Frank Curzio's WALL STREET UNPLUGGED

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

Frank Curzio: How's it goin' out there? It's October 31st. Happy Halloween. I'm Frank Curzio of The Wall Street Unplugged Podcast, where I break down the headlines and tell you what's really moving these markets.

So, literally just got off my plane. I say just got off, about 10 hours ago in San Francisco. The Cambridge Gold and Silver Summit. I spoke several times on several panels. Some pretty amazing analysts. It was a lot of fun. On panels with Rick Rule, Doug Casey, Marin Katusa, Mike Williams. Had meetings in between. Tons of them. Great conversations with some of the top people in the industry, including a really cool one, with Rob McEwen who founded Goldcorp, who's now the Chairman and CEO of McEwen Mining. I've interviewed him once before on the podcast. I'm going to break down the conference, that meeting with McEwen Mining also share some interesting ideas with you later in my educational segment.

Right now, I want to talk to you about something that is much more important. Super important. That's San Francisco. Where this conference took place. When you ask people about San Francisco, it's one of those places the response you get, either they love it or hate it. Never like in the middle, "Eh, it's okay. Oh I love it. It's the best place ever. Ah, I hate San Francisco." I have to tell you, from being there so many -- I wouldn't say so many times -- but a half dozen times. A little bit more. Close to a dozen. I have to say, I may be leaning toward the hate part of San Francisco and I have a lot of friends there. I'm not talking about you. I'm just talking about in general. Right?

From someone who travels the world, what I like to do is to get out

and talk to people, hang out in local communities. It's always fun just talking to people. Just learning. "Hey. What do you do? What's going on? How's business?" When it comes to San Francisco, I think it's one of the most rudest places. Like people just don't want to talk to you and it's okay if you're not social, it's fine. It's alright. Not a problem.

For me, maybe my experience is, but I hear this from a lot of people as well. There's very little interaction. Nobody wants to look up, there's no eye contact, people don't want to talk to you, they're doing their thing. They're just so busy. Right? Everybody is busy these days. Again, I get it. That's fine.

I'm walking around certain areas and I asked for directions twice and both of those people gave me wrong directions. I don't look like a terrible guy. I was in my suit. It was two blocks away from where I had to be and like they pointed. They just pointed and they were like, "Yeah. That way." They didn't want to talk to me and it turned out to be the wrong way. Again, it was like I walked a half a block or a block and then I finally realized it, but it was like, I don't know if it was on purpose or whatever. But, it seems every time I go there, it's so hard to talk to people. It's just not a friendly environment.

I don't get it. Maybe just me, again. I don't want to get millions of emails. Crazy. I get it. I get it. Wanted to dial down a little bit, because every minute since I got off the flight on Saturday was busy. Just really crazy. Just meetings. Every minute accounted for. Had a big speech which I talked about our security token, Curzio Equity Owners. We plan on launching in about a month. Went very well. Might be a little interested in it, but I was really dialed in.

Again, lots of speaking engagements, even when I wasn't speaking. I think it was three times the first day, three

times the second time. Bunch of meetings. Panel. You know, just had meetings in between, as well. Just crazy.

So, last night, I was just like, "Look, I just need to have some beers. Listen to music. Hang out with close friends." We end up at this bar, probably about 20 of us. There's a bunch of great people from Cambridge that work their butts off. Right? Everybody's just extremely busy. Now the conference ended. I'm leaving like 11:00, 10:00 the next day. You know, go out for a little bit, but they joined us. It was just CEOs, again, who had just busy schedule. We all went out together, you know, just really cool. Nice night. Everything closes at 2:00 a.m. By everything, I mean, every single bar. When it closes, nobody serves alcohol. That's it. No way. Nothing. It's kind of crazy. That's 2:00 a.m. It's not like New York, where you can drink 'til 4:00 a.m. Not like I was always out then. Maybe when I was younger, of course. Even New York, you can always find after hour places. Just ask anybody. A bartender. There, nothing, nothing. It's almost like if you serve alcohol, it's like you go to jail for life. Right? That's how they treat you. "No. No. No. We can't let you --" It's crazy.

So, anyway, it's like 10 'til two. So we had like 10 minutes left and we all ended up at this really nice bar. Really cool. Laid back. Pretty crowded. Not just up at the bar. All of a sudden, this guy comes in. He's got this beard. He looks like he just came in off the street and just starts yelling. He's going up and down. It turned out it was the owner. It was the owner of this bar yelling, saying, "Get the ef out of my bar. It's closed now. I'm not effing joking. Get out. Take those beers." Like they were taking half beers away from people. I mean, I don't think I've ever seen that ever. I mean, it's the last ten minutes when you -- As soon as you say last call, what do people do? Get at least one, two beers. Drink them really quick. They wanna go. It's last call. No. They just start yelling at everybody. Everybody is just having a good time. Relaxing. Yelling up and down. Going crazy. I know you don't see that every place. It just

amazed me. What? Like, we're spending money here. Alright, we have like ten minutes. Not that you have to close at two. Do you have to yell and curse at everybody? It was just, you know? Insane.

So, everyone's leaving. Again, when I said, 2:00 everything closes, I'm talking about convenience stores, hotels, Uber Eats, diners. The reason why I know all that is because everybody's going to different options trying to get alcohol, I guess. Just crazy. Yelling at your customers. Really? I mean, do you need to be such an asshole? I don't get it. Maybe everyone's so pissed there, at least the people I talk about. Because look, taxes, you get raised it seems like every couple of months. Right? Well, that's gasoline, home, income, whatever. I know there you could say, "Well. It's good. You're taking more money away from rich people and those are the people who are going to have taxes raised." But, in San Francisco, we're talking about what? People make what? $200,000-$250,000 a year, which is nothing in San Francisco. Nothing. You can't live on that in that area.

There's a reason there is 60 percent of workers in Silicon Valley they actually said they can't afford to live there. And, technology is, if not the most, booming, biggest booming sector. Yes, I know, these stocks came down 15 percent each and [inaudible 00:06:58] and technology they're still up tens of thousands of percent over the past couple of years. Some of those stocks, anyway.

[inaudible 00:07:07] paying those high taxes. I get it. I get it. You pay all these high taxes, but you still have a massive budget deficit. Right? That everybody complains about since politicians are never going to stop spending, ever. I do kind of find it ironic that you complain about that since San Francisco is a liberal town. We all know it. More Equality. But, a lot of you complain why your taxes are raised. Which are what? To supposedly support, filter down, in terms of benefits, to less than fortunate people

who refuse to get a job, because they're getting lots of benefits in an economy where it may be the most job friendly since the history of our nation. I won't go there. I won't rant anymore.

