curzio RESEARCH

Frank Curzio's FRANKLY SPEAKING

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 Mainstream.

Frank Curzio: What's going on out there? It's Friday, September 28th. I'm Frank Curzio and this the Frankie Speaking podcast where I answer all your questions at the Rocket Science County Sports. Anything else you want to throw at me? Greatest podcast has some more of your questions that you sent me through my Wall Street unplugged podcast, which I host every Wednesday. So any questions answered, just send me an email at frank@curzioresearch.com. That's frank@curzioresearch.com. Be Sure to put Frankly speaking in the headline. You never know, your question may be the one I read on this podcast. All right, great questions. Great questions.

Let's jump right in with a question from Chris, not a question, but kind of a statement, which is really cool. It says, "Frank, I have to thank you. About a month ago I read your blog, Curzio Research, about investing in biotechs. At the time I was heavily invested into Geron. Far, far too heavily invested. After reading your blog, I decided, as painful as it was, to cut my position by 75 percent. Luckily at the time I was able to take almost 150 percent profit and the rest was house money. My plan had been to ride the full position all the way to the riches. But your article made more sense than my plan, so I cut my position size down. Well today, if you look at Geron, and today meaning Thursday, Geron got crushed. It fell 60% and to be blunt, you saved my ass," he says.

"That's why I'm a Curzio Research Advisory Lifetime Member. I probably be adding some of your higher price products in the near future. Thanks so much for your work. You're making a big difference. Chris." I'm not reading this email to pat myself on the back and just say, "Wow, I am so great. I just need that big confidence boost." It's much more than that, right? Because some people, there's people out there to subscribe to my service that maybe just bought GE or Diebold and then canceled and they got wrecked because he didn't buy all my positions. And I get it and I understand you're not gonna buy all my own positions. So, I just want to balance this conversation because the reason why I'm reading this. And again, it's not like I need a confidence boost.

I always wanted Curzio Research to be more than just giving you stock picks. We decided to publish lots of videos and educational material. If you're on our email list you're getting a lot of educational material. We always give a ton. That's how we market. We want to give you much, much more, right? We want to give you everything we possibly can to show, hey, we're the real deal. This is what we do. We're out there, we're doing the research. I write my newsletters and anyone can have great stock picks, right? Especially in an eight year bull market. You're going to have losers and that's gonna make some people happy and we have losers that are going to be people upset.

But when you actually help people and teach them how to invest, that's how you get clients for life. And that's what I want Curzio Research to be and we're trying to make that happen, right. That's really the goal where yes, we have newsletters and yes, people subscribe and they want to get great stock picks and I wanna to hear like all these conversations I'm having through the podcasts with experts, but more important is to educate you to make those right decisions, to be smart.

We had educational videos that our Curzio Venture Opportunity subscribers, they're like 15, 20, actually 25 minute videos, one on biotech, one technology, one on private placements. Just me doing a video and just speaking, aright. It's unedited. It's me

talking saying guys, "This what you have to watch out for." Like I'll sip water and stuff. It's just a relaxed thing that I said, "These are some of the things that you need to learn about investing because I'm aware that you own tons of stocks outside of just the ones that I'm recommending, even if you 401k." Have 401k allocating and stuff like that, but to get an email like this because of something that you saw that educated you enough to say, "Hey, I need to cut back on the biotech position because it was hard to invest longterm in biotech or resources."

Because resources, if you look at resources, one of every 3000 goes from the time you put a little flag in the ground saying, "Okay, this is mine", to producing and people don't tell you that everyone listening to this, you're I guaranteed there's some kind of mineral gold, silver, whatever, underneath your feet right now. It doesn't mean you're rich. They don't not going to tell you it's going to cost you three billion dollars to get it out of the ground. They don't tell you that. You say, "Wow, look how much we found." They don't tell you. Well, the time it takes to produce is 12, 30, 15 years. You need the market to be great. Who knows where uranium prices were at like 100 and something what, seven, eight years ago, and they fell to below 20. Now 27. There's just so much that goes into it were 1 out of 3000 mines gets developed.

So, how do you have a longterm investment in something like that? The odds are so against you. It doesn't mean that you can't buy a junior miner and they come out with great drilling results and good news and expand these results and the grades higher than you thought. But it's kinda like a biotech company that has positive phase one, positive phase two, you're going to see your investment go higher and higher, but they get to phase three and it hit the market, or in a resource company to really start producing and getting this company sold to someone, I mean, it doesn't happen often. More people than not lose their money.

