// Boom & Bust

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The Next Great Financial Crisis

By Harry Dent

The last financial crisis, commonly called the GFC (Great Financial Crisis), was the worst in U.S. and global history since the Great Depression. That bubble's bursting took down the Dow and leading tech stocks (like GM, Ford, RCA) a whopping 89%. Stocks bottomed in July 1932 after a 34-month crash that saw a crushing 49% crash right off the bat.

Think anyone on Wall Street… or the Donald or the Fed will see that coming?

People keep coming up to me after presentations and saying that there is no way the government and central banks will let another crash like that just happen. But the patterns tell a different story. Every time we get a new stock crash and recession, it gets worse. When the first tech bubble peaked, we saw the Nasdaq go down 78% in just under 3 years while the Dow went down 39%.

Then after the next bubble peaked in 2007, the next crash and downturn looked a lot like 1930. The GFC saw stocks go down 54%, Lehman Brothers collapse, major corporations from GM to AIG collapse and have to be bailed out and major loan defaults and foreclosures before the Fed and global central banks reacted the most dramatically in history, printing $12 trillion and rising. And then Donald comes along in 2018 with major corporate tax cuts and stocks are at stupendous new highs over the 2007 peak.

So where would the next crash head in this pattern? To substantial new lows and a deeper downturn… an actual depression!

But the point is: Even though there was unprecedented stimulus after the last great recession, there was major damage to the economy before such massive central banks could intervene and turn things around.

Each bubble has taken us to new highs, and each crash to new lows. And I am forecasting that these next highs could get up as far as 10,000 on the Nasdaq and 33,000 on the Dow. That would mean that new lows would dictate a minimum of an 80% crash on the Dow and 86% on the Nasdaq.

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Editors

Harry Dent, Rodney Johnson

I'm forecasting 85% on the Dow and 89% on the Nasdaq.

Every time central banks and governments stimulate harder to revive the economy – and they went off the charts from 2009 onward, printing 2.7 times as much money relative to the economy as they did in the 1930s – the rubber band gets stretched tighter and more tense…

That means the reaction on the downside is faster and more severe. Fed Chairman Jerome Powell has thus far not given into Trump's demands to make strong pre-emptive moves. It's not the Fed's style.

I say central banks will be too late again, but in a faster moving crash and downturn that will make that more painful. And they will lose credibility after their desperate and extreme "something for nothing," "treat the symptoms, not the cause" policies that suddenly see a worse downturn than in 2008.

Once a Philosopher, Twice a Pervert!

How quickly could this crash hit us? History says 42% to 49% in the first two-and-a-half months, give or take a week. No way the Fed is going to be ahead of that one!

Why would the public or investors support a new grand stimulus plan that says, "we just didn't print enough money last time"? The new plan is $15 to $20 trillion in the U.S. and $40 to $60 trillion globally… *What?!* I've actually calculated it could take up to $100 trillion globally to offset the debt deleveraging inherent in this unprecedented $250 trillion in debt and $330 trillion in financial assets that can deleverage very quickly.

Would citizens really support that sort of extreme new stimulus plan after the last free money extravaganza only ended up in a worse crash and downturn?

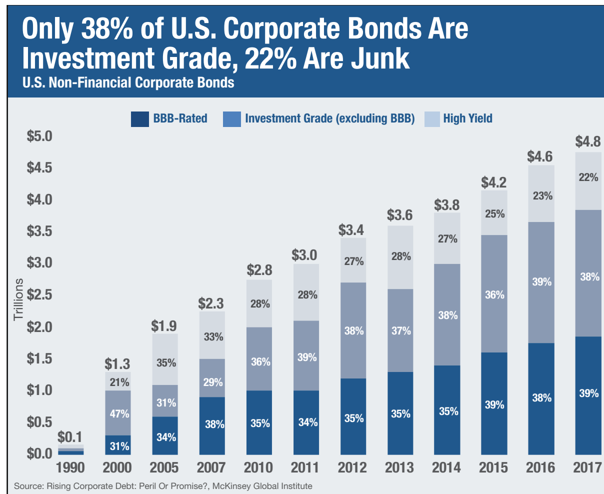
I highly doubt it.

The Last Trigger: Financial Derivatives and Subprime Mortgages

The last crash creeped in with a slide in home prices and rising defaults on subprime mortgages. And those loans were 14% of total mortgages, 10% of total consumer debt and concentrated in only four states: California, Florida, Arizona, and Nevada. Ben Bernanke declared that these defaults were containable. But what they were was the trigger for many other bad loans to be scrutinized by investors and to default in succession.

Financial institutions had cooked up all types of highly leveraged BS derivatives like credit default swaps to convince investors that these more-risky loans were "insured." And AAA rated in many cases. It was those up to $670 trillion derivatives in 2007 that caused a small subprime mortgage default crisis to turn into a global financial crisis.