I'm still trying to figure out San Francisco. It could be me. I know I'm going to get a lot of emails, because people love it, or that hate it. The people who love it are going to be like, "Frank, you're crazy." It's a beautiful town. I'm just talking about the people. They're just not as friendly. It should be friendly. Right? It's filled with millennials, entrepreneurs, just great kids. That should be an environment you want to hang out with. Right? Well, hang out. Be a part of. It's weird that it's not to me. That's just based on my experience.

When it comes to politics. Whoa. Hate Trump Central. I would love to see someone wear a "Make America Great Again" hat. Imagine wearing that. You would get beat up. I don't know if you'd get beat up, there's a lot of skinny people there. Everyone is in shape in San Francisco. [inaudible 00:08:32]

Anyway, they'll throw things at you and yell at you. Let me say it that way. Even some of the conversations that I have, the younger generation. We had an amazing dinner before we went out, with just a group of people and this was Monday night. Amazing people. I mean, two young people from a company that we're doing our STO through. Doing a platform, were just brilliant kids. Entrepreneurs. Doug Casey was there. So, it's like the old guard, new guard type thing. Politics came up and even the person who brought it up said, "Listen, I just want to hear your thoughts. No fighting. No nothing." And, it was really cool, actually, to have a conversation where you don't hate each other and just show what's going on and what you like and what you don't like. Because, you don't see that these days. Right? If you're one side, you hate the other side automatically. No matter what. Even if it's a good -- whatever it is. We all know it.

But, there's a clear hate for Trump by the younger generation, especially there. When I say, "hate," which is, again, you don't like the -- whatever it is. But, it's like, "I hope he dies tomorrow," type hate. Where it's his fault for the terrible shootings in Pittsburgh. The inequality among Afro-Americans. It's his fault women don't have equal -- it's almost like you're pointing to someone, that no matter what happens, it's his fault.

Again, we know he tweets. We know how stupid things he says. Again, we all know that. We all see it. It's not like, "Man, that guy's such an idiot." It's, "Wow. I hope he kind of like --" It's crazy. It's nuts.

I don't know, maybe it's me. I'm not sure. Maybe I wasn't looking hard enough when I was younger, where I don't remember seeing that type of hate with President Obama, President Bush, President Clinton. Maybe it was there. I don't know. Maybe I just wasn't looking hard enough.

You didn't agree with policies, it wasn't like, "Man. I hope this guy gets run over --" It's insane. Just the anger. I'm talking about outside the diehards and extremists, of course. You're always going to have those. I'm just talking about even guys that are like normal like, "Ah man. I don't like if you're democrat." And, you just, "I don't like Bush's policies or Obama's. Man, I don't like these policies." Like me. I didn't like certain policies with Obama, because it just affected me with business. I'm paying more health care costs than ever. I work 16-17 hours a day really, really hard, and I hate the fact that people say, "Well, you should give a little more." When I'm taking time away from my kids, trying to give them a better life. And, I know, deep down, if you really wanted a job in this economy, you could have it. There's other policies that I agree with. Wasn't that I hated anything. Or anything like that.

But, you can't talk like this. You can't really talk or have

a decent conversation about it, which is insane. Even now, I'm sure people listen and go, "Frank, I wish you wouldn't talk about politics." But, it was a big topic. And, it's important, guys, that we do talk about this, because I got to tell ya, this is the number one, biggest risk to your portfolios. I don't care what side of the aisle you're on. Right now. That's why I'm talking about it.

That's how crazy it is. You said, "Well there is so many risks to the marketplace." Yeah, there are. There are tons of risks to the marketplace. What is there? The fed, you have tariffs, rising dollars, things like that. But, those things, you could have Trump and Xi Jinping, if I said that right. The president of China. They could have a couple beers together, get drunk and just decide to figure this out and we're good. We could have Powell come in and say, "You know what, we're going to take a little, slower pace, we're not going to raise rates, no matter what."

Things like that could easily reverse and you could see things get better, but when it comes to the politics and the hate, it's going to get worse, worse, worse, which is terrible. I've got to tell you when the democrats take a lot of seats. They're going to take control of the house, most likely, right, 80 percent chance, based on most of the polls out there. Again, poll's and poll, we saw with the last election, but what's going to happen? If you look at our political system, it's supposed to be the greatest environment when we have bipartisan control, which is not one party controlling everything. House, Senate and President. It's usually better because you have accountability and say, "Whoa, whoa, whoa, don't do that." Okay. It's usually that where our economy grows that most, but just the economic landscape is usually the best during those conditions.

When that happens, there's so much hate, you can see nothing getting done ever, and that's really bad. Especially when it comes to things like infrastructure. Right? With

both parties agreed on. Think about that. They both agreed on a trillion dollar infrastructure package. Even though we know our bridges, dams, water systems are super old and can actually cause people to die. They're not going to come together. I mean, something this important that will protect Americans and that I believe almost every person in America is for, which is a much safer environment for our kids, and our kids' kids. Right? We all want that. Right? But, you really won't come together to do something that is better for the nation and better for the health and safety for us just because you hate each other?

Again, this is dangerous for the markets. Truly believe this is the biggest risk on the table, which you should be worried about. Everything else, with the fed, he just reversed course. I mean, we see our bills much higher. No matter what bill, cable, electric, phone, food, tuition, going higher. I mean, the feds say, "Okay. We've got inflation, now. Wages even going higher." Okay, well slow down. Whatever. Or again, you know, China and US, figure this out, there's a million things you can do behind the scenes to figure this thing out. That's fine. Those risks are reversible. They could ease, but politically, that's a huge risk and I don't know if that's priced in to the markets.

I have to tell you, if you don't think political risk is a big deal, you're definitely going to think differently after this interview, which is with Lenore Hawkins. I interviewed her for the first time I want to say about four months ago, five months ago, around there. Got amazing response, because she's great. She's awesome. She's Chief Macro Strategist with Tematica Research. Twenty years of experience covering the markets. You know what, she's in Italy right now. She's talking to her sources, getting a boots-on-the-ground perspective for her followers.

You know as well as I do, when we read stories in America about other places out there, we only know what we read because it's hard to get a boots-on-the-ground approach

in other countries, especially. Not just about the industries and the companies. I'm a good case for that, when I went to Brazil for the World Cup, I thought there were going to be body parts floating in the water. I'm going to get the crap kicked out of me if I walked around at night. No. It was a beautiful place, it was awesome. It was nice. I loved it. It was great. I couldn't believe some of the stuff I read.

With Italy, man, interest rates rising, economy slowing, enormous debt loads. It's a new political regime that refuses to work with the ECB to cut costs, which is necessary in order for you to get a bail out. If you don't get a bail out. What's going to happen because you have extremists in there right now and it's crazy. So, if you're going to read a lot about Italy, how important is it? Read a lot about Greece, turns out that wasn't a really big deal. Brexit, we got past that. Turkey, we got past that. Right? Well, you can say, "Whoa. We didn't get past it, yet. You may be right, but Italy is a different animal. They're a larger economy. Europe. Not looking for a bailout.

