Retirement Lifestyle Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Dr. Charles Nenner
Charles Nenner Research Center

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Dennis Tubbergen:

Welcome back to Retirement Lifestyle Advocates Radio. I'm Dennis Tubbergen, your host. I have the pleasure today of chatting with Dr. Charles Nenner, of the Charles Nenner Research Center. You can check out his work at charlesnenner.com. Dr. Nenner, welcome back to the program.

Dr. Charles Nenner:

Hi, it's great to be back, especially in these difficult market times.

Dennis Tubbergen:

Yeah. So Dr. Nenner, for our new listeners, and our audience is growing all the time, for our new listeners that maybe aren't familiar with your background and the work you do, can you fill them in briefly, please?

Dr. Charles Nenner:

Well, briefly, it's based on the fact that there's no at-random movements in nature and also in financial markets. So I developed a neural network that tells you in different markets, that goes from natural gas, to crude oil, to S&P, to bonds, to Bitcoin, we do very nicely. We tell exactly which day is going to top, which day is going to bottom, also longer-term, and what is the level where a move is going to. So we don't believe that the move starts and you just wait for a news item to come out in order to make a top, but we can calculate a top in advance. And I've been doing this, I don't know, for 30, 40 years. I did it for Goldman Sachs for a long time, being in charge of the prop traders, the money that Goldman Sachs makes themselves.

Dr. Charles Nenner:

And since 2000, I have my own firm, and I try to help people not to lose their money, which sounds a bit awkward lately. But like I tell the people, I'm Dutch, and the Dutch says, "How can I not lose money?" And American says, "How can I make money?" And we're really now in a time that you have to watch not to lose money.

Dennis Tubbergen:

Well, I have a lot of Dutch in my heritage, so I can certainly identify with that statement about the Dutch. So Dr. Nenner, let's talk a little bit about the current state of the world economy. Seems like a lot of these central bank policies have really exacerbated inflation. What would be your view or your perspective on the overall health of the world economy and what inflation's going to look like as we enter 2022?

Dr. Charles Nenner:

Well, I have the long-term chart data published next week, of the yields of the last, I think, 300 years in United States. And it shows me that there's a whole new up move already in case yields will go much higher. It can get back to the power of the 80. And inflation soon could move into 11, 12%, which is a big problem for people that still holding their bonds. Now, the economy still looks reasonable for the coming year, and I remember my father would try to make money in stocks. He never got it, because the economy is good, and the market goes down. That's because the market anticipates, and the stocks now become more expensive, because you compare it to the real interest rate, which are like minus six, 7%, and then suddenly stocks are expensive.

Dr. Charles Nenner:

And the other thing I try to get across all the time is that the people who joined me in buying the low in February after the crisis '08, or '09, already forgot long time ago, were insiders, understood that after so many years, the economy is going to do great, and then it's time to sell. It's contrary to the feeling everybody has, because the small investor thinks, "I should sell when things are bad and I should buy when things are good." But it's actually the opposite, because the market looks ahead of a year, year and a half, and I always say people don't listen to the news, because the market's going to do what is based on what happens in a year and a half. And if you don't know it, then certainly the news from today's not going to help you.

Dr. Charles Nenner:

So the insiders have been selling, as I've been proven two weeks ago in a big piece that I wrote for my subscribers, and I showed them that a lot of stocks already in the bear market, and I showed them that one third of the S&P is only supported by 1% of the stocks. So slowly, slowly, on the disguise of keeping the index making new highs, the insiders were selling and they continue to sell.

Dennis Tubbergen:

Well, to the point you just made, Dr. Nenner, I read an article, talked about it on another broadcast that I did that the leadership in stocks has been very narrow. For example, I think it was 40% of all NASDAQ stocks have declined 50% for their highs, and any rise in what we've seen-

Dr. Charles Nenner:

That's correct.