So in biotechs, when you're up a lot and your company's going through different studies and it's early stage, which Geron is,

right? They lost their partnership with J&J and that was huge for them and the stock got crushed. That's what happens with a lot of these companies. I've seen it before. That partnerships, it's almost like having a partnership with Apple supplying Apple. That's a great thing. But if Apple decides and says, "Hey, you know what, we found someone else that's going to do this cheaper and has a better product," your stock is going to get destroyed and that's what happened. So for me, I'm glad that that's amazing that that happens. Because anyone who's going to give you a good stock picks in a in a bull market, right?

And, and again we're going to have winners and losers and stuff like that, but I want to really start sending out more educational material to you guys and that's my promise to you to teach you why I'm picking these things. I mean our issues are 12, 15 pages long sometimes. I can just simply write a one page thing and say, "Hey, you know what? Buy The stock. I like it," but there's a whole lead angle behind it, the fundamentals why I like it now, what you'll see the title. Like one of the headlines that I have is "Why Are We Buying This Now?" and then you'll see why now actually we're buying because you're the buy these stocks wherever you want. Why is now the perfect time? That's the case I'm making them why I like it so much.

So, we have a lot of educational component already. I want to try to increase that. One of the things we're doing right now, which is cool, is on our website, at curzioresearch.com, this what Chris was talking about where we were doing a whole educational series on tariffs because I continue to get tons of questions on it. The media still has no idea what they're covering and I don't say in a bad way, but the media is jobs that gets you to click on things. That's how they make money. Okay? They don't want to tell you, well, it's not really a big deal. They don't want to say that because they want to scare the hell out of you. That's their job because that's how they make money. Advertising dollars, more page views. They're not concerned with making you money. My incentive, if I don't make any money, you can cancel your subscription, I can't feed my family.

Okay, so my incentive to make you money and get the story right is 10 times more great. That's how I get paid. That's how I make my living compared to the media which makes their living by let's make the craziest title possible, this way we get more page clicks, this way and go to advertise and make more money and show how many unique viewers we have, which are not unique. I don't know how you could have 300 million unique users every two months or whatever. I mean eventually run out of people, but that's what these sites report and that's what they make their advertising dollars on. Whatever it is.

So the educational component right now for tariffs is really cool and it's for free. It's not like a sales piece or anything. So once you go on our website, there's a banner on our page about tariffs. You put your email in there and you get a series of educational emails and it's really good guys. I spent a lot of time in this showing you ways to play, especially one way that if China does something, and I've talked about this in the past, it could really make this one sector go through the roof and that's rare earths.

And I just interviewed Jeff Phillips. Now, I didn't interview him for the podcast. I interviewed him for the podcast in the past. There's a special interview I'm doing just for the series, that no one's going to get unless you sign up for the series. And again, it's all for free. We just did it today and 25 minutes long of him talking about because he is the smartest rare earths analyst on the planet. He was, that's, I don't want to say that's how he made a fortune because he was probably had a lot of money before that.

But in 2010, 2011, when China, again, you go back, read the stories I won't go into it, but you'll see why prices for rare earths, just 17 elements, not really rare, but it's very difficult to process. China controls 85 percent of this market, 95 percent if you look at some studies, but over 85 percent. Well, the last time they decided to do a couple of crazy things, and again you'll see what they did exactly when you sign a free training series. The rare earth prices, they didn't go up 100 or 200

percent. They went up thousands of percent and stocks went from like $3 and 25, thirty cents, like 10 bucks. I mean the gains will absolutely enormous and China is on the verge of doing something like this. I truly believe it. He goes over the best ways to play it and how you can make money on.

And again, it's educational component. Now why would I offer it for free? Because you know what Chris, right? Chris is a subscriber. He's like, wow, I did so well. I'll subscribe to it, to more of your products. That's the goal. We want to show that we're real. Here's our stuff. We're a business, right? We're going to try to sell you something. I'm not hiding that at all, but I'm going to sell you something that I believe in our newsletters, our stock picks. By doing that we have to, especially new people coming to Curzio Research, we have to show you what we're about, what our brand is. That's why we offer a lot of free stuff, like this podcast that you're listening to and like the free educational thing and this is just one of many.

