Harry's Take

July 29, 2025

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

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: With the bond market in such disarray, are you still sticking with TLT?

A: Yes, I am sticking with TLT. It's still the best house in a bad neighborhood. It is possible that this time around that the markets may sense, unlike in the 2008 financial crisis, that the U.S. is in enough debt now that their bonds aren't as risk free. However, there is no sign of that yet and I will be looking for it. In a normal recession scenario these bonds would start to go up modestly as a safe haven, but not show most of their gains until there is a deep financial crisis as in mid-to late 2008 last time. If TLT shows signs of declining in value a bit as there are more signs of a recession, then that could be a sign that they aren't as safe a haven any more. Problem is there is no other safe haven unless gold ends up being the last to appreciate and peak in this crisis. Gold is one of the charts that most look like it is peaking in this time frame. So, that doesn't look likely. Hence, outside of long-term Treasuries only A+ corporates would be a potential hedge, but not as good as TLT... So, good point here. We will have to watch to see if Treasuries follow corporate bonds down instead of up as a recession seems to approach or start to hit.

Q: With the bad employment numbers, I would think Powell will have to cut rates sooner than later. I think Trump's bullying of him has affected what he thinks is best. Powell likes to say the numbers drive his decisions. He may now have that and it won't appear as if Trump bullied him into cutting rates. A cut even if only .25 has to help TLT. What do you think could happen to the TLT price in the fall if the first cut comes July 30. I don't see the 180 price that you have previously predicted with a recession, however, should the price not get back into the 90's and low 100's later this fall?

A: The employment numbers were better than expected, although it's clear the economy is leaning towards slowing.

Why can't you see TLT going to 186 when it went to 169 in the brief COVID recession? This should be a deep downturn and last for a few years.

Q: You keep saying that US Treasury Bonds are the safest place to be, but I have my doubts that the US government will survive the coming bubble burst. The rancor and lack of trust between the red and blue states is extreme and growing, and I see a real possibility that talk of states seceding from the Union might, in a crisis of the magnitude we are going to face, actually come to pass, leaving no one willing to honor the debts the current government has run up.

Of course, that would mean an immediate end to all payments that the government makes as well, including Social Security, Medicare, Medicaid, and all federal agencies, and would have consequences far beyond what I can imagine, but if the government does manage to survive, I am very doubtful that we will still have a representative government, even to the extent that we do now. The tough decisions that would have to be made are not suited to a body such as Congress. They might still exist, but would serve as a rubber stamp for whatever decisions the President (probably for life) might make. Or the country might dissolve in chaos, but in any of these scenarios, I would not count on them to make good on bonds held by citizens. Maintaining order and the rule of law through the changes that would be necessary to put everything back on a sustainable track would be difficult, and likely impossible. Do you honestly see it otherwise?

A: I agree that more of a Civil War could emerge out of this. But that will take a while to develop. The US government is still the best house in a bad neighborhood compared to Europe and East Asia. So, we'll be the last to

come into questions around solvency issues. And remember, only large sovereign governments can print money to pay interest and principal if need be.

Q: Just wondering with the financial situation going on in China (and the United States addressing conflicts elsewhere around the world), do you think China would invade Taiwan to distract the people? Can't help but think back in 1982 when facing economic problems, Argentina distracted the people by invading the Falkland Islands.

A: This is a more geopolitical question and not as much in my expertise. But I don't think it makes sense for China to attack Taiwan when its economy is likely slowing into a debt crisis. It would only make that crisis worse.

Q: Well, Harry, it looks like it might be a while before we see a real downturn. Sentiment Trader's Risk On/Risk Off indicator has just switched to "risk on." Although we may encounter some fluctuations along the way, it seems like, for now, the market will continue to gradually rise. We are on track for a record-breaking surge that will surpass all-time highs. The bull market has returned, and it's poised to soar, reaching not just beyond the moon but all the way to Mars.

Many people are still predicting a retest of the April lows, and some are even shorting this market. However, Consumer Confidence jumped in May, with one of the largest monthly increases in nearly 60 years, which typically signals a rise in stock prices.

