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

Frank Curzio: How's it going out there? It's October 10th. I'm Frank Curzio for the Wall Street Unplugged podcast where I break down the headlines and tell you what's really moving these markets. So, it's October 10th, right? Getting to the middle of October here but it's October, the month of October. So you know what that means, right? The biggest crashes in history occur in the month of October. In the panic of 1907, it happened October which some of my retired subscribers may remember. I'm just kidding. I like to play around with them because these are the people that I see the most. They're retired. They go to all the conferences that I attend that I speak at and I have fun with them and they're so honest with me because they're like, "Frank, I didn't like that comment but good stock picks last month."

So, I like to poke fun of them. But seriously 1907, all right, that panic happened in October. And we have the October 1929 crash, right? So 1929 the big event happened in October where there were several record-breaking slides that actually took place during the month. They nicknamed black whatever. Black Tuesday, Thursday, Monday. It was just before the real Black Monday which was 1987. Again, the market crashed in October. I'm familiar with this and that was the B Black Monday. And I'm so familiar with it because it was my dad's claim to fame.

I remember he titled his October 1st newsletter he titled it Crash and he said, "This crash is going to be worse than the previous three combined and he got a lot of heat on that because a lot of people did not think the market was going to crash. It's not like today where 1000 people come on and you got people saying the market's going to go down 75% or it's going to go up 30%. Back then it was only a good 10 to 12 people you listened to on CNBC. My dad happened to be one of them with Navellier, Gabelli, Elaine Garzarelli back then. Jonathan Steinberg.

So when he made that call a lot of people were bullish and he got a ton of attention because he turned out to be right. The Dow Jones fell 22% one day. That was on October 19th and I remember I was young at the time, working in my dad's office in Queens. It was located on the corner of a busy intersection and I think it was two or three days later there was seven news vans, seven of them were double parked everywhere because you can't park really in Queens, there's no spaces. But they were all there to interview my dad. It's Queens, New York and all these trucks and everything. It looked like the biggest drug bust in history.

But it was funny because my dad the way he dresses … but he actually looks like Rodney Dangerfield. And he had a sense of humor. My friends always loved him. My brother, my sister, my mom, we were like, "Look, you really need to wear something good. You're going to go on TV. Wear a suit and tie," because he used to wear these plaid shirts all the time he kind of looked like Beetlejuice. I'm glad he listened to us but I'm very familiar with the crash of '87 and how much I learned from that event from my dad which is incredible because it was nice that I was working then. He was turning clients away back then too saying, "Hey, you know what, don't use my firm. We're not going to recommend anything. We're in for a tough period," and you never see people do that and it was something that I respect even to this day.

Turning down business and saying, "Hey, your portfolio's fine," or, "Just be careful and not take on any business," because you believe the market's going to crash. You don't really see that from people. They're going to take your assets no matter what. You could still generate fees on it so it was really cool.

But anyway don't want to get so much into it but it's October and we're looking at a market that has a lot of risks, right? And there's a lot of fears. And the 10-year surging past 3%. We still have positive economic data that supports fed tightening but inflation is definitely rising on I'm going to say so many fronts. Where is the inflation … where are we not seeing higher costs? Tuition. Electricity. Cable. Food. Energy. Most important wages. Wages are definitely going higher just listen to the conference calls that are going to happen over the next few weeks. They're going to talk about inflation and wages as it's difficult to hire great talent right now with unemployment rates so low.

We're seeing money obviously flow out of technology here, it's pretty meaningful. And you could see the Facebook's, the AMD tons of momentum names. Those are the ones that outperform the market over the past at least 12 to 18 months even longer. And where's this cash going to? Well, it's going to utilities. Clear sign investors are nervous and not just investors. That's institutional money flows. You've seen it go into utilities. You have home builders hitting 52-week lows. This could be due to rising interest rates which usually slow down the pace of new homes being built since they've become less affordable. We all know the story. We're also seeing prices pull back after enormous run especially high-priced markets like New York City. That's where very high-end prices are coming down. Still relatively strong but it's interesting to see that the home builders most of them 52-week lows.

We have geopolitical concerns with China where China's top leaders they don't care how much their market crashes. They don't seem likely to be giving in to U.S. demands, Trump demands on the trade fight anytime soon which could lead out basically to an all-out trade war. And with prices on thousands of products could soar due to tariffs which are taxes. I'm not talking about the minor tax increases that have taken in place already. When it comes to tariffs it could get a lot worse which would lead to even more inflation down the line. But more important what's going to happen is companies, they could pass up a lot of these costs in some of these industries and consumer industries, different industries not so much utilities and not so much maybe food and consumer staples that's getting more difficult to pass on those costs and competition and stuff. But companies are able to pass all those higher costs but I don't know if they're going to be able to pass them off so much longer. Or too much longer. Which could lead to tighter margins or weaker profits.

Again, we're priced perfection right now in a market that's at all-time highs and yes I know it fell over the past few days. But, yeah, pretty much we're still close at highs in most stocks and the S&P500. Again, we've seen a nice decline in technology in the NASDAQ right now. But I don't think these weaker profits are factored in or tighter margins especially earning season, right? The earning season is coming up.

Look at our political landscape where a bunch of, I won't call them, but actually, I'll say A-holes that don't care about anyone except themselves. I think we all know that. All they care about is gaining power. It's gotten to the point where there's clear hate between the parties where nothing will ever get done if the Democrats win the elections. And this is no knock on the Democrats. I'm not getting political here. If the Democrats were in control or Republicans won the election I'd say the same thing. But, our elected officials will never agree on anything no matter how much a solution makes sense. They're not going to agree on it.

I mean look at the party lines. Look at the Kavanaugh hearings. On both sides, in between, forget about what you believe what you don't believe. Forget about your opinion because everyone has strong opinions about that, okay, including myself. But you mean to tell me there's not a couple of Democrats and a couple of Republicans that cross party lines on this? You're basically 100 for 100. It's like all the Republicans voted yes and all Democrats voted no. Really? There's not any Democrats that believe this is a total farce and there's not any Republicans that believe this should be investigated further. That's how bad it is. That's how bad it is. It's one of the worst political environments that I know I ever lived through. Where total disregard for doing what's right for the people.

And our infrastructure bill is a good example of that. We need better infrastructure. Our bridges are weak. They need to be rebuilt. Our water system is horrible. Our dams and everything and they're just like well, we're not going to come to … even though they both ran on one trillion-dollar packages saying this is what we're going to do once we get elected. So you both believe in it but you really can't come to terms for the people, for the safety of the people?

