



Frank Curzio's WALL STREET UNPLUGGED

[Announcer:](#) Wall street unplugged looks beyond the regular headlines heard on mainstream financial media to bring you unscripted interviews, and breaking commentary, direct from Wall Street, right to you on Main-stream.

[Frank Curzio:](#) How it's going out there, it's March 27th, I'm Frank Curzio, this is the Wall Street Unplugged podcast where I break down headlines, and ... tell you what's really moving these markets. Okay, let's address the elephant in the room this week, not too sure if you heard about this, but you might have not, I don't know. A lot of you guys on spring break vacation still, but special counsel Robert Muller, after 675 days of investigations into the Trump Administration determined if he colluded with Russia to help him win the election, he came out with a statement saying, "There is no evidence of a Trump/Russia conspiracy or collusion that helped him win the election." In fact, here is Muller's statement, and I love politics, because this may be the best political statement ever, it shows why politicians are such assholes. Sorry to say it like that, but it's true, and Muller says, "While this report does not conclude that the president committed a crime, it does not exonerate him." And again, this report, which took 675 days to conduct, resulted in 3,000 subpoenas, close to 500 witnesses, and cost the taxpayers a cool 25 million dollars, "It does not exonerate him." And isn't that what your investigation was for?

[Frank Curzio:](#) That's like a jury finding a man not guilty for killing his wife but then saying, "Wait, wait, wait you know what though? It's still kind of possible he might have did it." No, that's what you have a trial for, that's what you have investigations for, to get a yes or no definitive answer. After you conduct your research after you conduct a thorough investigation, which this investigation, by the way, was probably more in-depth than the investigation into Watergate. And look, if you're a Democrat, try not to fast forward through this right to my interview,

give me a second here please, because while this is a rant, it's not a politically motivated rant to trash the Democrats, which they rightly deserve for this nonsense. But there's a very important point I make in here, it's going to impact every single one of you, your families, future generations, it's not just about trashing the Democrats. Because the Republicans, they tried to impeach Bill Clinton on perjury and obstruction charges back in the past.

[Frank Curzio:](#)

In fact, and this is an interesting fact, by the way, every single president since Nixon, outside of President Obama, but everyone since Nixon, outside of President Obama, faced independent investigations into their activities, or the activities of their associates. G.W., Bill Clinton, George H.W., Ronald Regan, Jimmy Carter, Gerald Ford, Bill Clinton, and now Donald Trump all faced independent investigations with the hope of finding something wrong, or a smoking gun that would impeach them. Now, these investigations were nothing like today's media-fueled frenzy to blame every single thing on Donald Trump, every single we have, we trip on a sidewalk it's his fault, no matter what, it's his fault. The fuel frenzy, it's a brainwashed, the music world, and actors that preach these lies as well. I mean, they got played, which I guess kind of expected right? If all these people are entertainers, which means they're in a dire need for attention every single minute of their lives, they'll basically do anything for it. Like we saw the Jussie Smollet, who lied about getting beat up by two people wearing Make America Great Again hats because he was gay, made the whole thing up, pretty crazy.

[Frank Curzio:](#)

I want to get more to the point here, this is really important, because I know America, at least I think I do. America is about people, it's about opportunity, it's about raising our kids to give them better opportunities than what we had. It's about working hard, and if you do, if you work in America, this is one of the few places in the world you can make it no matter what background you, race, gender. America also loves comeback stories, it's why

we're so emotionally attached to sports, we love stories about Jalen Hurts, a quarterback of Alabama, was a superstar, he's like 25 and two or something, then got pulled from the championship game at half time, this was two years ago, to watch a freshman come in and throw three, four touchdowns, win national championship, and when they interviewed Jalen Hurts after the game, he was a total team player praising his friend, the freshman quarterback who basically won the national championship for Alabama.

[Frank Curzio:](#)

The following year, that star quarterback gets hurt in the semi-finals of the national playoffs, Jalen comes back into the game, plays amazing, leads them to an incredible victory and back to the championship game. And we love to see stories like Michael Vick, who did a terrible thing, we all agree with, lost a hundred million dollar contract, actually went to jail. Story could have ended there, but Vick gets out of jail, starts speaking to people around the world about the wrong he did, trying to make people better, you should learn from his mistakes. And then he gets back into the NFL and gets another hundred million dollar deal, and that's America, America loves comeback stories because we all fail, and it's something so powerful that after failing, after falling flat on your face you get right back up, and you keep fighting. It's the reason why Rocky Balboa, the Rocky movies, everybody loves them, he just keeps getting up and fighting, and fighting, and fighting.

[Frank Curzio:](#)

I mean, that's America, right? That's what we love, you know what's not America? Being, and I won't curse here a you-know-what sore loser. Like the Democrats and Hillary Clinton, citing that the only reason why she lost is because Trump cheated, saying, "I lost because he secreted conspired with Russians to help him win the election." Take a step back a little bit and just think of that statement. But Hillary, you didn't lose because of Russia, you lost because you ran a shitty campaign. You lost because you took Trump for granted, you lost because you only appeared at 63 rallies in the final 99 days of your presi-

dential campaign verse Donald Trump who appeared at 132 over the same time frame. You lost because you barely made it to Michigan to campaign because you thought Michigan was a lock, or at least that's what your crappy campaign managers thought. You lost because you didn't even go to Wisconsin because you thought Wisconsin was in the bag, while Trump heavily campaigned in both places during the final few months, weeks, days of his campaign.

[Frank Curzio:](#)

You lost because Trump had more seven-thousand attending his rallies, they believed in his message, just like people believed in Obama's message of change. When you only had 1800 people attending your rallies, you lost because you didn't fight hard enough to win, and you know what? That's okay, that's okay if you realize your mistakes and come back fighting even harder the next time, that's American. What's not okay, it's to not fight hard enough to win, and you lose, and you call out your opponent for cheating, that's unamerican. And to make matters worse, the leading Democrats, you got Pelosi, Schumer, after this nearly two-year investigation, clearing the president of any charges, they're still saying that the Mueller report raises as many questions as answers, does it? Is that true? Because it came up with no evidence of a Trump/Russia conspiracy, so you're really still going to run with this thesis, you're not going to learn from your mistakes? Hey, maybe the bigger question for Democrats here is, are you really this out of touch with Americans?

