

Angel Investing: A Graveyard if You Don't Know What You're Doing



If there's one thing I've had (painful) experiences with, it's angel investing. I invested in 15 early-stage companies, and guess what? I lost most of my money.

It wasn't because the product didn't work or the technologies failed. Typically, the troubles lay in marketing and the difficulty of getting to scale and breaking even.

There's a saying in the industry that warns: New ventures take twice as long and three times as much as you project.

Well, it even gets worse than that.

Of the ventures I invested in, the one that had the most potential never made a major sale, partially because the

customers were municipalities and they tend to be quite corrupt – giving the sale to Billy Bob who butters their bread with all types of free goodies. It's also because no one wants to be the first to buy from a new company and risk being the fool if something goes wrong.

Another company I made major investments in kept growing rapidly and making progress, but could never get to breakeven because it had to keep upgrading its software. Management underestimated the scale they needed to be profitable.

All too often, companies believe in their products so much that they spend too much on marketing too early on, without diligent testing. They see it as “build it and they'll come,” but most of the time they don't, and companies spend too much on marketing too soon. When they do this, they run out of precious and expensive early-stage funding and then have to pay more to get to the next stage, if they get further funding at all.

My point is...

As potentially lucrative and valuable as angel investing can be, there are simply too many things that can go wrong in the early stage that it's your funeral if you don't get it right.

So, don't just jump in without doing your homework, and then doing more homework, and then more still.

And don't go it alone. Speak to other angel investors, both successful and unsuccessful. Network. [Attend our Irrational Economic Summit in October to listen to Howard Lindzon, who's an angel investing expert extraordinaire.](#)

Until then, here are two summary tips to apply:

- Make sure you're investing in a management team and not just a product.
- Don't underestimate the marketing challenges in the

early stages, or the funding necessary to get to breakeven and stop bleeding cash.

Don't become another fallen angel investor. Learn from others' mistakes and successes.

See you in October.

A handwritten signature in black ink, appearing to be 'Harry Dent', with a stylized flourish extending to the right.

Harry

Follow me on Twitter [@harrydentjr](https://twitter.com/harrydentjr)

The post [Angel Investing: A Graveyard if You Don't Know What You're Doing](#) appeared first on [Economy and Markets](#).

[Harry Dent – Economy and Markets](#) (Harry Dent)

**[When It Comes to Investments,
Don't Listen to the Daily
News](#)**

politician, then the more liberal.

They do this all day, every day. If they didn't, they'd be out of business in a flash.

But the result is confusion. If you were to just listen to the media all day, you'd have all these conflicting arguments and no idea what to do with any of them!

Each special interest or company is just trying to promote their shtick. They're not about the truth. Instead, they want to market themselves or their cause. *They* are the true culprits of fake news. They find selective facts to bolster their interests.

Worse, market analysts tend to pile into trends late and get out late. They're the worst type of "talking heads" to listen to when it comes to investment advice.

Hey, I listen to the news daily to keep up on interesting articles and experts that I can bring to you in our newsletters. But I don't believe what most of these people say, or take them at their word!

At Dent Research, we're about the truth. We even piss off our own subscribers at times by saying things they don't want to hear. That's just tough. Like it or not, we're not about sugarcoating or fake news.

We're about the truth, and what you must do with the information and predictable cycles that most people ignore... as they don't like the fact that the world is cyclical.

I have a hierarchy of proven long-term indicators that I use as my starting point in the hunt for the truth. Then I identify shorter-term indicators that can warn of key turning points – although that is, by nature, less forecastable.

For shorter-term trading systems – which are critical in these increasingly volatile markets, where buy-and-hold simply

doesn't work anymore – our experts like Adam O'Dell and Lance Gaitan have proven systems for profiting.

None of us base our forecasts and logic on the daily news or media drama, and certainly not public opinion, which is more often than not wrong.

If you're looking for the truth, and then a way to profit from that information, keep reading *Economy & Markets*.



Harry

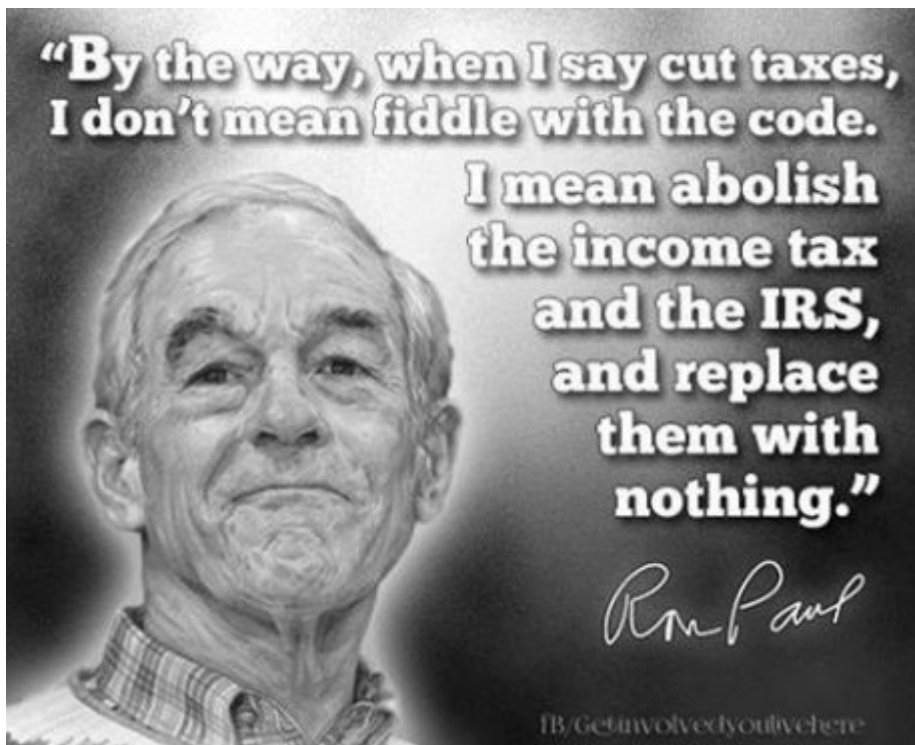
Follow me on Twitter [@harrydentjr](https://twitter.com/harrydentjr)