Again, not to get too political. I don't want any … comments and stuff like that. I know people have very strong opinions but this is a clear risk to the markets. Probably our biggest threat to the financial markets. More than China which could be solved and inflationary threats which we're going to see coming and things like that. This is like total uncertainty where nothing in Washington's going to get done. It's pretty crazy. Anyway, there's a lot of risks out there. And I can see why I'm getting so many emails from nervous investors. Definitely makes sense.

So here's what I want you to do. Tighten up your stops. You should be doing well. A lot of positions whether you listen to me or not. The market, again, is still despite the selloff of the past couple days, pretty close to all-time highs. But make a list of companies you would purchase if they fell 15 or 20%. I know I guess it's kind of useless, right, because when you do that and the stock falls 20% you're just like, "I'm not buying it, the stock just fell 20%," right? Because our brains are wired that way. And we're not wired to buy low and sell high. We're not wired like that. We're wired to buy the exciting ideas at all-time highs that everybody's talking about.

Like marijuana right now, I want to buy marijuana it's so great. Crypto's in January. You look at ETFs, how many sector ETFs come out when the market's great and then you see them, you put in a 3-year chart of 5-year chart or whatever and it's just like down from then because it's easy to launch these things when the market's excited. Who wants a uranium fund right now? Tells you it's time to buy uranium right because nobody says uranium buy. No, everyone hates uranium right now.

Anyway, look, try to buy stocks or make a list of those stocks that you like that maybe you missed on the way up that you would buy at a 15-20% discount because you could see that especially if they miss earnings. It's earning season which is a week away. You want to try to find out through earning season which companies are performing, outperforming. But more important, make a list of those companies that ... JPMorgan's. The GE's even. Not so much that you're listing a GE, JPMorgan but infrastructure companies. And I'll cover this a little bit later in the educational segment, but make a list of companies during this earning season that are going to give you a global perspective of a lot of different markets, a lot of different sectors.

Because you may find some hidden gems in there where Japan's surging right now. A few people talked about it. China is getting crushed. But let's hear what these companies that do business in Asia are saying. That they visit China every month. They talk to the officials there. They talk to the company. They have operational facilities there. They're running lots of operations there. Let's hear from what they have to say because we know what the media's going to do, inflate crazy stories, right, because they get paid not to make you money but for page views.

So they're going to have crazy headlines, crazy stuff but let's see during earning season, guys, again, it starts next week. You could get a good grasp of what's actually going on real-time perspective. So pay close attention because it may lead to not just new ideas, but you may hear something you don't like in a certain sector where you have a big position in one of your stocks and you might want to get out. That's happened to me a lot. Not only have I saved money but I made money just by listening to these conference calls. There's so much information that they give you. And by the way, you could listen to these for free now. It's a level playing field when it comes to … you could listen live on the call.

You can just go to the company's website they'll tell you when they're reporting earnings and then again this is the season that's coming up so it's probably in two to three weeks your company's likely going to report earnings and after that's mostly small caps like another week or two after that. So it's like a good three to five weeks of earning season. But, you could just go to their website and they'll provide data on their site for you which is really cool and just say hey here's how you listen to the conference call. Here's the dial-in number. Or you can go to free sites like Seeking Alpha that are going to post the transcripts of these calls a few hours after they finish. Yeah, definitely by the next day and you can learn a lot from this stuff.

So like I do every single quarter when it comes to earning season, got to bring on one of my favorite guests. His name is John Petrides, Managing Director and Portfolio Manager at Point View Wealth Management. You've probably seen in numerous financial outlets. About to become a regular on CNBC which he deserves. John is a regular guest on this podcast and one of the best analysts at breaking down earning season. That's why I love having him on. He's going to tell you what he's looking for this earning season. What companies you need to listen to when it comes to the conference calls or reading their transcripts.

And of course, as always he's going to share some of his favorite ideas which one of his picks we did put in our All-Star Portfolio. Performing very, very well. He's going to tell you what his next pick is and what he likes going forward. In all seriousness, John, awesome, awesome analyst. He's all over the networks and what I love about him is he knows his audience. But he always explains complicated things so every investor's on the same page. Something I really appreciate since you know how it is. Sometimes you'll see interviews where an analyst is breaking down a company on a very technical level using EBITDA and discounted cash flow analysis. Sometimes it's difficult for individual investors to grasp or understand but John really breaks it down and I love that he does that and seriously, really, really great interview coming up.

Then in my educational segment, I'm going to share a pretty cool strategy with you that's led some solid returns from me over my career. In short, this strategy allows me to purchase industry-leading companies at an incredible discount to the point where I significantly reduce my risk but yet I have a chance to earn triple-digit returns on industry leaders. I'm not talking about options, futures or some special trading course you need to sign up that you see on TV. "Well, my system told me to buy here and sell here and it tells you to buy," and they show you all the profits that they made. No, no, no. It's not one of those I promise. It's a common-sense strategy that anyone could use but I'm sure most of you actually never will and I'll explain why that is in a moment. A really good educational segment coming up.

Before I get to that, let's break down the coming earning season with superstar analyst and my good friend, John Petrides. John Petrides, thanks so much for coming back on the podcast.

John Petrides: Thanks, Frank, for having me on. Love being on the show.

Frank Curzio: Well, what a difference a quarter makes, right? Since the last time we spoke on this podcast basically, I have you on every quarter. We always break down earnings and things like that and earning season is upon us coming very, very soon shortly. But, I'm saying what a difference a quarter makes because the last time we spoke you're looking at economic data, everything's positive, everything's all rosy. But right now we're seeing a lot of cracks, a lot of concerns with the markets right now. Should investors be worried?

John Petrides: Well, I think investors should be diversifying. How does that sound? And that's a way to protect against being worried. If your assets are spread out and you can manage your risk accordingly and have your money in different buckets, then I think it diffuses the worry. Listen, we are 3500 days and counting into this bull market and we could talk about that. It's a funny conversation because, on the earnings front on the corporate side, corporate America is continuing to kill it. More than 75% of companies in the S&P 500 beat analyst expectations yet again last quarter and it wasn't just on the earnings side. It was done on the revenue side on the top line which means it's not just from a lower tax rate and cutting costs and buying back stocks and moving the earnings needle. It was really done because demand is there.

But it's the macro and the headlines that have thrown a monkey wrench into I think every day investor's fears, right? The macro data in the U.S. is coming in strong. XUS looks fairly week. The headlines on the political front as we approach the mid-term elections has people nervous and worried. The conflict that's brewing between the U.S. and China has people worried. The potential financial contagion that we're seeing starting with Turkey and its currency collapse. Spreading into Argentina and their peso collapsing. South Africa and now today I think it's Pakistan who's stock market is down 14 or 15% today and who may have to go hat in hand to the IMF looking for a bailout. So, there's fear that there's global contagion happening and that could derail everything else.