There are still $530 trillion in derivatives today, less than 2008 but still a monstrously high figure. Now we have student loans at 11% of consumer debt, and leveraged loans are 34% of corporate loans and 12% of total corporate debt. Subprime auto loans are the new bad loans this time at 20% of auto loans and 2% of consumer debt.



Source: Rising Corporate Debt: Peril Or Promise?, McKinsey Global Institute

What do these triggers expose on the larger level? Low quality corporate bonds and lending.

Only 38% of corporate bonds are investment grade. The rest are junk (22%) or close to it (39%).

So, developed countries have a new debt sector building up for the next crisis: corporate bonds and loans. But the emerging countries have a bigger, more fragile debt crisis coming likely as the first and certainly bigger global trigger.

The greatest amount of new debt growth since 2008 has come in emerging countries that benefited from the cheap dollars, euros and yen printed to bail out the developed countries that starred in the last GFC…

And who would you think hogged most of that debt? Of course, "China on Steroids!"

And just as certainly, it's the emerging parts of the world that are experiencing the greatest problems at this point in the great bubble. The EEM index is down 25% from its top recently, while the U.S. markets are hitting new highs and Europe's leading indices are only 10-15% off their highs.

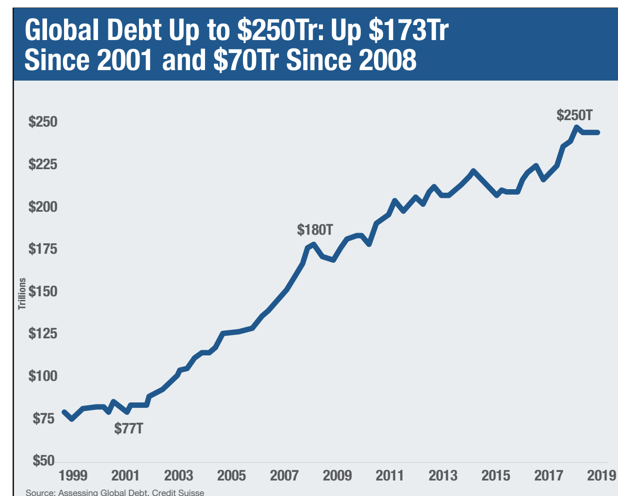
We've already seen a disaster from runaway inflation in Venezuela with a near total collapse and mass migrations out of the country. We've seen political and financial volatility in Turkey over its autocratic rule and anti-western policies. Iran has been under crippling sanctions, and its economy is weakening fast.

But just last Monday, August 12, the Merval Index in Argentina opened up sharply down 38% in just one day – the worst one-day slide since their crisis in 1989, and the peso dropped 29%.

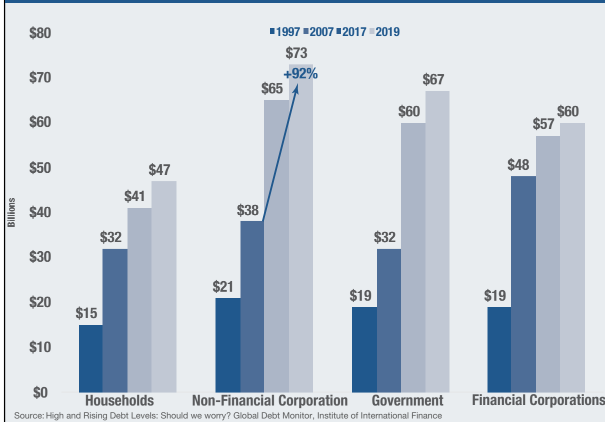
What is this crash about? A new, more protectionist regime that will favor and/or trigger debt defaults by the government and its corporate sector. Protectionist regimes are rising everywhere, as Andy Pancholi and I predicted in *Zero Hour*. And such trends are not good for the global economy, as they were *not* in the 1930s.

The Emerging World Debt Bubble, Especially Corporate

The biggest surge in global debt came from 2001 at $77 trillion into 2008 at $180 trillion. That was an increase of 134%, or 2.3 times in seven years. Most of that came in the developed world, which has always been far more credit worthy – government and private. But what has happened since the GFC is that the flooding of the world with $12 trillion and still rising of printed money from balance sheet expansion has created a plentiful flow of money for debt creation in cheap dollars, euros, and yen in the emerging world.



Most of that new debt has come in China, and that has been concentrated in corporate debt more than government. It has been the government debt in the developed countries that has continued to expand while financial sector debt deleveraged substantially and household has deleveraged very modestly.



Half of that $70 trillion increase since 2007 has come in corporate debt, mostly in emerging countries and largely in China. The other $35 billion has come more from government debt. Global government debt has grown from $32 trillion in 2007 to $67 trillion. That has occurred mostly in developed countries in their bail-out era. The U.S. federal debt alone has grown from $10 trillion at the end of 2007 to near $24 trillion today. That's $14 trillion in just one large developed country.

