Frank Curzio's WALL STREET UNPLUGGED

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

Frank Curzio: How's it going out there? It's September 5th and 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. It's funny. Right now we have earnings season which is over. 13 [apps 00:00:37] have been released, just coming off the summer, no meetings taking place between China and the US where Trump can tweet about tariffs every five minutes. It is a holiday weekend. What does that mean? It's an incredibly slow time for news flow and the financial marketplace. There's nothing really going on, not too much.

You can tell it's slow because they're trying to inflate stories and just push them down your throat. The top stories right now, Facebook's new campus has a forest and a rooftop garden, these are off their websites. Lewis Armstrong Stadium, which is an indoor facility at the US Open. I don't know if you've been watching the US Open in tennis, any tennis fans. They decided to put in, finally they're happy, because it used to be rainy and this is where I live, Flushing Meadows, and I've been there, again, I live in Queens pretty much my whole life before moving to Florida but I used to sneak into there because I had tons of friends who worked the US Open and it was great so I'm very familiar with this. They built this stadium because it rained a lot so they didn't have delays and obviously that closes when it starts to rain. Unfortunately they didn't put any ac in the place so they decide to build this massive thing, it cost how much, 10, 20 ... whatever it cost, but they don't have ac so the players are almost dying. They're keeping the roof open because it's not raining but these guys literally can't play. Their hats are soaked in sweat, it's getting in their eyes, getting on the court and they're slipping. That's how hot it is in New

York right now. Interesting story.

Some of the other news they have on there, Brett Kavanaugh's opening remarks in his Supreme Court, you know, for the confirmation, which … I read a story in the Wall Street Journal of how we're burning $1 million dollars of natural gas every day in the Permian which I thought was funny because it's something I reported on in 2011, told you all about from visiting the Permian. But the top story, of course, right now and it's slow news time is … the big Nike deal, signing Colin Kaepernick to be the face of its new ad campaign. Get ready for my rant because this story amazes me and it amazes me because it's disgusting. Hear me out first. First you have Nike, which we all know has one the best marketing companies on the planet coming out with this ad, when, at the perfect time … they're great at what they do … when football season is about to start, which is tomorrow guys, with my beloved Eagles taking on the Falcons. Good timing, everybody's going to talk about it.

They know by signing Kaepernick to this deal, they're going to get tons of publicity, not just from every single network around the country but also on sports channels and top story in the financial media, of course. And this is a story that touches a nerve with everyone because the topic, it's a topic that you have strong opinions on both sides and there's a lot of hate involved and a lot of strong opinions, so people go back and forth so it's something you talk about forever and ever and ever, which the media loves. When you look at Nike, pretty good job and also you know what they say, there's no such thing as bad publicity. Well, Nike just lost $3.5 million in market cap because of this ad as some of their customers took to the streets, and to social media to protest. So, if you're not familiar with Colin Kaepernick, he played for San Francisco, played for a while, and in 2016 decided to take a knee during the national anthem during one of the games to protest racial inequality.

Next thing you know, it went viral. Hundreds of players started taking a knee to protest, everybody was talking about it and you have numerous sides that agree with Kaepernick and there should be more attention to racial injustice and people who disagree in terms of the national flag, that you're disrespecting it. There's people that like Kaepernick, that don't like Kaepernick, but it sparked outrage. And again, which the media loves because it's a story that divides people. When you have strong opinions and it divides people, they're going to talk about it even more. They're going to read all these stories, more pages equal dollars so they keep printing it and printing it, pushing it as much as they can down your throat. Anything that's a controversy within this, they want to push down your throat.

Anyone who completely hates Kaepernick, who's racial, those are the stories that they're going to print. And Nike knows this, which is why they hired Kaepernick. And they hired Kaepernick not because they care about any injustices, are you kidding me? No, not at all. They hired him because they believe they're going to make a fortune from it. Especially … they're like, "Whoa, once we do this, you know what's going to happen … the President's going to start tweeting", which he already did bringing even more publicity to the story. But here's my take on this and why it's disgusting on so many levels starting with the NFL who decided to support Kaepernick at first, right. This is the NFL, supported the whole racial injustice thing, they were behind it and then what happened … revenue started getting crushed, profits started coming down, losing money … and then they started seeing how many people were pissed off because the reason why most people watch football and go on their platform is to get away from all the political bullshit, right. That's why. We want to watch football. We want to get away from it.

But to the NFL, why would you allow these protests to take place in the first place? And it's not that I'm against racial injustice … I know I'm going to get emails saying that, that's fine. frankcurzio@research.com, keep 'em coming. I'm not against protesting against anything. If you feel strongly, no matter what it is, what people believe in, it's kind of crazy what people believe in some days. That's fine if that's what you believe in, fine. No one's ever going to change your mind, you want to go on the street corner, social media … do what you have to do. But for the NFL, you're allowing your employees, the football players that you pay to protest on your platform, which is crazy if you think about it. Because if you're going to say, you know what, Kaepernick, you're allowed to take a knee, you're allowed to protest against racial inequality. This is my platform … you allow it … you kind of have to allow anyone and everyone to protest on your platform including men who believe they're superior to women, including a member of the KKK, the most racial people in America.

I mean, if you allow one that's what you're opening up to because it's your platform. It's pretty crazy when you think about it. Allowing one means you have to allow all. And this isn't a freedom of speech thing. Alex Jones, I'm not a fan of, but taking him off is ridiculous, everybody should have freedom of … that's constitution, I get it. Protest on your own time in the streets, even on social media you're kind of doing it on other people's platforms, but that's fine. I think everybody is cool with that. But you don't have freedom of speech at the workplace. If you think so, just after you listen to this podcast, if you work for an investment firm just stand up at your desk and say, "You know what, women have no place in finance and should never get paid the same amount of money as me." You'll get thrown out in the street. You'll get fired before you finish that sentence. You can't say that in the workplace on somebody's platform.

You have to respect their platform. They hire you, they pay you, there's rules there. But the NFL, one of the greatest franchises in America, a sport people love to watch, you allow this and what's happening to your sport? And yeah, the announcers are spending more time talking about the protest than analyzing the game. That's the focus now. But again, we're watching football, watching sports, there's no script, it's entertaining, it doesn't matter if you're a democrat, republican, doesn't matter what race you are. You're together watching something that's awesome and you have to get this thrown at you. Something that most sports fans hate, football fans … even the football fans that support Kaepernick don't … are sick of it.

Then it gets even better because you have Kaepernick whose suing the NFL because he believes teams are conspiring against him, that they're holding meetings behind closed doors to say, listen, make sure none of you, nobody, collectively, none of you guys are allowed to hire … don't … whatever you do, don't sign Kaepernick. That's what he believes, like the whole NFL, the owners conspiring against him. And he's saying well it's because I'm bringing awareness to racial inequality so they don't want me on the platform. Mr. Kaepernick, I'm not sure if you know this but NFL owners only care about one thing and that's money. These guys are rich and they want to get richer and richer and richer. Most greedy people on the planet, that's why they're billionaires.