[Frank Curzio:](#)

You think people outside your base still care about this, because look if you're a die-hard democrat, or you're a die-hard Republican, you're never going to change, it's a religion, no matter what happens, what your candidate, how bad it is, that's it, you've got the Democrats, you've got the Republicans, that's it, you've got the die-hards, so all the way on the left, all the way on the right, whatever. But you're not going to change anything there, but you lost the election because the people on the fence chose to go to Trump, they believed his message more. These are

the people that you have to convince to get over to your party, to say, “Wow, I don’t like what’s going on here, and I’m going to vote democrat.” That’s your message, that’s your target. But do you think by still going with this sore loser strategy, that you’re identifying with those voters? Think you’re actually reaching out to them, talking to them, communicating with this crowd, understanding them, understanding their needs?

[Frank Curzio:](#)

And we have the greatest technology on earth, the greatest forensics in the world, that can basically pinpoint anywhere, where anyone is on earth in seconds and know what they did the past five years of their lives, by the minute using advanced algorithms, and basically predict in the future where they’re going to go through AI, big data analytics, it’ll track their cellphones, GPS, computer. Yet with all of this state-of-the-art technology, you couldn’t find any evidence that Trump colluded with Russia, yet you’re still on this notion that Trump secretly conspired with Putin, and the Russians to help him win the election. Instead of just shaking hands and saying, “You know what, you beat me, nice job, we have to fight harder next time to win.” Continue so cry like sore losers. And like I said earlier, we’ve seen investigations into just about every president over the past what, four decades? So this comes from both sides, I know I’m trashing Democrats here and they deserve it.

[Frank Curzio:](#)

But hear me out, because again, it’s a much bigger point here I’m trying to get across, and our politicians on both sides are assholes, they only care about two things, themselves which is first, a close second is power. They don’t care about you, they don’t care about me, they don’t care about our families or why you voted for them. They just use polls to tell you exactly what you want to hear so they can get elected, then once elected they have their own agendas, like we saw the Alexandria Ocasio, AOC, even though she graduated with a degree in economics, cannot figure out that Long Island City did not have a cash pile of

three billion dollars in their coffers to just give out to the community for free. This was money Amazon would give back to the community based on the profits they would generate from having their headquarters there, instead you went on a power mission to prove a point, even going against your party who, the Democratic politicians of New York tried to get Amazon back, and you lost 25 thousand jobs in one of the best American communities, the ultimate melting of so many hard-working families where these people could have made a \$150 thousand dollars on average a year.

[Frank Curzio:](#)

Long Island City could have become the next Silicon Valley with dozens of the world's largest tech companies, the future Microsoft's and Googles may have built their headquarters in the same area. Now a 29-year-old kid that didn't understand math, Amazon's gone and you think any other company's going to go near that area ever again with all this backlash? Why am I telling you this story, why am I talking politics, which I know is going to motivate some of you and piss off the rest of you, especially since it's an investment podcast because this is going to have significant impact on your portfolio at least over the next few decades. What we saw with this investigation is going to be the norm, that's the way it's going to be going forward, today it's the Democrats on a witch hunt, to destroy the president, see if they win 2020 Bidens run or whatever, and they have a democratic win in 2020, it's going to be Republicans doing the same thing, doing everything in their power to discredit the Democrats and their candidate, it's pure, pure hate right now. It's ugly, you're seeing people fighting in the streets, I mean, so many examples of this, I highlighted one on Twitter, @Frank-Curzio my handle, start following me because I'm getting aggressive, starting to post a lot more.

[Frank Curzio:](#)

But, unbelievable of the hate on both sides, I mean, just because of politics, because we disagree with certain things. Because we're raised differently, our families were

raised differently, some politics are stronger for us than others, that I have to hate that person because they're a democrat or republican? I mean, think about what we've done over the past 600+ days of this investigation, we could have worked together to launch an infrastructure package to build new bridges, dams, roads, pipes. Our water infrastructure is like 100 years old, this is a serious threat to our lives, and make a competent agreement on climate change that makes sense for both sides, border security that makes sense for both sides, which by the way both Democrats and Republicans campaigned on these very issues. They ran on these issues, they both ran on a trillion dollar infrastructure package, they both talked about border security, they both talked about climate change. Now there is zero negotiation on anything, even if that idea happens to be the right thing to do for Americans. If it comes from one party, the other party is going to oppose it, so what does this mean for you, why am I going through this rant, why are you listening to me?

[Frank Curzio:](#)

Again, it's going to piss off Democrats, I guess, and Republicans are like, "Yeah, okay, go." Which really, trying to be as neutral as possible here, it means status quo. Nothing gets done anymore, we're going to shutdowns every single year, and politicians are going to ask for certain things because we give them certain things to vote the other way, all this BS, something for their community they're going to make money on, right, that's the way it works. It's all bribes and lobbying now, but it's going to continue for decades, no infrastructure plan, we're not going to see any reform to healthcare, no reform to the banking system where you can barely refinance your home even if you have 80% equity in it. And this is going to have serious consequences for your portfolios, especially retirees who are living off their 401ks and retirement plans, that are being set by mutual fund managers that don't even know anything about you and you check a couple of boxes, "Yeah I want to get this fund, and a dividend

fund and this looks okay, a dogs of the Dow Fund.” And it’s a passive investment strategy that’s going to wind up crushing you.

[Frank Curzio:](#)

Because of our politicians and the ways things are going to be going forward, I could almost guarantee you are not allocated in the right sectors and stocks right now based on our political landscape and what it’s going to be for the next ten, 20 years. I’m going to talk more about this over the coming months, something you need to take very, very serious, it’s how to position your portfolio in the right sectors and stocks to benefit from the assholes in Washington, because this is a threat you have to take seriously. You even have guys like Jamie Diamond, David Tepper, Warren Buffet believe this is the biggest risk to America right now, a political system created by founding fathers, which is meant to be for us, the people and grow America in the greatest economy in the world, and it did, it’s severely corrupted right now. And you have to understand, it’s not changing any time soon, I want you to think about the credit crisis, when we bailed everybody out everybody was pissed, I was pissed, everybody was angry, “I can’t believe you’re bailing out the banks, I can’t believe it, the markets going to crash, it’s terrible.”