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'When I say cut taxes, I don't mean fiddle with the code. I mean abolish the income tax and the IRS, and

replace them with nothing'



The quote in the headline comes from Ron Paul, and it should be the goal of every conservative lawmaker in the entire country. When professional politicians tell you that they are in favor of reforming the tax code or reducing taxes a little bit, essentially what they are telling you is that they are perfectly fine with the status quo. They may want to tweak things slightly, but in general they are content with big taxes, big spending and big government. I spent an entire year getting a Master of Laws in Taxation at the University of Florida Law School, and in my opinion the best thing that Congress could do to the tax code would be to run it through a shredder and put it in a dumpster. As I noted [the other day](#), the tax code is now more than four **million** words long and it takes Americans about six **billion** dollars a year to comply with it. Those that believe that they are offering the American people a “solution” by proposing to tinker with this abominable mess are just fooling themselves.

The only long-term solution that is going to work is to get rid of the entire steaming pile of garbage. Ron Paul

understood this, and we would be very wise to take his advice. The following is [the full version](#) of the quote from the headline above...

“By the way, when I say cut taxes, I don’t mean fiddle with the code. I mean abolish the income tax and the IRS, and replace them with nothing.”

If I run for Congress, and I am very strongly leaning in that direction, this is what my position on taxes is going to be.

Of course we are going to have to dramatically change the composition of the House and the Senate in order to get this done, so in the short-term we may have to focus on reducing tax rates and the size of the tax code by as much as possible.

But ultimately, the goal will be to abolish the tax code and the IRS altogether.

We have become so accustomed to an income tax that many of us couldn’t possibly imagine a society without one. But today there are seven states that do not have one, and that includes very big states such as Texas and Florida. And from 1872 to 1913, there was no federal income tax. When a federal income tax was finally reinstated in 1913, the rates were extremely low. The following comes from [Politifact](#)...

The 1913 law imposed a tax of 1 percent on income up to \$ 20,000, for both individual and joint filers. However, exemptions from the tax – the first \$ 3,000 of income for individuals and the first \$ 4,000 for joint filers – meant “virtually all middle-class Americans” were excused from paying, according to W. Elliot Brownlee’s book, Federal Taxation in America. The law also put in place a graduated surtax on incomes above \$ 20,000; the highest rate paid, 7 percent, applied to Americans making more than \$ 500,000 (about \$ 11.4 million in 2011 dollars).

So how did things go for our country during the four decades when there was no federal income tax?

Well, if you regularly follow my work you already know the answer to that question.

That period of time just happened to be [the best period of economic growth in U.S. history](#).

Oh, but we wouldn't want to change from the way things work today, would we? After all, the U.S. economy has grown at a blistering average yearly rate [of just 1.33 percent](#) over the past decade, and we are actually behind that pace so far in 2017.

If you want a no growth economy and [a steadily shrinking middle class](#), then our current system is perfect for you.

But I believe that we can do so much better.

So how are we going to fund the federal government if we eliminate the income tax?

Well, the truth is that taxing individual incomes accounts for [only 46.2 percent of all federal revenue](#). The federal government has lots of other ways that it raises money, but of course we wouldn't be able to keep the massively bloated federal bureaucracy that we have today. We would need to reduce the size and scope of the federal government to an appropriate constitutional level, and of course most politicians on the left would resist this greatly.

There are some federal agencies and programs that we could completely eliminate altogether. If it was up to me, the EPA, the Department of Education and the BATFE would be good places to start. Any essential functions that they are currently performing could easily be absorbed by other agencies.

There are very few politicians in our entire country that will still talk like this, because our leaders have taken us so far

down the road toward "a social state" that most Americans don't even know what "limited government" looks like anymore.

I would like to share with you an old newspaper clipping that was posted to Facebook [by Get Involved, You Live Here...](#)

Beware the Useful Idiots

submitted by Garret Geer

Recall that Hillary did her college thesis on his writings and Obama writes about him in his books.

Saul Alinsky died about 43 years ago, but his writings influenced those in political control of our nation today.

Died: June 12, 1972, Carmel-by-the-Sea, CA

Education: University of Chicago

Spouse: Irene Alinsky

Books: *Rules for Radicals*, *Reveille for Radicals*

Anyone out there think that this stuff isn't happening today in the U.S.?

All eight rules are currently in play.

How to create a social state by Saul Alinsky:

There are eight levels of control that must be obtained before you are able to create a social state. The first is the most important.

1) Healthcare – Control healthcare and you control the people.

2) Poverty – Increase the Poverty level as high as possible; poor people are easier to control and will not fight back if you are providing everything for them to live.

3) Debt – Increase the debt to an unsustainable level. That way you are able to increase taxes, and this will produce more poverty.

4) Gun Control – Remove the ability to defend themselves from the government. That way you are able to create a police state.

5) Welfare – Take control of every aspect of their lives (Food, Housing, and Income).

6) Education – Take control of what people read and listen to – take control of what children learn in school.

7) Religion – Remove the belief in the God from the government and schools.

8) Class Warfare – Divide the people into the wealthy and the poor. This will cause more discontent, and it will be easier to take (tax) the wealthy with the support of the poor.

Does any of this sound like what is happening to the United States?

Alinsky merely simplified Vladimir Lenin's original scheme for world conquest by communism, under Russian rule. Stalin described his converts as "Useful Idiots."

The Useful Idiots have destroyed every nation in which they have seized power and control. It is presently happening at an alarming rate in the U.S.

"It is difficult to free fools from the chains they revere."

Over the past several decades, the left has made a tremendous amount of progress toward achieving the goals that Saul Alinsky originally outlined in *Rules for Radicals*. Obamacare was a giant step toward federal control over our healthcare system, poverty [is exploding](#) as the middle class shrinks, we are nearly 20 trillion dollars in debt, our public schools have become left-wing indoctrination centers, and God has been pushed out of almost every corner of public life.