Frank Curzio: Now, is it just the headline risk because listening and reading stories about China and trade tariffs and for me, I was telling my investors, look it's not really a concern. We had very strong earnings over here. It'll impact China more. But to be honest with you I didn't think it would last this long and it seems like it's going to get worse before it gets better, right? Doesn't seem like China's going to crack here. It seems like they're going to fight this thing through.

John Petrides: Well, here's the deal, right, in the spring when trade tariffs started coming to the forum here and the Trump administration threw out a number of 200 plus billion on potential Chinese goods that could get slapped with a tariff, the market freaked out. And then the tariffs imposed were small in numbers but we build up to that 200 billion. Well, now we're at a point where it's all new territory. Any incremental news that comes to the market between the U.S. and China in trade tariffs is going to cause volatility because the market hasn't thrown its lasso yet around that data.

When the Trump administration threw out at the time that high water mark of $200 billion in tariffs, analysts, they're okay. Here's the impact. If X, Y, and Z happens, and we get a number on it. Now, if you throw 500 billion which is essentially every dollar amount that we import from China on an annualized basis gets taxed, then it changes the whole equation. And the bigger issue is the U.S. economy is doing really well and the dollar is strengthening. The global economy particularly China is not doing well.

The Chinese stock market I think is down 20% for the year. Yesterday over the weekend the Chinese Central Bank had to do a form of quantitative easing where they lowered the reserve requirement ratio for banks. Basically, made it easier for banks to lend and put more money into the economy. If you're growing supposedly 6 1/2 % GDP, why would you need to stimulate the economy? There is definitely concern over there. But we're dealing with two leaders, President Xi in China and President Trump that are very powerful men and have very big egos. It's right now turned into a blinking contest and neither one are budging.

Frank Curzio: Yeah, it is interesting because what have we seen so far since all this tariffs and just trade deals and things like that where they restructure NAFTA where Canada decided okay, we're cool with it and you look at those markets and even Canadian listed stocks went a lot higher. You look at Japan who's kind of like okay working with us it was great and you're looking at that market which is kind of like under the radar. But, Japan is amazing right now. There's statistics coming out of there like housing I think was at land prices went up for the first time in like 27 years. You're seeing the market break out over there. It's a story a lot of people aren't talking about.

But it's interesting that from China's perspective it looks like hey if we work out a deal, and again it is getting personal and you want to save face but I'm just surprised behind closed doors you're not going to work this out because it seems like the countries who do tend to ... you have a bottom of the market turns out to be a great buying opportunity.

John Petrides: I think that's right on everything you said. It's going to be interesting to see if the Chinese do back down and Trump is playing uncle with them. He's really flexing his muscles. But the Chinese have a history of they haven't been a very wealthy nation for a very long time historically. They're okay with dealing with periods of poverty and declining economic growth and a weaker stock market. It's just not a very mature economy. There's not much of the population that's even invested into publicly traded stocks.

So, it's a lot different than say if China was to be imposing this upon the U.S. and how you and I and all your listeners would be feeling it. There, it's just a different story.

Frank Curzio: It definitely makes sense. Tell me about just a micro picture here because even some of the things that I've heard and people that we've interviewed in the podcast in the past and even people have emailed me who are manufacturers. People in the manufacturing industry have said that they've increased their supply to lock in prices so you're seeing a lot of manufacturing data, a lot of data go through the roof. It could impact earnings right away, but they're doing it because if uncertainty comes the road where they don't know what good are going to see increased taxes on. You wonder if a lot of those numbers are pushed in now and maybe they are and they're going to slow down later, but also we're going into earning season which we talk about all the time.

I have to tell you, even from the few companies that report it's not technically earning season yet. Maybe next week or whatever. You really get prime time in like two or three weeks from now. But, you're seeing cost inflation as a major, major problem. And I'm not saying that you're looking at companies where they were going to beat on both but, when you look at their guidance, I could see a lot of uncertainty which I don't know if that's factored in where stocks currently at. What are your thoughts with this earning season because I think this is going to be a really big earning season and it's going to catch a lot of people by surprise to the downside not to the upside for once.

John Petrides: Yeah. I was nervous heading into last earning season for a couple of factors and I continue to be nervous heading into this earning season for almost the same exact reasons. Historically, Frank, when Alcoa was together as AA was the ticker-

John Petrides: Alcoa was together as AA was the kicker. That used to be the first Dow component that would kick off earning season, and everyone would use Alcoa as the barometer to what this upcoming earning season was gonna be. Well last quarter and this quarter, I view it as Pepsi as being the barometer for earnings. Why do I say that? Pepsi is a global company, and one of my fears to ... Analysts' expectations are for about 20% growth year over year for earnings, which is huge. Now we had that last quarter and, like I said, three-quarters of the company, the S&P 500, beat analysts' expectations, right? So you had a high bar, and they're able to vault over it. Well the bar is still high, but the pressures to margins haven't gone away. So for example, Pepsi's a global company. The dollar has been very strong, so my fear it was going to be [inaudible 00:23:54] call that foreign exchange and the strong U.S. dollar would hurt Pepsi's earnings. Well it did, it cost about two points of growth to Pepsi's earnings.

The second things is commodity prices. Oil has been above $60 a barrel for the entire year. Gasoline prices have increased. And then, although Pepsi didn't break it out, clearly tariffs on aluminum and other commodities could impact company profit margins. And lo and behold, Pepsi called out commodity prices a pressure on margins. So what happened throughout all that is they had to lower their future guidance. The stock was off, I think, 10%. So although they beat, for the quarter, they lowered for future guidance because of macro pressures on their earnings results. My fear of, again, the strong dollar, strong oil prices, and potentially tariffs could take some of the shine off of that 20%. So maybe we don't grow 20%. Maybe we grow 18% and companies guide down. As you and I both know, missed expectations and guiding down never spells good things for stock prices.

That was my fear heading into last quarter and it's my fear again. The only difference between last quarter and this quarter is more time has been allowed for these pressures to marinate. Now Pepsi has gone a whole six months, essentially, with a stronger U.S. dollar, and a whole year with higher commodity prices. The effects of the lower tax rate has been baked into the cake, and commodity prices along with it too, and tariffs along with it too, and they don't seem to be going away any time soon. So that starts to get factored in and ... Unfortunately for analysts, you kind of have to wait because there are so many variables here to be, you just don't have control over it, you don't have that much foresight into, that you have to let the company report before you can adjust your earnings downward. And I just have a feeling that Pepsi's the barometer for that and we're gonna see more of those types of results throughout the quarter.

Frank Curzio: Yeah. You brought up a good point, because it is about expectations, right? When companies report earnings, it's not really what they report, because that's over the past three months. I mean, they can bomb a quarter and raise guidance and try to see if that stock's gonna do okay after the quarter. But if it's vice versa, where they blow out the quarter but say, "Going forward, we have to lower estimates as stocks are probably gonna get nailed and ..." What I think we're seeing here, John, and I don't know if you agree with this or not, where ... The last couple of quarters, I didn't understand the massive impact that tax reforms ... I understood that, earnings ...