There's a reason why you see so many fights on CNBC or Bloomberg between billionaires because they love destroying other billionaires, this way they become more rich. And if they think a person can improve the team and perhaps lead them to a championship, they are going to hire you no matter how many women you hit, how many cars you steal, how many times you got caught with guns and drugs, and no matter how many times you kneel for the national anthem. If you want proof … Marshawn Lynch, 2008, hit and run on a woman, he's been arrested twice for possession of illegal firearms. You know what … he's on my fantasy football team this year. He's still in the NFL. Adam "Pacman" Jones, this guy's awesome. Suspended six times, in fights, selling cocaine … You're selling cocaine? You're making millions of dollars and you're selling cocaine? Doesn't make sense to me. You played for the Bengals for how many years and he just got signed by the Broncos. He's playing this year. Go John Elway, nice job. Nobody talks about John Elway in that matter. Great quarterback, he was awesome, won Super Bowls.

Peyton Manning, won more Super Bowls … he's also signed Adam "Pacman" Jones, pretty crazy, nice signing there. Brandon Marshall, Donte Whitner, Ray McDonald, all arrested for domestic abuse. Brandon Marshall, in fact, arrested three times for domestic abuse, three times, three times? All these guys … still in the NFL. Brandon Marshall, plays for Seattle, everyone loves him. Not because they like his personality, not because he's a decent commentator on Inside the NFL, because he's a really good football player. So yeah, domestic abuse … no problem. You're in Seattle, smiling, catch passes. Russell Wilson, who I also have on my fantasy team, but all fun, it's all cool.

And now in 2018, keep in mind, in 2018, the season hasn't begun yet, already 22 arrests of NFL players have been made. Mostly these guys got slaps on the wrist. I do credit Oakland for releasing Aldon Smith after his domestic violence arrest. But unless you're in jail and you can't play, or there's super strong evidence against you, you're going to be back on the field as soon as you're out of jail. It's crazy. Look at last year, 2017, 44 arrests of NFL players were made. Everything from drunk driving, punching fans in the face, possession of controlled substance, carrying a deadly weapon, domestic abuse, I could keep going and going here. Most of these cases, surprisingly never made it to court. Most of these players are on NFL teams. You go back to 2000, 650 arrests were made of NFL players. These are black players, these are white players, every race, yet many of these criminals still play for NFL teams after these arrests. And you know what? They got paid an absolute fortune to do so.

So my question is why is nobody protesting that? And Kaepernick, why aren't you mentioning this, this is an injustice, isn't it? Why isn't this included in your protests? I'm not done yet. Let's get back to Nike, and Nike, this is awesome 'cause they hired Kaepernick which is, again, fantastic. Talking about he's a difference maker, how he stands for racial injustice, advocate, he's great, the platform, difference maker. This is Nike talking. What about all those sweatshops you owned in China, South Korea, Taiwan? Places that you knew didn't allow labor unions, didn't pay their employees' healthcare. You had these people working for nothing, working like dogs producing sneakers. Guys, this wasn't like a two or three time period we're trying to erase but this was for 30 years Nike did this, from the 70s through 2000. And you know what, the culture's probably worse today.

Yeah, they monitor the sweatshops, some of them no longer exist, I guess, that's what they say. It's like the stress test, they're getting monitored by different groups and making sure they're doing the right thing but instead look at Nike, their male employees, their records and taking all their employees to strip bars and things like that. If that's your thing and you like it, go by yourself. You're taking your employee base out there? That's pretty crazy. Your boss is harassing women? For the past 18 months we had what, not even 18, I think it was the last 12 months ... Six top Nike executives fired or they winded up leaving because of everything that's going on ... these are big names, Trevor Edwards, president of Nike, James Martin. [inaudible 00:13:44], Nike Global worked under Trevor Edwards. Those two probably had lots of great parties. They were treating women terrible.

So I ask Kaepernick, is this the platform you want to be on to get your message out there? Yeah, it's big, I get it, but are these the guys? These are the guys you're choosing to get your message out? I mean, Nike? Really? Just say hey, you know what, they paid me a lot of money. I think people would have much more respect for you and maybe have more people take you seriously about racial injustice which is a serious problem. And another thing … Yes, I'm not done … Kaepernick, when it comes to your lawsuit against the NFL, the owners are not conspiring against you or holding secret meetings to make sure you're never going to be a quarterback in the NFL. They don't do that. They're not going to collectively say, okay, no matter what everybody does … No, owners are going to do what they got to do. It's about money. To show you, NFL owners will hire anyone, no matter what your background is if, if, you're a good player and they can make money off of you. Plain examples … I could have kept going, I could have had the whole hour podcast on that.

They're not conspiring, they're not going to hire you because they're afraid you're going to go to that platform, you're going to take a knee, it's going to be a … they're not hiring you because you're a terrible quarterback and I think that gets lost with all of this. And this isn't my opinion here. This is just looking at the stats. I mean you could go Google, ESPN quarterback ratings 2016, you'll see it for yourself, the last year Kaepernick played. Forget the fact that he was 22 out of 30 quarterbacks in the NFL based on your quarterback rating, but … yeah, that's bad enough but you look under the hood and I'm a research analyst, which I like to do, it's much, much worse than that. For example, quarterback rating on that sheet includes run and pass statistics. What do we know? Quarterbacks don't run, most of them don't. You're crazy if you … look what happened to Carson Wentz. I mean, you could argue that it almost cost us the Super Bowl or you could argue that that did win us the Super Bowl depending … doesn't matter, I'm an Eagles fan who won the Super Bowl.

Look at Robert Griffin, III. These guys got hurt because they're runners. Carson Wentz could pass, Robert Griffin could pass, but they ran ... if you're looking at quarterback coaches, you're looking at coaches, they discourage you as much as possible for quarterbacks not to run. You're the franchise player, it's so easy. You've got 350 pound guys running four fives that are going to destroy you. Your season's over, quarterback's a monster position. Nobody really has great backups. The Eagles got lucky with Foles. And Robert Griffin, people might say well he's not that good. He was an amazing quarterback. He had the best passer rating and the highest TD completion ratio for a rookie in the history of the NFL before he got hurt. Quarterbacks should never run, when they do, they get blasted. So if we strip out the running component from the quarterback rating, which we should do for every quarterback because, again, you're not going to sign a quarterback to run, that's what running backs are for.

Kaepernick rated dead last in quarterback rating in 2016, this is based on pass statistics. That's the last year he played. In fact, his quarterback rating for passing only was negative. So put that in perspective, no other quarterback has a negative rating in 2016 just for passing. And Drew Brees, Matt Ryan led the league with passer ratings in the 80s that year. He had a negative rating. Getting negative, as an owner that's what they look at when it comes to signing players for a team. Yes, they're going to take into account character a little bit but playing ability is much more important. If you can make them money and based on your stats, Kaepernick, you're not a good quarterback. You're not worth the risk to owners. It's that simple. If you want to blame them, sue, whatever you want to do and you're probably going to [settle 00:17:26] from the NFL to make it go away, give you a little bit of money because that's what the NFL does and they have a lot of money, that's fine. Plus, if it can make you feel better blaming everyone else, that's cool.