Dennis Tubbergen:

... in the NASDAQ index is coming from five stocks. So it seems like across the board, this leadership is narrowing. So I know you were out of stocks as of a couple weeks ago, so what's your forecast for stocks moving ahead here, and comment on that leadership, if you could, please.

Dr. Charles Nenner:

Well, the leadership was actually five five stocks, like Apple, Google, Nvidia, that are totally overpriced, Microsoft, totally overpriced, and they were keeping the NASDAQ going. Like you said is, I didn't mention that 50% being in a bear market, because I also saw that, and I'm afraid to make a mistake, because it's such a strong statement. But it seems to be correct, also, when you mention it. So a lot of stocks are in a bear market already, and those four or five stocks keep the NASDAQ or kept the NASDAQ going, but they were totally, totally overpriced. So that's one of the reasons why now we see a big sell-off in tech stocks, take the markets with them.

Dr. Charles Nenner:

The problem is that, and I know that really from a lot of investors, is that people are afraid to miss 4% on the upside and don't care about 30, 40% on the downside. So whenever it goes up, you're still conditioned to buy the dips, and it's not going to end well. So my idea for people who have stocks is, there could be a short-term bounce into the 30th of January, based on cycles, but you really want to lighten up on your position, because otherwise you get the same situation as in the bond market. I think we saw the bonds, the US bonds, 30 year at 190, today they're at 155, and you don't get your money back. And it'd be better to watch our cycles that say the markets are topping, the situation is dangerous, and save your money, save your assets.

Dennis Tubbergen:

So Dr. Nenner, do you have a forecast for where stocks ultimately go, based on your cycles research?

Dr. Charles Nenner:

Well, not only the base cycle research. I think the first up is going to be around 18,000 for the Dow.

Dennis Tubbergen:

Wow. So 50% down.

Dr. Charles Nenner:

And it could get worse, also. Yeah, at least. It could get worse, also. It's a major top. If people like to sign up, which they can get for free for four weeks, maybe they can see what we sent out last Sunday, in the wake of everything, and show them that at least they have the same situation as happened in 2007 at the high.

Dennis Tubbergen:

So, and again, the website, for the listeners that want to check that out, is charlesnenner.com. That's charlesnenner.com. So Dr. Nenner, it's hard to imagine, given the current fiscal state, and most of my listeners are in the United States, although we have a smattering around the world, it's hard to imagine interest rates going higher, given the current state of not only US finances but the amount of private sector debt that exists, it just suggests that there's going to have to be a deflationary collapse here, because not all this debt is going to be paid, and certainly not at a higher interest rate. So give me your comment.

Dr. Charles Nenner:

Well, I published research that was done on the virus situation, and I showed them that in 1518, I think it was smallpox, smallpox epidemic, and then in 1618, it's same thing, and then in 1718 it was measles, and in 1818 it was cholera, and 1918 we all know how bad it was, and now it's the virus that kills people, and it's exactly 100 years apart. And don't ask me how to explain, but what I mentioned over there is that a few years before the hundred years, you would have no idea that there was going to be an epidemic. So we don't really know what's going on, why it's going on. The only thing that my research deals with is what's going to happen and when it's going to happen, and the rest, I'm not better than other people that publish in the media, and I don't think they have any idea why things happen the way they happen. The markets start selling off because the Federal Reserve had these comments, I think last Wednesday. Well, that's incorrect, because as you say, half of the stocks were already in bear market territory, which means that the people who know what's going on don't wait for the Fed to say something. Only the people who don't know anything and don't watch analysis, they react on the Fed, and then it's too late.

Dr. Charles Nenner:

So I really don't know what we can expect, but this is a bear market for bonds, I'm talking long-term, of at least 30 years.

Dennis Tubbergen:

Wow. So you're expecting interest rates from this point to rise for 30 ... And give the listeners some idea as to where you think interest rates ultimately end up. Do we see a repeat of what we saw in the early '80s?