But the massive surge in earnings for all these companies across the board where it's ... They're supposed to grow a 15%, they grew 18%. They're supposed to grow 18%, but they grew over 20%. But now, a lot of that, with the markets at all-time highs, and again, I know we sold off the past few days, but the expectations are built in for stronger earnings. I don't know if the expectations right now are built in for companies of the uncertainty coming down where I see a lot of these companies say, "We really don't know the landscape." Especially like you said, where it comes to the dollar. We saw a surge in the dollar. We saw ... We don't know what's going on with China right now. And we've seen massive inflation that, I think, a lot of people are missing or not talking about because they, folks on the CPI. But I just see all this coming together, and it just presents an uncertain picture for me. Usually an uncertain is the death of all profits in stocks, right?

John Petrides: Yeah, right. Exactly. I think you're exactly right. There's a funny thing about the market, and we used to talk about this in the past, is the weight of tech and the FANG stocks are dominating the markets. So right now the S&P is creating at about 16 and a half times four would price their earnings multiple, so their price to earnings of the next 12 months is about 16 and a half times. So from an evaluation standpoint that's a little bit higher than where we've been over the last 10, 15, and 20 years and probably a little bit higher than where we've been over the last 60 years, but nowhere near bubble territory.

And the idea is if you back out or equally weighted these FANG stocks that dominate the index, the PE multiple, the valuation multiples actually come down quite considerably. So my point behind that is: without tech and without Amazon, the market is definitely not up, and Netflix, the market is definitely not up as significantly as it is ... as strongly as it is year to date, and if you look at other sectors, there's definitely value to be had where a lot of these earnings pressures are already priced in, and you could find some better value.

So it's funny because I've said this for two years now, the market is not really the market because of how dominant ... I mean, the top five companies in the S&P 500 make up I think 16 or 17% of the entire index. If the highest concentration of five stocks in the S&P 500 I think going back to 2004, 2005, something along those lines. Been a long time. So you have these handful of stocks on a weighted basis are driving the whole ship and when you back that out and you look at other sectors, I do believe a lot of this headline risk is starting to be priced in. I think the expectations, as you say, are lower in other sectors outside of tech and FANG, and we shouldn't confuse what the S&P 500 is doing we say the market, versus all the stocks and then separate tech if that makes sense.

Frank Curzio: No, it definitely makes sense, and I want to get to individual companies here which is important, because you mentioned Alcoa how that used to be the barometer, right? It used to be ... They used to lead off earning season. But I just looked at a calendar when you mentioned that and they report next Wednesday, and when you look at Monday and Tuesday, most of the major banks are going to report a lot of big ... like Bank of America, you look at Black Rock Reporting, Dominoes, Goldman's going to report, Morgan, this is Monday, Tuesday before Alcoa even reports ... You know, United Health, Progressive, so there's a lot of big companies. Is there anything that you look for, specific companies you look for to listen to that give you ... because when I listen to these conference calls it's not necessarily I'm listening to the conference call because of that company, it's because they cover a lot of different areas, they usually global, and ... some of these companies are involved in so many different sectors, it gives me an indication on what's going on through the world in different sectors where I can just find new ideas. But is there anything that you list just specifically or specific companies that you look forward to listening to that ... where it could be a barometer or a gauge of other things that you look at to find new ideas?

John Petrides: Yeah. So clearly I cited Pepsi, which has become more of a newer company that I'm following given the variables that I'm saying I'm concerned about. So Pepsi is definitely on that list. JP Morgan clearly for the bank side. If you're looking in technology and the hardware side, there are two companies. One is Arrow, ARW, and the other Avnet, AVT. And they are tech distributors. So they will tell you by going through their earnings calls what's the health and breadth of the technology space. Is money flowing to … are consumers spending within the tech area to put new money to work? Think of Arrow and Avnet are almost like Walmart and Target but for tech companies, right?

So Cisco and Hewlett Packard, they take their shopping cart and go to Walmart and Target and they buy stuff off the shelf to make their products, and then the companies putting the stuff on the shelves are the chip players, the hardware guys, that sort of thing. So by listening to those conference calls, that gives me a good indication that I've historically used and what's the health and breadth of the tech sector.

You know, you could always look at … clearly Exxon and Chevron on the energy side because their asset base is so global, they're going to have … They're not just focused on the [inaudible 00:32:04] in Texas or in the [inaudible 00:32:06] and in Dakota, they have a global asset base. So I'm always tuned into those guys because they're also going to move the capex cycle. If Chevron or Exxon say, "Hey, we're increasing our capital expenditures or budgets to do more drilling in X, Y, and Z," well guess what's going to happen to Halliburton, Baker Hughes, all the drillers, everyone down the supply chain, those stocks are going to rise because if Exxon and Chevron are spending more money, they got to use those guys to fulfill their budget.

So they're the big players for me on the energy space. You know, Disney for me is the big deal on the media side more so than Amazon or Netflix because Disney's media library is so vast. They still have cable assets. They have the parks, obviously, Disneyland, Disney World, so you can see the health of the consumer. They'll tell you what the international attendance is. So clearly if the strong U.S. dollar is hurting people from Europe coming to visit the U.S. and Disney World, that's going to impact ... that'll be impact to consumer-related stocks. So Disney's a very good barometer for me across the entire consumer landscape.

So those are some companies that I like to keep an eye on at least for those respective industries because I listen to those calls because they really do give me a big, big approach and perspective of what's going on in their respective sectors.

Frank Curzio: Yeah, it definitely makes sense. I appreciate you giving that list because we do these interviews now, we'll go over a couple of topics we'll hit on and stuff like that, but I just shoot questions and we just talk like right off the cuff, so ... it's ... And I appreciate you say, "No, these are the companies I look for," because I know that you folks on all sectors like me you're market junkies, so ...

John Petrides: Exactly.

Frank Curzio: Yeah, so, I appreciate that. But let's get to individual stocks. So last time you were on you talked about a company called Bright House Financial which we put in ... We have product called All-Star Portfolio because I wanted to start really tracking a lot of the companies that my guests were talking about. And we put tight stops on them so no one takes big losses, but the reason is because I've seen so many of my guests recommend so many great stocks and people talk about Bitcoin at 400, and for now track and we call it the All-Star Portfolio, and last time you talked about Bright House we tracked it and it's up about 11, 12% for you, which is really good. What are some of the stocks that you're looking at maybe into this earnings season with interest rates rising, you have ...

again, a lot of things in the environs, is it utilities or … is it conservative approach? What are some of the stocks that you're looking at that make sense right now?