And if you want to continue to protest against racial inequality, that's cool as well, I'm not against that. What I am against, the NFL that botched the situation completely and you really showed your true colors by not allowing players to protest during the national anthem only after your profits started going down. Only after that. I'm against Nike who has pretty big you know what to back Kaepernick. One of the worst companies, when it comes to ethics, in the world. Are you kidding me? Talk about ironic, signing Kaepernick, holy cow. I'm glad this cost you over $3 billion to learn that lesson 'cause I know what you were thinking. The President's going to tweet, football season's starting, it's going to be all over everything. People are just coming back from the summer vacations, there's no news going on. It's going to be a great news story. We're going to dominate the news.

Yeah, you dominated the news and you lost over $3 billion of market cap, good for you. You think they're going to do this again with somebody else? No, 'cause it's about the money. And when it comes to protests, again, if you want to protest, do it on your own time. You're allowed to use social media platforms. Hold up signs in the streets in front of the White House if you want but stay away from the platforms that people turn to get away from the political bullshit because everywhere we turn, every news channel we watch ... I don't care if you're a democrat or a republican, every award show, every music show ... It's in our face every second. And I can tell you, most Americans are sick of it but they can't say it but they are. Because if we say we're sick of it, what does that mean? We're racists, we're woman haters.

Seriously, how many people are just sick of the political landscape being forced to pick a side? Being forced to hate? Even though most of us, and most Americans really love this country, we're being forced to hate the other side right now, being forced. As for Nike and the NFL, shame on you. Shame on you for acting like you care when in the end, what you really only care about are the profits. I can't wait to see the emails on that rant. But keep 'em coming. frankcurzio@research.com. Let's move on after that, but again, strong opinions here about this. Let us just be able to watch football and not deal with all the crap, that's what that's about.

Anyway, so aside what we mentioned, not just on every sports, every news hour, just felt like it was up to me to really just … I don't know, to have a nice little rant there and I wanted to share my own thoughts, especially those of you burning your Nike sneakers in protest. Maybe instead of burning them, you could donate them to people who really need them … a lot of people, a lot of homeless people … come on, give me a break. Burning them and throwing them on social media to get attention. I won't go on. That's another rant. Moving on.

I'm about to interview one of my favorite guests, someone who you're very familiar with, who's a regular and who always, always, always shares tons of stock ideas with you and that's Andrew Horowitz. He's the founder of Horowitz and Co. Money Management, also the host of the Disciplined Investor Podcast, someone who's been taping podcasts just as long as me. Over 10 years we've been doing this, I love it. Today we're going to dig deep on China, market's gotten killed this year, mostly on trade war fears and he's going to tell us some buying opportunities, or if you should continue to stay away … and while it is very quiet on the earnings front, most markets it is pretty quiet, there is a lot of economic data that's going to be released over the next couple of days that's definitely going to move the markets.

He's going to break down these indicators and talk about the positive negatives and more important, how they will impact your portfolio. And as always, Andrew is going to share some of those favorite ideas with you including longs and shorts. By the way, Andrew's been on fire lately when it comes to his picks. You may want to start following some of his recommendations. It's a lot to talk about and let's get to the interview right now.

Andrew Horowitz, thanks so much for coming back on the podcast.

Andrew Horowitz: Well thank you so much, appreciate the payment for me for my guest fee.

Frank Curzio: I know, your guest fees are running a little high now. What is it like $50,000 to get you on this podcast now?

Andrew Horowitz: $50,000 and you're in arrears by millions.

Frank Curzio: Oh man, let's get to it 'cause it is a slow week. We're just coming off a holiday, the summer ended, the kids are going back to school. Earning season ended, it's really slow but there's a lot of stuff going on in the economic front which I know you love to follow and individual investors should be following as well because it could market moving. Let's talk about some of those things in the economic indicators, not just the ones coming up this week but some of the ones just reported 'cause I love reading your commentary on that 'cause you always have good opinions of how to play it from an investor's standpoint.

Andrew Horowitz: You know it's interesting because a lot of the economic numbers that we're seeing here in the US have been very positive. There's no question about it. The recent reading on the manufacturing number, you saw this, the ISAC manufacturing hits the highest level since 2004. I mean it's a blowout number, far beyond the expectations of any analyst out there and there's a lot of reasons why but manufacturing is ramping up and you have to scratch your head and wonder, you say well you know, that's interesting. We see consumers are spending, there's no question about that, they're not really going all gang busters. We see spending numbers are in good shape but retail sales have been okay. Clearly there's something

Andrew Horowitz: You know, retail sales have been okay. Clearly, there's something else going on behind the scenes that why manufacturers are ramping up.

I think some of this, we talked about this on my podcast that we, I think it was last week that you and I discussed this, this pull-forward effect. This is really something very important to recognize that what's going on, while on the surface looks really great – and it is good. It's good for GDP; it's good for the fact that we have a lot more people working, creating, manufacturing. But at the same time, you have to wonder how long can this last and why are we seeing such a blowout number?

If we go back to the last GDP number that we saw, which came in at 4.2% revised, 4.1% original, and you look at the components of GDP, and you look at the fact that the things that really made GDP launch above 4% were primarily the exports, which were up about, I think, about 200% compared to what they're normally up, and also personal expenditures. Now, why are exports flying so much? In the face of the fact that we have a slowdown in the rest of the world and a dollar that's much higher, why in the world do we have exports exploding?

Some of this can be brought back to the tariffs. The whole discussion that you and I have had many times on the … If you know that prices are going up, and you know that things are going higher, why not buy them now? Lock your prices in to make sure that your margins are still in good shape, that your profitability's in good shape. Therefore, I think what we're seeing is a continuation of this exact same situation where we have manufacturing hitting its highest levels since 2004 due to the fact that they're trying to get ahead of this. Create as much as they can, send it, and the buyers are coming in right now. That's why we see GDP going up in terms of the exports, the component of GDP, and it all ties together really well.

The big question's going to be, really, is this sustainable? And I don't have that crystal ball, but I can tell you if you look at other analogs historically to a very similar circumstance that has happened previously with this kind of, as I call it, this pull-forward effect, usually a few months or possibly even a quarter later, you'll see a big fall off. So if we do happen to see manufacturing slow precipitously or we see that there is a significant amount of change in the exports, probably next quarter or the quarter after that into the first quarter maybe – calendar quarter, that is – in 2019, I would think that this theory is very sound and therefore, we possibly are going to start to slow down.

Frank Curzio: So let's get into it because there's a lot that you said there because what we're looking at guys, economic indicators, manufacturing blows out the number highest since 2004. What you're saying is because of tariffs, which could be a great theory, right? We saw higher GDP. But these are our lagging indicators we're talking about so this is what happened in the past three months and they're pushing orders forward because they don't want to deal with the uncertainty of possibly higher prices from tariffs in the future.

So where would we see this? Because we know earnings, they report every quarter, every three months. However, when we look at economic data, a lot of this comes out every single month. Will we start seeing it maybe next month of manufacturing that we get? Maybe [inaudible 00:26:18] which is coming out, I believe, tomorrow. And guys, we have unemployment coming out as well. ADP's tomorrow, unemployment's Friday, a lot of indicators. But when will see this and will we be able to see it before maybe we could ... We'll see a decline in some of this stuff where we might not have to wait until earning seasons where I predict that a lot of the companies, it's going to be very difficult for them to sustain these earnings, especially since the companies with the most overseas exposure did the best, which is kind of weird because the dollar was a lot higher. I don't see that happening next quarter.