Dr. Charles Nenner:

Yes, that's the same cycle. So I think it's a repeat of the early '80s. I just want, because it sounds so strange and we don't know what's going on, I want to give an example about the stock market. The stock market, it's the same strange situation. The stock market, if a year ends on a seven, you have a major sell-off. Now, this was in 1907, '17, 1929, was two years late, that's why it had such a crash, because it has to come down in the cycle low, and then it was '37, '47, '57, '67, '77, '87, everybody knows '97-'98, everybody knows there was the crisis with the currencies. Then we had 2007, in 2017-'18 there was a sell-off. We don't know what is going on over here, but it's very helpful if you know that it's going to happen. And that's what my work does. I try to explain is that I'm trained as a medical doctor, and if the pharmacy says you have to give these people the red pill, I give them the red pill, even if I don't know how the red pill works.

Dr. Charles Nenner:

The problem with small investors is that they say, "As long as I don't understand it, I'm not going to use the research." That's cost a lot of money. So I don't, really can answer your question because I don't really know. I know what's going to happen, but I don't know really why.

Dennis Tubbergen:

Well, I'm chatting today with Dr. Charles Nenner. Again, his website is charlesnenner.com. He is gracious enough to offer his work for four weeks for free, and I encourage the listeners to check that out. Dr. Nenner, and we have time for one more question in this segment. Since most people invest in stocks and bonds, what I've just heard you say in this segment is that you're bearish on both stocks and bonds, so that really is bad news for someone managing assets for retirement the traditional way. Do you see any markets moving ahead that your cycles say will be bull markets?

Dr. Charles Nenner:

Well, we're waiting for the gold and silver market to take off. Still a bit early, but we're going into bull market. And the stocks that we work with, because we follow the crude oil and the natural gas. Now, the crude oil we work with USO, and UNG is what we work with with the natural gas. And those stocks go according to the commodities, those are commodities that follow soybeans. So if you want to make money, you just have to look for somewhere else. The problem is that most investors that I use to make money in certain assets only want to make money or make money back in that asset. And then what they say is, "Well, I don't know about crude oil," and then someone says, "Well, what do you know about stock markets? You also don't know." It's the same thing. So we make a lot of money in other sectors, and we stay away from the losing sectors.

Dennis Tubbergen:

Well, my guest today is Dr. Charles Nenner, his website is charlesnenner.com. I would encourage you to check it out. I'll continue my conversation with Dr. Nenner when RLA Radio returns. Stay with us.

Dennis Tubbergen:

I'm Dennis Tubbergen, you are listening to RLA Radio. I have the pleasure of chatting today with Dr. Charles Nenner. Dr. Nenner's website is charlesnenner.com. He's graciously offered to give the listeners of the program today four weeks of his research for free. Again, the website to check that out and claim that free research is charlesnenner.com. So Dr. Nenner, there is a lot going on in the now-mainstream media as far as covering cryptocurrencies, Bitcoin, there's been some press that China, South Korea, and Russia are now clamping down on cryptos. Tell me a little bit about how you see cryptos near-term.

Dr. Charles Nenner:

Well, first of all, cryptos is the easiest thing to analyze, especially with cycles. Because let's say that you analyze IBM, the cycles work, but there could be a small interruption, because IBM could come out with some news or numbers, this almost doesn't happen in Bitcoin, and with Ethereum, with Ethereum, Bitcoin. And there's no fundamentals on there, there's just rumors. It's full of idiots, where KP, I forgot the last name, got a place in a board of Bitcoin and says that Bitcoin goes to 100,000, and then people listen. And they ask people, okay, and you don't want to explain how she gets there, because I'm sure she doesn't know how she get there.