We should be very thankful that we got Donald Trump instead of Hillary Clinton, but many radical leftists consider Trump to simply be a bump in the road on the way [to completely eradicating our way of life](#).

They want to criminalize what we believe by making it “hate speech”, they want to steal the minds of the next generation by dominating our system of education, and they want to use government institutions and the legal system as tools to completely reshape society in their image.

The only way that we are going to defeat this tyranny is if we stand up and fight for our country, and that is precisely what we are going to do.

[The Economic Collapse](#)

If We Don't Fight For It, The Liberal World Order Is Going To Kill Our Way Of Life



There comes a time when it becomes necessary to draw a line in the sand. When the early settlers came to America, they were desperate to find a place where they could live in freedom. And our

Founding Fathers worked very hard to draft a Constitution that would guarantee that future generations of Americans would live in a nation where the freedom and liberty of the people were maximized. Unfortunately, the way of life that our founders sought to establish is slowly being killed off by the progressive agenda of “the Liberal World Order”. Just about every single element of their progressive agenda is diametrically opposed to the values and the principles that this country was founded upon. And if they ultimately get everything that they want, our way of life will be eradicated for good.

The term “Liberal World Order” is a phrase that is starting to be used quite frequently by the establishment. It was used [by the Washington Post](#) to describe Barack Obama’s final speech to the United Nations, and Vice-President Joe Biden used it during his speech at the World Economic Forum [in January](#).

But of course it is a term that doesn’t just apply to Democrats. Many establishment Republicans also believe in the progressive agenda of the Liberal World Order, and that is why before Trump was elected nothing ever seemed to change very much in Washington no matter who was in power.

Sadly, the same thing is true all over the western world. The Liberal World Order dominates most of the major political parties in just about every industrialized nation, and they are very much accustomed to getting their way. That is one of the reasons why they hate Donald Trump with such a passion, because he is someone that they cannot fully control.

At this point, the Liberal World Order has almost complete control of our culture. In addition to dominating the political system, they also have a stranglehold on the media, on the entertainment world, on most large corporations, on our system of public education, and even on many of our largest religious institutions.

In the end, their goal is not to just win elections. I recently wrote that liberals hate [“anyone that disagrees with them”](#), and even though they claim to be “tolerant” the truth is that they are some of the most intolerant people on the face of the planet. When Kathy Griffin held up [a bloody mock ‘decapitated’ head of Donald Trump](#), it really was a picture of what they want to do to our entire way of life. They literally want to eradicate our worldview, and laws are slowly being put in place all over the western world that are moving us in that direction.

For the true believers in the Liberal World Order, government is a weapon to be used to achieve societal dominance. That is why so many of them are drawn to law school. I have often referred to law school as “seminary for liberals”, because that is essentially what it is.

Our legal system is absolutely infested with radical leftists from the top to the bottom, and that makes it a perfect tool for the left to advance their agenda. Whether it is abortion, gay marriage or any other issue, the left often finds that the easiest way to achieve their goals is by going through the court system.

True believers in the Liberal World Order also tend to believe that government is the answer to just about every problem. So central governments all over the western world have just gotten bigger and bigger and bigger.

But every time government gets bigger, we lose more freedom and liberty.

If you will think about this you will see that I am right. Today, there are hundreds of thousands of statutes, rules and regulations on the federal level. If you throw in all of the statutes, rules and regulations on the state and local levels as well, that brings the total into the millions.

Every law restricts freedom and liberty in some way. Of

course in some cases this is a very good thing. For example, we don't want the freedom to go around randomly murdering one another. But we certainly do not need millions of laws.

We are supposed to be "the land of the free", but most Americans seem to have forgotten what that really means. If people want the government to tell them what to do every moment of every day, they can move to Europe. Our founders guaranteed us a nation where liberty and freedom would be maximized, and the Liberal World Order has stolen this from us.

And of course having an enormous government is very expensive, and so we get to pay very heavily for the privilege of being oppressed. I talk a lot about the income tax because that is one of my pet peeves, but that is only one of the taxes they hit us with. In a previous article I listed [97 different taxes that Americans pay each year](#), and when everything is all said and done there are some Americans that end up handing over more than half of what they earn to various governmental entities.

But our leaders don't use the term "socialism" to describe what is being done to us, because the American people aren't ready to accept that reality quite yet.

Unfortunately, the control freaks that dominate our government always want more. Our progressive politicians always seem to have another new tax up their sleeves, and earlier this year top Democrats in Congress proposed yet another payroll tax [that would be taken directly out of our paychecks...](#)

The Democrats plan, reintroduced in February by Sen. Kirsten Gillibrand (D, N.Y.) and Rep. Rosa DeLauro (D, Colo.), is [The FAMILY Act](#), which would create a national fund to provide workers with two thirds of their income for up to 12 weeks, no matter where they live or work. The Democrats' proposal would be funded by employee and employer payroll

contributions, averaging less than \$ 1.50 per week for a typical worker.

One of the primary reasons why my wife and I originally moved up to north Idaho was because we wanted to find a place where we could live free without someone constantly telling us what to do. But we have come to realize that eventually the Liberal World Order is just going to take over everything if we don't fight back. If the America that so many in previous generations fought and died to defend is going to survive, we must take action now.

So I am calling on every man, woman and child that can hear me to engage in a new American revolution. This isn't a revolution with guns and bullets, but rather a non-violent cultural revolution that will be fought with votes, pens and keyboards.

We need to clearly communicate a vision for the future of America that is based upon the values and the principles that this nation was founded upon. Those values and principles once made us the greatest nation on the entire planet, and they can do it again.

We also need to wrestle as much political power away from the Liberal World Order as we possibly can. That means contesting Democrats and establishment Republicans on the federal, state and local levels. Even capturing a seat on your local school board can make a tremendous difference, and so I am encouraging as many people as possible to become politically active.

If we do not take a stand now, eventually there won't be anywhere left for freedom-loving Americans and their families to go.

Just like with the original American revolution, there are no guarantees that we will win. At the time, very few could have

imagined that the great British empire could have been defeated by a ragtag group of rebels, but it happened. And the Liberal World Order is most definitely a formidable foe, and it will not be taken down easily.