So overall, I believe earnings are going to come down and maybe that pull-forward effect that you're talking about, but is there a way to investors to see this, maybe before we get to the next earning season?

Andrew Horowitz: You know, the problem is that you don't really see numbers until we know what happened already. Therefore, it is in the rears, as you discussed. You would think that during earning season, you would start to see some of the management talk about a change in the dynamics, some warnings coming out. That would probably be the way that you're going to see it because they'll see that before you get the actual report. Before you get the economic report, companies will actually have been seeing what's going. Therefore, if you start to see warnings from these various sectors, particularly that are very heavy in the manufacturing area, exporting, and that have a significant amount of overseas exposure, I think it's a no brainer that that's what's going to be the reality.

So, in other words, you can't have a global economy that's so intertwined and have an economic slowdown in Europe, and economic slowdown that's starting to come about in most of the emerging markets, and not hit here in the United States. It's impossible. You're going to start to see, I think, the front end of this which is clearly the slowdown in the numbers that we're seeing on economics from the emerging markets, the developed nations outside the US, and then I think the capper to this, which you mentioned, will be the earnings announcements, guidance, and potential warnings of slowing sales into the next quarter.

Frank Curzio: So now, let's talk about countries in general. We've seen everyone who's really fought us on this tariff issue, we've done well, and you could say, "Well, it was right in the middle of tax reforms," which when you take the reform as a benefit, it's still enormous, even when we have a little impact from the tariffs. Where a lot of countries outside the US don't have those tax reforms to rely on, so they're getting hurt with the tariffs, especially China.

Let's talk about China. China's market is, yeah, down incredibly from the beginning of the year. Forget about people wanting to use the word cash, down more than 20% or whatever. But we're seeing even the top names, one of the ones that I won, JD, which again, we just had news on it where the CEO basically, they said that domestic allocations–

Andrew Horowitz: Allegedly, allegedly.

Frank Curzio: Allegedly, it's just weird that they released them so quickly if everything [crosstalk 00:29:11]–

Andrew Horowitz: That was weird.

Frank Curzio: Yeah, I mean look, when you're in a bad market, all you need is just that little push over and stocks will get crushed even more, but we're really seeing, even Alibaba, we're seeing a lot of the good names out. Even, was it FXI was just tracks at ... 25 largest or 20 largest companies in China, all of them are getting destroyed right now.

Is this an opportunity? Because we also know from China that they're announcing major stimulus, they're going to make lending more easier, and this coupled with maybe a resolution to tariffs, which it looks like China's going to have no choice to do unless they want to continue to see their market crash, it just seems like this could be an opportunity where, "Hey, you know what? I don't know if you want to wait for the trend to turn, but you might ... " I don't know that we see that much more downside from these levels considering the market's crashed already.

Andrew Horowitz: Well, you know, what's interesting is that we have the potential for a buy the news and sell the rumor kind of situation setting up right now. I think Thursday of this week is the last of the discussion date availability to talk about the $200 billion of goods that will be tariffed that Trump wants to put on China. Then if that is the end of it, we may get a resolution to something here.

There's a game of chicken being played here and right now, yes, Chinese markets are definitely hurting. There's a lot of things that are going there, a little bit of a slowdown otherwise too. Not to mention, they have this major potential problem with swine flu. I think it's called the African Swine Flu. There's swine flu there.

Do you know a little tidbit here that half of the population of the world's pigs reside in China? 400 million pigs in China.

Frank Curzio: That's a lot of pigs.

Andrew Horowitz: And their main source of protein is pig, is pork. So a swine flu epidemic that could be breaking out there, which is a real problem, is starting to really bubble up a little bit, is also a problem for their economy.

So there's a lot of things that are coming together like the perfect storm for China, but I do agree with you that they're not just going to take this sitting down. And on top of that, you talk about JD. JD is kind of like an eCommerce/commerce platform, kind of like – I hate to say it – but like an Amazon, a baby Alibaba. It does different things, but basically, it's a consumer-oriented site for buying and selling of goods, and a few other things, payment processing, etc.

What's interesting there aside from the fact that we had this weird news about the CEO is that if you think about what's going to go on there, it is possible that China and the Chinese people start to buy more and more domestically as we see these tariffs come on. Therefore, you would see that there is the potential for these companies like an Alibaba, a JD.com, several of the other companies that aligned with that, to do very well.

I was just there, by the way, and I will tell you that the use Alipay and a few other, WeChat pay. They're using their mobile phones and they're using technology right now much more even than we do here. It seems that every individual … I mean, how many times do you see a person pull out their phone here and pay for something? It's kind of rare. They pull out credit cards, right?

Frank Curzio: Yeah.

Andrew Horowitz: There, there's no credit cards. They're pulling out their phones all the time. They're buying stuff online all the time. The infrastructure, even though there's a long stretch to get things done … So I think that's why I like JD as well even though it's in the – it's a bad word, but in the pooper right now. It's bad. The stock looks terrible, but there is a chance that if we see this buy the news concept come off when the potential for either some kind of trade resolution happens or maybe the trade resolution doesn't, everybody's like, "Okay, well that's it. It's not getting any worse." It can't get any worse than this. This is an opportunity.

I think there's a little blood in the streets and I think there is a buying opportunity here.

Frank Curzio: Yes, I cosign. We own JD too. We're getting nailed on it too. Our portfolio's doing well, but that's one of the ones that have come down.

I want to stick with the international theme here because one of the things that you're concerned about is possible contagion when it comes to banks and a lot of the debt that they hold in other countries. When you look at what we're seeing with Turkey, when we look to see with Italy, and also, I don't know how much exposure they have to places like Venezuela which is getting ridiculous now, but this is something that actually worries you, right?

Andrew Horowitz: It does because everybody's ... When we sit here in the US and we're like, "Uh, it's happening over there. Who cares?" Argentina just raised their interest rates to 60% because they're losing money. Peso is just flying out. Nobody wants to be there anymore. We know the crash of the Venezuelan currency. We know the inflation is out of control. In Latin America, inflation is really off the hook.

And then you look at things, you said Italy and Turkey, why are these things happening is the question? Why, all of a sudden, if everything is so good, if the central banks are in there, stimulating in Europe, if there is a very favorable economic backdrop that's going on, why are we seeing this?

A lot of it has to do with the strength of the dollar. So many of these countries and companies inside of their issued bonds in the form of dollar denominated notes and therefore, as the dollar goes higher, it makes it much more difficult to pay back that note. It's causing them major distress on their assets. Venezuela bonds are not at 20 cents on the dollar. They were a 7% position of the emerging market bond index, the official emerging market bond index. Now it's 2% because they dropped in value so much.