Political side. Extremists now. Hey. Let's do for the people. Which is what you're supposed to do, but when people like just don't do anything. We don't need a bailout. You need to do something. You need to do something. You have to work with it if you have to get money. If you don't, man. These same people haven't lived through environments or studied enough to see what happens when things go terrible.

That's why I want to bring Lenore on to give you the story. Exactly what's going on. Boots-to-the-ground perspective of someone who has decades of experience covering things like this.

Later on, I'm going to break down some really cool things and not so cool things that I saw at the Silver and Gold Summit in San Francisco. It's going to be from my educational segment. Talking about some of the meetings

with top executives and even some of the companies that I visited that I like, really like. Look attractive right now. With goal and silver completely out of favor.

Before I get to that educational segment, let's go straight to Italy. Lenore Hawkins is right now to give you the scoop on the economic landscape of this Euro zone problem child and how it could impact your portfolio.

Lenore Hawkins, thanks so much for joining us again on the podcast.

Lenore Hawkins: Thanks for having me. Always such a pleasure.

Frank Curzio: I know. It's always such a pleasure for me, too.

It's funny, because we just spoke five minutes before this and you are in Italy. I love getting boots-on-the-ground information and because it's so much different from what you read in the papers here and I realize that when I went to the Olympics in Brazil. I thought there was going to be body parts all over. I thought there was going to be killed and it was one of the most beautiful places I've seen. Sometimes what you read here is different from what you see there.

Before we get to everything, I want to make sure that you're okay because you told me yesterday there happened to be a big storm.

Lenore Hawkins: Yeah. It's been crazy here. Not only has the city I'm in, Genoa, is currently famous for having a massive a bridge collapse that is a major artery for all the European Union for things coming in to a big port here. Like Genoa's got one of the oldest ports in the world. To getting in from the port going into the European Union via rail and truck and we had this huge bridge collapse that's caused a big problem.

But, now, we've just had this insane storm where we

have landslide on the road going out to Portofino. So, the only way to get in and out of Portofino is by boat. We've got a beach down the street from me that is covered with boats that were slammed into the shore and all of this is happening at a time where Italian politics are about as messy as that beach.

Frank Curzio: I know and I didn't even know it was that bad. You're telling me boats washed up and windows blew out, so thank you so much for doing this. Just stay safe. Hopefully everything is okay.

Let's get back to Italy. We were reading the headlines here. We're seeing all this crazy stuff where could this filter over to the rest of the economy? It's not going to be a bailout coming this time. You've seen the tenure go higher. Give us the story of what's really going on, even from the political landscape.

Lenore Hawkins: Well, I think when you look across how investors are looking in the world, I think the biggest single thing that investors are mispricing is political risks.

It's like you said, there is no bailout coming. Italy just went to Brussels, and as is required in the European Union. They delivered their budget and Brussels said, "Yeah. I don't think so. Send it back." And, said, "You guys go back and try again." They've got until November 13th to give a revised budget and that happened a couple weeks ago.

Just this week we heard that Italy's GDP in the third quarter was expected to grow by .2 percent. It actually grew by .02. So, I mean, that's nothing. It's stalling. It's not growing at all. So, it grew a .02 percent and that budget that they brought to Brussels, well it's anticipating a 1.9 percent GDP.

Now, if you can't 1.9 percent GDP growth, which they are forecasting, that makes that budget deficit a whole

lot worse. So, this did not help them at all. But, what's Brussels going to do, because the problem with Italy versus Greece, Italy is way too big to save and it is a much bigger mess than Greece.

Now, Greece can keep pushing the envelope, pushing the envelope because, it wasn't too bad for Germany to cut a bit of a check and to help Greece get going because it was pretty small. Italy is now looking at Greece's playbook and saying, "Okay. We can push it."

To be fair, Italy is the only country in the European Union where the per capita GDP has actually fallen since it joined the unified currency. So, this is a country where there's a lot of frustration.

Frank Curzio: So, a lot of interesting points there and one thing I want to get to is, for me, for someone outside and you look in, you say, "Wow, the ECB, they're not going to come together. Not going to bail them out." And you say, "Why would you be in the Euro?" When you look under the hood, it's in order for them to bail you out, the ECB, is you have to come up with a plan that cuts costs traumatically, and it's usually painful, and since Italy doesn't want to do that.

So, I think even when you read the headlines here, it's like, "Wow. Why are they not bailing them out?" It's really Italy right? They just don't want to cut costs. So, what's the solution here? What could happen? We thought it was a great idea, remember, during our credit crisis? We were like, "Wow. Let Lehman fail." And, they were high-fiving each other and the market went up and we really [crosstalk 00:21:33] look at all the massive amount of risk. How everything is connected. Is this something that the central bank's seeing? Because Italy probably doesn't see it, themselves. Maybe Italy does see it and say, "Hey. You're going to have to bail us out anyway, because if you don't, it's going to hurt everybody in the [inaudible 00:21:47]."

I mean, how is that playing out? That whole scenario:? Because there are so many moving parts?

Lenore Hawkins: Yeah. There really are so many moving parts. First off, the Italian leadership it's a group of jokers. I mean, I hate to say it, because I love this country dearly, but the guys who got in, don't have a clue.

Lenore Hawkins: ... this country dearly, but the guys who got in don't have a clue what they are doing, and they are two groups. The coalition government. Pivot as a guy who is way far left of Bernie Sanders teamed up with a guy who is way far right of Trump. Imagine how effective that coalition is going to be. It's just not going to work. Now on top of that, you've got where Angela Merkel, her Christian Democrat Union, they have suffered serious defeats at the polls over the past month and she has just announced that not only, she's stepping down from the CDU leadership, a post that she'd held for 15 years. And she's not gonna seek re-election in 2021.

That was the last really strong European leader. So Europe's kind of a mess, there's no strong leadership, there's no one who can really solve the problem as we head into this crisis. On top of that you've got Brexit. It is not going well at all. When May came to the European Union said, "Here's my plan for Brexit," they pretty much said, "You gotta be kidding me. We're not terribly disrespectful, terribly respectful," there's a lot of acrimony there going back and forth so that relationship's not going very well and that is going to be weakening as well, but nobody's really looking at that.

Now the big thing with all of this is how do you price assets, right? And where are asset prices going? Well, the way you price assets is really based on risk and the way you look at that is, "Well, what's the risk-free [inaudible 00:23:33]?" Right? So if you look at yields right now, because that kind of, sovereign yields, that's kinda the

idea behind the risk-free, right? Right now, the U.S. two-year is yielding 2.8%. 2.8, like 5%, Italy? 1.13, it's less than half, so Italy is less than half the risk? Germany's two-year is a negative. You've actually got about a 3.5% spread between the German yield and the U.S. yield. Two-year yield, that makes absolutely no sense.