[Frank Curzio:](#)

Then we started going up in 2010, 2011. And so many people at Wall Street and just crazy, it went nuts how “We hate Wall Street, we hate politicians, we hate everything. All these bailouts, taxpayer dollars.” If you took a step back from emotions, you would have realized that the government was backstopping every single asset in the world, every bad asset on the bank’s balance sheets, on the insurance balance sheets. They were giving checks to people to buy houses and cars, they lowered interest rates to zero, unprecedented history of our country. They did everything they can to inflate the market and if you took a step back from those emotions, and said, “Hey, let me get ahead of this.” You’d be up three, four hundred percent just by buying the S&P 500 during 2009 lows, instead

of going on Twitter and social media complaining, “Oh, I can’t believe they bailed out those ...” you’re right, you could be pissed off, but think about your families, think about the future, think about what these politicians are doing because it’s going to impact your portfolio whether you’re a democrat or a republican.

[Frank Curzio:](#)

And you have to be prepared, because if you’re not, you’re going to go get smoked, you’re going to get caught on social media saying how much you hate a democrat or republican, and your portfolio’s going to get nailed, and it’s going to continue to go down and down because a lot of money managers do not understand this, especially the ones that are managing mutual funds that are passive that they just really don’t care about. So you have a choice, be one of those people who love to bash the opposition on social media, or you could be one of those people who choose to stay ahead of the curve, make sure your money, your family and the next generation of your family will be safe and secure. As our selfish politicians are going to destroy the fabric that built America into the best country in the world, I don’t see it stopping any time soon, now let’s move on to my interview, it’s a great one, one of my best buddies. A person who has been dead on with his calls over the past year, and that’s Rich Suttmeier.

[Frank Curzio:](#)

Rich is the founder and CEO of Global Market Consultants, he’s a former U.S. treasury trader, and trading manager, writes for numerous sites, Forbes, The Street, Investopedia, he’s everywhere. He’s also my residential bear usually, although he was bullish off the December lows, again he’s been on fire, he’s been dead on with his calls over the past 12 months, I love having Rich on always to discuss the markets, always keep me balanced when I’m too bullish, and I actually get tons of positive emails from you almost every single time I interview him. Look, you don’t have to agree with every guest or their opinions, but I love hearing both sides of the story because that’s how you ironclad your research. I love talking to Rich, anyway he’s going

to break down the markets, tell you what he sees over the next six to 12 months, break down his favorite sectors to buy, and to avoid, and as always, he's going to share some of his favorite stock ideas with you, which again have killed it over the past 12 months. He's hot, and after this interview, really fantastic, really numbers oriented, he's going to go into his style of investing and share why he likes a group of stocks right now that anyone could buy, very, very, easily through your trading account.

[Frank Curzio:](#)

So I'm always getting some good ideas from Rich, and I love it. Then in my educational segment, I'm going to go over one of my favorite secrets to investing. It's one that almost always makes me look like an idiot, which is not hard to do, at least at first, but as you see it's going to be one of the most powerful strategies you can use, which has led me to some of my biggest winners in my portfolio over the past 25 years. It's going to be a really good educational segment, sorry if I can't build it up even better than that, but trust me you have to listen to this education segment, because I'm going to show you something that's going to make you money, and sacrifice myself a little bit on the altar, you're going to see it, where it has to do with me looking like an idiot at the beginning, but you'll see why that's so important even for you guys when it comes to investing in a new trade. But first, let's get to my interview, my good buddy and friend, Rich Suttmeier.

[Frank Curzio:](#)

Rich Suttmeier, thanks so much for joining us again on the podcast.

[Rich Suttmeier:](#)

Thank you, Frank.

[Frank Curzio:](#)

Well, this is going to hurt a little bit, rich. It's going to hurt, but I went back and looked at some of your calls since August, and you've been on three different times since then, you predicted the market was going to fall pretty hard and crash 20% from its highs, from September through December. You said to short the semiconduc-

tor sector which fell sharply, most recently in November you said to buy gold stocks including Humana Gold, which we put in our *All-Star Portfolio* guys, which tracks the best ideas from my guests in a portfolio. And Humana Gold's at 25%, more than four times the S&P 500 over the same time frame, so you've been right a lot, Rich. Again it hurts, painful to say that, which I know I'm kidding, I love the fact that you gave my listeners so many great picks, but you know how this works right, it's not about the past it's about the future, that's what people want to learn about and know about. What are your thoughts on the markets right now, lots of risks, few positives, overvalued or undervalued based on the current macro conditions?

[Rich Suttmeier:](#)

Well, right now, I think we went through this horrible December which ended in what I'd call a forced selling, not panicked selling. Meaning, the cause of the Christmas debacle was margins calls, and then when I put my numbers in for 2019 and looked at my charts I said, "We're going to have a ten to 20% bear market correction." Because I think the bear market formed and was confirmed in December, and so now we're ending this bear market correction because of Federal Reserve policy and weakness in Europe. And that caused a total dislocation in the banks, which have gotten clogged in the last week or so, and flight to safety is back, treasury yields of looking at the 52-week lows and utility's which are rallying and shouldn't rally this far because their dividend yield has fallen below three percent. So, you're better off in the Dogs of the Dow right now, Frank.

[Frank Curzio:](#)

So, Rich, you're saying that you think the markets are going to get weaker because the Fed is basically on pause, or they said they may cut rates going forward now, explain that though because so many of us believe this was a big reason, and again taking December out of it, like you said, that sell-off was just forced selling or whatever it was. But, the markets did come down because a lot of people believed that the Fed was clueless, and they were saying

they were going to raise another two times this year, another two times, whatever. And once they switched policy a lot of people believed like, “Wow, okay, this is going to be better, money’s going to be cheaper.” But you’re saying that that’s going to result in the markets coming down further?