Dr. Charles Nenner:

So we went out of Bitcoin around 69,000, when cycle stopped, and cycles are still down. And if it holds this week above 38,000, then we might go long again for a bounce. Ethereum looks worse, the cycles are really down for Ethereum. And for now the party is over. We even have intraday updates on Bitcoin and Ethereum, because it's so volatile. So our subscribers get them mostly once a day, after a couple of hours of trading we tell them what time, because we also have hourly cycles, what time Bitcoin is going to bottom and what level it's going to bottom, and where it goes. It's very easy, it's very easy to analyze these two things. But for the moment, Ethereum is in a bad situation because of the cycles, and Bitcoin just has to hold above 38,000 to make another try to get higher. But it's not going very high, it's just going to make a bounce.

Dennis Tubbergen:

So do you have any long-term forecast for, say, Bitcoin and Ethereum?

Dr. Charles Nenner:

Well, that's a bit problematic, because in order to make a long-term forecast, you need long-term cycles. In order to make long-term cycles, you need data over at least 20 years or so, and it doesn't trade that long, so it will take a couple of years until I can make weekly or monthly cycles and come to long-term forecast.

Dennis Tubbergen:

Okay. Well, let's talk a little bit about metals, if we could, gold and silver. And we can talk about each market. It seems like with the inflation that is now here, in fact, Jerome Powell changed his language describing inflation from transitory to persistent, it seems like gold and silver probably should have taken off more than they have. We've seen a little bit of a bump here, but nothing significant. How do you see gold and silver moving ahead through 2022?

Dr. Charles Nenner:

Well, you're right about gold and silver, but I have written about this. Maybe you'll remember, I don't know how old you are, Tom and Jerry. You remember those, the cat and the mouse?

Dennis Tubbergen:

I remember the cat and the mouse.

Dr. Charles Nenner:

Okay. So the cat is chasing the mouse, and they get to a cliff, and the mouse stops and then the cat goes over the cliff and continue to walk, until he looks down and says, "Oh, there's nothing here to walk on," and then he only falls down. So the news is there, but we don't realize it yet. So that's where the cycles come in. When the cycles are turning up, it's then that people start realizing it. And as long as the cycles don't turn up, the news could be there, but they don't realize it, so we don't have a bull market.

Dennis Tubbergen:

So do you see gold and silver going bullish this year?

Dr. Charles Nenner:

Yeah, definitely. Definitely.

Dennis Tubbergen:

So let's break them down-

Dr. Charles Nenner:

But again, again, again, I, again, I like people to look at our forecast, because I don't want them to buy now, and it goes lower for another two months, and then they have a loss and they sell off, and then it takes off. It's a matter of timing. This gold and silver has been in a trading range, and it's very difficult to trade this, and you just have to wait for major low, which is going to come in a month or two months, and then gold could go much higher. Maybe, because you've said, "What should people do?" There's an idea to get into gold stocks, because they have a nice dividend, more than you get in the bank, and then you can just wait for the moves starting to go up.

Dennis Tubbergen:

So are you more bullish on gold or silver as we move ahead through this year?

Dr. Charles Nenner:

Doesn't make much difference. That's a good question. I don't think it makes much difference, and that's one of the reasons why I can't answer you. I'm happy if we're right on silver and right on gold going up, and if one goes a little bit more than the other one, that's not so important.

Dennis Tubbergen:

So what kind of work, Dr. Nenner, do you do with currencies, and do you have a forecast for the US dollar?

Dr. Charles Nenner:

Yeah, yeah, longer-term US dollar is bullish. We could see some weakness for a week or so, now, it's not important. I have a chart going back to the 1900s, the cycle is very clear, and we should see a bull market for the dollar.

Dennis Tubbergen:

So let's talk a bit about commodities, if we could. Do you see commodities like industrial metals and agricultural commodities, I understand those are two different things, but do you see those two classes also being bullish moving ahead given current Fed policy?

Dr. Charles Nenner:

Yeah, we are long-term long already in the corn and in beans and wheat, there's some short-term cycles that bottom in a week or 10 days, I don't have it exactly in my head. And they should go much higher, especially soybeans. And it's going to lead to a lot of inflation. If you look at the Goldman Sachs commodity index, it really took off, and it could go much higher. It's really something that people have to think about what to do with their money and how to save their assets.

