Retirement Lifestyle Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Dr. Robert McHugh
Technical Indicator Index

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Retirement Lifestyle Advocates
961 Four Mile Road, NW
Grand Rapids, MI 49544

Phone: (866) 921-3613
Email: info@plplanners.com
Website: www.RetirementLifestyleAdvocates.com

Dennis Tubbergen:

I'm Dennis Tubbergen, you are listening to Retirement Lifestyle Advocates Radio. My guest today is returning guest, Dr. Robert McHugh. Bob is got to be the hardest working technical analyst in the business. You can check out his work at technicalindicatorindex.com. I am a big fan of his work and look at it regularly for information. I'd encourage you guys to all do the same. And Bob, welcome back to the program.

Dr. Robert McHugh:

Oh, thanks, Dennis. Great to be back.

Dennis Tubbergen:

So, Bob, I'm going to take a little walk down memory lane here, because you wrote a book a few years ago called the Coming Economic Ice Age. Are we seeing the beginnings of what you forecast in that book, presently?

Dr. Robert McHugh:

I do believe that, that's the case. The book was about a major pattern that showed up that was huge. That in prior periods of time throughout history, had always led to an economic recession, depression. And so, I wrote the book to bring out that pattern, and what it would probably mean, and approximately when this would happen. The book was written probably about six years before. I think we saw the first phase of the ice age. And I'd say the first phase of the ice age was when the COVID lockdown started. So, I'd say we're deep into the ice age at this point. And it's going to continue to get worse as a result of the patterns of predictions and forecasts for what's headed in historical experience with the similar pattern.

Dennis Tubbergen:

So, Bob, when you use the term pattern, we must have some of our listening audience that are probably not familiar with what a pattern is as it relates to technical analysis. Can you give us a fundamental crash course on what do you mean by pattern?

Dr. Robert McHugh:

Yeah. Basically, we believe, and a lot of people believe, that the markets have moved based upon human psychology and human behavior perspective. That it's fear and greed, go back to Gordon Gekko in the old movie Wall Street, fear and greed moves prices. And knowledge of all people all together throughout the world all at one time, creates price movement, creates a price for every market at that particular moment. And so, it is the accumulation of all knowledge on the planet all at one time. And it's the measure of the mindset, the psychology, the thinking of all mankind at one time reflected in market pricing.

And there is a lot of history with looking at patterns of these price movements that can create pictures, basically. When you connect lines together and you look at different patterns from the past, you can get forecasts that are reliable of what's going to happen in the future if they show up again. And so, it's a whole body of study, there are textbooks all over the place on it. And so, what we do is we measure, what's the market saying right now to us about where it's headed next? And then we report that, and we identified a pattern on why it's sending us in that direction for where it's headed. And that's it in a nutshell.

Dennis Tubbergen:

So, this pattern that you wrote about in your book has to be a very ominous pattern, if it's always resulted in recession or depression that you know, wrote a book about it. So, what is the pattern?

Dr. Robert McHugh:

It's a broadening top pattern. I call it the jaws death pattern. It's a megaphone pattern, it looks like a megaphone. On the left side of the chart, it was where the lines would narrow. And then if you take symmetrical, upward and downward sloping lines that connect previous tops and bottoms, you'll get this picture of a megaphone. Or it looks like a shark’s jaw that's widening, ready to devour it prey. And so that's the pattern. The one we were studying and wrote about in the book was from 1986, it started. And it's finished about a year ago, a year and a half ago. So, it's completed. And now we're starting to see the downward movement off of it it's completion. With the stock market crash in 2022, and we're headed much deeper because this pattern gives you a downside forecast, which in this case is going to be substantially below where we are now, far below where we are now.

Dennis Tubbergen:

Well, we'll get to your forecast here momentarily. But I think it's interesting that this pattern ended about a year, year and a half ago. And in the last year and a half, we've seen some crazy things happen worldwide, economically. Energy costs through the roof, we've got inflation that's really putting a crimp on a consumer spending dependent economy here in the United States. And it just seems like this economy is getting weaker by the day. What's your analysis?

Dr. Robert McHugh:

Yeah. Economic growth is freezing right now, it's declining. We've had two periods of GDP growth dropping in a row, which is the definition by most people's measure of a recession, we're already in one. And it's going to continue because the Federal reserve has made a decision to destroy demand for goods and services with their inflation fighting policy of raising interest rates dramatically. And of course, they created the inflation in the first place when they dramatically printed money and stimulated the economy after COVID with too much money, way too much money chasing too few goods.

And at the same time, the lockdown also created shortages in goods and services because people weren't working, production wasn't occurring. So we have a supply side crisis now. And the decision that the Fed has made is instead of the government, working with the Fed in unison to boost supply, they have made a decision to reduce demand down to the level of supply, and that's their solution to inflation. But by doing that, they're effectively going to cause a deep recession and possibly an economic depression as they continue on this course of action.