John Petrides: Sure. So I guess you have to caveat it with we take typically a longer term approach to investing in the stocks, so I appreciate that you throw stop losses around it, but when we're buying for clients' portfolios we're typically taking probably a two to three year at least investment time rise, so although Bright House is up, I still think there's significant more upside from here. Another name that I like is Bank of America. I wouldn't be surprised if the banks have a poor quarterly result this upcoming earnings season. The yield curve has been flat for most of the quarter. The shorter part of the curve has been higher or almost the same as the longer dated. So when banks are paying people out of their CDs they're not able to make a big difference versus the loans that they're making.

So maybe you see the banks unleash a lot of capital and buy back a lot of stock or something along those lines to mask what I think could be a weak quarter for the banks, but I would definitely use it as a buying opportunity. I like Bank of America personally, and some of our … certain clients of us own Bank of America.

So I think that's a really good stock to buy. I would buy it at today's prices, but off of a poor earnings results you get at a better price, I would definitely buy Bank of America.

On the tech side …

Frank Curzio: Why … Before you get to the tech side I want to ask you a question. Now, this is going to be great for our listeners. Now, why Bank of America when you could say the same case most of the large banks? Citigroup has more global exposure and people might be a little more negative on it. I kind of like Citigroup because I think it's priced in. But JP Morgan might be a little bit more expensive. But what makes you look at Bank of America instead of JP Morgan, Wells, or other large banks?

John Petrides: So I think you hit it … the nail right on the head. We love JP Morgan. JP Morgan is a holding in certain client portfolios here. It's just a valuation call that I think within the banking sector I think there's better value to be had. I still think Wells Fargo has customer service issues that it's working through and it still gets a premium valuation that I just don't think … I don't have to deal with that at Bank of America at this point in time. If there's any more ghosts that continue to be coming out of the closet for Wells Fargo, by now there's nothing present in Bank of America.

I rode Citigroup for a very long time. I pitched that on this show I think maybe two years ago or so and I think you're right, I do … I still like Citigroup. I had no issue there, but if I had to pick one of the banks that I like it is Bank of America because it doesn't have the international exposure at this point in time.

So I could deal with just the U.S. economy of which is really, really healthy at this point in time and I know with … a 3.7% unemployment rate that by and large, the loans that Bank of America have made are getting paid back. So … And the company's flush with cash. Here we are, Frank, ten years post the crisis, right, and I'm pitching Bank of America. Ha ha. So. This should show you how far we've come. [crosstalk 00:38:05] Valuation successive.

Frank Curzio: And it's about making money, right? I mean, some people will look at it and say, "How could you do that after the credit crisis and they used everybody's money and they got bailout taxpayer dollars?" Listen, I think all of us agree that we're really ticked off at the banks as well and how selfish they were, but they needed to get bailed out and now again, it's about making money, right? It's not about saying, "Well, we love Bank of America, they're doing the right thing" and stuff like that. But because of the laws in place the four, five major banks are just getting … they're huge now. They're monstrous and they're going to get bigger and earnings … Again, they're free from … They probably risk-free … You say interest rates go higher or lower, I mean, they're able to hedge themselves so much in different markets and different tools and stuff like that, but it is interesting that you said that. But I know that you wanted to talk about technology too. There's …

John Petrides: The valuation of Bank of America is not excessive in my opinion. So if I was able to get JP Morgan at a cheaper price at a better valuation I would; here I feel like I get that exposure to Bank of America without having to pay up for it. So that's what makes it attractive for me.

Frank Curzio: And guys, I mean, Bank of America's trending ten times forward earnings. We're looking at a market that's trading around 17 times forward earnings, the market in general. Again, and most bank stocks I think are trading probably about 12 times earnings. So it does seem like it's trading at discount to the rest of the market. Now, I know that you mentioned technology as well, that you were going to give us a take. And I appreciate you going through how you picked Bank of American instead of just, "Hey, you know, banks are going to do great. I like Bank of America." I know investors really appreciate and listeners do.

John Petrides: Yeah, no worries. The other name that I like is Lam Research, LRCX. Lam Research the stock is maybe $150 now, it was $230 at one point earlier in the year and LRCX is a … LRCX is really a cash flow machine. So what do they do? They are the leading … 144. So the stock has gotten destroyed year to date. I mean, its 52 week high was $235. So the stock is really cheap from a valuation standpoint, and year's 3% dividend management is taking 50% of their free cash flow I think over the next five years and they're returning that to shareholders at a minimum through dividend, and they're buying back massive amounts of stock. So what does Lam Research do? They're essentially the leading provider of etching and cleaning and the services for the chip guys. So it's kind of like Intel or Taiwan Semiconductor, who's one of their larger clients, their job is to make chips. They buy the equipment to make Lam Research to do etching and do the specifics around building a chip, cleaning, and it's all of these processes there.

Lam Research bought Novelis maybe seven or eight years ago. They tried to buy another company but it was blocked because of monopolistic fears. So they're the dominant player in this space. So what's happened? There's fear, and this is clearly cyclical company and they're tied to the chip cycle, and there's fear that there's overbuilding of chips because of this massive demand of artificial intelligence and AI, augmented reality, and internet of things, and all of these buzz words, Frank, and trends that we talk about in the tech space.

And you've seen a lot of that start to play out. And there's fear that their stock is going to go lower because of the chip cycle has too much supply and you're at the point of the cycle where you have to work through that supply. Plus, the tariff on Chinese goods doesn't help. I would assume this recent fear of the Chinese … There's rumors of the Chinese planting chips on U.S. goods to spy on companies isn't good for the chip tech space, so … And I don't know what to make of that. No one has come out really and spoke about it. Maybe we'll find out more in earnings calls of who was involved in this. I don't know what to make of that whole fear, but when you wrap all those things together, and Lam Research stock is down a lot.

This company generates a tremendous amount of free cash flow and they're at the point where they're returning a lot of it to shareholders. They are the dominant player, it's just they're working through a certain point in the chip cycle which … it's just nature of the beast when you deal with this industry.

But if you're bullish on AI and all of these trends that we're seeing in the tech world, I do believe that Lam Research is one way to play it.

Frank Curzio: No, it is interesting too. Cheap company return, 20% back to shareholders and profits and thing, yeah it's ... Yeah, these guys are huge and look, there's a lot of warnings about how the chip sector is slowing but we just saw Taiwan Semi come out I think today or yesterday and say that sales for September are up 10% which is a blowout number for them. But it's just interesting and maybe leading orders for Apple's products that we just launched and things like that, but it is interesting to see because right now in the chip sector there is a fight between bulls and bears, and drastic reports like from Morgan Stanley, I think, saying that the chip sector is ... that that cycle is starting to die, starting to slow down. Others say, "No, it's still here." Like AI and things like that. But that is interesting stock: Lam Research.