So once you're on that list, that's how Chris got to see that video and all the content that we wrote about biotechs. Again, junior miners we talked about. Technology, prior placement, small caps, just investing what I look for. Just again, I was just shooting the breeze, just put the camera on, showed you some sites and things like that. It was just really cool laid back. But, it was really, I just got a lot of good feedback from it. Just not scripted, not anything. You know, just showing you from, not that I'm this genius, I've just been doing this 25 years and I've made lots of mistakes. I don't want to see you guys make the same mistakes. So Chris, listen. I'm really happy for you. Again, I'm just doing my job here. That's what you pay me for newsletters and stuff like that. But that really makes me happy. That's something that we told you helps you investment wise and you didn't lose as much money and that's really cool because that's what it's about.

It's not just about making money guys. It's really controlling risk, limiting your risk because you are going to be wrong. I'm going to be wrong sometimes. Warren Buffet's going to be

wrong. Every analyst you know has had bad picks. All right? But you want to limit the damage because once you lose that, it's gone and you can't invest in all the other good ideas that Warren Buffet came out with after that. Instead of investing in the few that he, that were just terrible investments for him, which he'll admit. So again, educational program really, really cool. We're going to start pushing out more educational material and Chris, awesome email. I really, really appreciate that. And guys, again, go to www.curzioresearch.com if you want to learn more about tariffs and also all the educational content that we're going to start releasing probably on a weekly or a monthly basis going forward. Again, it's going to be really, really good material guys and all that stuff is for free just for you. So, thanks again Chris for that email.

Next one is from Tyler. He goes, "Hey, Frank. Tyler here from Bedford, Texas. Recently on your podcast, you briefly touched on the future of crypto and security token offerings. I'm still confused on how current crypto would benefit from this. From what I read, most of the SDL platforms are creating their own tokens. I'm assuming that if this does become as big as people as saying, wouldn't most currencies, that are available today, basically be worthless if all the platforms create their own currency. I'm super green in this area, but I can't seem to find anything that clears this up. Thanks again and God bless."

A few things, Tyler. One is one thing that you do have, right like the SDL, some of the platforms that these guys are coming out with, they do try to offer their own coins, which is I think is useless. Because when you have these coins and these tokens, there's a lot of things that I feel like people don't know when they're investing in this industry and I believe 90 percent of ICO's today are not going to exist 12 to 18 months from now. They're all going to be gone. Yeah, before you go crazy, the top 20 account probably for about 85 percent, 90 percent of the entire market cap of Cryptos. So the top 20 are okay, but you have to realize what the ICO, you're not getting anything. You're getting nothing. You don't have an equity stake. It's not backed by an asset. The token is only as valuable as how you

could use it. It's not even tied to the company. If the company signs 25 trillion dollars in contracts tomorrow, it means nothing for the token. You're not getting equity.

Think Oculus Rift. When the Oculus Rift got taken over by Facebook and all those people on a crowdfunding site, the Kickstarter or whatever it was. Oh, that's great. Oh my God. They got nothing. They didn't have an equity stake. They got some free content. That's why, but the yet they were funding the company that had the equity stake. You don't own anything. It's not a stock. You own nothing. That token only valid if you use on that site and do you really need to use their token on their site? Do you really need it?

I mean, one of the biggest things is file coin, right? So people are all like you have to store these files on a blockchain, it's going to provide even more safety. One, I don't know too many people who are getting hacked. You have things like Dropbox or in a cloud. Does it provide more safety? Absolutely. But do I need a coin to actually access this, to access my father token? Do I really need this stuff? That's all it's good for. It's like if you walk into Chuck E. Cheese, right? If you have kids, they put the dollar machine that gives you these tokens and they're good for the games. If I take those tokens anyplace else, they're worthless. They're only good at Chuck E. Cheese. Now, Chuck E. Cheese decides to open up another 3000 Chuck E. Cheese and gets taken over by Microsoft for 25 billion. Well those tokens [inaudible 00:14:02] for me. They're worth the same.

Frank Curzio: It was taken over by Microsoft for 25 billion, what are those tokens worth for me? They weren't the same value. I gotta use them all at Chuck E. Cheese. Now what happens if they close down Chuck E. Cheese's? I don't have anything, That's the token … that's what's going on with the market right now. So you have a bunch of kids who are brilliant on the technology end, nut they have no operational experience. They don't know securities markets. They don't know security law. They don't understand that through your ICO's if you offer a utility, that's a utility function, that you're going to have to pay taxes on it.

So if you raise 10 million dollars, you have to pay 10 million dollars on the money you raised. Yet you did not disclose that to any of your investors you just took money from. That's pretty crazy when you think about it.