And if you've got nonsensical yields, Germany having a negative yield, what does that mean for asset prices when you're pricing off of the risk-free rate? That just perverts price discovery across the board and we're starting to see where investors are realizing that, and one other thing that is really gonna push that is in Europe, the European Central Bank just reaffirmed that they are going to stop their asset purchases. Well, the European Central Bank has been the only entity buying Italian bonds, those Italian sovereign bonds, and Italy, given that they're gonna be running a deficit because for a while there, people didn't really care so much about Italy's massive 130% debt to GDP because they were running a budget surplus, right? So they weren't having to go out there and get more so it was just kind of treading water, it was alright.

Well now, we're looking at a very different shift. We've got about 200 billion of Italian debt is gonna become due in 2019, and given the deficit, at the minimum it looks like they're gonna need an additional 60 billion thanks to a budget deficit. So that's 260 billion that's new, that they're gonna have to get out there, and the biggest buyer, the only buyer, of Italian debt, is gonna be stepping out of the market at the end of the year.

Frank Curzio: Pretty amazing numbers there, even the things that stick out to me, one of the numbers that I'm reading, is ...

I mean, it was funny because last year, I think it was only $20 billion I think, was a bailout and the market saw that as a great thing right? I mean we saw the 10-year stay low in Italy, around 2%, all of the sudden it shot up to 3.5%.

And, just to put this in perspective, I mean, it's the highest level since probably about 2016 into 2017 but it was a lot higher even before that, 2014, 13.

I guess my question to you is, when I'm looking at debt to GDP ratio, which it seems like 130%, when I look at everything underlying and I'm looking at the total package, we're looking at, I think and I'd love to get your numbers, is it 3 trillion? Is it more than that, is it less than that? And again, I'm getting my sources from other sources and things I read which, you know, are pretty good sources I think, but it seems like this, what is gonna happen? Like what's the solution, is that the right amount because you're looking at, they're probably paying the highest interest out of almost anyone in Euro, the major countries at least [inaudible 00:26:38] so yeah, how does that hole play out? Because as it gets worse and these rates go up, it's terrible.

Lenore Hawkins: It is, and Italy is just not in a position where it can withstand that kind of a pain because like I said the per capita GDP has been falling since it joined the European Union. So you've got political leaders in Italy who don't … They wanna stay in power, and they don't have a whole lot of support for putting more pain on the citizens. You've got Germany saying, "Well, the problem is you guys just need to take more pain." That's not a conversation that's going well and now you've got really no strong European leadership when chaos is starting to reign so my bet, looking at it all, is that there's a very good chance that Italy is going to step out of the European Union. It has not done well for them.

What has worked for them has been their ability to get debt really cheap. They're paying artificially low interest rates and if you look, for example, Italian bonds this month were just downgraded. The sovereign bonds were downgraded to just one step above junk by Moody's. And they were downgraded just two notches above junk by

S&P, yet Italy five-year is at 2.5% if you look at what the ETF K&J is yielding, that's 6.3%. That spread makes no sense, so what happens if the market starts getting really nervous. Italy and the Eurozone are not getting along. And you've got the people in charge in Italy are people who want out of the Eurozone. They have publicly, well before they were elected, said that they really wanted out. They were Euro skeptics from the get-go, and if the Italian people look around and go, "There's really, what else are we gonna do? We need to default on our debt, we need to get our own currency, we need to get the hell out and start it all over again."

I think at some point, particularly if we see a global downturn, which will hurt, it hurts the weakest first and it hurts them the most. Italy is already almost in contraction. If we do see global slowing increase further, which right now we're seeing China slowing, we're seeing signs that the U.S. is slowing, the Eurozone GDP is at the lowest it's been, growth-rate, since 2014. If that all continues, Italians are gonna say, "Well, it can't get worse." And if that happens, let's just look at what yields are gonna do across the world.

Frank Curzio: Now I have a very interesting question for you. Now is, and I love thinking like this because it's just taking the other side, and I know this is gonna be absolutely crazy for everyone that's listening to this. But do you ever step back and say, "Is all of this factored in?" And the only reason why I say it is because when our credit crisis happened, it was the unknown, right? We did know that AIG was insuring all this garbage and we didn't, I mean it wasn't sub-prime that caused the crisis, right? It was the synthetic loans, it was the leveraging of sub-prime, it was synthetic of synthetic of synthetic CEOs. [inaudible 00:29:50] balance sheets for the banks, nobody knew, AIG was insuring this whole thing, I mean the Fed didn't know until like May 2008, even 'til the crisis happened, but everything that you say and everything that we see right now …

We know they wanna exit right, the euro, we know that we saw the same thing with Greece, Turkey, Brexit right? All these things were supposed to crush it and it seems like we weathered the storm through that. You look at GDP, like you said, it's horrible but it's still a little positive. And then, when I look at rates, yes, in a 10-year we're at, whatever, 3.4, 3.5, but they're still lower than they were in pre-2014. I'm not saying I agree with this, I'm just asking you that question 'cause I always look when I'm so, like, "Wow, this is crazy," I try to look at the other side, is there any way that this is factored in or maybe there's a better solution where Italy might not be a problem three years from now or is it like absolutely no way, you just don't see a solution.

Lenore Hawkins: Well, great comparison to the financial crisis 'cause if you look at what happened with the financial crisis, one of the core mistakes there was mispricing of risk. Because when people were looking at these sub-prime mortgages, how risky they really were so what yield that they warranted was not being priced correctly. The risk across the board was not being priced correctly and we have the famous [inaudible 00:31:09] the problems in sub-prime have been contained. That didn't turn out so well.

I see here a very similar thing where the political risk is being seriously mispriced because we're in an era in which everyone believes that central bankers can fix it. That central bankers can take care of it or that the political leadership is gonna get it all sorted out and it's gonna be fine. And there's a good reason to believe that because since the financial crisis, every time we had, things get a little wobbly, those central bankers stepped in and sure enough the put a floor under asset prices and kept boosting stuff up. So if anyone looked at this and said, "Oh, this is bad, this is really, really bad, I'm concerned about the fundamentals," you got killed. So it was very much, we have been trained over the past 10 years by the dip. Because it's never gonna come down, not in any real way.

So I think your comparison is there in that people believe it's gonna get fixed, it's all gonna be fine, it's all gonna get worked out in the end, and I don't think that's going to be the case.