Dennis Tubbergen:

So, Bob, there are those out there, including myself, who would be of the opinion that the Fed will likely reverse course here once the economic pain gets to the point that there's a lot of suffering in the general populace. There'll be a lot of political pressure for them to reverse. And I guess I'd like your take; do you see that happening? And then if so, how do you see that playing out as far as inflation and the economy?

Dr. Robert McHugh:

I do think that they'll cave off the policy they have now because of the coming midterm elections. I wouldn't be surprised if in October that they reverse course or at least pause, enough to give people a better view of the current administration and will not punish them for what's going on in the election. That will be the theory. It's a political position. I mean, let's face it. The Fed is supposed to be apolitical, but it's not, it's political.

And so, I'm sure that they will ease off the pedal in October for the election. But then after the election, they could continue as the inflation rate stays high, with on their present course, I feel. But at some point, this economy's going to tank so bad because of what they've done and what's going on in other areas of the economic equation right now. That they will have to suddenly start stimulating again. But by then there could be so much damage. It may not really help a lot of people that much.

Dennis Tubbergen:

Well, if you just joining us. So, we're chatting today with Dr. Robert McHugh, his website is technicalindicatorindex.com. I'll be getting Dr. McHugh's forecast for various markets in the next segment. And Bob, you offer a number of different services on your site, but one of them is something that you call your Platinum Trading Program. You've got a really amazing track record. If you'd be so kind, could you take a minute and just explain to the listeners what it is that you do?

Dr. Robert McHugh:

Sure. I'd be happy to what we do is, in addition to providing a lengthy newsletter with a lot of charts and forecasts for all the different major markets. We decided a few years back that we can help people trade this information, not just look at it, but try to generate an income stream off of it. So, what we do is we provide ideas, trade ideas, to people who become members of this platinum program. They actually watch us do in real time trades off of the information that we produce in our newsletters.

But we show we're purchasing options to play the market to go up, or options to play the market to go down. We'll play exchange trade of funds to go up, play the market to go up or down. And so, people get to experience what we're doing. A lot of people are using it as education tool to learn how to trade, how to make an extra dollar for their wallet. And it's a service that's been very popular and I enjoy doing it. It's kind of a fun situation, and we've had pretty good success with it so far. We've been right about 80% of the time.

Dennis Tubbergen:

Well, that's terrific. And again, the website technicalindicatorindex.com. And Bob, we've got just a couple minutes left in this segment. There's so much talk now about inflation. Based on your analysis, do you see the decline in the absolute or real purchasing power of the US dollar continuing?

Dr. Robert McHugh:

Yeah. For now, I do. Because people have a mindset now, an expectation of rising prices. And businesses have been forced to raise prices in anticipation that their supply costs are going to go higher. And the other reason, main reason I believe it's going to continue, is because there is a supply side problem, major-league supply-side problem in this country. As long as aggregate supply is not sufficient to meet the aggregate demand of all people in this country, you have to have higher prices. You have to have higher inflation. And they're not addressing aggregate supply. They're not doing things to stimulate production of goods and services.

There are things outside the control of people. There are farming issues with flooding and everything that's going on, there are people losing crops, the war with Ukraine and so on. There are food supply issues. You go into the grocery store; you can't find pet food. So on and so on. So, as long as there's a supply side issue in this economy, a crisis really is what I call it. I don't see how inflation can go back down to a reasonable level until that starts being addressed. Unless they cause a recession, depression, where people are so hurting economically, they can't afford to go look to buy anything. And in which case, supply and the demand get in the equilibrium, your inflation rate will drop, but that's an equilibrium level of poverty. So, what have they really accomplished now?

Dennis Tubbergen:

Well, my guest today, again, Dr. Robert McHugh. I will get Dr. McHugh's forecast for various markets in the next segment. You'll want to stay tuned for that. And we'll continue our conversation with Dr. McHugh when RLA radio returns. Stay with us.

Welcome back to RLA radio. I'm your host, Dennis Tubbergen. I have the pleasure today of chatting once again with returning guest, Dr. Robert McHugh. Dr. McHugh has the website technicalindicatorindex.com. And you can learn more about his platinum trading program at that site as well.

So, Bob, when you take a look at markets this year, and there's a lot of segments and sectors in the market we can talk about as well. But just in a broad sense, I think a lot of investors have the idea that US treasuries and stocks tend to be inversely correlated. So, when stocks are up, bonds are down and vice versa. But that certainly has not been the case year-to-date this year. Is this an aberration or is this more of a new normal in your view?

