Harry's Take

July 1, 2025

NOTE: The HS Dent Forecast will be released on Wednesday, July 2nd.

Reader Mailbag: Questions and Harry's Answers on Gold, Real Estate and Debt

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: Recently we have got several gold forecasts from some global banks such as Goldman and BOFA . They predict that gold will reach out $3700 and $4000 between 2025 Q4 and 2026 Q2. In contrast Citi revealed that they expect below $3000.

We are wondering your thoughts and kindly ask you to provide your forecasting about Precious Metals please. That would be very insightful.

A: Hard to call but I think we are likely peaking here at $3,500 recently, or late this year at latest. I would prefer being out.

Q: I have been somewhat bearish, but I am now very bullish, and it's unreal. That would normally be a good sign, right? Bears turning bullish? Well, not in this market. Stocks are hitting all-time highs, not only that, but they're breaking them and climbing even higher. There's no end in sight. The Fed won't let it fall, and Trump seems to say and do the right things that just push it up more. Yes, recessions are healthy, but no one in charge wants it to happen. The stock market is no longer based on company fundamentals; even meme stocks are soaring. People have got on Twitter, and if enough people pump it, it goes up, way up, for a long time, so it seems. No one even knows what they are buying, just the name and the fact, it goes up. For a bubble to burst, there needs to be a major reason, and in this market, it would have to be huge. Yes, we see pullbacks here and there, like during the tariffs when everyone predicted doom, only that just gave insiders more chances to buy while others sold. Now, they're chasing and buying back higher. Some say this doesn't end well, and maybe that's true, but I don't feel like this bubble will burst anytime soon. Maybe in a year, maybe two, but since 2009, the Fed will do whatever it takes, and if we do enter a recession, they'll again do whatever it takes to save the market. Again, I mean **AT ANY COST**—no matter what it takes.

What could cause it to drop? I don't think they care if the deficit hits a quadrillion; who cares about a couple trillion, right? Just print more. It sounds crazy, but they really don't care. Maybe once the bubble pops, we just reset. And then, who knows—digital currency, no more paper money, anything could change.

Let's say the Russia-Ukraine war ends and peace is restored; markets would soar. Interest rates are lowered, and markets would likely climb again. Unless a major global event happens—something possible—then it could fall sharply, find a bottom, and climb right back up as usual at a rapid pace, as someone always says, at the likes you have never seen before, lol. Markets always go up, right. Recessions are handled now, so there's no need to worry. Just buy any dip, and you'll make money—that's the mentality, and it has worked for 15 years. Why wouldn't it work for another 15? Keep doing the same until it stops working, and then figure out a way to keep it going.

Bull, bull run, bull run! All-time highs, S&P 10,000, Nasdaq 30,000, DJIA 30,000, and RUT 4000 before the bubble bursts. We'll see.

Honestly, I wish stocks were just based on fundamentals and real companies. I'd like to invest in a normal market, but I have a feeling this market will never be the same after 2009. AI might be investing for us— probably already doing it better than humans—and digital currency could replace paper money. A lot could change. We're getting old and probably won't see it all, but I don't think anything will be normal again. If the US loses the reserve currency status—well—that's been talked about for years, even decades. It seems like we can print endlessly, and no matter what happens, the dollar will stay strong because everyone wants it. One day, that might change, but probably a long way off.

There was a housing bubble, then a dot-com bubble—yes, those were big once. Now look at it, it's even higher. Those do not even look like a bubble on a chart now compared to the last 15 years.

A: This looks like it has simply turned into a "go until it blows" scenario. There is never-ending stimulus, although it has softened a good bit. That makes a crash more imminent now. If we don't see signs of a serious crash by early 2026, then we would likely go into a long period of mediocrity with very slow growth and more sideways movement in stocks. It would be better to have the free market solution of a debt and zombie company detox, I still hope and think that will end up being the outcome and that typically takes near 3 years, likely late 2025 into mid-2028 or so.

Q: Just listened to your interview on Wealthion w/ Maggie and you were spouting TLT and a 90% drop in the market - up from 82% or so.

Funny thing is that with the price of SQQQ so low you didn't mention what a great time to buy.

I am still holding SQQQ from your recommendations years ago. Waiting on the bust! Or, at least get back to even.

I also follow David Hunter along with you and many others - David is predicting a Russell of 3,800 before the bust - just offering this comment as you said you think the Russell is over blown and done. You can find David on X and some fairly notable prognosticators like you follow him so maybe give him a listen and see what he has to say.

A: TLT and the T bonds tend to respond slowly to the downturn at first, and then explode into the worst of the crisis. Stocks respond faster, typically with a 40% to 50% first crash. Hence, I would recommend starting off short QQQ thru PSQ (or 1/3 SQQQ) for the first crash, then shift to TLT, long the T bonds, or better buy just the 30-year T bonds directly. When they explode the most take profits and then look to buy stocks again.

