

Frank Curzio's FRANKLY SPEAKING



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

Frank Curzio: How's going out there? It's Friday, March 15th. I'm Frank Curzio, host of the Frankly Speaking podcast to answer all of your questions. And all your stocks, [inaudible 00:00:23] sports, and anything else you wanna throw at me. I created this podcast to answer more of your questions that you sent me at my Wall Street unplugged podcast, which I host every Wednesday. So if you want any questions answered, just send me an email at Frank@Curzioresearch.com. That's Frank@Curzioresearch.com. Be sure to put frankly speaking in the headline. And you never know, your question may be the one I read on this podcast.

First questions is from Jeff. He says, "Hey Frank, love the podcast, should we be buying Boeing on this pull back?"

Absolutely not. I'm gonna throw some numbers at you. And this is a story, I'd say I'm more familiar with than 99.9%; only because I recently visited the Boeing facility, in Everett, Washington and it was absolutely amazing. This was 2017. If you're a Curzio Ventures Opportunity subscriber go back February 2017, when I wrote this issue. Fantastic. I recommend the two suppliers. It's one of the most amazing experiences. It's an assembly line of airplanes. Think about that, an assembly line. So, building them at different stages you'll see six or seven of these. It's one of the biggest buildings, manufacturing facilities in the world. It's bigger than Singapore. It's bigger than Disneyland. They have all

pictures of it. I mean, I can't even explain it to you. I really can't. You have to go there. There's a fire department inside, a police department inside. It's just unbelievable. And the tour was given by head of sales in North America, and it was probably about four, five hours, maybe, at least 4 hours we were there, and I was just asking this gal a million questions. I was just so fascinated. It was great. We had an awesome conversation and just learned.

I know a lot about this plane guys. And I gathered some statistics about you. Because this is an amazing, amazing plane, right? So, Boeing, if you haven't heard, that these, this plane is their max plane, 350, which is a 737 max plane. They've all been grounded. There's been two fatal crashes and now they've grounded all the planes, say we gotta check out all ... everything. You need to know the details before you decide to buy Boeing here. Okay, 'cause I'm gonna blow your mind.

So, through January, Boeing delivered 350 of these planes to 46 customers. The largest customer, Southwest, Thirty-one, 70 planes they ordered. American Airlines around 22, and Air Canada, 20. Again, a lot of statistics here. It's gonna get interesting. The largest concentrations are in the US, right now, right? So you're looking at a hundred planes, and China's around 75. So the 737 max represents, right now, what I'm hearing, and what you see out there, which is true, about 5 percent of Boeing's total 737 fleet. Five percent. That's the exposure, right? Not a big deal. It's 5 percent. Wrong.

When I visited the Boeing facility, and by the way, it was amazing. It was with Frank Holmes, Doug Casey, Marin Katusa, put the whole thing together. This is the plane of the future for Boeing. This is it. Okay? The Boeing max has a special air design; includes more carbon fiber for its shell and parts. If you're not familiar with carbon fiber, it's super strong low weight plastic, replacing aluminum everything, and other heavier materials, that's used to make airplanes and cars. And what does that mean? It means it's going to provide fuel efficiency. Twenty percent less fuel per seat. Reduces noise

by 40 percent compared to other planes. If you're looking at the fuel alone it amounts to billions in cost savings for its customers. Every customer, well, those are airlines, right? Billions in savings over the lifetime of that product, the plane.

So, people are quick to say, well, it's like 350 of these planes in operation. It seems like more because I'm hearing, everybody that was traveling is delayed over the past week or past few days. Everybody I talked to, they couldn't get out. People going to Vancouver, they're going to Orlando, they're going to all these countries, they couldn't even get out. They couldn't get out. Everything's delayed. There's only 350 of these planes. And they're right, 350 right, now. There are over 5000 orders for this plane. You're looking at Southwest ordering another 280, Dubai, 250, Line Air, over 200. It accounts for close to 80% of Boeing's entire backlog. If I've taught you anything about stocks, it's not what we did in the past, it's what you're gonna do in the future. The reason why Boeing stock has went up so much and has went through the roof is because of the future growth. Most of it due to this plane, which we got a first look at, which was amazing. It was awesome. And we recommended two stocks in our newsletter, a part suppliers; one we sold out for a small gain. Another one's up around 50-60%, we're doing well on. So, 5000 orders for this plane.