Dr. Robert McHugh:

I think it's manipulated by the Federal reserve. They have decided they want higher interest rates because they want the reduction of demand for goods and services basically make it too expensive for people to buy anything, to bring back into equilibrium, this inflation level that would be considered a more normal level. It's like starting a fire to kill a fire. And there's going to be a lot of damage with that. So, I think that the reason that the bonds have been dropping is because the Fed wants them to drop. They've sold a lot of bonds back to the economy and pulled a lot of cash out of the economy, their plan is to continue to do that.

But at some point, there'll be a flight to treasuries when the stock market drops so far, and the economy looks so bleak, and whatever geopolitical issues are coming down the pike that these charts are predicting, then the bonds will suddenly be a safe haven. People will start buying them, and treasuries will become in favor again, and rates will fall. And we have charts that show that in three years, treasury will be back down to 1%. So, the ten-year treasury. So, I think that's where we're headed over the next three years, but where it bottoms over the short term, I'm not exactly sure. Because it really has a lot to do with how punishing the Fed wants to be, to reduce aggregate demand.

Dennis Tubbergen:

So, Bob, you indicated in the first segment that you expect that stocks are going to go, I think you said a lot lower or significantly lower than we find ourselves at the present time. Fill the listeners in on what is your forecast for the major US stock market indices?

Dr. Robert McHugh:

Well, by the time this recession, depression is over, which could be 3, 4, 5 years from now, I see that the industrials will be below 5,000. Right now, they're at 32,000. So that's how bad I see it going eventually down the pike as this thing deepens. And the S&P will be finding itself back down below 600. So, that's the longer-term view of the decline that's coming. And it'll be stairstep as it has been all year, we've seen it stairstep. But lower highs, lower lows continuously progressing down. And we're about to continue to see that in the next several weeks and months, that will be the case as well. And I see that in the short term, we are in a very high-risk moment right now, a very high-risk period where the stock market could drop significantly over the next 30 days. And maybe even shorter, maybe 25 days, 20 days. And then it'll probably steady and possibly bounce into the election before the next layer of decline continues after the election. But that's kind of the forecast right now for stocks.

Dennis Tubbergen:

So, Bob, that ultimately, if the math in my head is right, if you're going from on the Dow Jones industrials, if you're going from 32,000 to 5,000, that's what an 85% decline or so? That is huge. And it seems to me, looking at where we started this year and looking at where you're ultimately forecasting the market ends up. We have a decline that we haven't seen since 1929 to 1932.

Dr. Robert McHugh:

Yeah. That's what the chart's saying. That's what we believe is going to happen. I have a ton of charts here, different models of independent models that are not tied into each other, saying the same thing. Different patterns that are completely different saying the same thing. So yeah,

Dennis Tubbergen:

When you take a look at the decline in the purchasing power of the dollar, when you take a look at inflation. Why in your view, have precious metals not really reacted and performed the way maybe a lot of investors would have anticipated?

Dr. Robert McHugh:

I mean, that's a good question. I do have a pattern that I'm in tracking. And the pattern said it would sit around for a while, kind of in a slow sideways manner for a long time, while all this other stuff is going on. And that's this cup and handle pattern I've been tracking for a couple years now. And it's completing, we're still in the handle part, but the handle of this cup is kind of a sideways move. It goes up, it goes down, it goes up, it goes down. We've been kind of tracking that since 2020.

And so, once it busts out of the handle portion of this pattern, which hopefully will be soon, then gold should rally significantly. I mean, it's going to explode. And it could mean that there's going to be some geopolitical issues. There's going to be some changes in the security of life. And that people will search to seek to go to gold hard and fast once they get that feeling. Once the psychology changes. That, oh my gosh, this thing's really going to be bad. I got to get some protection. The currencies not doing it for me. It's just hyperinflation all the time. And I got to get an item that's going to hold up.

I think it's just resistance right now to the reality of life right now, what's coming. There's a lot of people that just want to be positive and say, oh, that's going to be okay, they know what they're doing, it's going to be right. But these charts that have been very reliable for hundreds of years are saying, no, no. And gold will pop, it'll pop hard. At some point when, like I said, the realization hits that we're in trouble.

Dennis Tubbergen:

Well, I'm chatting with Dr. Robert McHugh, he has the website technicalindicatorindex.com. And you can learn more about his Platinum Trading Program there as well. So, Bob, your forecast is that gold will at some point here in the, I'm assuming, relatively near future, correct me if I'm wrong, explode to the upside or breakout to the upside. Do you see silver following suit?

Dr. Robert McHugh:

Yes. Silver should follow suit. We believe that as well. Yeah.

Dennis Tubbergen:

So, let's just talk a little bit about certain stock market sectors. The energy sector, maybe largely due to the sanctions against Russia this year, but probably partially due to inflation as well. And I'd love your take, has been performing well. What's your forecast for the energy sector as far as stocks are concerned?