Now, we're not going to default on that debt… but imagine how quickly that could grow in a depression economy: $2-3 trillion a year for 3-4 years. Next thing you know we're over $32 trillion by the 2024 election. With lower GDP at its worst, we could see federal debt over 170% of GDP. That's scary, and more like Greece at its worst! How do we carry that into the future in a real world without endless QE and modestly rising inflation long term again? Debt service will grow much faster than the debt.

At right is the chart that really tells the story.

First thing to look at is the massive surge in financial sector debt in developed countries in the last debt bubble. That was all of the leverage in financial institutions. That created the most toxic debt, and then an explosion of derivatives pretended to insure that debt with derivatives that were more toxic: insurance, not backed by assets – just traders on high margin.

That debt went from 72% of GDP in 2007 to 132% – a whopping 60% of GDP higher – again, just in developed countries that dominated global debt five to one back then.

But this time around, it's the government debt in developed countries that is the dominant factor accelerating a massive 45% of GDP.

In the emerging world it was the corporate debt that went from 62% to 97%, or an increase of 34% of GDP. But always remember that emerging countries are not nearly as credit-worthy and can't handle increases in debt as well as more developed nations due to lower incomes and more volatile economies. So that increase is more dangerous.

Total debt to GDP ratios for developed countries advanced to an off-the-charts 435% in 2018. The emerging world outside of China was still a mere 100%. It's China that has become the greatest monster at 305% debt to GDP – three times its emerging country peers and near the level of typical developed countries – which it does not deserve to have.

Every indicator I have created or analyzed in the last several years shows definitively that China is the greatest bubble in modern history. The excess in industrial and infrastructure capacity. The 22% to 27% empty condos. The greatest real estate and stock bubbles at their extremes. The lowest money velocity (for measuring how productively capital is invested) and still falling, of any major developed or emerging country… and debt ratios, growth of debt, shadow banking, bad loans, and on and on.

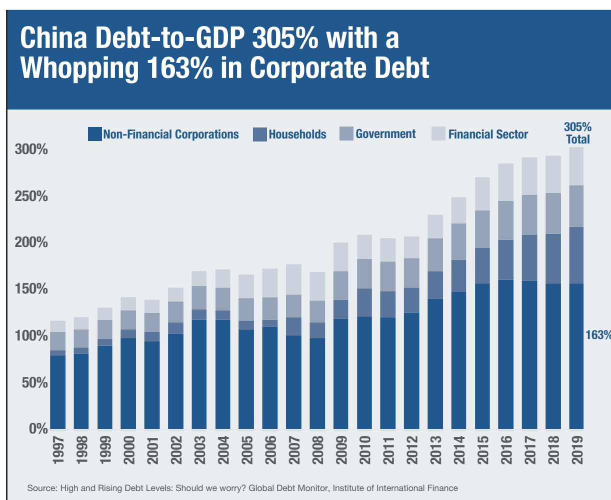
The view of most economists is that China is a modern miracle; a new, better approach to growth; state-driven capitalism.

People like David Stockman and I see them as the very corruption and perversion of capitalism. An authoritarian, top-down planning monster in an increasing decentralized and bottoms-up age.

I have predicted from the beginning that Russia – and much more so China – will finally prove that top-down, non-democratic, communist governments are not superior to bottom-up capitalist democracies. It's the worst of over-investment and unchecked power and greed without democracy to provide a balance and constraint.

China has overbuilt its infrastructures faster and greater than any up-and-coming emerging country – and now they are extending such overbuilding to its massive "Belt and Road Initiative" through Asia and Africa. That will help to bankrupt many emerging country governments and corporations from the debt China has extended and/or encouraged to take on.

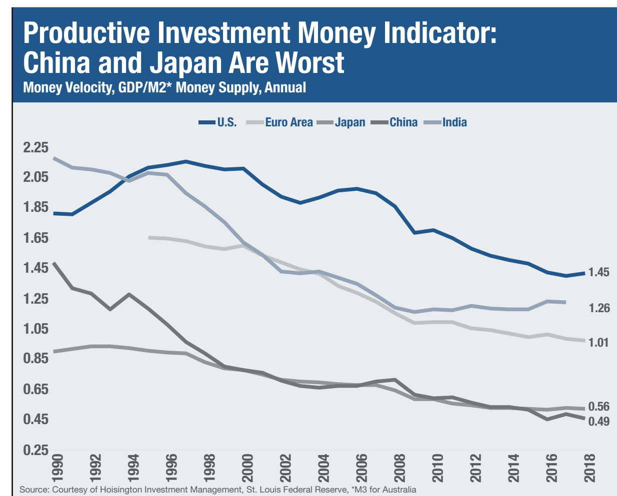
And where is China's massive increase in debt that has been 10 times since just 2000? This chart tells the secret.