Now ...

John Petrides: Yeah, I mean it's just the pendulum has swung really quickly from where a year ago this time we were talking about the emergence of every trend under the sun for tech and you needed Lam Research to go through it, to now where an overabundance of chips, and now ... the pendulum's completely on the other side that the market is just flooded with all this stuff and companies buying Lam Research-type equipment to make chips is just going to slow because you just don't need it because your stockpile of chips on your shelf. Which could very well be.

Again, you know, I'm not looking at Lam Research for the next quarter. I'm thinking about two or three years for now, and if the trends in tech continue the way I think they will, I think this company with the amount of free cash flow they generate is still going to be in a dominant position, and I think there's attractive value in the stock here.

Frank Curzio: Now, just like you said, it's $144 and you might say, "Wow, 144 …". It's all about percentages, guys. If the stock goes up 20% it doesn't matter if you have one share or it's at a hundred bucks or a $1.50, but it was $234 is a 52 week high, so the stock is down a lot, factoring in a lot of those risks and paying a good yield.

So I want to finish with this because this is important because you do lots of media appearances all over the networks and financial media, but you're getting a spot on CNBC that you talked about that is going to be pretty cool. Could you talk about it a little bit? This way people could actually see you, because I know a lot of … I get some comments saying, "Yeah, saw John on TV," and stuff like that, but it seems like the CNBC thing might be a little bit of a big deal.

John Petrides: I appreciate that, Frank. So yeah, I'm going to be on CNBC at the closing bell on October 16th commenting on Netflix earnings, and then on October 30th commenting on Facebook's earnings, which are obviously two mega-stocks that the world is overly focused on right now. And I'm excited for the opportunity. We have certain clients that … I don't own either of those stocks, not buying them for clients, I'm not particularly excited about either of those stocks right now. Another leg down on Facebook, it becomes a bit more interesting. I would expect Facebook to have another leg down. The amount of … We're blasting Facebook could possibly have happened heading into the midterm elections is that there are rumors of tampering in the midterm election. So I would presume heading into the midterms that Facebook is hiring an army of people …

John Petrides: … the midterms that Facebook is hiring an army of people to scour the data to make sure that their product is as clean as possible. I mean you saw what happened yesterday, where there was Google shutting down a Facebook Plus product because hundreds of thousands of users' data was compromised and they didn't tell anybody about it.

So this issue of privacy is not going away and I'm not excited about Facebook's upcoming earnings. Netflix on the other side, the market focuses on one thing, and that's subscriber growth. Their stock sold off tremendously after a huge run last quarter because their subscriber growth was slightly below expectations. The market knows that if subscriber growth comes in less than forecasted, then the bear case roars really loud, and that's the bear case.

Netflix is hemorrhaging cashflow. They're buying all their content. Trying to replace content is really hard to do. I mean Netflix clearly killed it at the Emmy Awards when they won many top honors on many of their shows, but if they can't get more subscribers, then it's a house of cards and you find out they have suffered a lot of debt and they're burning through cashflow. Valuation is really high, and then all of a sudden the emperor has no clothes.

So it's all going to be about the subscriber growth for Netflix, as it is every quarter. It's the one metric that investors focus on.

Frank Curzio: And, John, I'll tell you one thing. Make sure you know Facebook inside and out, because I have a feeling that they're going to miss the quarter really bad. I mean they make the most money on these political ads, which they basically shut down. They changed their whole method, and people are still confused how to do it. Yeah, how to actually place ads and stuff and the whole approval process.

They just got compromised again with their data, but they've missed earnings badly last quarter and the stock fell and then came back, although they're now starting to trail down, but when you look at the analysts ... I was looking at 41 analysts covering the stock. I think it got two downgrades and everyone was like, "Oh, don't worry."

Like the estimates didn't come down, and that surprised me, where I'm like you look at a fundamental change in their business model and now you're going into political season, where they usually kill it, and they're not really taking these kinds of ads anymore. It's going to be interesting to see how they make their numbers. I don't know how they're going to make their numbers, because expectations are just still sky high. I think they're still ... Like 37 to 41 analysts still have buy ratings and they're basically 190 plus to 230 or 240 on the price targets on that, and none of that has come down yet, which surprised me.

So it's not like ... It's not like intel, where everybody lowered their estimates, expectations are low. Expectations are sky high for Facebook. I'm going to be very surprised if they do beat it and that stock goes higher from here. But that's going to be a nice call to be on.

By the way, real quick before I go, once you start doing this segment and you're on all the time don't forget about us little guys, like me and this podcast. Come on pal, right?

John Petrides: This is my favorite show to do. Out of all the media appearances this is the best one. So, you and I, doing a brain dump and talking about what's going on in the world. It's not 30 seconds in the shark tank where we're throwing chum and we're going to beat each other up.

Frank Curzio: Yeah, it's a lot different medium. So listen, John as always, I really appreciate you coming on the podcast. Real quick, if someone wants to learn more about you, read about some of the stuff that you're writing, how can they do that?

John Petrides: Yeah. Thanks Frank. I'm with Point View Wealth Management. We're based out of Summit, New Jersey. Our website is ptu.com, www.ptu.com. We have started over the summer a webinar series and it's a mixture of financial planning topics and some market commentary stuff. We do it once a month. So feel free to go onto the website, sign up for the upcoming conferences and the webinars. Yeah, that's where you can find a lot of information.

It's all free access. Any of our commentaries or newsletters, market commentaries, feel free to read them and shoot me a note if you have any questions.

Frank Curzio: All right. You got it buddy. Take care man.

John Petrides: Thanks a lot Frank.

Frank Curzio: That's great stuff from John. I love the companies that he told you to listen to for earning season. Not so much where it's for that specific company, but they're just so large and so diversified that you can get a good grasp of what's going on in different sectors, like Arrow and ADNIV technologies. I would throw Taiwan Semi in there as well. It manufactures chips for almost all the biggest chip companies in the world, outside of a few. Disney, he brought up with the parks, when it comes to consumer spending, the health of the consumer. Walmart and Target, you can throw in there, but also Disney when it comes to media and media ads spending and stuff like that.

For me, personally I like to listen to infrastructure companies. Floor, GE, I would throw in there, Vulcan. Martin Marietta. These are companies that are very diversified. They talk about different geographies. They operate across many sectors. They give you a good indication certain markets getting positives and negatives, but I love listening to those. They show you what the demand is, what sector it's seeing demand in. What they're looking to push into. What countries are doing good. Which ones are doing bad or poorly. So those are great companies.