So how's that company ever going to register through with the FCC? They can't. They can't. Not only that, once they register with the FCC they're going to say, hey, where's all this money going? Because now what do they do? Well okay, so they raise money in January, I raise 10 million dollars and I didn't know better so I kept it in bitcoin which is down 60%. So now that 10 million is what? First of all, on the 10 million yourself you're going to have to pay taxes if you have an address in the US and it's a utility function. You have to pay up to 39%. So you get 10 million, it's worth six million. You have that six million because you have to pay taxes on that. You have the six million. You didn't alert the investors. You didn't tell your investors that if you give me 100 grand it's only 60 grand because I gotta pay 40 in taxes, because no one would invest in your company, right?

Granted that all these guys had the idea on a cocktail paper napkin and for nine months, still, none of these companies even exist. So these people invested in nothing right now. So now you have that 10 million turn into six million, and that six million which you start off as 10 million, you kept it in bitcoin. You kept it in Etherum and it crashed. You didn't put it in equal equivalent which IBM's coming out with, tether or whatever. Equal comparison where it's just kind of like being in cash. So now you lost another how much percent of that money? Whatever Bitcoin went down or Etherum went down. Ethereum was, you're talking about a 70% decline in the past few months. It's insane.

So now, look at the money that you probably took out where you bought new cars or bought whatever you bought, a new house, your platform probably cost a million dollars to start. You still haven't got it launched. You have all these people waving, these kids on the site saying hi with your shirt of the name, right? Joe Coin, hey, we're cool, we're working here

like in the middle of the field at place you're paying $1000 rent in your, it's basically a rented facility to have a couple of your friends in there with a basketball court on the side, but they don't know the security laws. They don't know this stuff and that's why this market is getting crushed and it's going to continue to get crushed. That's why I've been very cautious even with our Crypto Intelligence Newsletter. Our last recommendation is doing fine which is great, but we're very particular.

Now the STO market is the security token market. That security token offering, not and ICO. So if you have an STO what these companies are doing now which is cool, is they are making sure that this coin or this token you're going to have an equity stake. It's going to pay a dividend. Be careful, because if they say we'll pay a dividend on our profits, these companies aren't going to be profitable for five years. But it gives you the ability for companies who exist, small companies, to actually launch their token on these exchanges which are coming out, these token exchanges.

But some of theses exchanges are trying to launch their own token. Like Polymath. So polymath is a company that will help you out with all the services behind the security token offerings which is difficult. They're going to have a smart contract development, know your customer protocol, accreditations, all that stuff. You have to sign. A lot of things go behind this, launching the coins. Again, to your structure, exactly how you want it, but it's paying a dividend, equity stake, whatever. These token holders, they're going to help you get on exchanges. But what Polymath is doing is saying, well you have to use our coin to do it. And if you use our coin, everyone who's on our platform is going to be able to see it and invest in your company. Again, I don't think that's a necessity. I think that they're doing, that doesn't make sense to me. What they're doing is they're really trying to make money. Polymath is not telling you, and again, I'm not throwing anyone under the bus here, this is about investing in it.

They have 249 million coins right now, but they have a billion that they could release. A billion coins. Think about that for a minute. Imagine buying a stock in that kind of dilution When companies raise money it's like five percent dilution. These guys are going to increase the shared [inaudible 00:18:30] by 300%. They're going to keep launching these coins on the market dilution, right? So they're diluting your stake which is insane.

So I wouldn't go with the STO's. Not every one of them are launching their own tokens. Some of them are, but it's very dangerous. But they do offer these amazing platforms and you're seeing a lot of exchanges come out and work with the SEC because they want to have these security token exchanges. Coin Based just did a lot of maneuvering to get this done and said these are some of the things they're going to offer going forward. They want to make money. It is the most well known exchange but they only have the four top crypto currencies on there that trade with Coin Based which is the easiest one to sign up to for you guys. But they're going to say, hey, for security token offerings and things that are registered with SEC, those are going to be listed on their exchange and that's when they're going to be better to compete with New York Stock Exchange, NASDAQ and things like that.

That's the market that's going to happen in 2019. That's enormous. That's the work, everything I've said that I've been doing for the last three, four months, because a lot of that is going to be tied with Curzio Research which I'll share more of the details with you, but the Ico market, a lot of that is going to be worthless. And Tyler, getting back to your question, I think just a little confusing where every STO is going to have their own exchange, right? It's not an exchange. Some of these are exchanges, some of them are services that are going to help you. But it's a big exchange that's going to have a bunch of companies with their own token which is like their own shares trading on it.