Over 50% of its total debt and dwarfing its government debt is its corporate debt, now at nosebleed levels of 163%. Economists look at China and don't see a government debt problem.

Well, not if you don't remember that they implicitly guarantee all the corporate loans made by banks at the local level to companies that keep building shit for no one! And huge, inefficient state-owned companies that also bring their money velocity to the lowest of any major country.

How many people remember one of my favorite charts from Dr. Lacy Hunt, who speaks at our IES conference every year, including this one, in October in Washington, DC? (Find more details on page 12.)



Money velocity measures how productively countries are investing their money at the government and private level. Who is the weakest major developed country since 1996? Japan, at 0.56. Who saw the last great bubble in real estate and stocks and crashed – never to come close to returning to those stock and real estate highs almost 30 years later? Again, Japan. Japan has seen declining money velocity and are the lowest in the developed world, and just above China.

The U.S. is the best in the developed world, although velocity like most has been declining since 1998 – and such declines are always indicative of a speculative bubble and crash to come. It is 1.46, substantially higher than the euro zone at 1.01, and they look good only compared to Japan!

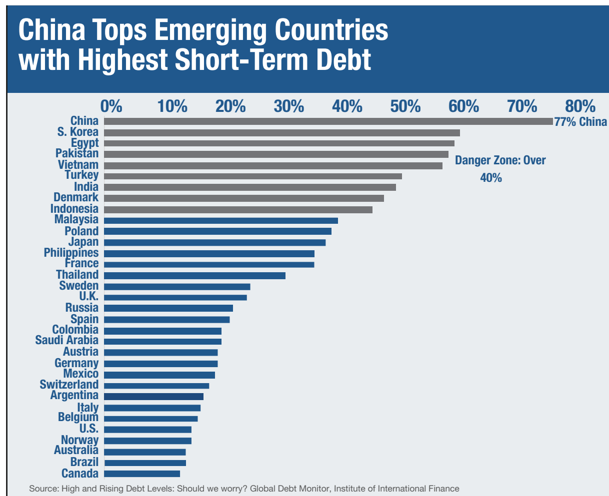
China, at a pitiful 0.49, is the worst of the substantial countries of the world, far below everyone except Japan, including India, its biggest

rival in the emerging world, at 1.26. And India is pitiful, as it's been urbanizing at rates barely above Sub-Saharan Africa and is still much poorer than China. However, India is one of the few countries that is rising modestly, and I see more rapid urbanization and rising velocity in the future if its new government can keep moving in the right direction.

India is also about 30% richer in GDP per capita PPP – at its low 34% urbanization today – than China was at that same rate. I see India as the next China – but that's another issue for another month.

The other factor that makes many emerging countries so vulnerable is that many countries have very high levels of short-term debt that have to be rolled over. That makes a crisis much worse. Guess who's the worst here? China, of course, with 77% of their massive corporate debt financed short term.

The next four: Korea, Egypt, Pakistan and Vietnam are 58% to 61%. The three after that: Turkey, India and Indonesia at 46% to 51%. That's trouble waiting to happen.



Source: High and Rising Debt Levels: Should we worry? Global Debt Monitor, Institute of International Finance

The Next Bubble to Burst

China will likely not be the first to see serious defaults due to the strong control and manipulation of its economy by its government. But it is already seeing 5% declines in its tier 3 cities. Home ownership is extremely high at 89% and its consumer net worth in real estate is a whopping 75% compared to 28% in the U.S. 22% of homes are empty and 49% of current sales are second homes and another 24% are third or more. Which means speculation is rampant.

When do Chinese citizens finally panic and realize they have to sell their empty speculative real estate?!

No amount of Fed or developed country central bank easing will stop that slide and massive evaporation of net worth, which will put their citizens in shock… eventually, they'll stop spending. Then that 163% in corporate loans will start defaulting, and how will the government be able to bail everyone out?

To summarize: The world is more in debt than ever, 12 years after the last debt bubble peaked. Who would have thought that possible until central banks desperately printed $12 trillion (and still rising) to reflate the debt and financial asset bubbles? The greatest growth rate in debt this time around was in emerging countries, and they are the most likely to default, especially in their corporate sectors where debt has grown the fastest. That only triggers a global slowdown and "debt paranoia."

The next to default are the riskier corporate loans in the developed countries. And then more emerging countries, and some developed ones have government debt crises – especially in Europe…

And Humpty Dump takes a big fall, with the U.S. still the best house in a bad neighborhood. But our stocks still go down 80% to 90%.

Not a pretty picture…But what do you expect from kicking such a big can down the road for 11 years with endless money printing and zero or negative interest rate policies?