Comes to financial industry. Bank of America, JP Morgan are obvious, as well as Goldman Sachs. I mean a good indication of what's going on since the richest people in the world have accounts at Goldman Sachs and they know how they're spending, their spending patterns what are they looking to do, what are they looking to get into. Inflows, outflows, and stuff like that. Very, very important.

Amazon, Microsoft, Google. I mean great technology companies. Again, diversify there are so many different industries through those. You have... he brought up great oil companies as well, but also what I like is natural gas/oil is Devon and I would listen to Exxon Mobil, Chevron obviously, but Pioneer EOG. These are the largest shell plays in the world. These are majors, when it comes to shale. They're going tell you how business is. Are they increasing spending, because they've been very careful during this rise in oil, and they just went through a horrible period, which is going to lead me to my educational sector. These are companies, you know, United Health Care as well, CVS health, health care industry. These are the companies that I look for that give me a good gauge on what's going on with the overall economy, not just in America, but globally. Also, will give you a good indication of a lot of different sectors and help you find new ideas. Also, could help you lower your exposure in some areas based on what these guys are actually saying.

Now, I always say this about all my guests. I love John, but this podcast is about you, not about me. So let me know what you thought. Frank@curzioresearch.com, that's Frank@curzioresearch.com.

Now, let's get to my educational segment.

To me it was one of the biggest bubbles that I've ever seen. Probably in the history of the stock market. I am talking about sectors here, when I am going to get into this. I'm not talking about the whole entire market collapsing, everything does bad at once. I'm talking about sectors.

When you looking between 1995, 2000, technology stocks exploded. You look into value of the NASDAQ went up, what was it, 400 %. It went from 1000 to 5000. Again that's from 1995 to 2000. We all know why, right. The commercialization of the internet. New products and services, like easy to use web browsers. The computer prices fell, allowing it to scale where everybody started buying personal computers. You had faster speeds, and then throw in smart phones there, and it allowed almost anyone to surf the internet, so it was a massive explosion, and new companies just started popping up like crazy to take advantage of the incredible boom. Just like we see in Crypto, like all industries, do printing, all kinds of industry when things are really hot. AI as well, something more recent. But back then most attached dot com to their names since this was the easiest way to raise tons of capital.

If you're looking early 2000, remember, the you know what hit the fan in March 2000, but early 2000, most dot com companies were trading at all-time highs. These are guys that paid millions on new facilities. Tons of employees. I think there were 16 dot com companies that paid around 2 million dollars to advertise, thirty second spot on the super bowl. Chump change at the time, right? A lot of these companies had billion dollar valuations. I mean it was crazy, crazy times.

I am not sure if you remember it or not, people out there. Or if you're millennial, but if you were people that lived during this time, I mean companies would come out with their IPO, and they would come out immediately. Not like today where they wait like over in Facebook...and when Alibaba when 80 percent of their growth is gone, and all the venture capitalists made their money, then they sell them to everybody else. They came out right away. These companies had like five pages…web pages and some of the links didn't work, and on the day of the IPO the stock would pop like 70, 80 % and people, I mean it would open up 70, 80% higher, people would buy it like crazy. It would be up 2, 300% by the end of the day. By the end of the week it would be up 4 or 500%. Everybody would just pour into any IPO that had dot com at the end of it. It was pretty crazy. Kind of amazing when you think about it.

Then we know what happened, right? Dot coms, they were trading over a hundred times earnings leading up to that, and definitely over forty times, like right before the crash. March 2000, the bubble burst and NASDAQ fell 10% to close out that month. By the end of April, the next month, the index was down 25% and by November, talk about what eight or nine months later, most dot coms were down 75%, wiping out close to two trillion in capital. Again just about eight, nine months.

So, where everybody goes to that period, they look at the pets.com, the webmed.com, the etoys.com. They talk about how many companies went bankrupt and no longer exist, like those three companies I just mentioned. Either you're looking at the sixteen companies, I think it was like six or seven that took out Super bowl commercials went bankrupt within twelve months. Which is pretty crazy right? Hey, the Super bowl commercial two million, and the company doesn't even exist. That's how crazy it was back then in the spending.

We're all programmed to focus on wow thought negatives and the bust period, but for investors there is a valuable lesson that gets overlooked during these extreme times. I'm talking about when it comes to sectors. It's one that can help you generate exceptional returns without taking on much risk. If you look at different sectors, a lot of these guys get crushed, but going back to technology we're looking from a period from 2000, 2003, which was a disaster and you saw all these bankruptcies, but also what happened. Let's look at the positives.

The dot coms that survived became industry leaders. The Amazons, the Pricelines, the eBays. I mean they weathered the storm and after the tech bust what happened. They got smarter about operations. They weren't dumb, they just spent money like recklessly and didn't care. They focused on things like return on investment cash generation, balance sheet improvements. And what did that allow? As the years progressed, came going further and further out, this allowed them to acquire smaller competitors, they increased spending on research and development, not just marketing. So research and development led them to new technologies, and you're looking at Amazon, Microsoft getting into cloud, Amazon getting into cloud, getting into smart homes and things like that. This helped them increase their competitive advantages and if you bought any of these companies after the fact, after that sector collapse, even 2001, 2 or 3, pick your time period. 2001 you may say "Eh a little bit early." 2002 you may say a little bit early but even 2000- whatever. You're probably sitting on a small fortune today.

Now, those survivors a lot of times as they get smarter become industry leaders, you know. My point is this whether it's oil, solar, utility, go through every sector. Semis, defense, chemicals, infrastructure, so everything. Every single one of these sectors go through extreme times. It's the nature of business, right?

Think of a Crypto, which is the most recent example. Before that, you get could highlight 3D printing or oil, but during this boom, what happened to companies? They always look to expand because everybody wants to see growth, their investors want to see growth all the time, which never happens all the time, you can't grow forever. But they're looking to expand, so they hire more employees and spend more, they take on more debt to fuel this growth and you know, almost every single time they end up getting ahead of themselves.

So the sector usually corrects, destroying the weaker players, but the survivors that get passed through this period, prosper. These survivors a lot of time can be bought at dirt cheap prices. Why? It's going through a complete washout. Investors hate the industry, they hate every single stock, they're looking to get out. On Wall Street trading floors this stage is known as puking. It means that's it. Everything's done, it's like the kitchen sink. A lot of times you'll see really great companies.

