



Harry's Take

April 29, 2025

Reader Mailbag: Questions and Harry's Answers on Stocks, Bonds and Bitcoin

We receive many questions on various topics, including direction of the markets, demographics, and interest rates. From time to time, we gather a series of questions and answers on a few topics and send them to subscribers as part of our reader Mailbag series.

Q: Could you give your opinion on an article I read about China's declining population and what it means for the US?

A: I have been warning for decades that we are about to see a major decline in East Asia and Southern Europe. China will get old before it gets fully urban, and while Southeast Asia and India lead the next four decades as it did the last four since 1982. Southern Europe will also fall while Northern Europe and North America plateau into 2037... and then fall longer term as well. The next multi-decade growth period will be in Asia ex-East Asia into 2055-65. Next global depression to follow that into 2075-79 or so. China should finally help trigger a long overdue bubble crash that should have hit more in 2020-22/3 time frame... now 2026-28? Possible with recent strength that stocks still remain up into late 2025 before crashing.

Q: Could it be that Weiss Ratings crypto specialist, Juan Valleverda, is calling for his 320 day bull cycle of 4th yr crypto cycle now??
Or is it finally BTC becoming a store of value that will challenge gold as Trump has sworn to make the USA the king of the digital explosion.

Since April 2nd and Trump's tariffs along with the market correction, isn't it very strange that there has been no flight to Treasuries and the dollar...scary!?! And now gold and BTC up nicely. I think we are about to find out as Trump settles all the negotiations toward equality and reciprocal deals with 70+ countries.

A: Problem with the 4-year cycle is everyone knows it now, especially with my friend Michael Terpin down here with his new book Bitcoin Supercycle. Until the recent strong surges, that the cycle peaked a year early as part of a larger 1-wave, 12-year cycle up and a larger 2-year, 2-wave cycle down into the normal 4-year cycle bottom in late 2026. But now we could see a final rally to new highs in Bitcoin into late 2025 with stocks following as well. Will be keeping subscribers updated on this.

Q: Today, April 22nd, U.S. stocks are down at least 3%, while TLT is down 1.5%. I wonder what your belief is that US Treasuries will rise when US equities fall? Does the recent behavior of T-bill ETFs like TLT and TMF make you doubt that T-bill ETFs will start moving higher soon?

A: TLT is 10 and 30-year Treasury Bonds, not short-term T-Bills. They will be paid by printing money if need be. They will appreciate when inflation goes down, and that will occur as we go into the next major slowdown/depression. That may be compromised at some point if deficits get extreme enough. We will have to re-evaluate if that appears to be happening, but that didn't at the worst of the 2008 crisis. Until a recession looks more likely, TLT will only appreciate modestly. But it explodes when gold and other safe havens fail, as in the second half of 2008.

Best overall strategy is to be more short stocks through 1/3 allocation to SQQQ with say 2/3 in TLT. Then move towards 100% TLT after the first major stock crash down 50% or so in Nasdaq or QQQ. Near the worst of the crash, get out of TLT when it spikes dramatically. Then start getting back into stocks.

Q: Based on prior performance, and as you said, TLT appears to be a solid choice during recessions. The market capitalization is currently at an all-time high, several times more than in prior years, and has primarily increased since 2022 and 2023. It appears that many people have already jumped in. I believe

it invests any money provided to it in bonds, so presumably it doesn't matter how big it becomes, but is there any reason to be concerned because so many people are investing in it at the moment? I wasn't familiar with it, but individuals like you have been discussing it a lot lately.

A: No, I don't see a problem with TLT as it has kept retesting the 83-87 area, hence, it can't be overbought. The interest will only grow as the bubble bursts as almost everything else becomes less attractive as such a large and broad bubble bursts. That just causes more investors to allocate more to safer ETFs and nothing safer than TLT. So, no worry about everyone is already in and not enough demand to drive it up.

Q: I have a question about TLT, I've heard that the Chinese as part of the Tariff wars are dumping Treasuries and buying gold. I also see in reporting that Yields in long term treasuries are going up. Would not this be detrimental to the price of TLT. Do you think the prospects for TLT are good even though our Treasuries are being sold by foreign entities? I was thinking the bond prices would start to go up during the recent stock market downturn.

A: TLT and T Bonds are being bought here only to ride out the crash. When the shit hits the fan, nothing else matters and the Treasury bonds outperform other investment grade bonds and gold. If there are no signs of this crash following through and continuing, I will not continue to recommend them. They were the only major investment that went up in the second half of 2008 when even gold caved!

Q: I have been building a position in TLT/ZROZ but am growing extremely concerned that these could be as dangerous as owning anything else, especially after yesterday. Whether the White House was "spooked" or not by the bond market yesterday is not particularly relevant, however if China or any other country dumps U.S. treasuries in reaction/reprisal to tariffs (yesterday's big move in bond market??) this could be catastrophic to the so-called "flight to safety" position. Your thoughts?

A: I am now advising focusing on shorting stocks through PSQ or SQQQ (triple) for the first phase of the crash which should be as much as 50% down. You can allocate so as to choose to be partial short, say 50% with 1/2

PSQ or 1/6 SQQQ, or 100%, or up to 300% with SQQQ (very volatile and not advised for most). Then after a bounce up from that crash, get increasingly into TLT as it will tend to explode and see most of its gains into the worst of the downturn, as stocks get more volatile and harder to short after that first big crash.

Q: Maybe this is too soon to ask but here we go. This morning (Monday April 7th) as the market was swinging down, up and then down again, TLT was down all morning. Why? I thought (like late last week) as stocks headed down, TLT would go up? Just wondering why? Thank you, Since your February newsletter, I've doubled my position in TLT.

A: I would do the opposite. Stocks go down hardest in the first phase of the crash. TLT surges most in the latter stages of the crash. I would consider being 80% short stocks here thru PSQ or 1/3 SQQQ, and 20% TLT now. After the first crash of about 50% stocks, I would move progressively towards 80% TLT and 20% short stocks into late stages. TLT made most of its gains last time in the second half of 2008.

Q: I want to ask about junk bonds opportunities as they come available, which I feel will be appearing in droves in future. Are they good investments?

A: Junk bonds have more risk and trade more like stocks. HYG ETF for them peaked in late 2007 and will decline strongly in the very likely stock crash ahead. The highest quality long term bonds, 10- and 30-year US Treasury bonds will appreciate in a stock crash as in 2008. But they won't show most of their gains until the depths of the financial crisis.

Q: You talk about shorting PSQ and SQQQ. Do you have any strategies and/or techniques to effectively do that? Shorting.

A: Buying PSQ puts you 100% short QQQ, or the Nasdaq 100. Buying SQQQ puts you 300% short. That is too risky for most investors. Better to buy 33% to 50% of the allocation to lessen the leverage. Bear markets already move about twice as fast as bull markets.

Q: Could you please give a range of targets for the SQQQ?

A: I use targets on the underlying index, not the triple short index which is less reliable: sell SQQQ if QQQ falls to 261 area from 423 currently. That is the October 10, 2022 low.

Harry

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