Update on Two Scenarios in Dark Window Finale: Deeper Correction First Looking More Likely

I've been getting asked a lot over the past week about how the Dark Window scenario might play out amidst all this volatility in the markets of the past two weeks. Here's what I anticipate: If stocks continue to break down substantially over here into October or November, and bond yields continue to fall and gold rises above $1,525, we would still likely see a strong final rally in the tech stocks – from as low as 5,700 to around 8,500 on the Nasdaq. So that's 50%, but only a slight new high. The Dow and S&P would not confirm, and neither would see new highs as they have already completed a megaphone top pattern with three higher highs and lower lows since January of 2018. This steeper mini-crash just ahead would fulfill that final lower low on the mini-megaphone topping pattern discussed in recent weeks. Instead, they'd maybe rally around 30% or a bit more from that low.

As I have been warning, gold is also at a critical point. Gold has rallied beyond my original bear market rally forecasts for around $1,428. It is knocking on the biggest resistance point of $1,525, where it first collapsed sharply in early 2013, per my forecasts back then. A break clearly above $1,525 would see a minimum target of $1,600, and more likely as high as $1,800, where there was a series of secondary highs after the $1,934 all-time high and bubble peak.

But note: I do not see gold breaking to new highs. It has correlated very strongly with the 30-year commodity cycle, and that did clearly peak in 2008 for most and 2011 for metals. So I am not in the gold bug camp seeing gold on its way to $4-5,000. That target is realistic in the next long-term commodity boom from around 2023–2038+.

Paradoxically, at this point it is likely the bond market that will drive which way this scenario goes. Stocks have been falling due to the breakdown of the China trade deal, but more so due to Treasury bonds crashing in yields as they see a weakening global economy. Gold has moved opposite, rallying on more money printing from a weaker global economy.

If those yields keep falling, stocks will likely follow them down and gold will likely keep rallying. The turnaround could come if the Fed finally panics and steps on the easing pedal full force, as Trump is screaming for. That, and/or a sudden trade deal with China, could ignite this final rally in the Dark Window, either towards 10,000 or 8,500 – and either after a shallower correction or a deeper one here.

Those are the two likely scenarios. Gold could keep rallying into the stock advance at first with such strong money printing.

In that case, a wait for the bounce and sell would be more appropriate. I'd recommend put options on the Nasdaq (QQQ) now and then again early next year if we get that final rally to insure your stock portfolio against this potential mini crash to avoid getting out in case the Dark Window rally does resume soon, and to avoid paying taxes prematurely on gains.

At the top of the next page is a summary of three megaphone patterns coinciding longer- and shorter-term. Note in this scenario how the first crash in the Nasdaq would be around 8,100 to 5,700 in two to three months (30%) and the final rally would be 5,700-8,500 in four months, or 50%. That final move would likely occur into around March of 2020. Should that happen, the first crash of the larger bubble top to follow would be 8,500 down to 5,000 or so within three months, or more than 40%... and that would only be the beginning of the end and an 80% 3-year crash.

Favored Megaphone Topping Scenario If Stocks Fall Substantially Ahead

In this scenario, the best of the Dark Window has already occurred. There'd only be one last gasp on the Nasdaq to 8,500+, and nothing so big as 10,000.

Megaphones Larger and Smaller

Higher Highs Topping Pattern	A-Wave Top	C-Wave Top	E-Wave Top
Mega Megaphone Dow	Jan 2000	Oct 2007	July 2019
	11,800	13,800	27,400
Mini Megaphone Dow	Jan 2018	Oct 2018	July 2019
	26,700	27,000	27,400
Mini Megaphone Nasdaq	Sept 2018	July 2019	March 2020
	8,200	8,340	8,500+

Again, this is an opportune time for an asymmetrical trade for profit, or simply to insure your stock portfolio in case this shorter-term more bearish scenario plays out in the next few months, while waiting for a still potential very strong final rally to as high as 10,000 on the Nasdaq by early next year. Talk to your financial advisor about this if you have one.

The best play now is a three-month QQQ or S&P 500 put option, and a six-month QQQ put option near a new high next year, likely between January and March.

– Harry Dent

The Markets Are Levitating… For Now

By Rodney Johnson

There's an old way to describe the markets when equity prices appear to be soaring high above reasonable valuations… they have a lot of air under them. The problem is that "reasonable" is in the eye of the beholder.

Famed analyst and Yale Professor Robert Shiller developed the cyclical adjusted price-earnings ratio (CAPE), which is also called the Shiller PE ratio. The median for the CAPE since the 1870s has been 15.74. Today, it sits at 29.17. That might sound quite high, but in January of 2018 it was at 33.31.

The problem with the CAPE, as with many other measures, is that it can sit near high or low extremes for years at a time. Just because the CAPE is near 30 doesn't mean that an equity market reversal is imminent.

The same goes for the inverted yield curve. It's true that long interest rates rarely dip lower than short interest rates, and that this happened before the 2008, 2000, 1990, and 1982 recessions. But the markets continued for months – if not more than a year – at high levels before rolling over.