Frank Curzio: That is interesting. And it's amazing 'cause one of the worst things that happened during the credit crisis, I think, and this is me talking personally, is that everybody that they bailed out, they made a fortune on. Right? Just about. AIG, all the banks they invested in, the housing market came back so fast I don't even know what to do with Franny and Freddy, it's making so much money, profits. And that opens the door, "Well okay, they'll be alright, if it comes down even in our market." Not that I'm asking for a solution here but is it, "Hey, avoid everything Italy-related at all costs," 'cause you know what private equity firms do, which individual investors, most of us don't have access to things like that. But when you saw during the, just European credit crisis which was a couple years kind of after us, the banks were forced to sell off assets at dirt-cheap prices and you had private equity guys going in there and buying stuff and now they're making a fortune off of it.

Is there opportunity at all? Is it just, "Hey, we have to avoid it 'cause the political landscape is so bad and you have no idea what's gonna go on," I mean again, someone from the boots on the ground and probably talking to people and companies and things like that. I mean, is it just avoid Italy right now 'til there's a clearer picture?

Lenore Hawkins: I think you definitely wanna avoid Italy on the long side. One of the challenges you were asking about, what's the magnitude of that number, like how bad is the debt situation? Well one of the dirty little secrets that you only know if you actually are boots on the ground and dealing with entities that deal with the government here is that the debt situation in Italy is actually for the sovereign debt. It's actually far worse than you would believe

and it have a crippling effect on the economy and that the portion of the economy in Italy that is government spending fluctuates right around 50%. So 50% of the economy is actually just the government spending.

The problem is when the government spends that means it's hiring somebody to do something. So hiring a construction company to build, say, a bridge, to go with something fairly topical. The problem is they don't tend to pay, so one of the biggest problems you have throughout all of Italy is that these companies that the government hires to do stuff, the government then doesn't pay them. And that just grinds this economy down slower and slower into a halt because if the company's not getting paid, how do they pay their employees? How do they invest in their own productive capacity, how does the economy grow when the 50% of the economy that is the government spending often is paying things a year plus late and that isn't being accounted for in the GDP. They're playing little accounting gimmicks where they're not putting that into the total debt. They're like, "Oh, that's short terms so it doesn't really count, it's a payable we just haven't cut the check yet." Yeah, you haven't cut the check for like a year and a half.

So it is actually a far more challenging situation. Now as far as what can an investor do, I think one of the things that people can look at is, "Well what are the floors and the caps here?" So you look at Italian debt and with Italy on, it's on credit watch, they're given a negative outlook by S&P, you've got them just shy of junk rating by Moody's, and yet the Italian sovereign yields are tiny compared to what junk high-end bonds in the U.S. would be yielding. And at the same time, you've got Germany where we're in the middle of all this political turmoil, and Germany's got negative yielding two- and five-years.

So I think an interesting way to look at this would be, "What if you were to go, say, long the U.S. Treasury and you were to go short German."

Frank Curzio: Hmm.

Lenore Hawkins: 'Cause Germany you go short a two or a five [inaudible 00:36:12], and that's actually paying you, 'cause they've got negative yields, you're actually getting paid to carry that. And on the other side, with the U.S., you're getting a, what, like a five to go with the five-year, you're getting a 2.9% yield. So you're actually getting a pretty solid yield out of that for just sitting there, and I don't see German yields being able to go a whole lot lower than they are right now. Particularly given what we're gonna see, the fireworks that are gonna be coming up, I think, in 2009.

I mean you've even got people in Germany, in Brussels, many of the leadership saying 2009, or 20019, is gonna be a pivotal year for the Eurozone. It is gonna be the make or break, because it is across many countries, you've got it in Spain as well, you've got, with Brexit going on, it's a bit of an existential crisis in Europe and people are questioning, "Is it really worth it to us to be in it?"

Frank Curzio: You know I think it's a, you just came up with an economic trading newsletter. That would be fantastic. I'm serious, you don't hear about ... [inaudible 00:37:17] [crosstalk 00:37:17]

No, that's fantastic. So listen, okay, so we got the scoop on Italy, awesome. Amazing stuff. Now I want to talk about the U.S. because now we're seeing, just coming off October, we had the markets coming down, [inaudible 00:37:32] is gonna be published later on so this is real time. But we're almost through October and you're looking at our market, starting to rebound a tiny bit, we're looking at valuations, we're not super expensive but we're out there saying, "The economy's fine, we're okay," and you, even housing where you're seeing headlines like, "The market's coming ..." it's more like a supply product, there's just no houses on the market right? And you see interest rates just go high and that's gonna hurt

mortgages and [inaudible 00:38:02], things like that. But when you look at the housing market it's not like, say, uranium where they're cutting supply off the market and there isn't enough demand.

There's tons of demands for houses, they just can't build them fast enough, so people are even saying, "Well, the housing market's not as bad," and you're looking at our GDP, you know growth that just came out, so what is your thoughts about this economy? I mean is it strong, let's start to look at the stock market and see is that the indication because we just went down but what are you seeing in the underlying things that, within economy, that maybe other people aren't seeing?

Lenore Hawkins: One of the things that nobody's really looking at and I haven't heard anybody talking about is if you look at the five federal reserve regions, that's like the Dallas Fed, Empire State, there's five region across the country and they report monthly on what's going on in the manufacturing sector and what's going on in the service sector and if you look at the recent reports out of them, basically all the, I think it's like 13 categories, all of them are down year over year with the one exception of the two categories for pricing. Prices received and prices paid have gone up. Everything else has been going down, looking at that saying, "Well how is the economy going all gangbusters if I'm looking at that?"

If the economy's doing so fantastic, why is it we're running the biggest fiscal deficit on record outside of a recession or a war? That seems a little strange to me. And if you look at the third-quarter GDP and the second-quarter GDP, those numbers were really perverted by some [inaudible 00:39:36] and based on what's going on with the trade war. Third-quarter you had a big buildup and inventory in the U.S. because companies are afraid of their costs going up because of all these tariffs going on. The recent Fed Beige Book was full of executives complaining

about how they're facing some serious price pressures because of these tariffs.

And while we've got, I think it's about 49% of the S&P 500 companies have reported, what we're seeing fairly consistently is while they made earnings, they were struggling a bit with revenues. But the big thing is of those that provided guidance, 63% have reported negative guidance because they're looking out there saying, "This is getting a bit tougher." You've got a dollar that's getting stronger, you've got the China economy weakening, it's getting weaker and weaker. You're seeing Europe at the slowest growth rate since 2014, how long can the U.S. continue to say, "We're going strong, we're going strong," when all that's happening and when a good portion of our growth has really been attributable to fiscal deficits. And those fiscal deficits are not, that can't continue to go on, and it's particularly unlikely to go on with what may happen in the mid-term elections.

Normally when you have a presidential election come in and the one party sweeps through the house, senate and the presidency, in the midterm you normally see a flip-flop of that. It's possible we won't see that, historically that would be a very unusual thing to do, and so far the polls are indicating that the Democrats will probably gain a lot. If that happens, if we get a lot more Democrats in Congress, they're probably gonna be going up against Trump and it's gonna be a lot harder for Trump to get through the spending that he wants, which means that deficit spending and all of that government spending that's been helping to kind of jack up the GDP, that's not gonna be there.