Dr. Robert McHugh:

Well, the charts I'm looking at, the market and oil is telling us that it's going to go higher, substantially higher. And so, when I see these charts, what they're saying as much as they've done well in the last year, a couple years, since they went to zero, almost oil went to zero almost back in 2020, it's going to go much higher than what we see now. So, there's going to be explosion in the value of oil for whatever reason, probably geopolitical issues, according to these charts, starting soon actually. Going to continue to trek higher, much, much higher. I mean, we're talking, we could see $200 oil maybe higher oil in the next couple of years, two to five years, you could see that kind of price for oil.

Dennis Tubbergen:

So, Bob, that puts quite a strain on economies around the world that are already struggling due to higher energy prices. There are entire companies, the entire sectors in Europe, that are finding companies just shutting down because of escalating energy costs. That really just compounds this whole recession or depression issue, doesn't it?

Dr. Robert McHugh:

Yeah. And supply is the problem. Supply, supply, supply. And it's worldwide, and it hit a lot of products, oil is one of them. And until supply can increase dramatically across a board, we're not going to get out of the woods in this economic malaise and depression that's coming. We're not going to get out of it. Supply is the problem. And the incentives, the geopolitical decisions, are not being made to address this issue. And confounds me why, but I'm sure there are reasons that are not necessarily in the best interest of the general populace.

Dennis Tubbergen:

So, Bob with oil, you're forecasting oil to go a lot higher. Do you see other commodities performing similarly?

Dr. Robert McHugh:

I don't track all the other commodities as closely. I don't track wood, or lumber, or things like that, corn or soybeans. But just intuitively, you can see with the flooding, how much crops have been destroyed. There's going to be food shortages coming. Because a lot of the food on the shelves right now are from last year's crops, not this year's. And so that's going to be a problem. As far as lumber, there's been a problem with lumber, with housing being held back because of the shortages of lumber transmission, transferring it from Canada and so on.

And so yeah, I think that there's just a general supply issue right now, it's going to hit almost everything. It's a labor problem, labor is short, there's a shortage of labor, willing workers. Not so much that there aren't jobs out there. There's a shortage of willing workers. There's a sloth mentality that's hit that hard, it's struck like lightning and it's bizarre. And so that is creating shortages and it is bleeding through the entire economy. So, I would just say broad brush. Yeah. It's been probably hit everything.

Dennis Tubbergen:

So, Bob, we have time for just one more question. You bring up really something that is kind of confounded me as well. And that is the shortage of labor. Do you see that changing at some point? I mean when this recession deepens, we've got many companies now announcing massive amounts of layoffs. Did you see that maybe the whole labor issue turns around and we've got maybe now more workers than we do jobs? Or more willing workers than we do jobs?

Dr. Robert McHugh:

I don't know. I mean, there's a socioeconomic thing going on here, there's a behavioral modification thing going on here, behavioral science thing going on here. For example, I live in Central Pennsylvania, you go into any place, you want to have anything, buy anything. The workforce is people that retired five years ago, they went back to work. They're in their sixties, seventies. Some are in their eighties, they're back at work.

But you don't see young people working. You don't see them working. The people that graduated from college, they're not doing that. A lot of them are on the couch trying to make money with Mimi Trades, and Robinhood website, and trying to make a fast dollar that way. Instead of doing the hard labor jobs that we used to see youth do when you and I were younger. And so, what's happening is that the jobs should being filled by older people that they thought they'd be able to retire, and they can't because of inflation.

So as far as will it change? I don't know. There has to be a hunger that strikes the younger labor workforce that says, you know what? I think I better go get a job, I think I better start a business, I think I better do something. Because right now from just empirical evidence, what I'm seeing in Central Pennsylvania is that there's a sloth problem. And I don't understand it, I really don't. And I'm sure I made a lot of people mad when I just said this, but I see it. And maybe the youth don't feel as though they're able to get the job that they're qualified for after college education, and they're disillusioned, and maybe that's their reason. And that may be a valid reason.

But at some point, everybody's going to have to get real and start saying, hey, I need a job, and I need income, because it ain't working right now. And they handed out a lot of money, just canceled school loans, they handed out a lot of money. And I think that gave people a false sense of security. But that's changing, it's going to change. So, I do think that people are going to have to say, I got to go get a job. And hopefully there'll be jobs for them, but with supply dropping and not seeming to improve much, I don't know if there will be.

Dennis Tubbergen:

Well, my guest today has been Dr. Robert McHugh. His website is technicalindicatorindex.com. You can get more information about his Platinum Trading Program there as well. Bob, always a pleasure to catch up with you. And thank you for joining us today. Love to have you back down the road for an update.

Dr. Robert McHugh:

Oh, thanks, Dennis. It's always great to be with you. I appreciate you, and your show, and the opportunity to be here.

Dennis Tubbergen:

We'll return after these words.