



Harry's Take

January 4, 2022

The Double, Everything Bubble Is Finally About To Burst

Not only are we in the longest-lasting, most global bubble ever, it's a bubble in everything: stocks, bonds, real estate, gold, commodities, and so on. These things may have peaked at different times, but almost all are coming to a head now. Bubbles of this magnitude only come every other time on my 45-year Innovation/Technology cycle, or about every 90 years.

With the classic "Buffett Indicator" for stocks, market cap to GDP, the bubble is 45% higher than the first extreme tech bubble in stocks and almost double the 2007 top. It is 2.5 times higher than the more mild-mannered 1972–1973 peak in this indicator at the top of the Bob Hope generation boom. This is beyond overvalued! Neither you nor your adult kids will see anything else like this in your lifetime.

Stock Market Cap to GDP Now 45% Higher Than the 2000 Bubble Peak

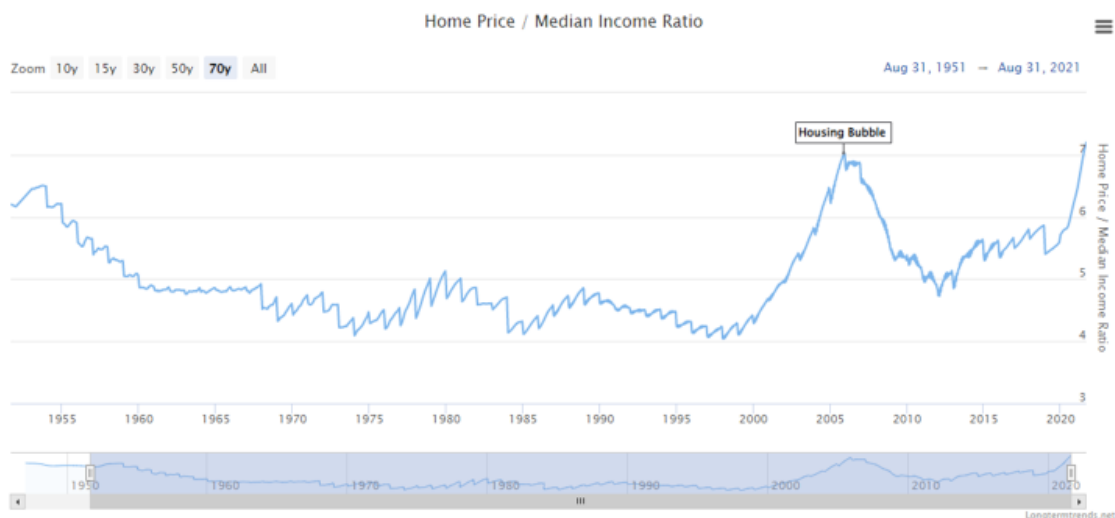


Source: <https://www.longtermtrends.net/>

www.HSDent.com

Experts keep saying that this housing bubble is not as bad as the first one. I showed in the January 2022 issue of the *HS Dent Forecast* that home prices adjusted for inflation are now 6% higher than at the 2006 peak. This chart says something similar. The home prices to income ratio, even more prescient, is also now higher than in the last bubble.

Home Price to Income Ratio Now Higher Than at 2006 Housing Peak



Source: <https://www.longtermtrends.net/>

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The second gold bubble peak in mid-2020 at \$2,089 was higher than the first peak in August 2011 at \$1,920. The first stock bubble peak did not see housing prices bubbling at the same time. In fact, the stock crash of 2000–2002 only catapulted investors into the first housing bubble.

If anyone tells you, “This is not a bubble because...,” shoot first and ask questions later!

This time, most bubbles are coming together because money printing has been so extreme since COVID. The U.S. alone has printed \$5 trillion since March 2020 vs. printing \$3.6 trillion from early 2009 into early 2020. That’s why the only safe havens now are the highest-quality long-term U.S. Treasury and AAA corporate bonds—and I would still take the 30-year Treasury above all others.

Don’t wait for proof. This bubble will crack hard and fast when it does, and we could already be seeing a peak here between late December and early January.

Harry

Got a question or comment? You can reach us at info@hsdent.com.