And, don't forget, we still have a Fed that's in a rate hike cycle, and that's raising costs. So for businesses, they're seeing tariffs are affecting their input costs, we've got rising wage pressure, unemployment at just unbelievably low levels, and that unemployment is also affecting

productivity because, for example, over the past four months 100% of net job growth has gone to folks with a high school education or less. Now those are not the most productive, right, so if they're not that productive that means companies are having to pay for less and less productivity and add to that a rising dollar. Which means those companies who generate revenue overseas, that's facing a headwind.

Frank Curzio: Yeah, so many uncertainties, I'm surprised that that number of companies just lowering their guidance wasn't higher right? Because like you say, you have interest rates are uncertain right now, right? We have the president saying one thing but the Fed saying another but it's, that's kind of normal when you look back in history. But just the dollar, China, the mid-term elections, I mean there's just so many things like you said. We talked about this whole podcast, Euro rates, it's very difficult to forecast. Doesn't mean they're not gonna make estimates but if you're running a company right now, you're looking at this, it's hard to be optimistic and raise your estimates in the face of so many question marks I would think.

But I guess, let's finish with this 'cause I could really talk to you another two hours, I know how busy you are, 'cause this conversation's going great. So, you know, send me that script in we'll talk about Italy, U.S. and I just love getting your thoughts but I have to bring this up because your partner in crime, Chris Versace, who's on this podcast who I love very much, but I'm actually gonna make the case where I think I know who has the brains behind the operation because the last time you came on, I'm just saying that 'cause I love Chris, and he's a great analyst and he's awesome, I've known him for a long time working on the street.

But last time you came on I tried to get a stock pick from my guest, because I realize so many of my guests mention so many great names and they weren't taking advantage

so I said, "Let me create a portfolio, this way you guys can see this and, you know, help me make money." You said, "Hey, I have one stock for you," it was Universal Display, OLED, it was maybe one of the only stocks, it's six months high, I mean, it's just stuff that went up tremendously after you talked about it, and now–

Frank Curzio: But it's a stock that just went up tremendously after you talked about it and now that makes you the best stock picker at the company more than Chris so I'm going to get an email about this later.

Lenore Hawkins: You're going to harass me pretty good over this.

Frank Curzio: This is great. It's great. And he has so many great things to say about you, he's so funny. Anyway, what is another stock that you're looking at because I know that you and Chris talk. I know Chris is really … You're more the economy and economics and global and he's more stocks but both of you talk about it. What are some of the things that you guys are looking at or something else that could be attractive for investors right here?

Lenore Hawkins: More in the short run, I'm a little bit more interested in playing with the yield because I think, like what I was talking about with Germany and Italy because I think in the near term, if people are looking over the next couple of months, I think the overall stock market picture is going to remain pretty wobbly so I'm not confident in anything just because it won't matter. Everything's just going to get swept up. But looking at the bigger picture, one of the companies that I think is going to be a really fantastic buy, be patient, is Amazon. Amazon is just making more and more ground into so many of our investing themes. For example, the baby boomers, Amazon's doing more and more things with getting into the home, with healthcare that's going to appeal to that demographic and the demand of that demographic for healthcare, for technology that helps with assisted living, that's only going to grow.

Amazon hits on almost every one of our investing themes. And it is getting hit pretty hard. They gave not so fantastic guidance, which is kind of par for the course for Amazon out of last quarter. They're down about 25% from their high which, for me, oh yes. Great time to start looking at getting in. I think it's going to be a bit more wobbly though. I wouldn't be in any huge hurry to hop in in the next couple of weeks because I think we're in for a few more fireworks but I think that is one of those ones that you can hold on to, be patient, we're going to get some great opportunities and that will be one that is going to be "a hold onto it for a very long time".

Frank Curzio: Yeah, it is. You're looking just at the younger generation, whether it's smart homes now that they have Alexa. Everything's going to be smart homes whether you like it or not. You're looking at Cloud of course. Baby boomers, healthcare, like you said. Whole Foods. And they're the best play on US consumer spending which, let's face it, is the greatest secular trend in the history of the markets because we've said it … You've been doing this for longer than 20 years …

Lenore Hawkins: I have.

Frank Curzio: For 25 years, the consumer spending is going … It never slows, right. maybe for a small period but it just never ever slows and these guys are right there to benefit. What are you guys doing [inaudible 00:47:11] because you guys are doing some really great things, and I mean that. I don't only say that about everybody, about the research you've put out. I know both of you are active on Twitter. If someone wants to learn more about you just read, where could they do. Give me everything.

Lenore Hawkins: Yeah you could come check us out at tematicaresearch.com, that's tematicaresearch.com. There you can find links for all of our stuff, everything that we write, links for where we are on Twitter, Chris and I tend to publish a lot

on there as well just out latest thoughts on what's going on in the world and we do also publish one of the things I think is fun for us is our signals, where we look at and say well in the news today, here's what we're seeing what's going on and here's how that applies to our long-term investing signals and what investors can do to turn that into something to make money with.

Frank Curzio: That's great Lenore, listen, thank you so much for coming on, I know, doing this from Italy and be safe because I know that, you know you told me if we did this yesterday it would be been trouble but just be safe and I really appreciate you coming on and how busy you are.

Lenore Hawkins: Thanks for having me.

Frank Curzio: Alright, everything go good. I could talk to you forever, that was awesome.

Lenore Hawkins: That was a blast, thank you. You are so much fun. I love doing it, any time.

Frank Curzio: Alright, you guys need me for anything let me know, podcast, whatever, I'm here for it and we'll send this out today, I'll send you the link and yeah. I gotta get a little more active on Twitter but I literally just got off a plane from San Francisco, I've been away from a while so just get back in and settle now, so.

Lenore Hawkins: [inaudible 00:48:44]

Frank Curzio: Alright, so I'll talk to you soon. Again, if you need anything let me know. I'll send you the links for this to you and Chris around 6 pm tonight, that's when we're gonna publish.

Lenore Hawkins: Perfect, great. Thanks Mike. Bye.

Frank Curzio: Great stuff from Lenore. Truly one of the best economists I know, and I mean that. I interview a lot of economists, I know a lot of economists, because what I realize with

economists, I'm not putting anyone down here I'm just saying due to my experience doing this 20 to 25 years, having spoken to... I wouldn't say dozens but hundreds of economists... it's more than just studying numbers. I mean, you look at economy, and bell curves, and looking at what happened over the past few years or past decades, and how that could relate to the future and it's such a numbers game.