All that it takes for evil to triumph is for good men and women to do nothing.

So let us be strong and courageous, and let us rise up and fight for the future of our nation.

[The Economic Collapse](#)

Trump's Magic Wand: I Simply Don't Buy It!



As Trump is inaugurated today, it seems most people are feeling better about the economy. Even a more liberal analyst said yesterday in an interview that he thought Trump should raise the minimum wage to \$ 15 to stimulate demand!

Seriously?!

A Bernie Sanders, far-left strategy in a Republican Congress?

How delusional can you get?

The problem, as usual, is that economists, analysts and politicians don't understand the real causes of our economic malaise since 2007, including Trump.

It's not primarily business regulations, or higher taxes.

Altogether, U.S. personal and business taxes combined are *less* than any major country in Europe, or Australia or Canada!

The problems are...

1. Slowing demographic trends (a factor even more prevalent in Europe and East Asia);
2. And unprecedented levels of debt and entitlements (here and everywhere else).

And there's nothing near term President Trump can do about either of those things!

I think Trump is setting himself up for a massive disappointment in the year ahead.

Since we're not in a supply-side crisis like we were in the late 1970s and early 1980s when Ronald Reagan came in, those solutions aren't the answer. They worked then. They will NOT work now. And who are Trump's chief economic advisors? Larry Kudlow, Stephen Moore, and Art Laffer – all zealous supply-siders.

Instead, we're in a demand-side crisis like what we saw in the early 1930s with global oversupply. In such a situation, cutting taxes will only create even faster growing deficits and debt, not investment in new capacity and jobs.

Besides, does Trump really think a Republican Congress is going to just approve of massive tax cuts and infrastructure investments that raise our already out of control public debt, just as the debt ceiling has to be raised above \$ 20 trillion?

No way!

It's been doubling every eight years in Republican *and* Democratic administrations and, at this rate, will be nearing a cool \$ 40 trillion just eight years from now.

Debt bubbles always create over-supply in business and falling

demand from excessive consumption and debt burdens. They also create bubbles in financial assets that will always burst.

Donald himself said we have a big fat, ugly bubble... what is he thinking?!

He's walking into a world of ever-increasing geopolitical conflicts, increasing threat of trade wars – especially created by him – declining demographic trends and crushing debt burdens.

And you're going to fix that by cutting some regulations and reducing taxes? Reducing taxes just shifts the pie from government to business – and larger businesses more typically.

Of course not!

All that will do is make that top 0.1% and 1% even richer and do nothing for the average worker that elected Trump.

[I recently wrote to you about the jobs market](#), which is a lagging indicator, not a leading one. We've simply been hiring back workers that lost their jobs massively in the great recession, and now we're nearly done on that at 4.6% unemployment.

Do you know what the natural rate of workforce growth is once we hit full employment? *NEGATIVE* into 2023 and then only around 0.2% after that for decades.

Since older workers don't get more productive, we have gone back to just 0.4% productivity rates. That's nearly as low as at the bottom of our last long recession in the 1970s and early 1980s when the Bob Hope generation was retiring rapidly.

Baby boomers have been retiring predictably since 1998. With that has come declining workforce participation rates. It peaked at 67%. It's now at 62%. It's heading towards 58% by 2024 – over Trump's potential two terms.

So how do you create 4% growth from a declining workforce, with declining productivity?

YOU DON'T!!!

There's no question in my mind that Trump's promises will lead to the biggest economic disappointment this side of the Great Depression.

The only questions I DO have is how long it will take the markets to figure out this out for themselves...

Anytime now, Italy and southern Europe could default.

China's massive bubble could blow – maybe even triggered by Trump tightening their trade with the U.S.

Or, what if we suddenly saw job growth drop from that 150,000 to 200,000 each month to just 100,000 or even much less? (Never mind that payroll tax data already suggests job growth is lower than reported.)

President Trump was inaugurated today. I sincerely wish him the best of luck. But I have serious doubts that he'll last his first year without a major debacle and backlash.

At this point I would give the Trump rally through about July and then we could see one of those first, devastating bubble crashes that sees the markets down 30% to 40% in a few months.

I'll reserve judgement on that until I see some divergences build in the markets, and small caps are likely to be where that happens because they've rallied the most irrationally since the election.

But I just don't buy all the Trump euphoria. And am surprised at how many intelligent people do.

God bless America... or maybe that should be, God help America.



Harry

Follow me on Twitter [@harrydentjr](https://twitter.com/harrydentjr)

The post [Trump's Magic Wand: I Simply Don't Buy It!](#) appeared first on [Economy and Markets](#).

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[This Thanksgiving, Don't Regret Missing Personal Time](#)



This month I received a jolt to my system, and I'm not talking about the election. The day before voters elected Donald Trump the next president, my brother died of brain cancer. He was diagnosed in February of 2015, and exhausted all treatment two months ago.

He was 53.

We weren't especially close for much of our adult life, but we weren't distant, either. From the late 1990s through the 2000s, his work and family commitments carried him just outside of our normal circle.

There was no recrimination, no ill will or falling out to reconcile. Just the normal ebb and flow of life on which he drifted further away. We'd catch up every few months, and see

each other once a year... or maybe once every two years.

During the same timeframe, other members of the family grew a bit closer, making my brother's absence more noticeable. We talked about it, and I even discussed it with him from time to time. And yet, things remained the same.

Then came 2013.

That was the year that my sister, brother and I were responsible for hosting a family reunion. This side of the family includes a lot of aunts, uncles and cousins that we rarely see. But we are always glad they come.

We have a reunion every three years, and the burden of hosting passes down through the family tree. They tend to be raucous affairs with a lot of laughter and late-night parties. They also take a lot of coordination.

As the three of us worked on preparation, we talked often. In the days before the reunion and during the event, we spent a lot of time together, reconnecting and generally enjoying each other's company. Maybe we should have done that sooner, but at least we took the opportunity when it presented itself.