[Rich Suttmeier:](#)

Yes, because number one, the banks weren’t prepared for it, they’re offside with regard to their net interest income, they’ve been stretching for yield, and with a flattening curve, that’s a bad policy and hasn’t worked and therefore moving forward, if you have a low-interest rate, it’s not good for banks and it’s not good for savers, so, therefore, there will be a slowdown in spending which isn’t good. So lower rates right now isn’t going to work anymore, particularly when the Fed is still tightening, how are they tightening? By unwinding their balance sheet, they’ve got more work to do on that right through September, and it’s going to drain probably another 85 billion dollars out of the banking system, if you’re calling it quantitative easing going in, that was bullish because it’s putting money in the banking system, so call it qualitative tightening coming out is pulling money out of the banking system. And that’s one thing that Fed chairman Jerome Powell lied about, he said in this conference call, “The unwinding of the balance sheet is not tightening.” And that’s so not true.

[Rich Suttmeier:](#)

I mean, there was nine billion taken out just last week, and every 15th of the month and every last day of the month is when treasuries mature, and they’re not going to roll them into new securities, that’s just the bottom line here. So this Fed police move, I called that they would not be raising rates in 2019, and they will not be raising rates in 2020 until after the election, and this unwinding of the balance sheet is going to pause, not stop, at the end of September as he says. Because in order to get his goal of 3.5 billion balance sheet down from 4.5 billion balance sheet, he’s got to restart the unwind again, which he’ll wait until after the election to do that. So, I would say

that monetary policy is off the table as a bullish influence because of those reasons. It's on hold and therefore it's on hold with regard to the effects on the market.

[Frank Curzio:](#)

Now, Rich, you said it in a sentence or two, but can you explain what it means when the Feds drain their balance sheet, because a lot of the times, for individual investors they use interest rates and they say short term rates are going to get cut, the Fed funds rate, that means they're going to ease, and tighten. But explain the draining of the balance sheet concept and why it's so important to individual investors because that's something they don't really see as much and they don't talk about it as much, it's not as mainstream as much, but explain why that's so important.

[Rich Suttmeier:](#)

Well you know, I was against quantitative easing because I felt it was inflating asset bubbles including the stock market bubble. And that bubble has popped, and if you think the market's going to re-inflate because of the Federal Reserve offsetting that, is that the balance sheet is declining by Federal policy which means they're taking money out of the banking system. If you take money out of the banking system, it's harder for small businesses, it's harder for main street, and that's why it should be a concern for the average investor. Because we've never experienced this before because they never used quantitative easing before, so, therefore, they've never used quantitative tightening before, and chairman Powell is trying to keep it a secret in terms of the balance sheet unwinding which is why I cover it every day in reports that I produce on Investopedia. So I've added a series of once or twice a week, writing about the Federal Reserve on Investopedia, and what it means. So the best way to find out is to have your viewers go to Investopedia, put in my name, search for my stories and read the ones about the Federal Reserve and the Fed balance sheet, I explain everything in layman's terms, right there.

[Frank Curzio:](#)

Now, let me ask you this, what do you see with the markets where you said, “Okay here’s the rebound.” Which you just said it was basically the bear market rebound, what are you seeing of how far we could go down because it sounds like you’re not as bearish as you were where you know, you said in December there was a lot of forced selling there. Do you see us going down retesting those lows, do you see us going further because there are some positives, we’ve seen earnings growth is definitely slowing, the U.S. housing is slowing. And it’s kind of like a Goldilocks economy where you see very low inflation right now, we’re not really seeing a lot of inflation, I’m talking about what the fed looks out, CPI, PPI, even wages and things like, wages are starting to go up a little bit. But when you look at a slow economy with no inflation that’s growing, it’s usually the recipe for stocks. So what’s your prediction here?

[Rich Suttmeier:](#)

Well, my prediction is, you already have a bear market I would say, I mean let me rephrase that, the weekly chart for transports have turned negative, that’s not good for the economy, or the markets. Small caps will likely turn negative this week on their weekly charts, so you have two segments that were trying to hold things up in the early part of the rally, and now they’re not. Obviously, the ones that are holding up the best are the Dows and the FANGS so to speak, you know the Dow stocks, and the FANGS are holding up a little better than the broader averages, except the NASDAQ did have a better move in the last week or two than the others. But I think that’ll come to an end because that’s more speculative money coming in, and when you start seeing some of these indices like the Dow and the S&P, and the NASDAQ, they might have what I describe a re-inflated bubble while the other two go down. And that’s not going to last very long because, I used a 12 by three by three weekly stochastic, and at that reading, it scales on zero to 100, under 20 is oversold, above 80 is overbought.

[Rich Suttmeier:](#) And I consider readings above 90 as an inflating parabolic bubble, and that's what I see now in the Dow and S&P and the NASDAQ forming. And a lot of stocks are forming in that category again, and what's interesting about that, these stocks had the same readings at the October highs, so it's a repeat of that. So, what we've seen so far this year is an attempt at re-inflating the bubble, an attempt to get to new highs, and that's failing and we're not going to get to new highs.

[Frank Curzio:](#) Now, you said utilities, and let's go down the sectors right because even when you see the market coming down, there's still opportunities that you always give us. So you said even though utilities have gone up, but they're kind of expensive, which is not a good sign, they keep going higher. I mean what about gold, you're right on gold, it seems like the factors that are going on right now are positive of gold, there's been a lot of false moves.

[Rich Suttmeier:](#) Gold's still positive yeah, gold's still positive but it had a small correction because it had an inflating parabolic bubble in the first phase of the valley, now that you've eased that out of the way it can go back up again. I like the dogs of the Dow for investment, and the stock I wrote about today is IBM. IBM is the best performing Dow stock, year to date, as dog of the Dow and it has the highest yield, 4.7%, would you rather own IBM as a strong performer or the utility ETF with a 2.9 dividend yield? I would take IBM, not only that, it has a PE ratio of ten, believe it or not. And I think IBM, I described it as everything old is new again because they've got new servers, I mean new mainframes and they've hooked up and bought Red Hat, and that combo still has not been reflected in applications yet. And once that does, IBM should be a stock that holds up, like it is now rather than some of the other go-go names like Apple has whatever they're doing today in a presentation, we'll see what happens to that stock after the presentation, and them going to streaming video type products and all that stuff, see if they still hold up.

[Frank Curzio:](#) So, and there are a lot of stocks too that are trading below like 12 times earnings that are growing 11 times earnings, is it just the dogs of the Dow do you see, because I know small caps have made nice move and you said you're a little worried about that, but is it time to instead of going to sectors where you're just picking out individual names that have maybe not participated in this rally that are cheap and growing?