Dennis Tubbergen:

So just to kind of summarize, Dr. Nenner, you correct me if I'm wrong. It seems that moving ahead, traditional investing, the stock and bond investing and the old Wall Street advice, "The older you are, put more of your money in bonds," it seems that that is really, based on your cycle, that's going to set many people up to fail financially, and from what I've gathered from this interview, you really need to be looking at alternative asset classes. Is that fair?

Dr. Charles Nenner:

Well, we had a rally bonds almost 40 years. So people didn't realize bonds can also go down. And again, I wrote, about it two years ago, I said, "If you think that inflation stays at 1.5%, I think you're wrong, but then stay in bonds if you want to take a gamble, but it doesn't seem very logical, because even if you don't believe in my cycle work, you know this is not going to stay forever." And again, once bonds sell off, you can't get it back. And again, if you have a stock, Apple just mentioned something, and it falls off with the market, and in one or two years it make even bigger profit, then the stock goes back up. But that's not the situation with bonds. And like you said, the biggest amount of money is in bonds, not in stocks. So I think the consumer's going to be in trouble soon, especially the younger ones, because I see around me is that they're all in Bitcoin and Ethereum, and they're going to lose their shirt if they don't know what they're doing. So a lot is going to change.

Dennis Tubbergen:

So at what point do your cycles show that, just going back to stocks again for a minute, at what point do you think we ultimately get a bottom? And if we're getting a big decline, I think you said the first stop on the Dow might be 18,000, that's already a big drop. But how low does it go, and when do you think it might get there?

Dr. Charles Nenner:

Well, I think it's going to be negative for the whole year. But again, I think you could have a bounce until the 30th of January, so there's another chance to lighten up a little bit. And I don't listen to people who say you be in it for the long-term, because like I sometimes give an example, if you go to the market to buy oranges, and the oranges are $2, and you see next week they're $1, you buy them only next week when they're $1. So why should you buy them when at $2? So why should you just first lose a lot of money, if the downturn is so simple, and then it goes down 40, 50%, and then you have to struggle to make back 100%, because you're down 50%, you have to make 100% in order to break even.

Dennis Tubbergen:

So Dr. Nenner, we have time for just one more question here in this segment. You had mentioned in the first segment that you saw inflation going up to double what it is now. Can you comment on-

Dr. Charles Nenner:

Right.

Dennis Tubbergen:

... how you've reached that conclusion?

Dr. Charles Nenner:

Well, it's the same thing that if we, let's say the S&P goes up with a certain momentum. I sometimes explain, if you shoot a bullet in the air, people who know the physics know that it has a certain amount of time until it turns down, and you can calculate with the momentum how high the bullet will go until it starts going down. The same thing with markets. If the inflation goes up in a certain period, fast, with a certain percentage, you know how it's going to continue. So you just project like you project an upside price target for the S&P, you project an upside target for the inflation. It's all mathematics.

Dennis Tubbergen:

Well, my guest today has been Dr. Charles Nenner. He has been gracious enough to offer four weeks of his research for free to our listeners. If you'd like to claim that research, you can go to charlesnenner.com, and Nenner is spelled N-E-N-N-E-R, that's charlesnenner.com. And Dr. Nenner, always appreciate your perspective, and I've really enjoyed your work. Would love to have you back down the road, and thank you for joining us today.

Dr. Charles Nenner:

I'm sorry I had to be a bit negative, but better safe to ... How do you say it in English? I forgot.

Dennis Tubbergen:

Better safe than sorry.

Dr. Charles Nenner:

But have to be safe, always. Yes-

Dennis Tubbergen:

Better safe than sorry.

Dr. Charles Nenner:

... that's what it is.

Dennis Tubbergen:

Yeah. Well, always a pleasure to catch up with you, and again, would love to have you back down the road, and I'd encourage the listeners to check out your work at charlesnenner.com. So thank you for joining us, we will return after these words.