The problem is who else holds these bonds? That's the issue because over time, we see mutual funds and ETFs buying it, but of course we see banks also. A lot of banks have been building up big positions because they were searching for yield for a long time. You can't get anything here in the United States. You get what? 1%, 1.5%? Over there, you can get 7, 8, 9, 10%. So banks were doing their best to build up these portfolios and all of a sudden, they're sitting there holding the bag.

The contagion impact of this is not only for other countries that are having a similar situation, they're having a very difficult time making their payments for a variety of reasons and also paying back the notes due to the fact that currency has collapsed, but the secondary, and really the add-on knock-on effect, if you will, is some of the banks and financial institutions that hold these, inclusive of the mutual funds, the hedge funds possibly. I've heard some horror stories from some hedge funds that I know about some of these emerging market bonds. They just got nailed on them, hard.

A lot of this is a problem and eventually, like I said, while we are an island, the United States is an island, right? If you look to the sky to a point. Well, I guess a couple of connection points. But we were–

Frank Curzio: I know where you're going through.

Andrew Horowitz: Yeah, we're not an island economically forever. We can't stand the fact that there's going to be a slowdown everywhere else in the world and we're going to be just this kind of oasis in the sun having the opportunity to just keep on building up because we rely on a global … It's been set up for decades. This globalization has been a very key part of the success story and we're breaking that down. I think that's a big problem.

Frank Curzio: Nah, it makes it a lot of the sense. With the banks, would we see this though with the bank exposure? Because hedge funds is different. Some of these guys, they just … Their job is to leverage themselves as much as they can, that's why they make as much money as they can. That's why you see so many hedge funds – not so many, but a lot of them, right? They take big bets on either side and if they're right, they're right. If they're not, big deal, it's other people's money.

Really, you could say the same thing with the banks, but at least there's someone monitoring them. At least they have a stress test and things like that. But wouldn't we be seeing more write-downs, more charge-offs, things every single quarter, we're saying, "Hey this is in relation ... " I mean, we did see that during the credit crisis too when they're like, "Oh, we're taking a small charge-off, a write-down for housing and stuff," but now they're not as leveraged as much, the banks, where they were leveraged 40, 50. Lehman, 70 times in 2007. Compared to most of these banks leveraged at 10 times. Would this show up in their financials when they're reporting? If they're taking charges on this, would we be able to see it a lot sooner?

Because contagion's a very big word. It's saying that the whole, everything's going to ... Almost like a ripple effect, right? Everything's just going to keep coming down, coming down. It's going to affect all kinds of industries, all the countries. It just seems like, to me, that a lot of these guys are going to be able to isolate a little bit of that risk with so much going on in other places. Europe's not too bad. We would think it's horrible, absolutely terrible because of the media. It's not horrible though. And the US is doing good, but it just seems like, in terms of this being contagion, is that going too far you think? Would this show up in the financials? How will we actually know?

Andrew Horowitz: What I said was I worried about contagion, not that there is contagion, right?

Frank Curzio: Yes.

Andrew Horowitz: So that's my concern: will there be contagion? Will we see this ripple effect that rolls out across many different countries that continue ... We've already started to see a little bit of that, kind of slow roll. We've seen with Turkey, with Argentina, with Venezuela. You go, "Ah, those countries were always crap." Okay, Italy's having problems, even though they have the Central Bank behind them. We're seeing that there's some concern. There's clearly some concern about bank earnings and holdings on their balance sheet because banks are not doing so well this year. In a time when you have an increasing interest rate environment, they should, theoretically, be doing well. And they're not. So there's something else that's going on there.

It's kind of like a canary in the coal mine, but I think that you will see part of this. No, it is not a major part of the balance sheets of US – well, clearly regional banks. Then if you look the multinationals, it's a bigger position, but still a small position on their books. The European banks, I think, we're a bit more aggressive. Really never got healed, that's another problem. European banks never really came out of all of this. Here, there was a ton of regulation; there was a ton of money pumped into them; there was the ability for them to grow again very dramatically; and they really did solve a lot of the problems about they had the holes in their balance sheet. We just pasted it over – no, we didn't, but the Central Bank of Europe just kind of papered it over, to a degree, in Europe. So that's where, I think, the bigger problems are going to happen.

Now, with that, then you get the next stage. If those banks start to have problems, how much exposure and cross-relationships are there with the domestic banks here in the United States and the European banks? That's where that ripple really starts to expand, right?

Frank Curzio: Yep.

Andrew Horowitz: But right now, I think it's definitely one step removed, maybe even two steps. Although two steps removed from the US banks and that's why they're holding up much better, but if you start to see that there's a lot of problems with more countries, more emerging markets fall, and you know what? The tariffs are meant to pressure other countries. Isn't that the intent?

Frank Curzio: Absolutely, yeah.

Andrew Horowitz: So if we keep pressuring them and they keep on slowing down, and then they have more problems with their currency going lower, and people don't want to be involved there, it could cause this to really pick up speed over time. But again, I'm worried about it, I'm watching it. I think you will see it in the banks. You'll see it in the European banks first, but it's just something to keep in mind.

Frank Curzio: Now, let's get back to the US. And guys, we just went over that whole conversation. It's very important because it might sound like boring stuff, it's overseas, it's international, but that stuff impacts. It filters all the way back to individual stocks that have exposure in these countries. If it's Harley Davidson's, the Whirlpools, companies that have more exposure, Goodyear Tire.

One of the analysts, Michael Alkin, did a great job on this because he discovered – he's a forensic accountant who writes "Moneyflow Trader" – that when it came to Goodyear Tire, I think it was Venezuela that they had exposure to, I'm pretty sure, Argentina, one of them. But the inflation, they showed amazing growth but it was really because of inflation; it wasn't really because of demand. Now, we're looking at Goodyear Tire which is finally, he was well ahead of that story and everyone saw it, but it does filter down. That's why we're talking about it.

And now, I want to get to the US here because what are we seeing now with, say, the retailers? Retail's on fire. We had Target CEO come out and say, "It's been one of the strongest [inaudible 00:41:19] he's ever seen in his life," or something like that. We're seeing a lot of retailers report ... There's separation for sure, but most of them are reporting very, very good numbers and the stocks have benefited.

I mean, I don't really want to talk too much at this level when you could have bought them months ago, but what's your thoughts on the consumer? What's your thoughts here? Because right now, it seems that people are spending more money, they have more money, they're investing more money, even into things like ICOs which have no equity stake or equity tie. They're not backed by any asset at all; it's just a piece of paper. We're seeing more money enter the system being spent than probably I've ever seen or at least I've seen in the last 15 years.

Andrew Horowitz: There's a lot of exuberance. You have a lot of things going for you right now. The first thing you have going for you is that your paycheck is higher. Maybe slightly higher. Maybe getting $50 a week more because you're having less taxes taken out. You also have the fact that you have your 401K plan, your investment program, it's probably going really well for you. Now you have this confidence behind you, and it's expanding into exuberance. You're seeing a lot more ability to buy.

When people are concerned about the future, they back off on spending. When people have any kind of concerns about the near-term, they back off on spending. When people see a bright future, now whether they're right or wrong about that, but when they see that, when confidence is high, they spend. That's what they do. I mean, that's not the only thing they do, but the spend. They go out and they'll spend some money not worrying about saving every last dime.