Okay, let's put it in perspective. What does that mean? Five thousand, is that a lot? And it accounts for close to 80% of their entire backlog. So, we're talking about 80 customers that are waiting for delivery of these planes over the next five years. That's how long it takes. So if you're an airline, you go to Boeing and you say, "Hey, you know what? I want the 737 max." Alright, fine, awesome. Come back in five years, we'll give you all the planes. We'll build 20 of them. It takes five years to build these planes.

It's also Boeing's highest margin product. This year alone, remember only 350 out there, more are going to be coming, right? 2019, this year the plane accounts for close to 30 percent of total sales already. And again, the highest margin product.

Now, what are we hearing in the news? Boeing just needs a software update and everything is going to be okay. You know what? Maybe that's true. Maybe it's just a software update. Maybe, it's not. And what happens if these planes are no longer grounded, everything's good, we figured it out and another one crashes? Every airline is going to cancel their orders. That's the extreme. There's no way, if another plane goes down, that your Southwestern is gonna say, no, I'll take a chance. Because if you do you'll bankrupt your company. You have all the evidence there for this plane. It didn't work, whatever.

And it could be more to the carbon fiber. Maybe, it's again, you can't just magically create, wow, this is for fuel efficiency, using carbon fiber and less weight for the plane. Maybe it's that. Maybe, it's not a software update. Who knows? What I do know, is from what I hear from insiders, is that as a passenger it is the greatest experience ever. I flew these planes. It's awesome. We know it. All these new planes; Wi-Fi, it's great, quiet. But I can tell you, from what I'm hearing, the people who load these planes? It's terrible. The people who fly these planes; millions of gadgets everywhere. Think of your new washing machine compared to twenty years ago. Billions of gadgets, and lasts for five years, you gotta throw it out. The big washing machines shake, you could have them for 25 years and their good, right? This is a new plane, millions of new gadgets, everything. But some pilots and stuff like that, they were saying' it's not the best for them. Nobody's talking about that. I wouldn't talk about that. Maybe if you get fired. But if one of these things crash again, hey, I mean, what's gonna happen to all these orders?

Now, let's dig into this a little bit because there's another plane that I also covered with this. This is important. There's another plane that's in the same category. And it's called the A320neo. I know a lot about this because I took that tour and I dug in and again, it's all my research for 2017 because I was just fascinated by this.

So, the one made by Airbus, right? Basically there are two

manufactures of the plane; Airbus and Boeing. That's it. Basically. This one provides 15% cost savings. Remember, Boeing's max was 20% cost savings. So, people are like, 20% to 15%; that's a real big deal actually, when you're looking at the life of a plane. So, people did order that Airbus A32, but not as much as Boeing's. And that new plane for Airbus, A320, also has state-of-the-art technology. Now let me ask you a question. If you're Southwest, if you're Dubai, right? These guys order more than 500 Boeing max planes that are gonna be delivered in the next 5 years, what would you do right now? Right now, what would you do? Because, I could tell you what I would do. I would, at least, split these orders between Boeing's max and Airbus A320. That's what I would do. I think that's the smart thing to do. You don't want to take all your orders off the table. You order them, whatever. I would split them.

I don't know how the contract negotiations are. I don't know what's going on, but I can tell you right now, there are companies calling Boeing and saying, you know what? I don't want these planes. Right now, they're doing that. And it's being reported. You can look on Bloomberg, different sites. There's people that are saying, Okay, I'm going to go to Airbus and order these planes instead.

Now Airbus trades in Paris, also has an ADR with symbols EADSY, where you can buy it. No surprises. Stocks at a 52 week high. That plane is going to fly off the shelves. There's gonna be tons of orders for that plane. That's the smarter play here. Maybe Boeing gets this right. It's a simple upgrade. All its planes go back up and they're fine. But there is a ton of risk buying that stock here. Because if it's more than just a software update wrong with that plane, you're looking at a stock where 80% of its growth is based on this product. And if they have to revamp it and go through it, I mean, this isn't a product where, okay, let's recall aspirin or something. Let's get it right and put it back on the market. Okay, fine, you get to earn the trust of people. Think, maybe Chipotle, with e-coli. Now you're getting more and more people going back there. This is not that. This is an airplane. This is life or death. This isn't, I'm gonna get a

stomach ache and complain and try to sue a company. You get this wrong, you kill over a hundred people, 200 people. It's a different ball game.