There's so many numbers involved, right, I just find it kind of weird that we don't update our systems with new algorithms or everything, that we still have to go back with some of the gages and revise them three or four times after they report every quarter and you know, just how we calculate things almost the same, like inflation is there a better gage than CPI when we know all the costs are going up but let's exclude food and energy, which they did not exclude it from us... some of the highest costs.

So, you need to know more than numbers when it comes to economics because what's the economy about. The economy it's about you, it's about me, it's about spending. It about sentiment. So you need to get out there, you need to understand people because that's.... What we want to know when we look at economists is we wanna know what's gonna happen in the future and they're great at telling us what happened in the past and what could happen, but things don't always them, history repeats itself so we never had a bail out like we had. It's a whole new market of understanding.

We've never had super low interest rates this long before, even though they've been raised, what... six times. There's different things. You go out on the street and you talk to people. Consumer spending, what are they spending on. Are they saving more, and we should take all of our money out of our homes and spend it, now there's seven trillion in our homes that people aren't spending right now. Things do change.

Yes, history does repeat itself, we see it, but it's not exactly. I mean, conditions are different. You can't say well the markets trading at 16 times whatever it is right now, which is true, and then, if you look back last time 40 years ago it was trading at 15 times its earnings and all this stuff happened. You gotta go back and look at where interest rates were. They weren't at zero. You didn't have better tax reform, right, all these tax reforms which are artificially inflating earnings even more. So you got to look at all the conditions and then you have to look at how they're spending. Knowing people in the industry. Everyone says well look at companies and how much they worn, like you know we talked about that. It's true, how much they worn... what do you expect, there's so many risks out there you got to be crazy to be super optimistic, you want to be conservative.

It makes sense to be conservative and say you know what maybe it might be on a low end of our guidance and high end of our guidance, that kind of counts as a warning, and you say whoa 40 percent of the company is worn for next quarter, well they're just conservative and don't know what's going on but I could tell ya, if we changed policy on interest rates, just the language around it... I mean that's gonna change dramatically. Or if we solve this... China comes together with the U.S and you know, solves their problems and gets along. That's a game changer. Now, instead of the low end, it's gonna be the high end and maybe if those problems didn't exist they would have raised guidance at the next quarter. Which gives you an opportunity to buy.

Getting back to Lenore, I love the fact that she's in tune, she's out there, she's the boots on the ground and she's talking to people. That's not important as an economist, and sometimes economists are just built like I got to look at numbers and maybe not too great social skills, which is fine and they're brilliant people. Some people [inaudible 00:52:23] I'm not putting anybody down or

whatever, everyone's special within their own self and how brilliant they are. I'm not [inaudible 00:52:31] but they're great economists but it's important because you know, looking at the economy, you need to understand people and sentiment. Lenore's really, really good at that and I love it. So I love talking to her. She always has a great perspective. Lenore sugar coats anything, again this talk is about you not about me. By the way your thought, frank@curzioresearch.com that's frank@curzioesearch.com and one more shout out and love to Lenore. I couldn't believe... I couldn't tell you how bad that storm was there were bolts everywhere, it was pretty crazy and she still did this interview so any way I really, really appreciate it. Especially getting that boots down approach from Italy.

Now, let's get to my educational segment. I just came back from San Francisco, Silver and Gold Summit. Want to give ya a quick update of some the things that I saw because I talked to everybody there. Doug Casey, Robick Ewining, Rick Ruel. Some of the things I learned is one, it wasn't heavily attended. Which is usually a good sign, people don't really care about gold and silver right now right, when they can make 15 percent on Amazon every single month, well maybe not last month, but every month three years before that. You're seeing rotation, you're seeing more people talk about hey you know we're putting more money into gold funds. They're looking to do it but they're not doing it yet because one thing I realized, which is kind of amazing, I didn't know this.

The share positions in gold and silver, and gold and silver stocks, are probably at the highest levels that I've seen since 2009-10. I mean, the guys are telling me the short ratios on these stocks, which in Canada might be a little different, but a lot of these companies, and the ones that I talked to, trade on big exchanges in the U.S. I mean, just look at some of the short positions, which is good for you, right. Because if things go bad, look at Tesla right. [inaudible 00:54:16] is gonna say what everyone says with

the numbers and things clearly get... once you do that and the insurance cover, look what happens to the stock off in 250... wherever it is today.

So we see any good news come out of this and I have to tell you, when you're looking at producers, and gold and silver producers [inaudible 00:54:32] which I talked to Keith Newmeyer, Robick Ewin, I mean the short positions on their stocks are enormous and they're reporting great results. They're reporting really great results and still the short positions are enormous. There's a change in sentiment. You're gonna see people fly to the exits and even by juniors. Mid-tier, top tier producers. Like Dumont, I love Dumont. I think it's a great company. I think [inaudible 00:55:04] on their quarter, that was different. But all these guys, if you look on the gold and producing side, they're all producing for less than 1000 dollars an ounce right now, for than 12,000. Which is important because gold prices haven't really come down, right. They haven't really come down that much over the past whatever, three, four, years.

We aren't down from 2012 but it's been kind of stable which is weird because every company, even some of the major's down 60 percent plus in this industry. It matters a lot if you're producing, you're making money and things like that, but if you're not producing, still you think you would get killed because of that. I could see if the underlying commodity, which you're whole business is based on, you know, crashed. That's different. Like uranium. That's not the case with gold. It's just at a favor and that I realized is you have to talk about, which is interesting because Rick Ruel is creating a digital security, and I don't know so much if it's a token, again but it's fascinating, that will allow you to store gold digitally, right. So, it's making it more exciting, making it more fun. I think gold investors and gold bugs are just a store value thing. The new generation... it's storing value. The people storing value, those are the people that own gold already.

It's not gonna drive prices higher. Its fundamentals which are incredible right now because there's been hardly any major discoveries, but if you look at, which Robick Ewin would tell you about, great meeting- some of the companies point out like four or five [inaudible 00:56:27] look at the companies and want to recommend them, but there's five companies he highlighted that made big discoveries recently. All five of those stocks dropped tremendously. So you're seeing separation in the [inaudible 00:56:39] which is good. It makes it more of a stock picker's market, people who do diligence and boots on the ground and look at the stuff. It's not just the whole industry.

But the fundamentals are aligned up, the short positions are really high which is good from a contrarian point of view, because they cover- that's where you get the big gains of this. But if we see any bit of this cycle training, which we may, [inaudible 00:56:58] a lot of leverage coming out of the market. People are making so much money, remember funds only make money if they put the money to work. So they're not gonna take it out and put it in cash and say hey that's cool. It's gonna be rotating, and that's what you see, rotating. [inaudible 00:57:12] is doing okay, consumer staples are doing okay... more safe havens. You're gonna see money pour into uranium. That's not exciting but people say hey I know three years, just admit prices are up. Prices are up tremendously. 34.8 on the lows.