I think the markets have a lot of air under them because GDP growth just over 2% doesn't justify elevated price-earnings ratios, and nothing about the global economy screams "turnaround." It looks like the opposite. With our very modest growth rate, we're what Harry often calls the best house in a bad neighborhood.

Central banks – from the People's Bank of China to the European Central Bank – are rolling out (or are expected to roll out) more stimulus in the months ahead. China's fighting weak growth after years of debt-fueled expansion, while the Europeans are trying to combat weak growth

brought on by aging populations. Central bank action won't fix these problems.

Here at home, companies have enjoyed several years of stable and easing government regulations, as well as the fruits of a massive tax break that dropped a ton of cash to the bottom line. But what happens in 2020? Trump polls behind several of the Democratic leaders in head-to-head competition, but he polled well behind Hillary Clinton until right before the election, which makes the current numbers suspect.

Without a clear view on what to expect over the next several years, companies would be remiss if they rolled out major new initiatives on anything that isn't all but guaranteed. As recent business investment reports from the industrial production numbers show, companies aren't spending at a faster clip.

But consumers are.

The counter argument to a possible retrenchment in the markets, even if we don't get an outright recession, is that personal consumption drives about two-thirds of GDP, and consumers are opening their wallets a bit wider these days. Retail sales jumped 0.7% in July even as auto sales dipped, and those gains came after 0.3% gains in both May and June. It looks like modestly higher wages and very low unemployment are having the desired effects.

Still, corporate earnings are expected to be flat this year at best after massive growth in 2018, so this might be a time of retrenchment in equities even if the economy doesn't slide. Which leaves investors at a bit of a crossroads. Do we plan for higher growth, or do we take profits and step aside for a bit?

The good news is that the *Boom & Bust* portfolio is designed to play both sides, and it has been working well for us!

Just as I was cautious in August and tightened up our stop-loss levels, I remain cautious today, but am recommending a different course of action. Instead of sitting tight, we're going to put on a hedge position similar to what we did last November.

Buying Insurance

Near the end of last year, I walked through an example of how you can hedge your portfolio by purchasing a mixture of put options on the **S&P 500 SPDR (NYSE: SPY)** and the **Nasdaq 100 Trust (NYSE: QQQ)**. For a full explanation, please review the November 2018 issue of *Boom & Bust**. The short version is to determine how much of your portfolio moves like the tech-heavy Nasdaq 100, and how much of your portfolio moves more like the S&P 500 equity index. Using those estimates as a guide, you then purchase the number of options for each security that would equate to the size of your portfolio.

The *Boom & Bust* portfolio is split 70/30 between equities and fixed income, but one of our equities, **Altria (NYSE: MO)** moves more like a bond because investors hold it for the fat, 6% dividend. For that reason, I don't include it with equities when I'm determining the characteristics of our holdings, which brings us down to 60/40 equities to fixed income.

Because we buy both equities and fixed income, we tend to invest in companies that potentially have explosive growth, making them more like the Nasdaq 100 than the S&P 500, so I would hedge the equities in *Boom & Bust* by purchasing an option on the QQQs. With QQQ trading at $188, each option covers 100 shares, or $18,800 in value. If we had $100,000 in a *Boom & Bust* portfolio, I'd want to hedge 60% for our equities, so I'd buy three options, which would cover $56,400 in value ($18,800 x 3).

I like the March 2020 options because they give us enough time for the market to play out over what in recent years has become a double rough patch of early fall and early winter. By purchasing options that expire in March, we'll still have some time premium left in late January or February if the markets haven't moved solidly in either direction.

With equities bouncing around, the increased volatility has driven up the price of options. The at-the-money March 2020 put options on the QQQs ($188) trade at $10.93, which is about 5.8% of the

value. Note that these numbers change quickly, so they could be different when you read this. The idea is to pick the March 2020 put option strike price that is closest to the price of the underlying security at that moment.

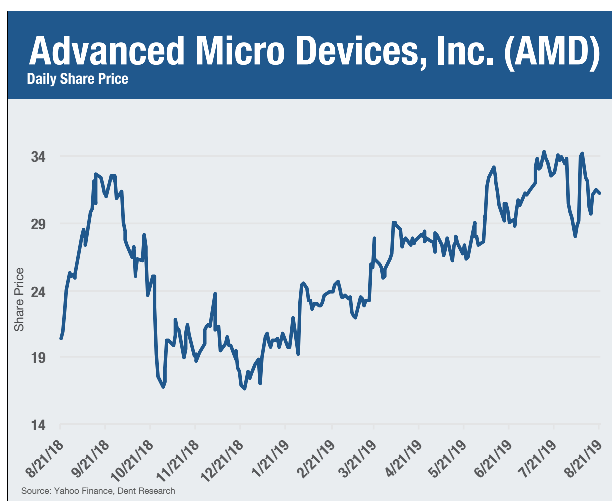
That's expensive, but if the markets take a swan dive, it will be well worth it. If equities shoot higher instead, then our gains in other securities, like **Nvidia (Nasdaq: NVDA)** and **Broadcom (Nasdaq: AVGO)**, should cover the cost. We might lose half the value of the option, but that's okay because it means our other holdings are shooting higher. Remember, this is insurance, just like for your home or car. You pay for it, but you never want to use it.