Again, they're going to use block chain technology not as much.

It's cool, but this is a market and it's just that benefit that people didn't see, that it's a peer to peer where you don't have to use Goldman Sachs. It's much cheaper. You don't have to have millions in Morgan Stanley to get access to these private deals and these are going to be having an opportunity for the first time to invest in true start up companies at the ground level which you can't really do anymore. Even when you get into some of these already unless you have a venture capital fund. Look what Ubers are going to come out. Look at how Facebook came out. These companies of Alibaba. They come out with 60-70% of their growth is already gone. They're coming out with that event, that IPO is like a liquidity event for all the venture capitalists to sell that bought shares when no one else could. Now they launch this things, you're like, wow, I get a chance to buy Alibaba or Facebook and stuff like that, but these guys are like okay, here you go, I'm selling everything to you. I made my money, on to the next deal.

That's how it works which is crazy. This is different. That's why this is an exciting platform. This is where crypto currencies are heading. But if you have ICO's that aren't listed at the top 15-20, be careful. Make sure that the analysts that you listen to know what they're talking about because I'm telling you, outside the top 20, 98% that I've looked at which are hundreds and hundreds and hundreds are worthless. They're completely worthless. The token's not tied to anything. The company's worthless. Doesn't mean the idea is worthless. The token is worthless. And a lot of people don't understand that about cryptos and that's why you need regulation. You don't need regulation to the point, again we know what crypto's about. It's built of a platform that's you have anonymity. I get it. I understand it. And we say regulation, we don't want people looking at everything, but people have to know that they're money is safe when they invest in something and it's not in some of these platforms. It's not. If someone comes and hacks you on one of these platforms, who are you going to call? There's nobody to call because they're going to be like, sorry, we don't regulate this industry. You're done. We can't help you.

That's why it's dangerous. That's why if you are on these exchanges, if you follow my stuff, you're always doing 2FA with different authentications where you're, if it's Google with a six digit PIN that you have on your phone which is an app, they'll require that which changes every 30 seconds along with all the passwords that you have. Store them offline, your treasures. We give away a free treasure to our subscribers to Crypto Intelligence, we're marketing it now, but this is where it's going.

The people that I'm talking to, the CEO's involved in block chain technologies that want to launch ETF's. I mean these companies are coming to us saying, hey, we're getting a lot of issues from STO's. We know that you offer a lot of stuff with your newsletters. I said, yeah. We're going to have access to a lot of this great material going forward, and it's important you understand where this market is heading because the ICO market is in a lot of trouble. A lot of these stocks are not going to get listed and you need the SEC to come out, which they are going to come out with pretty soon. I think in December they're going to approve the VANEC ETF.

You're looking at Goldman Sachs and there was a big story out there saying Goldman Sachs shelved their plan to come out with an exchange. You just said, look, we're waiting for the SEC. It was all BS. It actually pushed Bitcoin from 8,000 to like 6,200 which was crazy. And all Goldman Sachs came out and said, you know what, we have to wait to regulate which everybody knows. But everyone took it as oh wow, they're getting rid of their plans. They're not going to launch an exchange. Believe me, Goldman, Morgan Stanley, New York Stock Exchange, you have NASDAQ, all these companies, this is like a threat to them and they're all involved and ready to launch as soon as the SEC comes out with regulations saying this is what you have, this is everybody who buys and sells these tokens. Again, you're going Buynance or Bittrex, wherever you're going to go, there's so many different exchanges, but you have investors where you don't even know who's buying and who's selling and this is a taxable event. We need to, just like the stock market, you need

to know who these people are. We need that because if you're making money you're going to have to pay taxes on it in the US.

This is all the regulation's that's going to come. It's not going to get over regulated. It's not going to be the SEC knocking on everyone's door, but IRS wants to make sure they get paid their taxes. SEC wanted to make sure mom and pop are not getting killed by little kids with a cocktail paper napkin saying, hey, this is my idea. Give me 20 million. They got 20 million and they just spent five on three new houses and a car and still hasn't got their company launched yet and that token has zero value because it has no equity in it and it's not tied to any equity or any assets.