This led to more conversations and connections in the following months, including visits. We were back together. Still, there were no hatchets to bury, no issues to resolve, just a distance that we bridged.

His diagnosis in February 2015 hit like an avalanche. We dealt with the usual questions...Why him? Why so young? Why couldn't modern medicine cure it?

But luckily we avoided one common emotion – regret.

The two years of closer contact that we enjoyed before his diagnosis put us in a good place. We were able to jump in and help with his care without it being awkward. We flowed in and out of his home, where his gracious wife dealt with a constant

parade of characters.

Both in the early stages and the last stage of his life, many of us had the chance to be with him.

For those moments with him, I am truly thankful.

All of us have the most precious commodity – time. We can take the opportunity today, or any time during the holiday season, to reconnect with those who might have drifted out of view for no particular reason. By rekindling that relationship, we'll pick up one of the more rewarding things in life – a personal bond.

May your season of Thanksgiving be blessed with personal relationships, new and old, that make you rich in ways that money never can.

A handwritten signature in black ink, appearing to be 'RJ' with a flourish extending to the right.

Rodney Johnson

Follow me on Twitter [@RJHSDent](https://twitter.com/RJHSDent)

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[Rodney Johnson – Economy and Markets](#) (Rodney Johnson)

Bubbles Don't Correct, They Burst!



I keep going on the media and saying that we're going to see the [greatest bubble burst in modern history](#), after the [greatest bubbles in history](#) have clearly formed...

But everyone says this is not a bubble...

Because the central banks will keep supporting the economy and markets with more free money...

Because real estate is in tight supply and can only go up...

Because there is nowhere else to go but high-dividend stocks...

And because sovereign bond yields are going to negative, not just zero.

This is absolute BS!

Nothing lasts forever. You don't get something for nothing, and that's exactly what the central banks have created since late 2008 with their endless money printing and zero interest rate policies (which are now pushing desperately into negative territory) – neither of which has ever happened in history.

Doesn't such desperation in policies make you wonder how weak the actual economy would be without such massive and never-ending stimulus?

The markets are so blind with free money and highly leveraged

carry trades into bonds and stocks that they just don't care about fundamentals anymore!

Earnings have been declining since late 2014, according to real GAAP or accounting standards. They have been declining for over three quarters even on the "funny money" standards... the ones that don't count one-time losses, even though they keep occurring!

Productivity has been declining for years and is near zero. GDP has declined to just under 1% adjusted for inflation over the last three quarters... *if it's not actually lower*. And the average wage has been declining since early 2000 and is close to what it was back in the early 1970s. No wonder the middle and lower-middle classes are pissed and supporting Trump and Sanders.

We're already heading into a recession, if we're not already in one. But the stock market is ignoring this because there's simply nowhere else to go, as programmed by the Fed and central banks...

Just think – last Friday the Dow was off by nearly 400 points because one Fed governor said they *might* raise rates by a quarter frickin' point in the coming months?

This is ridiculous!

It's lemmings hurtling right over a cliff.

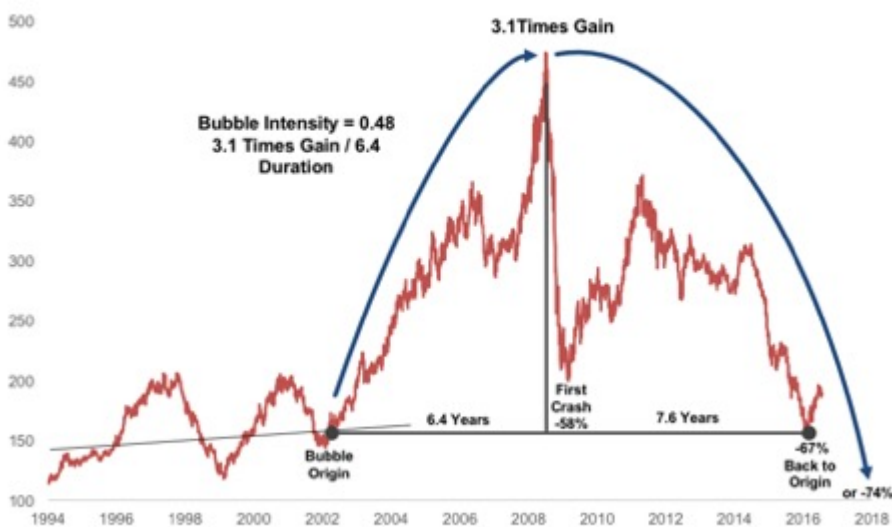
Do you want to be a sheep and follow the rest of these morons? Or do you want to preserve your wealth and have the unprecedented opportunity to cash in on [The Sale of a Lifetime](#)? That's the title of my new book focusing on bubbles and why we never see them until it's too late – and the extraordinary opportunity for those who can avoid the carnage.

The book is [now available on Amazon](#) starting today. Don't miss it – and don't be too late to sell at the top of this

unprecedented global bubble in everything from stocks to real estate.

And if you don't think [bubbles can burst 80% or more in a matter of years](#), look at the commodity bubble that we predicted would burst many years back. Everything from oil to iron ore to corn to the general CRB Index is down 70% to 80%, with a bit more to come.

Global Commodities Bubble, CRB Index



The commodity bubble proves that bubbles burst and don't just correct.

And as it was the first to fall over the cliff... it may also be the [first opportunity to reinvest in the years ahead...](#)

Again, the sale of a lifetime is ahead if you preserve your wealth... and even grow it with our investment systems that have proven track records in both boom and bust periods.

After commodities, stocks will once again become a buy... and so will real estate.

But "buy and hold" has been dead since late 2007. It won't be a safe bet until at least early 2020, and likely late 2022 in

the next global boom – but that will be concentrated more in emerging countries like India and Southeast Asia, while the U.S. will still tend to be the “best house in a bad neighborhood” of slowing demographics and debt deleveraging.

Don't listen to the never-ending army of pundits that are defending this bubble. It is the [greatest, most pervasive, and most perverse in modern history](#), and it will destroy your wealth faster than you can imagine when it finally bursts – especially into late 2019/early 2020 when all four of my longer-term cycles bottom together.

