forecast when you have those price fixed.

**Frank Curzio:** Right now, you have a lot of these oil companies that are locking in prices over the next year. Some of them. EOG's one of the largest. They have less than 10% of their production hedged but when you're looking at these companies right now, what does that mean? If oil keeps going lower and lower. Say, if it goes to 50, these guys are still going to be pedal to the metal producing because they locked in their prices. 70, 80% of their production is hedged. They got to keep producing.

**Frank Curzio:** Even when oil prices come down, you have to wait. That's all in my call in 2015. It was, "Hey, these hedges are coming off." Yeah, oil price went from 100 to 70 and some of these stock have fallen, but you haven't seen nothing yet. When these hedges come off, these guys have tons of debt due over the next three years. Now they can't make money producing the only thing that they produce, the only thing that they make, which is oil. They can't do it economically. They're in trouble. That's why we saw so many bankruptcies.

**Frank Curzio:** But even a bigger game changer is sentiment. You're looking at \$100 oil price. Where was that? People say, "We're never going to see 100. The days of \$100 oil prices are gone. We'll never see it again." Now, a few months later, we go from 40 to 70. Now, we're seeing \$100 barrels by next year. That tells you prices are probably going to come down. That means you're going to see some of these stocks. Their prices come down. Look at the hedges. See where they're hedged. A lot of these guys disclose that in their presentations on their website. Go directly there to their presentations, which means if these stock come down, they're still going to see pretty strong profits over the next couple quarters and it could be a buying opportunity but be smart about the names you buy because oil price is probably going to come down a little bit.

**Frank Curzio:** I see them testing the \$60 level pretty much over the next three to four months. I'll see if I'm right. I'll revisit this thesis but be very, very careful. Someone that's been bullish on oil has been right within oil. Again, I talk about my losers all the time. This is one of the sectors that I feel like I have a grasp on, that I know very well and able to predict. I see oil prices coming down a little bit



further in the short term. It'll probably create some good buying opportunities if you pick the right stocks. To find those stocks, you can't give those away for free, as well but you'll see a lot of those things, a lot of those names come out in my newsletter.

**Frank Curzio:** Okay, guys. Be sure to check your emails, since we're launching crypto intelligence in just a few weeks. I'm real excited. So much to get this project together. Probably already receiving emails that are free educational segments. Also, how you can ask Barry Cohen, who's the editor of this product, some questions about cryptos, anything you want, how to invest in these things, the chains he uses. The early interest has been off the chart so far. It should be because right now, it's a great time. You're seeing cryptocurrency's Bitcoin. A lot of them have come down.

**Frank Curzio:** Barry's really excited. We see more regulation coming into this market, which is going to be a boon the industry. That might sound crazy and say, "Whoa! More regulation. I don't get it." Just think like the SEC and a law surrounding investments. Those are pretty great for America following the Great Depression. You look at the markets. It's been straight up since then. I talk about over-regulation but just putting rules in place to protect investors since I know so many of you want to get into this market and it is dangerous.

**Frank Curzio:** It's very speculative. However, we've seen life-changing returns and some of these tokens, some are up 10,000% or more in months. Still the very early endings of this industry where Barry's going to introduce you to some of the really cool ICOs. Believe me, he doesn't like, I think he says, "90% of them are crap." I've seen some of these things in a white people. Guy's like, "This is what we're going to do. All this stuff. Give me \$20 million." It's down on a paper napkin. No assets, no nothing. It's crazy but you need someone to tell you, "Hey, this is garbage but this one's really good and can be a big difference. That's what's Barry's at. He's been out there for the last seven, eight months attending all these conferences, meeting top execs. Great and awesome. He's going to share his favorite investment with new subscribers, a token he believes has a good chance, I'm not kidding here, obviously I know a recommendation, of replacing Bitcoin as a standard in the industry.

**Frank Curzio:** He's not alone with this sentiment. It's not something where he's on the island. It's several of the biggest names in the industry also talking about this amazing company. It's literally trading at less than one one-hundredth of Bitcoin right now. That's going to be and eventually going to talk a lot about. It's really, really fantastic, something that has me excited.

**Frank Curzio:** If you want to get on [inaudible 01:11:40] list and learn more about this product, cryptocurrencies, you can do so by going to [curzioresearch.com](http://curzioresearch.com). If you're in our list, you're getting a lot of free stuff, education. This is what we want to do. It doesn't mean you have to buy the newsletter but if you're interested in after that free educational series and everything that we're doing and have an access directly to Barry, where he's going to answer some of your question, I'm going to come up with a fantastic author but be sure to check your emails because we're launching this in about two weeks. Again, very, very excited. Crypto intelligence.

**Frank Curzio:** If you guys have any questions, [frank@curzioresearch.com](mailto:frank@curzioresearch.com). I'm always here to answer your emails and questions. Again, very excited for this product launch and you're going to be getting emails about it over the next couple of weeks, not that you have to subscribe again. If you want to, you can. It doesn't matter but it's really cool stuff and we're going to send out stories about cryptos and different things probably that you've never heard of that's fascinating about this industry. It's going to be really, really cool.

**Frank Curzio:** Guys, that's it for me. Thanks so much for listening. I'll see you in seven days. Take care.

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