So not to go on and on about this, but guys, this is a crazy market. It's the wild, wild west right now, but there's going to be an opportunity to make an absolutely fortune because this is the internet in the early 1990's. You don't have those types of markets come along often where you could really make a ton of money by investing in technologies and things early, and that's where this is going. It's heading that way. There's going to be bumps and bruises just like we saw with the internet, but even today, even the last three, four, five years. Look at the internet. We still don't understand the capabilities of how big this could be. Streaming what? How many years ago? To that old. Cloud computing. Not that old. Big data analytics because of the speeds are so fast right now we can use algorithms that triggers whatever in whatever second. You could learn everything about a person just by tracking everything they've done in the past and determine what they're going to do in the future because of the speeds that we have.

AI, I mean come in. The internet's been around for how long and it wasn't really talked about, but now it's true. It will come to your doorstep, unbelievable technologies. We're at the very early stage of something I'm very excited about and the contacts and the people I've been talking to and the research I've been doing in this sector over the past two months has been fantastic. So I'm very, very excited, but it will transfer over from ICO to STO market and it's going to start happening

really soon. It's happening right now. You're going to see STO exchanges being launched over the next few months. You're going to see the SEC, I'd give it six months before they come out and regulate the industry and they're going to say, put all these rules in place. They're going to crush ICO's, because these kids don't want to show where that money is. Right? They don't even have to report how much money they have left, they got 20 million. They're not even telling everybody that that's three, four million right now. They don't have to report, they don't have to do anything. There's no rules. It's insane. They're not even updating subscribers, some of these guys, or updating their investors. It's insane.

You're going to see this market transition tremendously over the next three, six months and it's going to be cool. I'm not saying Bitcoin's going to crash or Ethereum's going to crash. You're just going to see the best company's rise to the top, which are probably about 10, 15 companies with the biggest market caps which are very easy to find on a Google search. You're going to see a lot of STO's getting launched where these tokens, you're going to actually get an equity stake. You're going to get paid a dividend. It's kind of like you're investing in stocks, and that's the way it should be, because if you're asking for investor's money, they have to get some kind of anything to lower their risk. Right? Why just take that risk of just buying a token that you don't need anything. It makes sense for these guys to launch that, right? If they're able to get 20 million dollars and I don't have to give you anything, why not do it? Right That's why they're doing it. But it's not going to be that way anymore. You're going to have to offer equity in companies and different things and really exciting stuff. A lot of platforms and different companies that we've talked to just a lot of exciting stuff down the road for Crypto Intelligence people if you're a subscriber to that newsletter.

So thanks for writing in, Tyler. Let's take one more. This is from Michael. He goes, hey Frank. I'm a young college student from Canada who discovered your podcast about six months ago, I learned a lot from your podcast. I listened to hundreds of

episodes while jogging, in the car, at the gym and on the bus. Man. That's a lot of episodes. I'd get sick of my voice. Anyway, he goes, my question is, how can a stock market so much faster that GDP, which is gross domestic product? Because the SP 500 average return the last century has been around 9% according to sources, yet GDP annually growth clearly is averaging ...

Frank Curzio: ... [inaudible 00:28:01] GDP. Annual growth, Coolies' average, a lot less than that. Is it sustainable for markets to go up even 5% a year when GDP growth averages less than 3%? Eventually, will stock market gains match that of GDP?

By the way, what are your thoughts on the Rosen/Kawaii trade, which I thought was funny, but I'll answer that at the end, but let's get to your question, because you really answered it here, Michael. If you look at GDP, GDP average over 3% annually. It's about 3.1 annually, dating back to 1948, but like you just said, and you're right on that, it's more around 8% average annual returns on the stock market. So just looking at those two measures, you wouldn't say does GDP have to be 8% in order for stocks to grow 8%? Again, it's simple explanations, but you could figure around 3% growth usually is going to be pretty good. Over 3% growth is probably going to be really good for stocks, but it's not an apples to apples comparison.

You want to see the economy do well, because when the economy does well, it's usually people are spending more, because when you look at the economy, it's GDP especially. It comprises of numerous components. Consumer spending, government spending, net exports, investments and stuff like that. Even you could break it down further where investments may be more in some sectors like technology and healthcare over that quarter or six months or year compared to maybe investments in financials and materials, which are going to put some companies and maybe not others. But it's all about earnings. It's all about earnings. It doesn't matter how they get those earnings.

You could say, "Well, companies are buying back stock and

they're taking out debt to buy back their stock. They're raising their dividend, consumer staples. This way it pays that high yield." Again, those earnings are still growing, and people love that yield. But when it really doesn't matter. Have you seen earnings growth, and I've learned this, because people are like, "It comes from this or that," and they want to dissect it. The market stocks go higher based on earnings growth. That's what they want to see, and earnings are growing faster today than they've grown in the past four years, and they continue to grow. Now we have an economy that's really booming right now. I don't care who you are or what you say, what statistic, and this is not political. The economy is booming right now in America.

