

Hi.

*I am giving a special, globally offered webinar at 9 AM on June 24, sponsored by my Australian promoters. See the brief video describing it at [THIS LINK](#).*

*You can find out more and sign up at [www.harrydent.live](http://www.harrydent.live).*

—Harry

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## ***Harry's Take***

June 15, 2021

### **New Commodity Bubble? Hardly. Just Off 75% Crash... Stocks Are Next Bubble To Burst**

The financial press keeps talking about how commodities are bubbling like crazy. The truth is, the bubbles are concentrated in a few highly visible ones like copper and lumber and a few smaller ones like palladium. And those commodities have to do a lot with the second real estate bubble that is about to burst again, deeper this time.

Here's the broad Bloomberg Commodity Index, which includes agriculture, to bring some perspective.

## What Commodity Bubble? Already Burst After 2008: Index Barely Up

Bloomberg Commodity Index



Source: Bloomberg

www.HSDent.com

The truth is that the commodity bubble index peaked on its natural 30-year cycle in mid-2008 at 238 and collapsed a whopping 75% into March 2020, to 59. Yes, it's rallied over 55% since, to as high as 94, but the rally started from such low numbers that the recent rally is peanuts, only 19.6% of the long fall.

**This commodity bounce is not even remotely a bubble, just the beginning of a bear market bounce.**

Commodities as a whole are due for at least a brief, continued bounce, wherein other commodities may catch up a bit. But given that we're about to enter a deep downturn into at least early 2023, commodities will fall again and retest recent lows at the least; it's more likely they will make even lower lows.... But still, most of the damage has already been done in this sector.

The commodity collapse, along with negative real interest rates, has continued to be a boon for stocks; I'm warning you now, that is close to coming to an end. When I predict a 70%–90% crash in stocks, people act like that's not even possible anymore. But I'm also reminding them that the

commodity collapse shows how much major financial markets can fall after such an unprecedented global bubble finally breaks—and this bubble crash in commodities happened even though we haven't had a major recession yet.

**The next big bubble to burst will be stocks, following the lead of commodities.**

### Stocks Are the Biggest Bubble... Extreme in Price to Commodities!



Source: <https://www.elliottwave.com/>

[www.HSDent.com](http://www.HSDent.com)

Look at how overvalued stocks are compared with commodities, given that they have crashed and stocks have continued to rise. Is this a divergence from hell, or what? This chart suggests that this ratio index could fall dramatically, from 190 currently to as low as 25. That means a very big drop for stocks without that much more of a drop for commodities.

So, put on your seatbelts. This change in trends looks to be hitting soon and is very ominous for stocks. And don't think that real estate won't follow stocks!

Harry

*Got a question or comment? You can reach us at [info@hsdent.com](mailto:info@hsdent.com).*