Q: In a law against recessions environment, the authorities are going to push the system absolutely as far as they can, until they simply can't anymore, and then things will come down.

Again, this runs totally contrary to Robert Prechter's stuff.

Which is why Robert Prechter has been so wrong about a big bear market, that is to say a long one, for so long.

What Robert Prechter overlooked is that for the Elliott waves to work out at least pretty much as he expects, the underlying market that is creating the waves has to remain defined the same way.

And for all physical commodities, as well as national currencies, as well as crypto, that is the case.

But it is not the case for stock indexes. In the case of stock indexes, individual stocks get swapped out from time to time. The stocks of companies that have become weaker are replaced by stocks of companies that have become stronger.

Which means that things cannot truly come down until the overall economy has become very weak. So there are not enough strong stocks to have in the index anymore.

Moreover, once one is in the plateau phase of the Kondratieff wave, which we have been in since 1982, money pumping by the Fed will work. And that is how the Fed has kept things going. Robert Prechter is quite right, the Fed does not control interest rates. But that is not how the Fed has (actually) kept things going.

Which is why, at the rate things are going, the national debt will be the final determiner of what happens. Once the national debt is far enough along, that will be the end of the situation. The national debt is on an exponential track on a very large degree of scale. And it is currently in the process of going into the vertical of that very large exponential. Once it is far enough into the vertical, no one can tell you exactly what that point is because it depends on human perception, there will be no way to keep things going anymore.

Noting that the Fed has no control over the national debt. The federal budget, and therefore budget deficits and the total national debt, are the purview of Congress. Legally.

And the Fed has said relentlessly and repeatedly that the national debt is unsustainable. Which is a correct statement.

So the Fed will just continue to hold its every 6 weeks meetings in support of the law against recessions, which was passed by Congress in the late 1970s, until Congress spends the country into bankruptcy.

As to why Congress will never do enough to get the federal financial situation under control, in my opinion that is a separate discussion that has more to do with politics.

But noting, just for starters, that the current generation of people in Congress is a completely different set of people from the set of people who passed the law against recessions in the first place. A law which tasks the Federal Reserve with keeping things going.

Robert Prechter is nominally correct. The Federal Reserve is not a potent director. The Federal Reserve does not keep the economy going on an ongoing basis. It only monitors the economy on an ongoing basis. It actually doesn't intervene very often at all. But when it does so, interest rates are not the main way it keeps things going. Noting that the Fed interest rate changes are only a matter of perception. The Fed is not actually controlling interest rates when it does that, contrary to popular belief. But, as already noted, the Fed is actually using other methods to (actually) keep the economy going. And it has been very successful in doing so.

But that will no longer work once the national debt is far enough along.

Noting that what Elon and Donald are doing is nowhere near good enough to actually solve the problem with the national debt. As far as I can tell, they don't even have a clue what they are up against. They don't have a clue how big the problem actually is. But, then, as far as I can tell so far, most other Americans don't, either.

That will not stop the actual problem from developing. Because math does not care about how people feel about the results of what it does. It will just simply do it anyway.

A: Great issue to bring up.

I like Prechter for promoting and innovating Elliott Wave patterns. But that is patterns, not fundamentals, except that the 5-wave movements will be in the fundamental direction, up or down, and the corrective waves against will be 3-wave. Elliott Wave is a technical indicator to me, not fundamental.

I look at fundamental patterns like a generational Spending Wave over about 40 years, or a Decennial Cycle, and then try to analyze where we are in that cycle… like a 3rd wave peaking with a 4th wave correction and then a 5th wave top to follow, etc.

I only follow 2 other newsletters, Prechter and a sister newsletter from his group, and Stan Harley. I like Prechter and use his wave theory a lot, but it is more subjective and open to different scenarios, whereas my demographic, technology, geopolitical and decennial cycles (among others) are fundamental and more objective. Consumers grow in spending on average from workforce entry into a peak at age 46-47. That is fundamental and doesn't change much. During such an average 26 years up and 14 down, the Elliott Wave patterns can vary, as can the interpretation of them as they evolve. I just distinguish between which of my cycles and tools are fundamental, and which are technical, and I always use both. The fundamentals are more important longer term, and the technicals are more critical shorter term. I don't see newsletters like Prechter as competitors, but complementary, especially in the technical realm. But I also don't follow too many newsletters as that can just get confusing at times.

It is also true throughout history that governments will find and allow means to bring leverage into the fundamental economy through debt and artificial means. That enhances the fundamental boom trend, but then increases the shake-out and bust when it inevitably occurs. This now 16-year fiscal and monetary stimulus has created the longest and greatest bull market in history to counter a fundamental downturn between around 2008 and 2022. This just means the downturn and crash will be more severe, like 1930-33 when it finally hits… and likely sooner than later after governments over-reacted with stimulus since 2008, and most so since COVID. And this crash will now not come during the fundamental demographic downturn between 2008 and 2022, or the Decennial cycle from 2020-2022. Governments have distorted the fundamental cycles massively more than any time in history, and now we will see an off-cycle, or over-valuation crash greater than any in history… just the timing is more difficult as it's simply a "go until you blow" trend created for the first time, 100% from artificial stimulus. It will take a severe crash just to flush all the artificial printed and deficit money over the last 16 years out of the economy, i.e., "a massive hangover after an unprecedented financial orgy!!!"