When they're in better shape financially in terms of their debt to their asset ratio, they feel better. They'll spend a little bit. They'll put a little bit more on credit. They'll extend themselves a little bit and buy, maybe, that boat, that RV, whatever it is, whatever they're buying. Whether it's that or a TV or a new subscription or increasing from the Netflix base subscription to the 4K subscription, whatever it may be.

The thing is though, that confidence is a funny thing. It comes and goes very quickly sometimes. You can have a turnaround in confidence for a variety of confidence. Right now, I think spending is boosted by confidence, which again, is high. We've seen all the numbers come out recently, looking really good. And that's good. We see that income is better. Another plus on the plus column there.

There's really no negative right now if you think about it from the aspect of people spending and what's going on, so therefore, there's a free flow of capital outflows into a variety of different things like retailers. Let's also say the fact that retailers couldn't have gotten much worse. The big box retailers, there was a stall going on. Nobody was there. Still, people are really not there. They've done a much better job at controlling their costs. They've done a much better job at putting their stuff online and I think that's a big part of it. But if you go to the malls, when's the last time you went to a mall that you saw it really crowded? I haven't.

Frank Curzio: Other than, yeah, the holiday season, but yeah, they're not really too crowded. No, absolutely.

Andrew Horowitz: You know? I think there is a lot of hope for the retailers. We're kind of negative on the retailers right now. I think I mentioned I'm short Macy's and have been for a good 10% here now.

Frank Curzio: It just got its downgrade today too.

Andrew Horowitz: Yep. You know, I think there is some real problems there, but when it comes to overall, and then you have competition with Amazon, other places. Amazon hitting an all-time high yesterday, backing off a bit. But I think that when it comes to the markets, they're going to be the main key. That's what people have been looking at. That's what people have been trained to do. If their wallet is full and they have a big wad in terms of the size of their portfolio, they're going to feel good.

I think the only thing you have to worry about, and this is a big concern, is a turn down of the markets, and that will spook investors a bit and start to see people backing off a bit.

Frank Curzio: That makes sense. And guys, when it comes to confidence, a good analogy would be – and how quick it could change – would be Ronda Rousey. Most confident, one of the best MMA fighters, woman fighters, that we've seen, undefeated. All the confidence in the world going into a rink thinking she could beat anybody, and then she went in, and she really took a beating. Which is fine, right? I guess we all do that, even stocks in the markets and stuff like that. But that's how it happens because when she tried to come back, she fought fighters that really weren't as good and she got crushed. A lot of that has to do with confidence.

Once that confidence changes, many it is you lost money in cryptos, maybe you lost money in certain stocks that are starting to come down when we're seeing the markets at all-time highs, but really, a lot of stocks are down 20, 25% and more. Believe it or not, there are. I'm finding a lot that have gotten crushed.

Andrew Horowitz: Oh yeah.

Frank Curzio: But like you said, it could change very, very fast, and when it does, that's when people stop spending. It's just something to think about.

Frank Curzio: Very, very fast and when it does that's when people start selling. Just something to think about when we have a bull market, right, that's at eight year highs. You just brought up a lot of good points there, Andrew. Once again, I'm talking to Andrew Horowitz. The Disciplined Investor podcast, the host. Andrew, before we go further cause I have some topics I want to talk about. I know that you wanted to talk about one of the products that you just launched which is pretty incredible. I wanted to give you a chance because sometimes I just get caught up and we have such great conversations I don't give you a chance to talk about your company. I feel bad sometimes.

Talk about one of your new products, Envestology, which is really cool.

Andrew Horowitz: Yeah, so we have a variety of different strategies for clients. Because we do the podcast we get a whole wide range of people, right? So we have people that are students. People that are 80 years old that listen to the podcast, right? So, what we had was a desire for people to have a more traditional style, hands-on approach to working with us but yet at a lower minimum. So we said, "We really don't have that available."

What we did was we took the best of the back end of robo advisors, which I'm not a big fan of traditional robo advisors. But we took the back end, the best that we could find, built a front-end on there and now we have both the ability for investors to go in and do a questionnaire, it's called Envestology with an se. They go in and simply fill out a pretty, I think, an interesting form that goes through a variety of things like, if you just won $10,000 at a casino, what do you do? Here are some choices: Lay it all on black? do you go home and take it all and squirrel it away? Do you bet half of it on this? Do you take a vacation to Monaco? What do you do?

So, there's all these questions that it asks and then what we do is we assign a [inaudible] and risk score and then port that to a portfolio that we create and manage. So different than a traditional robo advisor with a robotics, the AI is creating these portfolios. We're actually creating the portfolios for you on the fly. And we'll manage them and we'll also adjust them. We'll do rebalancing of course but it's a really cool thing cause it's a minimum of ten thousand dollars.

Frank Curzio: And it is great stuff guys. I actually tried it and it's awesome. I wanted to turn your attention because even with this system and you're looking at individual stocks and we've been talking about a lot of fantastic names, which is cool because right now what we have is a portfolio that tracks a lot of our guest picks and everything. We'll take like one pick off the newsletter and just track it. Believe it or not, Andrew, you've been doing very, very well and one of the last picks that you had was Generac, GNOC, seasonal trade for hurricane season which is up around ten percent since the last time you came on. And I think it's a good play right now with I just saw the weather yesterday there's like two or three hurricanes in the Atlantic coming towards us. Maybe one or two of those might hit. Hopefully they don't but, a company that sells generator, and we live in Florida right so we monitor this stuff all the time.

But, could you talk about some other stock picks you're looking at? Cause I know you mentioned Tesla which was downgraded this week by Goldman, but you really thought it was funny because Goldman always had a seller rating on it, but they actually pulled it off for a little while. I want you to talk about that process which goes on behind the scenes with a lot of these sell side firms which I always find fascinating.

Andrew Horowitz: So what happened with Tesla was if you remember the infamous tweet, the going private tweet, funding secured tweet. This all of a sudden rocked the stock up dramatically, it halted it for a few hours, there was some discussion and then we fast forward a few days and all of a sudden Goldman was hired to consult on this. Goldman therefore pulled their commentary, pulled their ratings. They didn't want to have a conflict of interest.

So they had a sell rating and they pulled it. A little time goes on, Tesla goes through the ringer, all of a sudden Elon Musk says, "Well, you know what, I think we're going to stay public." That was an 11:30 pm tweet on a Friday night. And then right after that, I guess they don't need Goldman anymore so they don't use them for consulting on this go private deal, therefore they're released from their obligation. The conflict is no longer in existence and what happens? They put back on their sell rating with a 210 price target.

So, I don't know what little shenanigans were going on. Maybe there was a desire to get that sell rating pulled so you just do a quick deal and hire them on for a while so there's no longer that sell sitting on the books. I don't exactly know what went on but it's pretty ridiculous the whole process.

Frank Curzio: I think it's more of a Goldman thing that a Tesla thing to be honest with you. I mean, it seems to me it's both really because one I could see where you're looking at Elon Musk [inaudible 00:50:34] you can't say you have secured funding and you don't, which he doesn't, right? Obviously. And he went to numerous sources but it got down to-for me, I see this as a desperate move. I really do.