Make sure you [read my latest book](#), *The Sale of a Lifetime*, for the full story on how to avoid this head-on collision... and how to protect and even grow your wealth when financial assets go on sale.

A handwritten signature in black ink, appearing to be 'Harry Dent', with a stylized flourish extending to the right.

Harry

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Don't Trust Your Gut: Trust a System



In August of 1971, Ray Dalio – now one of the most respected hedge fund billionaires on Wall Street – was a lowly clerk working on the Street. By coincidence, Dalio was starting his career during one of history's critical turning points. President Nixon had just taken the dollar off of the gold standard.

Dalio's gut told him the market would crash the next day. Instead, it rallied. Hard! The Dow finished the day almost 4% higher.

It's not much of a stretch to compare then to now... Back then – as now – you had central banks meddling in the markets. And back then – as now – you had unexpected results.

Dalio learned a lesson from his experience. He realized that the market has a knack for doing what you least expect it to do... and he reached the conclusion that, rather than trying to guess what happens next, the better course was to simply build a portfolio that would perform well in any environment... no matter what happened. So he launched his All Weather portfolio, and the rest is history.

I'm not necessarily recommending you run out and invest with Dalio. Even if you wanted to, you wouldn't meet the minimums. You'd need \$ 5 billion in investable assets to get in the door.

But I do recommend that you take a few plays out of his playbook...

First, ask yourself the same question he did: what kinds of strategies can I implement that will work in *any* market, bull

or bear?

With stock prices at all-time highs – and with the Fed’s next move anyone’s guess – you need to be confident that your strategy will handle the unexpected.

And as you look for answers, be systematic.

Set your trading rules in advance and follow them – verbatim. If you’ve done proper back-testing, then you should have faith in your system to do its job once a storm hits. If you don’t have faith in your system, then you have no business investing with it.

And perhaps most importantly, do not let your emotions cloud your judgment and push you to override your model.

Your emotions will betray you every time!

The most successful traders are those that either have a super-human ability to control their emotions (which is exceptionally rare) or they simply take their emotions out of the equation altogether.

That’s how my friend and colleague Adam O’Dell invests with [Cycle 9 Alert](#). I have never – as in not once – heard Adam tell me how he *feels* about the market or about what he *thinks* will happen next. He removes himself from the equation entirely. He builds systems and his systems tell him what is probable based on past experience.

Adam’s *Cycle 9 Alert* system is designed to work in any market because, unlike a traditional buy-and-hold strategy, he isn’t always invested. He only buys when the sector he’s eyeing is in a pronounced uptrend *and* starting to show momentum. And he also has the ability to bet the other way... actually shorting sectors that are in a downtrend.

Cycle 9 Alert’s system works because, as Sir Isaac Newton himself put it, an object in motion stays in motion.

Adam's research has shown that outperforming sectors tend to continue outperforming over the following two to three months, so he structures his investments to fit within that timeframe.

Whether the longer-term trend is bullish or bearish, *Cycle 9* readers stand to profit from the intermediate-term moves.

I have no way of knowing precisely when the next market crash will be. But I can say with a lot of confidence that when it hits, most investors will respond the wrong way. They'll hold on too long and then end up selling at the bottom, right before it starts to rally again.

They will do this because they will let their emotions get the better of them.

Don't do that.

Learn from Ray Dalio... and from my friend Adam.

Stick to a mechanical system and follow your rules.



Charles Sizemore

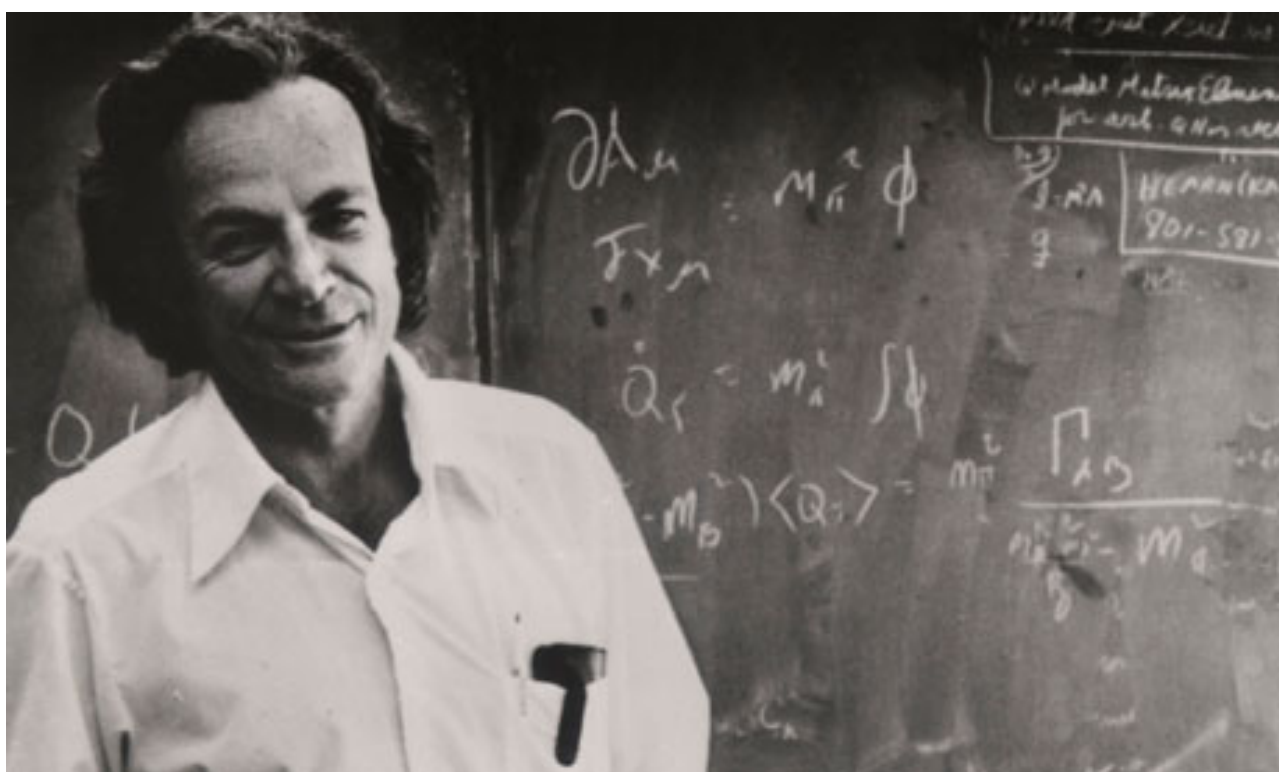
Portfolio Manager, *Boom & Bust*

P.S. For the next couple of days only, you can get a free one-year's subscription to Adam's *Cycle 9 Alert*. Why not put it through its paces and see the results for yourself? [Details here](#).