David Hunter's prediction of the S&P reaching 8,000 and the Nasdaq hitting 27,000 may indeed come true. He may have been early with his forecast, but it increasingly seems that he could ultimately be correct. It's also possible we might exceed those projections, especially with Trump working to boost the market. Trump has always been pro-stock market; during his first term, he focused on driving it higher and even added cryptocurrency to his agenda. I see a continued upward trend, as it appears everyone will invest, pushing prices up.

This growing confidence in the market is a good thing, I guess, but it makes me nervous about it with the current conditions, but timing when to sell will be crucial. Right now, going all in could potentially yield significant returns, but exiting before a downturn is the challenging part. That downturn may not happen for some time; after all, we've seen 15 years of consistent market growth.

For example, imagine investing heavily in TQQQ back in 2010 when it came out and looking at your returns today—up an astonishing 18,139%—while QQQ is up around 936%. TQQQ is supposed to be a short-term strategy and can experience contango and decay over time, yet it hasn't exhibited much of that behavior. In contrast, SQQQ is behaving as expected.

Everything seems out of balance with all this money printing and market manipulation by the Federal Reserve. We may need a reset, but I don't believe it will happen under Trump; he is pro-business, pro-stock market, and will take measures to keep the market climbing.

The market just keeps rising, and bubbles are getting bigger. One day, you and everyone else predicting a downturn may be right, but it doesn't seem like that time is now. Like your rants, though, and will keep watching. One day, Harry, one day. Take care.

A: Until recently I was not looking for a top until late 2025, likely September to October. But there are indices like the S&P 500 and Nasdaq that look like they may be topping unless they can break to new highs soon. If the markets continue down in August, odds grow we have already topped in July. More in my August newsletter on the 4.5-month succession of tops that looks more and more bearish.

Q: If and when major correction gets underway and stocks are sold for cash, where does the cash go? IOW's, what's going to be the next best investment alternative?

A: 10- and 30-year Treasury bonds, or ETF TLT that owns both. Best strategy: short stocks for the first crash, like PSQ or 1/3 SQQQ. Then switch to TLT after the first stock crash down 40-50% in QQQ.

Q: For paid subscribers who followed your recommendation to buy SQQQ about a year plus ago, what will be your advice to these subscribers?

Keep holding, or sell now and wait for your next buy signal?

A: I would be out of SQQQ until there are clearer signs that stocks are topping. There is still a chance of one more new high into September or so.

The optimum approach would be to start getting short as late July does now look like it could be THE TOP - See August newsletter ahead. Then add more short if we can't make new highs in August. If it continues to fall then get full short by September.

Q: I've been giving serious thought to your recommendations about selling my home and wanted to reach out for your perspective as I weigh my options.

I currently own two fully paid properties in Austin, Texas:

A house, purchased in 2010, bought it for 142k, a three bedroom

A condo, purchased in 2008, bought it for 73K, a one bedroom

At this point, I'm trying to determine which of the two makes more sense to sell. Each property has its own merits, and I'd appreciate any advice or insights you might have regarding the current market, potential returns, and long-term considerations.

A: The higher price house will free up more cash to reinvest after the crash. So, I would favor selling that one. The condo will likely depreciate a little more, so that is worth considering. If it were me, I would sell both, rent for 2 - 3 years, and rebuy my one dream home in a few years.

Q: As you implied gold on a flat area. However, after recent rallies of commodities. Today again there is too much noise from global banks about gold. Goldman reiterated their 4000$ target and SCB just shared the target of Q3-25 3500 and Q4-25 3700.

A: Gold looks like it's peaking to me around $3,500 recently, with possibly one more new high. stocks are now looking like they could be peaking a little early in late July. This is another reason to be short gold as well. I think it crashes along with stocks after the longest stock bubble in history from March 2009 bottom to a peak likely late this year. But stocks are likely to crash harder initially and gold more later in the down cycle. The question is how much does it crash this time? My guess is back to $1,100 to $1,400 support levels. Then a long term biggest driver will be the rise of India similar to China from 1982 into 2021 over the next four decades. But Indians spend 3X of their income on gold vs. Chinese. That could send gold towards $5,000 over the next three to four decades.

I don't see it as the safe haven to a major stock crash, which I do expect. It wasn't in the 2008 crisis, although it went down less and for a shorter period of time in 2008. I am recommending selling here and rebuying in a few years. Then it could be a great long term hold and strong commodity play into the 2050s/60s.

Harry

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