Just common sense, you're going to Goldman an investment firm as you know, they're always going to raise money right off firms. Companies always have to raise money. When they do, especially the large ones, they're going to go the investment firms who cover them and they're going to go to the ones that have the buy rating. Cause if you have a company and you have three guys that have sell ratings on them, I'm not going to give you my investment banking business. Especially if there's 40 analysts covering me which Tesla had.

You're going to go to the guys who have the best relationships, who have been promoting your stuff. That's who you go to. You only go to the sell guys after you're desperate. You go to Goldman. Once you become an advisor or something like that or about to do a deal you have to pull your research off of the stock. So they have to say we're not covering the stock anymore. And now that Goldman said–and they had a sell rating before that, now Goldman comes back and says, "We're going to reiterate our sell rating." Which they had a target, been up 25% lower than the current price, a little over 200 I believe.

It kind of sounds, even on both ways, Goldman's funny because they'll do anything for money, right? That's their job, their business. Again, I'm not killing them or anything like that but it's true. I mean, if Tesla comes to you and says, "Look, we want to do a deal and it could be 70 billion dollars." Goldman's not gonna say, "No, we already have a sell rating and we don't like you."

But the fact that they couldn't get a deal done with Goldman and Goldman really doesn't like these guys. Because Goldman's gonna go to their own clients. Think about it. They're gonna go to their own clients to try and get this deal done, to see what demand is. And then telling everyone that the stock is worth 210 dollars and yet this guy's saying well it's worth over 400 based on funding that they don't have, it's kind of a crazy thing. There's a lot going on there. [crosstalk 00:52:12]

Andrew Horowitz: Bizarre. Totally bizarre. The whole thing has been bizarre.

Frank Curzio: I don't know. I just thought Tesla was a great buy just as a trade in the quarter cause I knew Elon Musk could tell everyone exactly what he wanted to hear but long-term the competition coming into this market, guys, and the amount of beautiful cars that are gonna have the same quality, same everything is really going to hurt them. Not only that. When you look at a tax credit, you're not gonna have that tax credit anymore for Tesla and all their competitors are going to have it for x amount of years.

There's a lot of–I mean, where that company's trading right now is just very, very dangerous and it's a crazy situation. Anyway. Everyone has their own opinion about Tesla and you can go on Twitter and it be insane as hell. But it is interesting that you brought that up cause I haven't heard anyone talking about that Goldman note which is very important.

Other stocks that you like right now. Cause you look at all stocks across the board. I know you have longs and shorts. What are some other ideas that you could share with us?

Andrew Horowitz: I mean, with the fact that people are pretty flush, you see that a lot of the boating companies you know I'm a big boater but one of the things I noticed is many of the boating companies, particularly in the Florida area which is the boating capital of the world and many of the companies outside there as well, aside from Brunswick which had Sea Ray which they're no longer even making the big Sea Rays anymore they're getting out of the business but because one of the reasons is people want these smaller center-consoles with a little cabin maybe. But they're making them bigger and bigger. Back in the old days, the center consoles like my boat, a 32 footer that was a big one. That was back when.

Mine is 35. They're making 42 footers. They're making 52 footers. There's like a 65, the El Sueño that's being made right now. Now, one of the things that interesting about this and combine that with the whole navigation discussion about car sales and things like that even though car sales dipped a little bit, I like Garmin, GRMN. Now we've held this and we've looked at this. It's just a good quality name and the stock has, I think, if in fact we continue to see the prosperity that's being blessed upon the United States is going to continue that would do well. However, I will share with you that if there's a slowdown and there is a change in confidence and buying slows down, I do wonder how that's gonna play out. But there in that whole navigation, smart device location device. They have a whole bunch of different things there, too.

Not my number one pick by any means. In fact, I like BJ's if we were to talk two to three weeks ago. BJ's it came out with an IPO recently. Competition to Costco. I can't really recommend them right now. I'm going to stick with some of these beaten down names. I'm going to stick with the Hooya, which does a lot of online streaming. One of the big things in China and Asia is personal streaming. Personal live streaming of video. It's a big thing.

You know they have people that cook in their kitchens and people watch these. They have all these very strange, from our standpoint, very strange shows that go on through the online streaming. Hooya, HUYA, interesting pick. So I like JD, I like Hooya. Garmin. Let me see what else on my list here.

I'm a little lean on the longs right now. I gotta tell you. I still like my Crisper and Edit. I told you that a long time ago, those two.

Frank Curzio: What about some of the things that you're sure-not sure but some of the things that you maybe-when we talk to you guys, you have to realize Andrew is giving you positions that he'll trade. So he might be in and out of them. But, there's certain things that you'll look at and you'll text me and we'll go back and forth or whatever. But things that are certain stocks that maybe you don't like that you can be short. Doesn't have to be long positions.

Andrew Horowitz: I mean, Best Buy is a question. We shorted them and we dumped out of it about ten percent. The problem right now to be honest with you is I like our core positions. I really like our core positions. We have the most amount of core equities in our managed growth strategies that we've had in a long time. And not every single position I love but a lot of them I think have really good growth potential and they're doing very well.

On the short side, we're really moving in and out quickly because even though I have Tesla on my all-time short list and Macy's on my short list, the fact of the matter is it's a bit of a dangerous market right now. I mean, I personally did a trade on Amazon yesterday made points on it and short it yesterday and bought it back today. It's points, done. A little more aggressive than we would do for client portfolios with that kind of quick trade, especially with Amazon hitting highs. But there's nothing I really want to short right now until I get the next level.

We're not seeing a roll of these markets. These markets cannot seem to roll. And if they're not rolling, I'm not gonna short. So I'm not gonna press it unless there's a long term reason. Like I said, with Tesla in my belief or in Macy's.

Frank Curzio: And I appreciate that too cause it is, it's kind of like a market where you're just seeing, it's very sector [inaudible 00:57:09]. You're seeing technology stocks, obviously, the big ones the Fangs. We saw Netflix and Facebook come down but a lot of those companies are really pushing, especially Apple, pushing the market higher and higher. But underneath, and I think I did this maybe a month and a half ago when I was looking just to get a breath of the market there's more companies out there. I think there's seventy-five hundred that were down year to date than there were that were up.

This was an SP500 and the SP500 was 2 1/2-3 percent at the time. I think it was around there. I was just curious to see and it was amazing how many companies on that list that were down more than fifteen percent on the year. Big names that you've heard of, at least I want to say 30-40 of them. I was just surprised.

To see the markets at all-time highs but it is a weird market. It's tough to shore because you said, people shorted Tesla and they got blown out well over 300, now it's coming back down. Who knows? It's a very difficult market right now that has positive and negatives but it's kind of like a neutral market. Which nobody wants to hear, right? You'll never get on TV saying [crosstalk 00:58:08]

Andrew Horowitz: Well, you look at this market and it was down 65 basis points. The NASDAQ cues were down 1.6 percent at one point today. They're already rising up. There's a 50 base point move up. Well, they slowed down but they moved up 50 base points from the bottom on the NASDAQ. You see that there's a lot of money that's floating around, traders that are getting in and out, a leverage is being pushed, margins and leverage are being pushed pretty hard. There's a belief that there's going to be this continuation of very positive markets, all time new highs, continuing for a very long period of time. Much higher at the end of the year than we are now, possibly.