Action to take: Buy Nasdaq 100 Trust March 2020 (NYSE: QQQ) $188 put option (or the one closest to the price of the QQQ at the time).

Portfolio Update

As the market swooned during the first week of August, **Advanced Micro Devices (NYSE: AMD)** hit our recently-increased stop-loss. We do not automatically execute trades in our model portfolio when we reach stop-loss levels; instead we count the trades as executed when we send a trade notice.

Given the crazy market action on Monday, August 5, and the following days, I waited a couple of days for the market to settle down before selling AMD. We added to our gains, but because the stock is volatile and had hit the stop-loss, I was determined to sell it. Also, as the chart below shows, AMD has hit resistance several times at current levels.

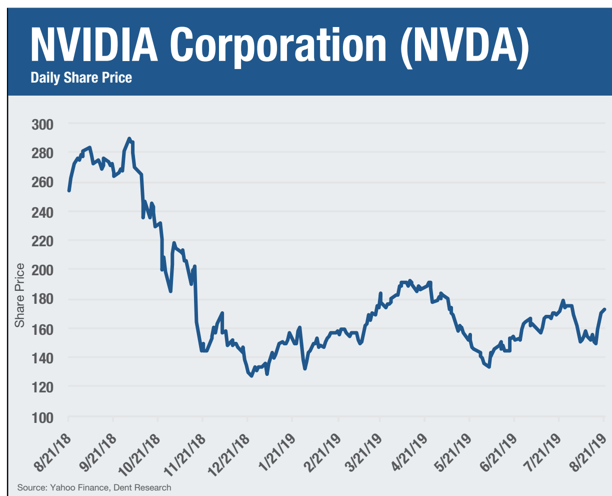


We reached about the same level back in June, as well as last September. Recently, AMD bounced around near $32 or $33, looking like it might be creating support, but then it dropped quickly through $30 before rebounding.

None of this takes away from the long-term prospects of the company. I still like the AMD story as the company takes on Intel for fast computing chips in the traditional PC market and also supplies the growing computer gaming industry. That side of the business should expand dramatically in the years to come, which will bring me back to AMD at some point in the future. For now, I'm comfortable that we're walking away with substantial gains, giving the stock a chance to work through volatility before we establish another position.

KushCo Holdings (OTHOTC: KSHB) makes packaging, labels, and delivery systems for the cannabis industry… and it's profitable. Or at least, it was until it dramatically expanded to supply the growing market just as the trade tariffs took effect. Because KushCo sources many of its products from China, the company is paying a 25% tariff on inventory, which is a huge price increase to pass along to customers. When the tariffs were 10%, KushCo just ate the difference, but at the higher level it's had to pass some of it along, which has crimped business. Also, the cannabis industry in general is going through another round of shakeout as the Canadian market slows down due to an inventory shortage. The drop in stock prices across the industry has added to KushCo's misery, but it hasn't changed the company's value proposition. It's still a buy, and still one of the firms best-positioned to take advantage of the growing industry.

Like AMD, **Nvidia (Nasdaq: NVDA)** dropped sharply at the beginning of August, but the stock didn't make it to our stop-loss levels. And unlike AMD, Nvidia remains substantially below the recent highs of last fall. In October of last year, Nvidia peaked just under $300 per share, and we're sitting at just over half that today, about $170.

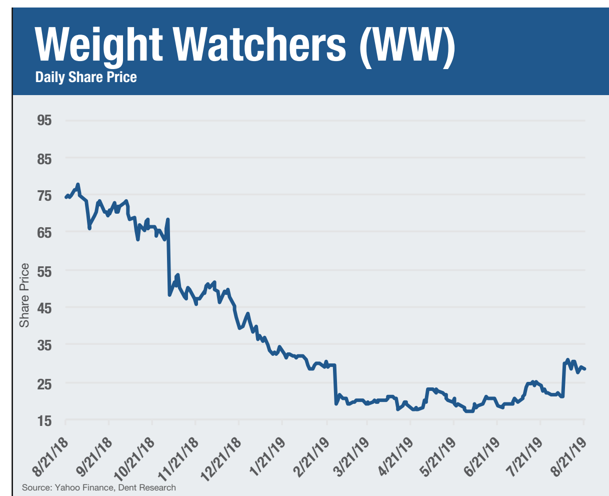


Like KushCo and many other firms, Nvidia is suffering under the trade tariffs, which should eventually be lifted. When that happens, the stock should enjoy a nice rebound, even though it remains susceptible to a general slowdown in the chip industry. Because the stock is so far off of recent highs, it should be able to run on the way up for quite some time before hitting resistance.