[Rich Suttmeier:](#) Well yeah, it's kind of an environment to look at what's going on and now we've got to wait until the middle of April because that's when you get the next turning season going, is to see what the numbers look like going into the earnings report. Because you want to bet on the ones that have a high probability of having a positive reaction to earnings, and avoid the ones that look like they're going to have a negative reaction to earnings, and this is something I've been doing very, very well in articles that can be found in Investopedia and on TheStreet.com, that's where I do those type of calls, is earnings calls because you have trading opportunities in these stocks, not so much investment opportunities. In other words, you're going to try to pick out the quick eight to ten percent moves, not hold on expecting to get the 20 to 40% in the bull market because I don't believe that's going to happen. But you can take care of the volatility, and at the end of this month my proprietary analytics is going to have new monthly levels and new quarterly levels and that'll make the key measurements to look at and what I will talk about when I write about an individual stock as it goes into earnings.

[Rich Suttmeier:](#) And what I would normally do at the beginning of a quarter is free earning for the popular names like your Apples and your Amazons and the obvious names, Microsoft I did recently for example. And when I see something that's gone too far, I said, "Take money off the table." If I see things that have gone too low and let's say this stochastic reading falls below ten, then it's too cheap to ignore. And I've had some of those calls, particularly in some of these

retailers that popped after earnings, some of the names that are not Walmart.

[Frank Curzio:](#)

Yeah, and let's take it a little bit more into sectors, is there something that you ... because obviously you bearish on the markets, and you think they're going to come down, but is there anything out of the ordinary that you haven't talked about like a sector. Because we've seen software stocks run up tremendously, and we've seen different parts of different sectors run up tremendously off their highs, is there something that really no one's paying attention to that you think can really fall pretty hard in terms of maybe a sector or something like that, or something that really out there no one's talking about.

[Rich Suttmeier:](#)

I look at the sectors, I try to focus on the sectors, but I think when you get into each one of them, I think you're better off buying and trading the biggest name in the sector, rather than the sector itself. They're all brand names like Proctor and Gamble have set a new high this week, or last week, so that's the big name in consumer staples is doing fine, why bother with the rest of them?

[Frank Curzio:](#)

No, no, I definitely make sense, I'm just trying to get a good view here, this way if you're seeing something that ... because listen, you've been dead right over the past year and I've got to give you credit, and I love that because sometimes we see the market really clearly and other times we don't, it's part of being an analyst right? And the fact that you're seeing it so clearly makes so much sense right now, I want to try to get as many ideas out as possible. But what I do want to turn to it something that we always debate on, and we have really good debates on it, is the housing market. I mean, this is something that you think's going to come down, now we're seeing interest rates, at least they're going to try to slow interest rates or probably ease them over the next 12 months if I had to guess. Is that going to be good for the housing market at all, or are you still worried about it? I know this is some-

thing that you're very cautious on.

[Rich Suttmeier:](#) No, I think that right now you obviously have lower mortgage rates, thanks to what the Fed has done, but the problem is, the buyers most likely millennials, they're stuck with student debt so it's going to be hard for them to justify getting a mortgage. I like the home builders so far this year, I like their performance, because they got to have single digit PE ratios, and a lot of them did fall under the, "Too cheap to ignore." Category and they've been performing better than the housing data, the problem with the housing data, we're still not up to date with seeing current single-family starts because of the government shutdown. The census bureau has not caught up, in other words, the last reading we see on that is I believe January, we don't even have February yet. And we should have gotten February already and so it's hard to judge, we know that prices have stalled in a lot of areas. And just out of curiosity, I drove around my community Saturday and I saw more open houses than I've seen in months, for example. So, it's turning into a buyer's market, I believe, and there's dislocations in the housing market, I think one of the drags now is paying your taxes. If you're in a SALT state, state and local taxes, you have no deductibility, so you'd probably want to sell a home if you lived in New York or California.

[Frank Curzio:](#) You're seeing that, especially in the high end, I mean, those prices starting to come down in the very high ends, absolutely.

[Rich Suttmeier:](#) Yeah, so the home builders stocks can be traded, bank stocks are still weak, the problem there is, there's an example, if you look at the quarterly banking profile, which I do, and the one that came out in the fourth quarter, I talked about that earlier this month. One of the problems there is the fact that the regional and community banks have stopped loaning money for dirt bonds, in other words, construction and development loans have stopped

rising, they've declined. So, if banks aren't willing to lend to home builders, they're not going to be building as many homes, they're going to slow down the building part until they get rid of their inventory of homes. Which I believe like I said, I haven't seen the new numbers because of the census department being closed while the government was shut down, they just haven't caught up. So I've been writing less about it until I see more about it.

[Frank Curzio:](#)

Yeah, it definitely makes sense. And I want to highlight something to my listeners throughout this call guys, because I bring on a lot of people, like try to learn their methodologies, I study them. Rich, I've known for very long time, he knows me for a long time, but if you notice what Rich is saying here, he talked about highlighting PE ratios, and home builders and he's like, "Based on the charts." And a lot of times when I bring on analysts, it's either you're gonna hear a fundamental guy who's into PE ratios, cash flow statements, income statements, balance sheets. Or you hear technical people who are chart based, but you're using both right? Which I do as well, but most people don't, they have one strategy, can you talk about your methodology a little bit, because you are mentioning charts, but you're also really deep into the fundamentals, it's not just, "Oh the PE ratios ten." You're looking at earnings growth, the takeover of IBM with Red Hat and things like that. Could you talk a little bit about your methodology of how you look at sectors and stocks, I think that might help my listeners.

[Rich Suttmeier:](#)

Well, I mean the main thing is, I use very simple technical analysis on daily charts, the daily charts, I have a 50-day simple moving average, and a 200-day simple moving average. And then I draw horizontal lines where I have my value levels, which come from my proprietary analytics that are below the market and list the levels, which are horizontal lines above the market. So when you're looking at that, I'm looking for golden cross formations when the 50 days rises above the 200 day, and death cross forma-

tions when the 50 day falls below the 200 day. And then, justifying buying at a value level, well I want to know what the PE ratio is, I want to know if it has a dividend, and therefore is it worth buying on the weakness if it has a death cross? Obviously, if there's a value level down below, there's a level at which to buy, but I don't want to buy it if it's got a ridiculous PE ratio, you follow? That's how I combine it, and then I look at the weekly chart for more of a macro point of view, I look at a five-week modified moving average, and a 200-week simple moving average, which I call the reversion to the mean. So if a stock is below it, and rises to it, that might be a place to book profits if you're long or vice versa.