Gotta go up a lot higher but, massive cuts of production in that industry. Massive, and to man coming on the line is no longer China's gonna see 38, no. The plans gotta align now. Mike Alcon's the best at this, he'll tell ya. Try and get by information from the uranium sector. [inaudible 00:57:47] you're looking at that company that can produce under 1000 an ounce, or maybe a tiny bit above that. Great project coming online. That guy... his salary is huge though. It's huge. He makes a dollar a year, no options, no

nothing. And I think that 26, 28 percent of his stock. What do you think his focus is on. He's looking long term. All his money is based on that stock price. Where's it going. Things are going a lot higher, obviously. He's putting his money where his mouth is.

There are companies like that, First Majestic Silver that was attractive [inaudible 00:58:21] it got crushed after the financing because in October everything got crushed. It was trading at a pretty good price. It's incredible how much that company's gone down. This is some of the ideas that I saw at this conference, just talking to people, I mean the sentiment is completely out of favor, more than ever. The past years where you still have people... no it looks good now, now it's kind of like the CEO's are like I have no idea, which is good that's what you want to see when you invest in an industry like this.

Nevada Expiration, Denis Hicks was there. It was a highly tentative event. It was a morning where we hosted a morning breakfast. Huge demand as far as subscribers who got into that private place event. Even Adam On, a while ago. It's funny because he doesn't do a lot of speeches like what am I gonna talk about and I just say why don't you talk about the gold stock that's up a ton over the past five months. I said you should have nothing to worry about, what are you talking about, because he's just like a humble guy and really cool and I had a great time with him... one of the guys that went out and had drinks with us. And also Normand Dynasty, this could be a fall for a while, we went there saw their project. All political, there's so streams that goes through their property, even though they say those streams are damaged and [inaudible 00:59:39] they're in trouble, or whatever. It's a complete joke, but there is, if you're looking at these elections, it's gonna be more politically favorable, right. The person who's leading right now for Alaska. Very, very good for the company.

It's in favor of this in mining. For political landscape compared to now, and you want to look at prices of stock, right. Where's the price of stock trading. Its trading at levels where we first went there. It's incredible. You should be buying this at two, three, with so many news that arise recommending this thing, we were like, one of the best challenges in the world, great crew there. We saw this thing and said wow this is amazing. 250 people recommended this thing, it's crazy. For me, I looked at this and it shouldn't be training at 40 cents, even now I don't think it should be trading at these levels.

They're cheap and all that risk is really factored in, and yet you have, most likely, very, very likely, a couple weeks... that political environment is gonna change for that area. More pro [inaudible 01:00:38] friendly which is, you know, that's a big part of the Alaskan election and things like that. All you need when you see- I'm not saying it's gonna get developed or its gonna take a long time, whatever, all I'm saying is it's pushed to the price where everything is factored in. All the negatives are factored in and when you're beat up that big, you just need one small positive. A little thing like that, which we talked about the election, and that could easily double from here. And that's how I was looking at it when I went there.

[inaudible 01:01:02] I buy Normand Dynasty. It was incredible. Another great thing is, on Monday, I had my speech and I did it on a security token offering and demand was just incredible, I mean people asking about it and not just individual investors but a lot of institutions have come up to me. Very exciting. What can I do for you. This sounds so great. This is amazing. What structure. What are you doing, and again this is gonna come out a month from now if you're interested, frank@curzioresearch.com you have to get a credit investor to invest in it. I talked about it the past couple of weeks.

Its investing in our company where you're going to get an

equity stake because this is something that you're backing me, it's not oh pushing a product or whatever or things like that, we're involving our whole company around it and I told everybody, the last thing I told him was look, this is one of the greatest initiatives I've seen from someone who's covered so many trends all over the world for the past 25 years, I think this trend's gonna be bigger than anything that I've covered, and I said if you don't believe me I'm basing my whole company on it and my reputation on it, and I said could I be wrong. Absolutely, because we're gonna be one of the first to the market or the first with a security token, an equity stake, a dividend.

In an existing company, right, it's not like hey this is what we're gonna do and we're gonna form the company. We don't even have headquarters yet. I mean it's scary. Can it go down in flames, absolutely, yes it could. I'm not gonna lie here, there are risks. Or course there are risks. But if I'm right, there's a really good opportunity for investors and it's not an opportunity that's gonna make you a little bit of money but it has the opportunity to make you life changing money. That's how much I believe in this sector and guys, the news coming out is incredible. We have one of the biggest executive producers out there, [inaudible 01:02:40] who just won Oscars, why don't you ask T.O token, this way, people could finance movies. Individual investors could finance movies, you think that would of happened. St Regis hotel Aspen sold off a portion of security token, this way... any asset could be tokenize.

It gives individual investors a chance to invest at what is a [inaudible 01:03:04] or valuable art, or real estate, or even companies. This is a game changer for me. I really believe this industry is gonna be incredible, and because overwhelmed by how excited everybody was, and the questions they were asking and how not too many people, very few people know about this industry. Very few people are talking about it because it's like merging the young generation with the old generation, and you have to merge

those together which requires a lot of education, and I feel like we're ahead of the curve on that so it's something I'm very excited about.

Again, if you're a credit investor interested about learning more frankcuzioresearch.com I can only offer to credit investors because it's very low regulation, which is gonna come out of the next six months. You see, the first... right now, the very first STO chain is gonna be launched and you have a whole bunch coming in. Nasdaq on the side ready to launch a STL exchange. T-0 last month, went from an ICO exchange to launching an STO exchange in the last month. I think they just have their security token which is a preferred token. Just the interest I'm seeing from people who know nothing about this industry say wow this tokenization, I would love to do this for my company or my ideas and half of that money going into an STO fund, that we could of built to this to invest in these ideas, I think that's really the billion dollar idea, and that's why I'm so excited. Again, there's lots of risks.

You want more information frank@curzioresearch.com if you're not a credit investor it's okay. What that means is for the first year, by law right now it's gotta be credit investors, it's not gonna even be trading and when it does go for trading anyone can buy it and when you buy that token you can have an equity stake and you can get that dividend, but just right now we have to do it because that's the way it is and those are the laws that's required so again frank@curzioresearch.com if you have any interest in it, and we will be reporting, you know just show you some of the things that I'm seeing as a researcher which is fascinating, again, that movie token and so many platforms moving to this. Coin base actually said okay we're gonna trade security tokens now so, just a lot of fun things coming down and I think you can see a lot of this industry grow tremendously, have a lot of great news come out, at least over the next six months, and much, much longer.

So guys, that's it for me. Covered a lot today. I got plenty of questions on politics, which is fine, but I mean that's the biggest risk, that's why I'm talking about it to investors right now so play close attention. Thank you so much for listening, I'll see you guys in seven days. Take care.

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