Home prices are booming. You have more equity. You can look at every single stat. I know you'll point to things and say, "Well, there's a separation between maybe income barriers and stuff like that." Look. Wage growth is growing. People are starting to make more money. You're seeing wage growth grow in numerous levels in the past six months, nine months, and you're going to continue to see that because unemployment rate is basically zero. If you want a job in this economy, you could have it. It's up to you to work. If you want to work, you could work. If you don't want to work, don't work. Collect your food stamps. Do whatever you … That's your choice. But right now, you could make a ton of money, because it really is.

It's a market that's great for employees, especially if you're talented at certain things, because they're going to pay up for you. Because there's not a lot of talent out there, and companies are going to have to do that. They're all reporting that, too, if you listen to the conference calls. Wage inflation. It's very hard to get employees to do the things that we're doing. There's just not enough qualified people. Well, if you're qualified, they're going to pay you a lot of money right now. Enjoy it, because it's not always like that. But right now, it is. You have tax reforms as well, so when you're looking at earnings, that drives the markets. Be very, very careful, too, because people always say, "The last time this happened at this date," or, "Last time we saw statistics like this were 2007."

In 2007, what happened? Market crash. You can't just … It's not an apples to apples comparison, because there's a lot more details to the reason why it crashed. Yes, we had the numbers looked great. People taking on more debt than ever. We get it. But if you look at levels right now, credit was horrible back then. Right now, FICA scores are the highest they've been, a new record high. Look at how people are in good standing and credit. You look at a home equity. We're not going to see a massive decline in home prices. We're not going to see it. We're just not. There's just so much demand. There's not enough supply out there. You go to any of your neighborhoods. People are dying to buy houses and not enough being built right now. It's going to control price. They come down a little bit, believe me, those prices are going to come off the market immediately. But what does that do with higher price is … What is it? Six and a half trillion dollars sitting in home equity that people aren't even tapping. 2007, they tapped every penny of that.

So you've got to look back and say, "Okay. It's not just that things were great in 2007. There was a lot of crap underneath when you look underneath the hood that was going on." You have to bring that up if you compare it to today's markets. You're looking at earnings and say, "Wow, the market's so high. We're expensive." It's two totally different things. Stocks go higher and the stock market could be cheaper if earnings are growing faster. So we're seeing massive earnings growth and we're seeing a market that's up over 300% from its lows, but it's actually cheaper today than it was in 2010, because earnings are that much greater. We're just trading at 16 and a half, 17 times for what earnings. That's the average for the past five years.

So you thought the market was expensive or is expensive today. That means you thought it was expensive for the past five years. Forget about where the stock market went. You have to look at earnings and you have to look at growth. A lot of these companies are seeing growth, not just on earnings. We're seeing 10% sales growth, which is extremely high, and we're going to continue to see that. Does it make me worry? Yes, of

course we're worried. On an eight year bull market, you have a lot of [inaudible 00:33:23] concerns.

We have the worst, the worst political environment that we've ever had ever. Just watch the Kavanaugh stuff. It's a joke. I don't care which side you're on. I'm not getting political here, but it's pretty obvious. You want to know why Donald Trump got elected? Because everybody hates politicians. Now they're going to hate him probably the next election. But these guys obviously don't care about anybody but themselves and power and getting into power and doing everything they can to maintain that power.

If that wasn't the case, we'd have infrastructure to build a year ago. You both agree, a trillion dollars each. Campaigns. You campaigned both, a trillion infrastructure build. What happened? You can't get together? No. We're not going to get together. We're not going to let the Republicans launch this thing. Absolutely not. If it was vice versa, they wouldn't let the Democrats launch it. Forget about that we need it. Forget about that for safety issues. Forget about that people are going to die because of this, because our bridges, our tunnels, our pipes, waters are hundreds of years old. Forget about that. It has nothing to do with that. It has to do with our politicians, and they need power and stuff like that.

So it's a horrible political environment. Trade wars and fears and stuff like that and higher prices. Not a big deal to us, because we're seeing huge benefits from the tax reforms. It will be a big benefit. Not a huge benefit, but it will be a big deal if this continues through 2019. Then you're really going to see it, because it will impact earnings and you'll see it. It's not really hurting us that much. It's crushing China. But there are a lot of risks out there. So yeah, I'm nervous. I'm cautious. I've been taking profits here or there, but the trend is still here. It's still your friend, which tells you that right now, stocks are very, very good.