We got a pleasant, and anticipated, surprise from **The WW Company (NYSE: WW)**, which will always be Weight Watchers to me. The firm announced earnings that contracted as expected, but the number of users on its app gave investors and analysts hope that its worst days are behind it. The stock popped from under $20 to just at $30.

It's hard to see that price move on the chart because of the scale. Going back one year, WW has dropped from about $93 to $16, and putting that all on one chart makes it difficult to read! Since the jump after earnings WW has bounced around between $27 and $30.

We bought the stock because it had fallen dramatically, but still has a big star behind it, Oprah Winfrey, and is demographically favored for at least a couple of years. If the company can rebuild earnings and create even modest growth, the stock could be in the $40s in no time, which would be just a bit more than a 100% gain for us.



Our fixed income investments, the closed-end funds **Blackrock Municipal 2030 Trust (NYSE: BTT)** and **Blackrock Municipal Taxable Fund (NYSE: BBN)** have appreciated nicely as interest rates dropped, but we're not selling. We own the positions for income, and they're doing the job.

I'm watching two positions closely, **Altria (NYSE: MO)** and the **ProShares Euro Ultra Short (NYSE: EUO)**. Altria is sitting just above our stop-loss, which we set close when we bought the position. Altria invested in e-cigarette maker Juul, which has taken a lot of heat lately about kids vaping. The negative publicity has spread to Altria. If the stock hits our stop-loss, we'll be out.

As Europe convulses over slower growth and Brexit, the euro could suffer, which will drive the U.S. dollar higher and hand us more gains in EUO. But this is exactly what President Trump hates, a strong dollar, and what Fed Chair Powell is trying to combat.

I'll talk more about this in next month's *Boom & Bust*, but if the dollar starts to weaken against the euro, we could take our gains and close out this position. I'll keep you updated.

**Please visit the* Boom & Bust *homepage at Dentresearch.com to view the links.*

Boom & Bust Portfolio

Investment	Ticker	Entry Added	Buy Price	Current Price	Stop Loss	Total Dividends	Total Returns	Call
BOOM PORTFOLIO								
Skyworks Solutio	SWKS	7/1/19	$81.91	$76.92	$59.00	$-	-6.09%	Buy at Market
NVIDIA	NVDA	6/4/19	$143.00	$171.48	$115.00	$-	19.92%	Buy at Market
Broadcom - Registered	AVGO	6/4/19	$265.70	$287.62	$195.00	$2.65	9.25%	Buy at Market
WGHT WTCHER INTL	WW	4/30/19	$20.42	$29.17	$12.60	$-	42.85%	Buy at Market
KushCo Holdings	KSHB	3/26/19	$5.69	$3.99		$-	-29.90%	Buy up to $6.50
Altria Group	MO	3/1/19	$52.75	$46.59	$45.00	$1.60	-8.64%	Buy up to $55.00
Entegris	ENTG	3/1/19	$36.22	$43.16	$33.00	$0.07	19.57%	Buy up to $42.00
Advanced Micro Devices	AMD	1/7/19	$20.57	$33.49	$25.00	$-	62.81%	Buy at Market
BUST PORTFOLIO								
QQQ $188 March 20, 2020 Puts	QQQ	8/23/19	$10.59					Buy at Market
BR Tax Municipal Bd	BBN	11/30/18	$20.37	$25.16	$18.80	$1.06	28.7%	Buy up to $20.50
PROSHARES ULTST EURO ETF	EUO	12/29/17	$21.20	$26.95	$21.50	$0.00	27.12%	Buy at Market
BlkRck Mun 30Tr-SBI	BTT	9/27/16	$24.11	$23.87		$2.46	9.19%	Buy up to $24.50

Numbers current as of August 23, 2019

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NOTES: The *Boom & Bust* Portfolio is an equally-weighted strategy and does not include dealing charges to purchase or sell securities, if any. Taxes are not included in total return calculations. "Total return" includes gains from price appreciation, dividend payments, interest payments, and stock splits. Securities listed on non-U.S. exchanges; total return also includes any change in the value of the underlying currency versus the U.S. dollar. For transparency sake, we want you to know that we have an advertising relationship with EverBank. As such, we may receive fees if you choose to invest in their products. Stop-losses: The *Boom & Bust* Portfolio maintains stop-losses on every stock, ETF and bond recommendation; stop-losses are not exercised for mutual funds unless otherwise noted. Sources for price data: Yahoo! Finance (finance.yahoo.com), Financial Times Portfolio Service (www.ft.com), TradeNet (www.trade-net.ch/EN), and websites maintained by securities issuers.

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