That's why the strategy is to be in cash, or better, in the safest and longest term 10- and 30-year US Treasury bonds (or the ETF TLT) until this necessary and deep shake-out is over… likely now between late 2025 and mid-2028.

Q: Besides just letting the system crash, what has been one of the best ideas to somewhat glide us off this gov debt Ponzi?

Has anyone mentioned the Chicago plan of the 30s?

A: Unfortunately, there are so many powerful special interests involved that it's very hard to cut the overspending and debt spiral sufficiently. It typically ends more painfully when a financial crisis forces it. It's Social Security/Medicare/Medicaid and the Military. Current unrest in the Middle East and Ukraine make it hard to cut the military, and no one wants to give up promised entitlements.

Q: I own a $600,000 property with an approximate remaining $300,000 payoff. Should I sell it or hang on to it?

A: I would sell all the real estate that you can. This should be the largest reset in values in US history… not something to sit through.

Q: Your comment at the end of June 24ths Take about U.S. private debt being 2.5x public debt is the most worrisome thing in the email. The economist, Steve Keen, who was one of the few economists that predicted the crash in 07/08 says that his study of historical periods shows that the trigger for economic collapse is not public debt but private debt. The level of private debt he said was what let him predict the 07/08 debacle. Keen, an independent economist, who is retired from academia is an opponent of mainstream economics (Neoclassical) and its models of the economy. He argues that they leave out of their models three critical variables (money, debt and energy) that are dismissed as irrelevant. Your thoughts?

A: Yes, I am well aware of Steve Keen and used to communicate with him more. Government debt is the minority by far and is generally not defaulted on. It is private debt that is typically 2-3X public that defaults and causes financial crises which hurt all sectors, including public. The private debt only tends to go higher in every cycle. We are several years overdue for the greatest debt crisis in history. The $27T and growing in US combined fiscal and monetary stimulus is all about pushing this crisis down the road which always makes it worse when it finally hits… now likely between late 2025

and 2028. We have pushed this 16.3 years forward now. The history books are going to wonder "what were we smoking!"

All we can do is get out of the way when the giant and global financial asset bubble bursts, and then re-invest at the buy opportunity of lifetime likely around mid-2028 forward.

Q: What is your take on the latest news— are bond rates going up more. Chase is recommending buying gold sell bonds!!

A: The antidote for depression is not gold. It shines when there is inflation as in the 1970s. The safest, default-free US Treasury bonds are the antidote for a depression with falling prices and high company failures and bond defaults. Only powerful governments like the US can print money to pay their bonds if necessary. Hence, their bonds actually appreciate vs. other falling bonds and investments like stocks and real estate. The longer the duration, i.e. 10- and 30-year, the better for such appreciation. Unlike corporations, governments can print money to pay off their bonds, even at some depreciation costs to their currency, etc. Corporations have to pay a high price to borrow further to pay off their debts id they are unable. They can't just print money out of thin air. That's why the sovereign bonds, especially the U.S., end up being the safe haven, when even gold starts failing, as in 2008.

Q: Watched a video from Porter Stansbury he said 2028 big crash with 30 trillion in gov. to be refinanced. I don't think this will happen, they will default on it. Your thoughts?

A: No way the US government chooses to default. That would compromise their risk-free rate for a long time, and now hurt them more than ever with record debt and debt ratios. A recession could double the present $2T deficit to $4T+ and finally see investors raise T bond rates in fear of potential restructurings of payouts, forcing the government to get more serious about cutting costs more seriously. But no way they choose to default… They can print money to pay, unlike corporations. But it is just starting to affect that risk-free rate a bit, and will finally likely do that more substantially when the next recession doubles those deficits overnight. We'll see as that hasn't happened in the past yet.

Q: Rise and fall of Asia that you sent out in September 2020 your forecast-- was that all the Asian markets would fail in 2025. You repeated that for all the countries you mentioned. Do you still think that?

A: It gets harder to predict anything as this second, 200% artificial bubble goes on for 16 years. It has to burst, as every bubble does… but this one is larger and longer due to $27T+ in stimulus. The fact that the Fed and government over-reacted to the temporary COVID crisis creates an opening for a crash to start, and China should lead it. The Fed here can't do much to stop a melt down in China... and that's likely how we get this crash even though the Fed is intent on preventing it. If it doesn't start by early 2026, I may have to consider giving up on forecasting altogether.

Harry

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