Our economy looks good. Again, I'm not a perma bear or a

perma bull or just sugar coating stuff for you. I'm a data guy. If you look at the data, the numbers are good. They're really good right now. Even companies are seeing it. They're seeing demand. So let's see what happens next quarter. I'm going to be reporting about three weeks from now. See what they're guidance is going to be into the holiday season, which should be interesting. But those are things that I'm looking at. but as far as looking at GDP, listen, that's called top down, where you look at the economy or you're looking at maybe even a sector and then you determine through this sector, which stock is the best? That's how some people, even myself, too. I like analyzing stuff like that, where I'll pick a … The economy is doing good in certain areas. Defense spending is through the roof. How do we find a good defense company? Filter down to air environment, which is up like 350% for us. Or you can go bottoms up, which you're looking at specific companies and you don't care what the economy does, because this company has a great business model. They're like a Facebook or whatever, that's just generating huge earnings growth. Not so much they report a bad quarter. I'm giving an example of Facebook like a couple of years ago.

Or what Amazon is doing now, too. You look at these companies and say they're going to grow no matter what. They just have tremendous growth. It doesn't matter of the economy shows from 4% to 1%. People are still going to buy all their stuff on Amazon with Prime and things like that. They're still going to use AWS and they're still going to have links to listen to everything you say in your home through your Alexis and spying on you and stuff. They're going to have all that. All that beautiful stuff. But that's how I look at it.

Really quick to your question onto Rosen and Kawaii. I think if I was a Toronto fan, it's a disgrace, their front office. It's hard enough to get a great player and have them stay in Canada as an NBA player. I'm not saying that in a bad way. It's just most people, it's almost like if you're hockey, you'd love to play in Canada. The appeal of basketball in Canada, it's not easy to recruit. You had Rosen, who loves Toronto. Sit next to Drake.

Hanging out. Loves it, and they traded him away for Kawaii for a one-year deal that he's probably going to be at the Lakers next year. It's kind of like crapping on the fans. It's terrible. That front office, probably the worst outside of the Knicks, which is definitely the worst. Holy cow. I've never seen a big market team be this terrible for that long. It's just a horrible market. It's just a horrible organization. I'd never seen it worse than that, but yeah.

I just think that the Rosen trade, it's horrible. It's horrible. I feel bad for Rosen. Kawaii is doing exactly what he wants. He's kind of out there, but he's smart. Taking advantage of the market and making money and then going to be able to choose wherever he wants to go, or things go good in Toronto, he may stay. But I don't think he's going to stay. Then what are you going to have to go look forward to in Toronto? Come on. It's going to be like watching the Jets. Getting season tickets to the Jets. Good luck. It's not going to be too much fun.

Anyway, hopefully I answered that question for you, Michael. Great, great question on GDP and how it relates to growth and stocks, stuff like that. Hopefully I answered it.

Guys, if you have any comments, questions, anything, feel free to email me anytime at frankcurzioresearch.com. Again, as an educational component, we're going to start offering more free stuff. Just go to our website. Click that banner for tariffs. See if you like it again. You don't have to buy anything. We're not selling you anything, but it's going to give you a real perspective how we look at stocks, how we do things. Again, it's like a series of emails that we're going to send you once you sign up. Yeah. It really worked for Chris, and it's worked for a lot of people. Seriously, that's why we do this. It's really fantastic to see, not only that you make people money, but you help them make better investment decisions. That's what Curzio Research is all about.

So if you want more information on that, again, just go to our website at curzioresearch.com. Yeah. There's a bigger banner

with tariffs and stuff like that. More important, you're going to be able to listen to that exclusive video or exclusive interview I have with Jeff Phillips on rare earths, which that's the only place you're going to be able to find it, guys, by signing up to that. It's not going to be on the podcast. It's not going to be on the website. It's not released to subscribers. That's the place it's going to be, which is really, really cool. So if you want that, again, you can go to our website, curzioresearch.com.

That's it for me. Man. Getting tired. Tired of talking. But have a great weekend. Watch lots of football. I'll see you guys in seven days. Take care.

Announcer: The information presented on Wall Street Unplugged is the opinion of its host and guests. You should not base your investment decisions solely on this broadcast. Remember, it's your money and your responsibility. Wall Street Unplugged, produced by the Choose Yourself Podcast Network, the leader in podcasts produced to help you choose yourself.