The post [Don't Trust Your Gut: Trust a System](#) appeared first on [Economy and Markets](#).

[Charles Sizemore – Economy and Markets](#) ([Charles Sizemore](#))

No, please don't show me your model



Unsurprisingly, on my post "[The Art of Economics](#)", which attempted to put the mathematical models beloved of mainstream economics firmly in their place, is a comment defending mainstream mathematical models. Here it is, in part:

Secondly, you definitely don't need obscure heterodox models to predict a financial crisis. I've cited it before, but for instance [Kiyotaki-Moore](#) basically sketches out how a crisis like this can occur. There are actually plenty of examples of perfectly fine mainstream papers on this topic. And it wasn't just heterodox economists that predicted it. People like Dean Baker, Roubini or even Krugman didn't exactly rely on post-Keynesian or Minskyian economics, their logic was fairly straight forward. Stiglitz has some great models on bank failure, which are essentially mainstream info-asymmetry

economics. I also think Minsky is useful but not that useful, and it's not especially scientific. He doesn't really have any kind of model, he just essentially asserts that banks will turn to speculators (and also made a lot of mistakes with regards to importance of credit cards, diminishing importance of large infrastructure loans etc..) The mechanisms aren't adequately explained. At least the Austrians, who I definitely oppose, have a mechanism for how banks turn to unstable speculators – aggressive monetary policy.

This is bad science of the “show me your model” variety. A mathematical model may give apparently accurate results, but that does not mean it has the right theoretical foundations. Valuing the model over the theory was lampooned by the great physicist Richard Feynman, in [this lovely metaphor](#):

[Feynman] imagines a Mayan astronomer who had a mathematical model that perfectly predicted full moons and eclipses, but with no concept of space, spheres or orbits. Feynman then supposes that a young man says to the astronomer, “I have an idea – maybe those things are going around and they're balls of rock out there, and we can calculate how they move.” The astronomer asks the young man how accurately can his theory predict eclipses. The young man said his theory wasn't developed sufficiently to predict that yet. The astronomer boasts, “we can calculate eclipses more accurately than you can with your model, so you must not pay any attention to your idea because obviously the mathematical scheme is better.”

In dismissing Hyman Minsky's hypothesis because the model was incomplete, my commenter has behaved like Feynman's Mayan astronomer. Never mind the theory, show me your model....

So, let's look at the mainstream model recommended by my commenter. Like all (yes, I mean all) pre-crisis economic

models, Kiyotaki-Moore does not model the financial sector accurately – in fact it does not model it at all. And because of this, it models a financial crisis as starting with some kind of exogenous shock coming out of the blue, in this case a temporary shock to productivity. The model is a farming model, so a productivity shock of this kind might be an adverse weather event, perhaps.

Now, there may indeed be a shock that triggers a financial collapse, but it is not necessarily exogenous. In 2008, it was the fall of Lehman Brothers, which was by any reasonable standards an endogenous shock: similarly in 2007, BNP Paribas's announcement that it could not value subprime MBS, was an endogenous shock. Do endogenous shocks have different effects from exogenous ones? We do not know, and the model does not tell us.

But in the absence of any model explaining how debtors become fragile, we can have no reason to assume that ANY shock, exogenous or endogenous, would have destructive effects. Indeed Kiyotaki-Moore themselves say this is a weakness in their model:

A weakness of our model is that it provides no analysis of who becomes credit constrained, and when. We merely rely on the assumption that different agents have different technologies.

“Different technologies”. What a get-out line. But if you exclude the financial sector from your model, that's the kind of blanket excuse you end up with.

If your model cannot explain how people and corporations become over-leveraged and therefore fragile, it can have no predictive power whatsoever. All it can do is say “IF people/businesses are over-leveraged when a shock hits, THEN this is likely to be the effect”. So Kiyotaki-Moore can neither explain nor predict a financial crisis. It merely

describes how an (unexplained) shock propagates itself through an (unexplained) over-leveraged population, with long-lasting negative effects. That is useful, of course – in fact I think this model does a pretty good job of explaining the amplifying effect of collateral price falls in debt deflationary collapses. But that isn't what my commenter claimed it did.

Let me be clear. I don't have a problem with mathematical models, as long as they use appropriate mathematics and have a sound theoretical basis. But we have to respect their limitations. They don't necessarily adequately explain economic events, let alone reliably predict them. And they are never a substitute for logical thought. .

So I don't want you to show me your model. I want you to explain your thinking. What is your theory, and how have you defined it? What thought processes brought you to this point? What are your assumptions, and how have you justified them? If you cannot explain these in words, then however clever your mathematics, your model is devoid of substance. Throw away your Greek dictionary, and write me an essay in plain English.

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[Rediscovering IS-LM](#) – Pieria

Photo of Richard Feynman from sciencealert.com

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[George Soros Is Preparing For](#)

Economic Collapse – Does He Know Something That You Don't?



Why is George Soros

selling stocks, buying gold and making “a series of big, bearish investments”? If things stay relatively stable like they are right now, these moves will likely cost George Soros a tremendous amount of money. But if a major financial crisis is imminent, he stands to make obscene returns. So does George Soros know something that the rest of us do not? Could it be possible that he has spent too much time reading websites [such as The Economic Collapse Blog](#)? What are we to make of all of this?