[Rich Suttmeier:](#)

If you're above it and come down to it, it's a place to buy if you like the fundamentals. So, it's like the chart is the roadmap, and then once you hit a fork in the road, you look at the fundamentals to see if it's worth building a position or adding to a position, or getting out of the stock. And that's the way it works, a 12 by three by three weekly stochastic, you're looking at 12 weeks of high, low and closes, and the importance of each week, the highest high and the lowest low. And that gives you the leading when it gets overbought, and particularly when if it gets to be above 90 on that scale as a parabolic bubble, that bubble's going to pop, it's just a question of whether it's the current week or three weeks or four weeks from the time it happens and vice versa. Unless the company is going out of business, or bankrupt for some reason, if it's under 10 you're looking at, "Is it worth the buy?" And so I look at it that way. So I combine the two thoughts, but my proprietary analytics are the most important, and the most unique thing about what I do.

[Rich Suttmeier:](#)

Because I have nine years' worth of data, of closes and I assume that that's enough to assume all bullish and bearish events are factored into the stock. So, of an annual value level will be in that stock chart all year long, semi-annual will end in June, and a new one for the second half

and then there will be a new one for each quarter and a new one for each month. And so, that tries to capture the trend of the market, the ups and downs, so you always have a strategy of where to buy something on weakness, and where to sell something on strength. Even though you may have a call long position you're never going to get rid of, or you short the market and never going to cover. So I provide the guidance to capture the volatility of the ups and downs in addition to the longer term calls as well.

[Frank Curzio:](#)

Now, and I really appreciate that because just to dig down into that, we're all learning, whether we agree or disagree with certain strategies, but I always say you should always be open minded. So any strategy, anything that you see, be willing to change with the markets, I mean we saw David Einhorn, who's a pure value investor having struggled for the last five years. I'm a fan of David Einhorn, but you're seeing guys like Acumen be able to change their strategy or grow more growth and I love the fact that you explain all that stuff, Rich. So, you mentioned earlier that you do write for Investopedia and all thestreet.com, if someone wants to find out more information, should they just go to those sites and Google you? Because I know you're everywhere, you're writing for a lot of sites now, getting a lot of attention and I'm really happy for you buddy because you have been dead on with these markets in the past year, and yeah I'm really happy.

[Rich Suttmeier:](#)

If you go to Forbes, I write seven stories a month and they cover the Dow Jones industrial average, so at the beginning of every month I cover the dogs of the Dow, on a revised basis, and then, I cover the major averages on Forbes, so that's what I do there. And Seeking Alpha, I cover the five equity ETFs that correspond, like Diamond and Spiders and Qs and IYT for transports, IWM for small caps, plus I cover the bond ETF, TLT, GLD for gold, GSG for commodities, UUP for the dollar, and JNK for junk. And so, there's weekly stories there every Monday covering those, and on Investopedia, I do single stock stories

around earnings, as well as now adding the Federal Reserve and the balance sheets stuff. And on thestreet.com, I have a kind of stock of the day story, today being IBM.

[Frank Curzio:](#) That's great stuff, Rich. Well listen, as always, love having you on the podcast, love getting your opinion. I think we've been friends for over 15 years now, from the day to either the Yale club or the Harvard club to speak-

[Rich Suttmeier:](#) The Princeton club!

[Frank Curzio:](#) The Princeton, one of them, I should have just kept going. The Princeton club, yeah so-

[Rich Suttmeier:](#) The Princeton club, I can't believe that that organization's been defunct for ten years now.

[Frank Curzio:](#) Wow yeah, we've been around for a while, and I really appreciate you coming on man, and listen, guys if you want to find out more about Rich, go to those different platforms, and buddy, stay in touch, definitely going to have you on a lot more often. And I'll talk to you soon, all right?

[Rich Suttmeier:](#) Okay, Frank. Take care now.

[Frank Curzio:](#) All right guys, great stuff from Rich. You see a lot of research goes behind every one of his calls, he's not just calling for 30% market collapse or so many times we hear, "Bitcoins going to a million." And we're like, "Okay, what's the research behind it?", "Well, there's no research behind it, it's just going to a million, trust me." You know? No, there's numbers behind it, that's what good research analysts do and they model and things like that. And seriously, nobody I've had on my podcast in the last 12 months has been hotter than Rich, and that's why I was trying to get every single stock and sector he likes and dislikes out of him, let's hope we get a little bit more. But I really love Rich, again we went over it in that last part of the conversation where I've known him for a very, very long time. Over 15 years I believe, in the early days of

the Street, and helped me out a lot, and just a really, really good man, and someone I know who cares about his listeners, how followers and things like that. So I'm glad he comes on, again I like that interview, I love bringing Rich on, but this podcast is about you it's not about me, let me know what you thought, frank@curzioresearch.com, that's frank@curzioresearch.com.

[Frank Curzio:](#)

Now, let's move on to my educational segment, because I just wrote about this, which is coming out today, Wednesday, for *Curzio Venture Opportunities* subscribers, and I start out by saying, "There's contrarian, and there's just plain stupid." And I say, "I'm sure you're going to think the latter after you first see this month's recommendation." because I'm recommending a stock that probably has every single risk you could possibly think of, everybody hates it, it's a big name, it kind of reminds me of Diebold, which we stopped out of, and the stock I think went from 13 to 14, whatever, to two, three dollars. And then bounced up significantly, it was very oversold, it risked bankruptcy and stuff like that, and this company is like on the same level, it has a lot of debt, no risk of going bankrupt. And the stock, I mean, we're looking at sales [inaudible 00:51:19] that has 40, 50 dollar target prices on it, it's like 11 bucks now, and everybody's given up on it, everyone. And there's a lot of catalysts coming that people don't realize, and when I recommend this stock, people are going to say, "You're absolutely crazy." I don't even know if I'm going to be able to convince people to buy this stock, and you know what? That's usually a great thing.