So, again, I cover this in my February 2017 issue. And I recommend two suppliers for these planes, because I knew these planes were going to continue to fly off the shelves, because I was just asking a million questions of those guys. It was an unbelievable trip. Guys if you get a chance, take your kids there, it really is something that you'll never forget. Just seeing these facilities and how big this place is, it's amazing. And search the Curzio Adventure, make sure you take a look at that. Go back and read that issue. I covered both of those planes thoroughly. You'll everything you wanna know about them, a long time ago. February 2017. It includes a lot of pictures of my trip and also that amazing building and great shots of all of us hanging out and stuff. It was an awesome trip.

Back to your question. Should you buy Boeing? Absolutely not. There's just too much risk. Maybe they get it right, maybe their price shoots up. There's a ton of risk. Buy Airbus. They're gonna get more orders. People are gonna come off this and say, I just wanna be safe. It makes sense for us. We have nothing to worry about. Let's just go to Airbus. Big deal. It costs us a tiny bit more money, for a 15% fuel efficiency to the 20%, but we haven't seen any Airbus planes go down. Again, it's a tragedy, but from a stock perspective, go with Airbus. Stay away from Boeing.

I'm gonna cover one question here, or more a comment. This is from Lawrence. It says, Frank, I'm glad you did that interview with Carlos Santos. I need all the help I can with memory since I'm studying for the CF Level 2 exam. Go to implement some of his techniques. Please have him back on your show. Keep up the good work."

Lawrence, you're welcome. Carlos is a great guy. Again, I know you guys listened to that interview. The sound quality was okay. I tried three different things. Even the hard line wasn't

working for us, but I think it came out good enough where we got a lot of emails just like this and Carlos will come back on. It was great. I mean, go on YouTube and watch his videos. It helped me. I'm not getting paid for this, whatever. If you want to subscribe to whatever he's offering I don't care, but I'm just amazed that when someone's really out there and everywhere and showing you how to do something. Alright, let me take a look at it and it worked for me. Wow, this is cool. For my business, where I work a ton, I have meetings set up, I do 2 podcasts, 3 newsletters, raising money right now for my company, The Security Token, that's a big deal, when it comes to memory.

It was a really good interview. Thanks for writing in. You're not the only one Lawrence. I got a lot of positive feedback. Guys, podcasts are about you, not about me. Frank@Curzioresearch.com. 'Cause of you we're getting we could probably get almost any single person on this podcast. I feel like it's...not comparing it to The Tonight Show or something, but when people want to advertise their books or go on road shows, we're popping up on a lot of this now because our viewership is pretty strong. It's pretty cool. So let me know. It's not just about stock pickers, economists, industry experts, heads of state, billionaires. We've interviewed everybody on here. We can go outside that scope a little bit. We're getting a lot of positive feedback about the Chester interview, Chester Santos. I really appreciate it.

Let's go into my last question here, from James. Frank, what are your thoughts on the admission's scam? I'm sure you're gonna have a good rant on this one.

I don't know if it's a rant. The only thing I'm gonna say is, is anyone surprised? Seriously. We have the biggest admission's scandal in the history of America where if you're living on another planet you don't know what's going on. It's everywhere. Where a bunch of rich people were bribing, committing wire fraud, mail fraud; had people, taking SAT's, ACT tests, to basically get their kids into Ivy League schools.

Not just like super rich, but famous people as well. What was it, Felicity Huffman and Lori Loughlin. By the way, was in my favorite movie of all time when I was kid. IT was called, RAD. I'm sure nobody knows that movie, but it was fantastic. Yes, I am a BMX guy, when I was a teenager.