The recent trading moves that Soros has made are so big and so bearish that they have even gotten the attention of [the Wall Street Journal](#)...

*Worried about the outlook for the global economy and concerned that large market shifts may be at hand, the billionaire hedge-fund founder and philanthropist **recently directed a series of big, bearish investments**, according to people close to the matter.*

*Soros Fund Management LLC, which manages \$ 30 billion for Mr. Soros and his family, **sold stocks and bought gold and shares of gold miners, anticipating weakness in various markets.** Investors often view gold as a haven during times of turmoil.*

Hmmm – it sounds suspiciously like George Soros and Michael Snyder are on the exact same page as far as what is about to happen to the global economy.

You know that it is very late in the game when that starts happening...

One thing that George Soros is particularly concerned about that I haven't been talking a lot about yet is the upcoming Brexit vote. If the United Kingdom leaves the EU (and hopefully they will), the short-term consequences for the European economy could potentially be [absolutely catastrophic](#)...

*Mr. Soros also argues that there remains a good chance the **European Union will collapse** under the [weight of the migration crisis](#), continuing challenges in Greece and a potential exit by the United Kingdom from the EU.*

***“If Britain leaves, it could unleash a general exodus, and the disintegration of the European Union will become practically unavoidable,”** he said.*

The Brexit vote will be held two weeks from today on June 23rd, and we shall be watching to see what happens.

But Soros is not just concerned about a potential Brexit. The economic slowdown in China also has him very worried, and so he has directed his firm to make extremely bearish wagers.

According to the Wall Street Journal, the last time Soros made these kinds of bearish moves was back in 2007, and it resulted in [more than a billion dollars](#) of gains for his company.

Of course Soros is not alone in his bearish outlook. In fact, Goldman Sachs has just warned that [“there may be significant risk to the downside for the market”](#)...

Goldman Sachs is getting nervous about stocks.

In a note to clients, equity strategist Christian Mueller-Glissmann outlined the firm’s fears that there may be significant risk to the downside for the market.

Ultimately, George Soros and Goldman Sachs are looking at the same economic data that I share with my readers on a daily basis.

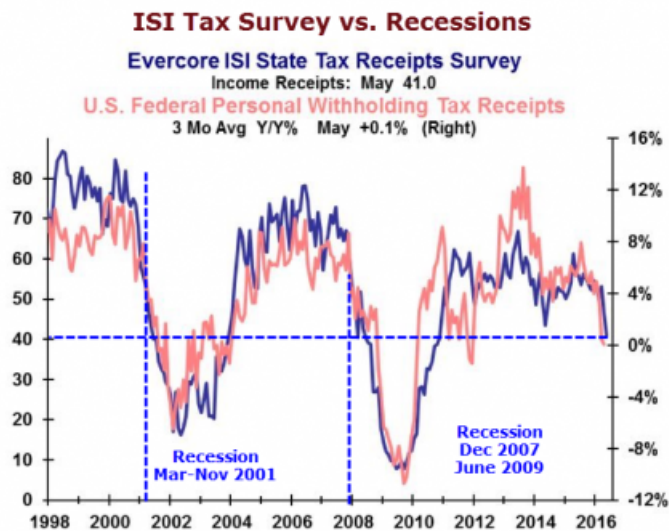
As I have been documenting for months, almost every single economic indicator that you can possibly think of says [that we are heading into a recession](#).

For instance, just today I was sent a piece [by Mike Shedlock](#) that showed that federal and state tax receipts are really slowing down just like they did just prior to the last two recessions...

US federal personal tax receipts receipts are falling fast. So is the Evercore ISI State Tax Survey.

The last two times the survey plunged this much, the US was already in recession.

Is it different this time?



And online job postings on LinkedIn have now been falling precipitously since February [after 73 months in a row of growth](#)...

After 73 consecutive months of year-over-year growth, online jobs postings have been in decline since February. May was by far the worst month since January 2009, down 285k from April and down 552k from a year ago.

Last week, the government issued [the worst jobs report in nearly six years](#), and the energy industry continues to bleed good paying middle class jobs at a staggering rate. The following comes from [oilprice.com](#)...

That may seem counterintuitive in an industry that has been rapidly shedding workers, with more than 350,000 people [laid off](#) in the oil and gas industry worldwide.

Texas is one place feeling the pain. Around 99,000 direct and indirect jobs in the Lone Star state have been eliminated since prices collapsed two years ago, or about one third of the entire industry. In April alone there were about 6,300 people in oil and gas and supporting services that were handed pink slips. Employment in Texas' oil sector is close to levels not seen since the aftermath of the financial

crisis in 2009. "We're still losing big chunks of jobs with each passing month," Karr Ingham, an Amarillo-based economist, told The [Houston Chronicle](#).

At this point it is so obvious that we have entered a new economic downturn that I don't know how anyone can possibly deny it any longer.

Unfortunately, the reality of what is happening has not sunk in with the general population yet.

Just like 2008, people [are feverishly racking up huge credit card balances](#) even though we stand on the precipice of a major financial crisis...

American taxpayers are quick to criticize the federal government for its ever-increasing national debt, but a new study released Wednesday found taxpayers are also saddled with debt, and are likely to end 2016 with a record high \$ 1 trillion in outstanding balances.

Wallethub, a site that recommends credit cards based on consumers' needs, said that will be the highest amount of credit card debt on record, surpassing even the years during and before the Great Recession. The site said the record high was in 2008, when people owed \$ 984.2 billion on their credit cards.

Will we ever learn?

This has got to be one of the worst possible times to be going into credit card debt.

Sadly, the "dumb money" will continue to act dumb and the "smart money" (such as George Soros) will continue to quietly position themselves to take advantage of the crisis that is already starting to unfold.

We can't change what is happening to the economy, but we do have control over the choices that we make.

So I urge you to please make your choices wisely.

About the author: [Michael Snyder](#) is the founder and publisher of The Economic Collapse Blog. Michael's controversial new book about Bible prophecy entitled "The Rapture Verdict" is available [in paperback](#) and [for the Kindle](#) on Amazon.com.

[The Economic Collapse](#)