[Frank Curzio:](#)

Because I've learned over the past decades of doing this that the more nervous, I get about making a trade, the more money I'm going to make on it over the long term. So, in other words, the biggest gains come from making the most difficult trades, the one most of you, my followers, subscribers, disagree with without question, and it happens a lot. I mean, take 2012, I was a small caps specialist for Stansberry Research, I was focused on find-

ing small ideas with huge upside potential, and hopefully reducing your risk as much as possible, did very good with that newsletter. Most experts of 2012, including a lot of the analysts at Stansberry, were predicting another market collapse and a crash, and it kind of made sense. I mean, the rest of 2000 just doubled from its March 2000 credit crisis lows I talked about earlier, and that was pretty much from the March lows to year end 2012. People were a little skeptical, a lot was going on, yet one of the things I always loved about Stansberry is, we were fully independent and they never told us what to write, and even if you disagree with some of the people that were calling a crash, you wrote what you wrote.

[Frank Curzio:](#)

And in 2012, this I November, I said, “Remember thanksgiving 2012, because you may never get a better time to buy small caps stocks, in fact, I’ve only seen valuations this good twice in my 18 year career, once in 2001, and again in 2009, and these two times represented incredible buying opportunities.” That’s what I wrote, I knew I was going to get slack from my peers, emails began pouring in on how I lost my mind, again we have Stansberry and the big names there. 2012 I was just there for like two years compared to ten years, seven years for the other analysts, a lot of people were giving me slack and that’s cool, that’s all right, I love criticism, that’s fine. But I let my research do the talking, I didn’t let my feelings get involved, and people didn’t understand that balance sheets were stronger than ever in 2012, the market ... you could say, “Well, Frank, 2009 was a better time to buy the market in March. Or maybe 2010.” But it wasn’t, the earnings weren’t there yet, the balance sheets weren’t there yet, they just started to get really strong and form that foundation. Yes, the stock prices would have went up, but you would have took on more risk.

[Frank Curzio:](#)

But November 2012, I mean, corporate profits surged to record highs, despite slowdowns in Europe and China, should it be expected we lower rates to zero? We did ev-

everything we can to fight the market in the U.S., interest rates were expected to stay low, or near record lows for years to come, so while people are predicting recession, I knew the odds of a coming recession were very, very small with interest rates that low. Plus, I scanned for the rest of 2000 small caps index, I scanned this index every month for companies that meet my strict investment criteria. Let's just say if I have 50 different factors in there, using my research would yield at that time, ten to 20 names that could potentially make it to my portfolio. Yet, when I did and put it through my system in November 2012, it yielded an incredible 300 stocks, each one of those are trading below ten times earnings, more than one third projected grow earnings, but only 20% annually. That was my research, I trusted it and I went with it, over the next six years, the rest of 2000 saw one of its biggest bull runs in decades, it surged close to 20% annually, led by strong earnings growth, and very favorable economic policy, or exactly what I predicted in 2012.

[Frank Curzio:](#)

In October 2016, I recommended a small biotech company called Invitae, and guys if you currently a venture opportunity subscriber I'm going to give away a couple picks that are up a lot, well, well above Bio2 price. Invitae and the stock just got crushed, analysts speculated whether insurance companies would ever provide coverage for its genetic tests. Emails again came pouring in suggesting the stocks going to be a dud, listen, 24 months later we sold half our position in Invitae for 130% gain that removed all of our risk, our second half position is up close to 250% today. Same goes for AeroVironment, another stock that just got beaten down after reporting weak earnings several quarters in a row, you had probably with short sellers, publishing research suggested the company was worthless but, when I took a closer look, the companies going through a major transition and missed a couple of quarters, stock got nailed. But it was about to start making draws for every allied government around the world, sales,

cash flow, margins were about to explode higher, ten months later we sold half that position for 100% profits again removing all the risk, and the second half position is up over 160% today.

[Frank Curzio:](#)

These are just some of the picks in my newsletter, there's another one that is Ares, that focuses on commercial real estate, that leases real estate to big box retailers and department stores, and I recommended it April 2018, these stores like Macy's and Kohls, we were told for years that, "Online giant Amazon, they're going to crush the big box retailers, it's just a matter of time before this industry become extinct." Go back there's thousands of articles from everything, Wall Street Journal, Washington Post, the biggest financial sites, everything. "Big box retailer is dead." Less than 12 months later, the stocks up over 30% for us, that's includes a six percent yield, that compares to just a ten percent gain the S&P 500 over the same time frame. Close to 93% of this companies massive portfolio is leased, as now you have companies like Amazon are trying to open their own big box stores to better compete. It's easier to distribute, it's quicker, people like buying and testing things out and then going to the store and picking it up. Amazing right thought it was dead, yet the biggest online retailer in the world, well retailer in the world for that matter, Amazon is now opening big box stores.

[Frank Curzio:](#)

Now, I'm not rehashing these stories to be a pompous ass, all right? I mean, we have sizable winners in *Curzio Venture*, but I've had a few disappointing trades in the portfolio that I'd love to take back, and I've given you companies like GE and Diebold in the past, so we all have our losers. So, I'm not trying to say, "Well this, I'm always right." No, the point of this education segment is simple, is that going against the grain is good, that's where you're going to see your biggest gains, by doing something almost everyone you know is dead set against. That's what contrarian is being about, for example, contrarian right now, the contrarian trade is going all in on stocks, that would

be the contrarian trade. Are you able to do that, do you want to do that? I don't know, I don't want to go all in on stocks, I'm bullish, I think I'm actually going to pull back over the next month or two, but you know, for the rest of the year I think they're going to finish strong, we'll see.

[Frank Curzio:](#)

But going all in on stocks right now, that's a contrarian, it's not easy to do. So this month's idea, I know a lot of you are going to be scratching your heads at *Curzio Venture*, but I promise you after finishing reading that issue, you're going to see why the entire world is wrong about this stock that had 40, 50 dollar target prices on it, when it was in the 30s, and now it's trading at 11, fallen completely out of bed, again it has almost every risk you could possibly think of, global exposures to the wrong countries, massive amount of debts, it's in a sector that's kind of like very, very weak and it's just depressed right now, I'm not talking about gold or resources either. Very popular sector, just depressed right now, but when you see the catalyst and you're reading, you're going to see everything that's factored in, everything, everybody capitulated on this stock, even they still have 25 dollar target prices on it, and they hate the stock, and the stock begins at 11, 12. So, the point of this educational segment is, and everyone will say, "Well, you've got to be contrarian, contrarian or die." It's very difficult to be a contrarian.