Some small pullback. I will share with you though that we... i don't want to say we're due because that is, I've heard that a hundred times but there is something in the markets that seems to be that there is a bit of a pullback that is very highly probable. The problem is that every pullback that we've seen recently has been bought. Therefore people are trained to buy the dip. Therefore the dips get shallower and shallower because people are trying to get in ahead of the other people that are buying the dips. That's what's going on.

Until again, one day all of a sudden something changes dramatically. Like I said, since this morning, the DOW is up. The futures were off like 100 points on the DOW. The DOW is up now, cause why? Cause they're talking about the Canadian trade deal possibly happening and that could be good. There's all this hope and news flow that's going on that's really designed, I believed, to push markets higher.

And until that changes, you gotta be very careful. In and out very quickly with things. For example, we got into the marijuana stocks. I think I talked to you about last week. Made ten percent on them, we're out. We have a very small position left. They came up today, we clipped it towards the top, now they came down, they're negative for the day already. So, things are moving very quickly and I don't expect most people to trade that way. That's why we do it with our managed growth strategy. But, at the same time, you have to be very careful about what you take a stand on right now.

Holding a good position of quality stocks with good levels that you believe are appropriate in terms of technicals to move in and move out of, long term or short term, or whatever particular time frame you're looking at. At the same time, realize you're going to see a very bumpy market. Maybe it doesn't look like that at the end of the day. DOW finished down 15. Well, that might have been a DOW that was up 100, down 100, down 200 then back in three and four times throughout the day. That's a bumpy market internally saying that there's an issue with price discovery and with agreement on where price needs to be.

So I think that's where we are right now. There's an agreement that prices are where they should be right now all things being factored in. The only thing that I don't think people are factoring in is the real risk of tariffs, long-term, on many different places if we keep this going for much longer.

Frank Curzio: Well said. Well said. Andrew, my audience loves you. They love your podcast. I just want to thank you for coming on. Also, I will be sure since I am behind in paying for coming on this podcast that once I give you those fees you can get that 80 foot boat and you can come pick me up one day. I'm hoping.

Andrew Horowitz: Absolutely. Keep the horn right in front of your house.

Frank Curzio: I'm in. I'm in, buddy. So, take me away for a while. I can have a little bit of a break. That'd be awesome. Listen, thank you so much for coming on the podcast. Love you and love the picks.

Andrew Horowitz: Hey, appreciate it. Great going. Love the podcast. Love the newsletters. Keep it going, man.

Frank Curzio: Sounds great. I'll talk to you soon, man.

Andrew Horowitz: Alright, bye.

Frank Curzio: Okay guys. Great stuff from Andrew. Goes on the podcast, he shared a company with us called Generac, GNRC, I mentioned that. Seasonal trade on hurricanes, they sell power generators and that stocks up pretty good. More than ten percent, I believe, since he mentioned it less than three months ago. Going a lot higher. Mentioned, with Andrew, there's several hurricanes taking shape in the Atlantic right now. We're hoping none of them hit us. One has already hit.

Again, that's what we're hoping but the point of this is it's just one of the names that you're going to find in our All-Star portfolio. Which is a portfolio stocks from pretty much the amazing people, experts analysts I interview on my podcast every single week. After I interview them, I take one stock pick that they recommended, sometimes this pick is mentioned during the interview and sometimes I'll talk to them before or after and they'll give me picks. So I'm always discussing ideas with my contacts. Once we have the idea that we like, we throw it in the All-Star portfolio.

Then we'll provide a detailed write-up on the company, highlight the analyst or the expert that gave it to us and provide a buy up to price and a stop. This results in having I'd say 40-45 stocks every year in our All-Star portfolio which we just started. [inaudible 01:02:52] Sometimes I'll interview an economist that doesn't recommend stops or a CEO who's basically only going to talk about their company which is fine.

You can only get this through [inaudible 01:03:02] research and it's an awesome product. Cause for me, someone who's been in this industry for 25 years it's something that I would want. Something that I would subscribe to as an individual investor because you're not just getting names from one expert. And we all have our experts. You all have newsletter writers that you have, that you follow and people that you follow that you love outside of me. Some of you could hate me, love me, just like the podcast. I know most of you have other newsletters and you just stick with the people who made you money. Stick with the people that are honest and you really love and that's cool. But imagine having all of this in one place.

So picks from hundreds of experts I'm interviewing all in one portfolio. It's cool because I know, based on your feedback, not everyone listens to the podcast as soon as it's published. Some people listen a month later. Some people listen a couple of weeks later. Whatever it is. At least when you have this portfolio, you're not missing out on some of the picks that they recommended.

And guys, I can go back and this is what made me create this portfolio because the picks my guests have recommended are unbelievable. Yes they've had some losers, just like we all have losers in our portfolio. But if we go back, just tracking these, and I'll hear did you own this, did you own that. I'll hear, some of them will report, hey I lost money. I only hear from the bad picks. I lost- what should I do with this?

I can't give personal advice obviously. They recommended the stock. But when you go back to the history and look at some of the recommendations and we're making an absolute fortune, especially in this bull run. For me, I wanted to create a product that captured that and put that in one place for you where we could monitor it, make sure these guys have accountability cause if they give us three, four, five picks over a year, over two years when I'm interviewing them I'm not going to interview them anymore.

I don't want to put anyone that's gonna lose you money in front of you. My job is to make sure they're generating money. Original picks, good ideas. But having this all in one place I thought was a good idea and we created it and call it the All-Star portfolio. And we only charge a dollar for it the first fourteen days. Why is it only a dollar? Because I want everyone to try it. It's open to everyone.

Cause once you do I know you're gonna love it. That's why I have an intro price of a dollar. If you do like it, then you do nothing and it costs you 9.99 a month. That price is locked in forever, however long you want it, you can cancel at any time. It's just 9.99 a month. It is really cheap to provide numerous stock picks. Again, 40-45 picks a year in one place. Again, charging that dollar just lets you see it and if you say, "Well Frank you hyped this up and it wasn't good. It was horrible." You can cancel anytime.

The reason we're able to charge such a low price is cause most people that do go in see it and say, "Wow, this is really awesome. I wish I had a product like this." And I know it can't really be duplicated any place else cause not too many people have these contacts. And are unable to interview these people on their podcasts that are pure stock pickers like this one. That's what separates us from our competition.

So if you're interested in that portfolio, I've created a special web page for you. Www.allstartportfolio.com again, you can try it out for a dollar. I'm not gonna make money on it for a dollar. I'm gonna make money if you're in it for two, three, four years. I'm charging a dollar cause it's a really good product and I think it's gonna help you out and help you make money over the long term.

Again, the website if you're interested is www. allstartportfolio.com

Hey guys, if you have any questions or comments, which I'm sure you will from our opening rant you can email me at frank@curzioresearch.com

That's it for me. That's so much for listening. I'll see you guys in seven days. Take care.

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