So, we're talking about members of Yale, Harvard, Stanford...all these members who are facing charges for participating in this massive scheme. But again, is anyone surprised? Picture this in your head, just picture this for a moment. Close your eyes for one second. Before you close your eyes, I gotta say, just picture how shitty our educational system is, okay? You have schools bringing in hundreds of millions of dollars. Think of division one colleges, like football, basketball, NCAA tournaments coming up, how much money they make, right? They're all the top money people making a fortune. Athletic director's, presidents, whoever. What do you have? You have these kids pulling up in Mercedes and Beamers right? Picture that for a minute. And then, picture teachers making nothing to teach these brats. You have a college tennis coach making \$50,000 a year. Administrators making absolutely nothing at these places where hundreds of millions flow through, if not billions every decade. I mean, what do you think is going to happen?

You think there's going to be bribery? It's almost like paying a referee for a professional game ten bucks a game to referee LeBron James, who's making 50 million a year. You're opening the door for the guy to be bribed. The guy's making nothing. And that's the way our society's set up. It's insane. I look at donors to these colleges, worth tens of millions, if not hundreds of millions of dollars. These guys have been paying off people their whole life to get their way. Whether it's lobbying or whatever. It's the same thing. It's bribery. That's what lobbying is. Hey, let's give you a lot of money and we'll vote for you. We'll make sure, okay, great. Give this politician a ton of money because we want this politician to support...it's bribery. It's bribery any way you look at it. It's called lobbying. Same thing. That's the way our system is.

Go back to anything. Look at the Catholic Church. A crazy system where celibacy's mandated for all priests, what do you think is going to happen? Yes, I'm Catholic. Yes, I have the right to say that. Yes I went to two schools that were Catholic where priests molested kids, got transferred to other churches to do the same thing. The Catholic Church basically created a breeding ground for predators where men were actually becoming priests just to molest children. It's Barney Frank. Also, went to Harvard by the way. And later they charge for anyone, anyone should be a homeowner. Create affordable housing for all. Even if you can't afford it. What did you think was gonna happen? I mean, you really couldn't foresee that everyone was gonna screw the system.

You had people, making what? \$30,000 in household income buying million-dollar houses. What'd you think was gonna happen? Getting approved by government entities like Fanny and Freddie. Buying every single loan that the banks offered. What'd you think was gonna happen? The banks higher other companies, other loan providers country wide. All these guys pitching loans. We'll give you free anything. Whatever you need. Don't worry about it. Nothing' down. Wait, do you have a library card? That's good. Here, go buy yourself a \$600,000 house. What'd you think was gonna happen? I mean, come on, we can't be that naive. Look having a trained tiger who's a really nice pet; and he's so nice. And then you put a bunch of raw steak around your neck and you just sit in front of him. He's not gonna bite your head off today. Maybe tomorrow, but he's gonna bit your head off. It happens. You're creating that system and people are gonna say, Wow, I cannot believe that tiger bit that poor kid's head off. We promote this kind of behavior. We create it. We provide all the tools since the dawn of time. Talk about Catholic...Adam and Eve and the apple. You put an apple...yes, they're gonna eat it.

I just don't get it when people say...I guess this is a little, bit of a rant, but...it's like, Oh my God! Can you believe this happened? For me, it's more like, Can you believe this is not happening?

Anyway, yes, I guess that was a little, bit of a rant there. I do hope they create an example out of these people. I really do. Think about it. They actually screwed so many deserving kids out of getting into these Ivy League schools. There's nothing more, I won't curse here, more effed up than that. C'mon. You know what, they're not going to set an example. We know it. I know it. You know it. Everybody knows it. They aren't gonna fine millions of dollars which is like pennies to these people. You know it's gonna be forgotten in a few years, just like old banking executives who almost destroyed our entire financial system in 2008. They're all making millions again. We had like 3 guys, four guys get arrested. That was it. Taking on all those risks, making all that money. It's pretty crazy.

Anyway, an amazing country we live in. Okay guys, that's it for me. Getting a little fired up there, which I like. Always awesome. Thanks for all your support. Getting ready for March Madness. Coming up pretty soon. Yes, my Kansas Jayhawks have a lot of injuries. Not so good. But March Madness is always, always great. Next week, time to have fun, a little, bit of fun. I'm gonna allow a couple of days. It's been really crazy for me, just to watch a little, bit of the NCAA, which starts in a week, Thursday, Friday. So, guys, again, that's it for me. Thank you so much for all your support. Always, always appreciate it. I'll see you guys in seven days. Take care.

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