[Frank Curzio:](#)

It's very, very difficult, most people think they're contrarian, and they're not, they're really on the side of the crowd, but when you really take a step back and you're kind of, almost to the point where you're doubting your research, where you're getting these emails and being like, "Man, do I have this right?" Nine times out of ten, you're going to be dead right, and that's where your biggest gains going to come from. Because the fact that everybody hates that stock means it's super depressed, and when it starts going higher, people are going to start recognizing like we did with IBM. Everybody hated IBM, you heard Rich recommend it, we're up a lot at IBM now, everyone

hated IBM. Now Rich is talked about it, you're gonna hear me start talking about it and the one down performer, and then all the technical analysts are going to get in it when it's up 50, 75% for us. And we got in it when nobody wanted it, and when nobody wants it, that means there's a lot of money in the sidelines, that when things go good, that could come pouring into it and that's why you see the biggest gains when you're able to go out there and buy some of those stocks that everyone thinks you're absolutely crazy.

[Frank Curzio:](#)

So, hopefully, that came over good, I wanted to explain that because I get a lot of questions on it, there's some good educational segments, like my Frankly speaking segment where somebody asked me about another biotech stock, and how he didn't like it, and hated it, and basically this stock was trading at no risk price, and we're up over 30% on it. When you take a fresh look at some of these things, and you see a lot of these risks are priced in, there's a good shot, again when people are just so dead set against it and they hate it, people hated IBM a year ago, they hated it and look at it now. Just something to think about when you recommend stocks, are you a contrarian, or are you doing what everyone else is doing? Which sometimes is okay, tech stocks went up tremendously, and people got in them late and made some money on them, that's fine, with the FANG stocks. But guys, your biggest gains are going to come when you're most nervous about making that trade. And that's the point I wanted to come across in the educational segment today.

[Frank Curzio:](#)

So, guys, that's it for me, sweet 16 at NCAA, I told you Duke's not that good, they should have lost. But they are exposed now, I just think that Duke just has that fear factor that Tiger Woods once had, and now I think that's lost. I don't see them winning the championship, they can, absolutely can, but I think there's a lot of teams that are better. Watch out for Texas Tech, which I told you about in my early breakdown before the tournament, I truly

believe the winner of Texas Tech/ Michigan is going to be the winner of the National Championship, I think that's an amazing game. Virginia's also a great team, much different from last year, yes I could have bet the house that the first half of that first game was going to be like that, a little scary for them. Now they've got the cobwebs out, look they've got a very, very good offense, they're one of the tops teams in the best division, best conference in the whole NCAA, but when I look at North Carolina, they're playing the best right now, no weaknesses and it's their tournament to lose.

[Frank Curzio:](#)

So, really great week of basketball coming up, definitely enjoy it, thank you so much for listening, really, really appreciate all your support guys, I'll see you in seven days, take care.

[Announcer:](#)

The information presented on Wall Street Unplugged is the opinion of its host and guests, you should not base your investment decisions solely on this broadcast. Remember, it's your money and your responsibility. Wall Street Unplugged, produced by the Choose Yourself Podcast Network, the leader in podcasts produced to help you choose yourself.

All content Copyright © 2019 Curzio Research. All Rights Reserved. · www.frankcurzio.com

All information provided on this newsletter pertaining to investing, stocks, securities must be understood as information provided and not investment advice. We advise all readers and subscribers to seek advice from a registered professional securities representative before deciding to purchase or trade in stocks or any securities presented in this newsletter. All information provided regarding the companies featured in this newsletter comes from the companies themselves, SEC filings, news releases, company web as well as other sources of publicly available information. The profiles of companies are not a solicitation or recommendation to buy, sell, or hold these or any other securities.

Investors should not rely solely on the information contained in this newsletter. Rather, investors should use the information contained in this newsletter as a starting point for doing additional independent research on the featured companies. The advertisements within this newsletter are not to be construed as offers to purchase securities in the companies which may be the subject of such advertisements pursuant to federal or state law or the laws of any foreign jurisdiction. The profiles on this website and the newsletter are believed to be reliable; however, Curzio Research disclaims any and all liability as to the completeness or accuracy of the information contained in any advertisement and for any omissions of material facts from such advertisement. Investing in micro-cap and growth securities is highly speculative and carries an extremely high degree of risk. It is possible that an investor's investment may be lost or impaired due to the speculative nature of the companies profiled. Information presented in this newsletter and supplied through the newsletter contain "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21B of the Securities Exchange Act of 1934. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical fact and may be "forward looking statements." Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Forward looking statements in this action may be identified through the use of words such as "projects", "foresee", "expects", "will", "anticipates," "estimates," "believes," "understands" or that by statements indicating certain actions "may," "could," or "might" occur. There is no guarantee past performance will be indicative of future results. The accuracy or completeness of the information in this newsletter is only as reliable as the sources they were obtained from. Curzio Research, research team, affiliates, and/or families may at times may hold positions in securities mentioned herein, and may make purchases or sales in such securities featured within our newsletters. No compensation for efforts in research, presentation, and dissemination of information on companies featured within our newsletter has been paid to Curzio Research. Investments in private or public small cap companies are generally deemed to be highly speculative and to involve substantial risk, making it appropriate for readers to consult with professional investment advisors and to make independent investigations before acting on information published by Curzio Research and its staff must inform its subscribers that investment in small cap companies could prove to be high risk investments with the result of loss of part or total principal investment. Always remember that Curzio Research is not an analyst and we do not employ or contract any analysts. Investing in securities such as the ones mentioned herein are for high risk tolerant individuals only and not the general public. Whether you are an experienced investor or not you should always consult with a broker before purchasing or selling any securities that we profile in newsletters, mention in email updates etc, consult for or interview. In compliance with the Securities Act of 1933, Section 17(b), any and all compensation received from a company is publicly stated.