Look at oil. You're looking at Chevron 2014- 2015, when that massive collapse happened in prices. A lot of companies in 2015 was the worse year for them because a lot of their hedges came off. So they were hedged oil at much higher prices so they were still generating profit as oils fell from 100 to 60 to 40. Once they really started going below 60, and as time progressed, those hedges have a time limit on them. Once they run out now to hedge, you're going to have to hedge, instead of $80, 85$ a barrel, now you're hedging you're close to where spot is, which is 60, 55, 40. That's when you saw a lot of the oil companies get crushed. But if you're looking at Chevron just buying in 2015 it was $75. It's $126 today. Devon was 19 in early 2016, it's 39 today. Look at Camaco. Camaco's probably a pretty good buy today at $12. I bet you a few years from now, you'll be happy. You can say, "Well, Frank, I thought that was the case a year or two ago." Again, we saw Camaco come down, the uranium bear market has been absolutely terrible, and you're' right, it's not a full proof strategy.

I will say this, when it comes to these industries, what a lot of times what we do as investors is, we want to maximize our returns, regardless of risk. So, what we do, say when we see gold prices come down, golds a good sector to talk about, we want to buy the junior Meyers. And the junior Meyers is the most risky stuff, because when this cycle turns, these are the ones that are going to go up the most. But, if the cycle doesn't turn, these are the ones that get nailed the hardest, okay?

So, these are some of the stocks that I've had that we stopped out in my Curzio Venture Opportunities Portfolio. I thought the risk reward was very favorable. I was willing to take on 35% of risk, because if the cycle changes, and I thought over the last two years it would definitely change, especially over the last nine months or so, where it didn't change and these stocks continue to sell off. Even though gold is kind of training at the same price as it traded in 2013, it's kind of weird. Most of these stocks are down 60-70%. But instead of going after gold and going after the juniors, which again, if the market turns, you're going to make a fortune on some of the worst stocks. Usually the worst ones go the highest in bull markets.

Right now, especially, when it comes to gold, uranium, we just gave you an example. Camaco is the leader in the space that you can buy dirt cheap valuations and hold long term. But look at the gold companies, and not just...We've seen a lot of royalty companies do pretty well, despite that gold is just a horrible sector right now, but if you look at the biggest gold companies and what they've done over the past two years and de-levered, you're going to find some really great opportunities, to the point where they could still produce if gold falls 10-15% from these levels. That's how much they lowered their prices. They're all in costs.

They sold off a lot of non-corps projects, did deals with royalty companies, this way they bring in cash flow. Some of these companies are paying dividends, raising their dividend. But before you're jumping into those crazy juniors, which we do because we have a venture opportunity newsletter is more about risks, you're taking on a lot of risk to hit grand slams, right? So you're going to have to take on that risk.

Individual investors look at the bigger players in this space, especially in gold. I mean these are companies that are low risk right now. Even if gold prices come down, they are still going to be able to generate profits, right? They're producers and all their costs are lower. A lot of these guys de-levered, so they're sitting on a lot of liquidity able to…so if prices do come down they can expand their portfolio and buy great projects at dirt cheap prices from competitors that are struggling.

And if gold prices stay at these levels…they're printing money right now, a lot of the majors. And not only that, if we do get that cycle change, that's when you can get triple digit returns on these companies because they're so cheap and out of favor right now it's a good way to invest in industries. But instead, when you see these sectors and every one of them goes through tough times, don't focus on the risky ones that might look attractive 60-70%.

Again, for me I do that in my Curzio Venture portfolio, but for Curzio Research Advisory you're going to get an interesting write up today. Again, it's going to be on a gold pick. Yes, I said gold. But read it first before you dismiss it and go crazy and think I'm nuts. I didn't know the fundamentals of a lot of these majors were this great. I was under the assumption that they were still de-levered because they all went nuts in 2011-12 and spent like crazy, right? Did stupid things, just like companies do during big growth markets, big growth periods. Now you look at these companies and what they have done over these last few years. They're very solid, they're foundation is great, they're leaner than ever, and if the market stays the same, a lot of these guys are raising their dividend right now. They're generating huge cash flow. They've got amazing projects.

So, for a risk-reward perspective and that's important to understand. You know, risk adjusted we say in our language on Wall Street. Based on your risk adjusted it's, you're looking at the majors of the gold majors, pretty good buys right now. I don't think you're going to see a lot of risk, because they're down already. They've already generated profits, generated dividends…going to start buying back stock probably because their balance sheets are that good. But if this cycle turns and when it turns, which I think it will as interest rates go higher. Don't shoot me gold investors. I know what you're going to say. "As interest rates go higher, and that means people are going to go into other investments that pay interest, and gold doesn't pay interest so it's usually better in a negative interest rate environment."

Well if that's the case, then why has gold been horrible for the last five years? Where real interest rates are negative. So, that's not thought case. So when interest rates go higher what happens? It's going to take some of that spunk right out of the market where we've seen, why invest in gold when you can buy Amazon and get 15% a month on average, right? I mean that's the way the market is right now. I mean not the past week, but there's no reason to buy gold until you're a little nervous, until there's a shift taking place in the market and we're starting to see that. Higher interest rates are probably going to take some steam out of this bull market. It may fall a little bit and I think you are going to see money transition, which we're seeing, into utilities, but also into a lot of majors when it comes to gold. So, as interest rates go higher, I think that could be the catalyst that fuels gold prices.

Again, I understand that goes against conventional wisdom especially of your long time bull crazy bear guys, whatever. The market is just so powerful right now, the US market, that it just doesn't make sense for investors to even touch gold. It's just now worth it to them, and I think once you see this market come down, again, it's been a nine, ten year bull market in stocks, eight, nine years actually. I think once this market does come down you're going to see money come out and look for alternatives, and right now you're looking at majors in gold and a lot of these royalties as well at premium valuations and I bet you that is going to make gold prices go higher, or at least the cycle change or turn over the next six to twelve months. See if I'm right again. Even if it doesn't turn buying these majors you're still going to be okay, even if prices come down, they're going to use their cash hordes to buy amazing projects to increase and expand their portfolio of high grade gold projects. And again, they're profitable, most of them, most of the majors, at around 1000, 1050, some 950, which is a 15% decline in gold prices from right now. So it is a risk reward that is really, really, good opportunities, and that's one sector that I do like.

So, hopefully I didn't talk too much during that educational segment, but I had a lot to say. I just wanted to show you guys how to make money when sectors do collapse, because you don't have to take on a ton of risk. Sometimes you can buy the majors right in front of you and offers you triple digit returns with much, much lower risk.

If you're interested in a free tariff reports on our website at curzioresearch.com. It's a great 20 page report on the important and not so important things you need to know when it comes to a possible trade war with China. Also, I share some free picks with you. Talk about one name that I really love, that I believe has 3 times, 5 times even more upside potential, as China gets more serious about having a full out trade war with the US. It looks like that's the course and that's what is going to happen, especially leaning into 2019. We'll see, but again all that's for free if you want. You go to my website to get that free report at www.curzioresearch.com.

Okay guys, that's if for me. Any questions or comments, again feel free to email me anytime and thanks so much for listening. I'll see you guys in seven days. Take care.

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