



Harry's Take

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Real Commodity Peak Is Not Until 2039-40 on Its 30- and 60-year Year Cycle

Commodity prices have been following the Everything Bubble around the massive stimulus since the GFC in 2008. The chart below is the Bloomberg Commodity Index and it hit an all-time high at 682 on 6/7/22. After crashing 32% into 2/14/24, it's heading back up again. But I think its current bubble top is likely already in.

Commodity Index Down Big Before Next 30-Year Top Around 2039 - 40



Source: Bloomberg

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This Everything Bubble includes stocks, real estate, crypto, AI and commodities... especially gold and silver recently outstripping stocks in the last 3-5 years of the blow-off stage. Stocks do see their biggest bubbles historically on this 90-year cycle that saw the biggest bubble peaks and

crashes from 1836 to 1842 and 1929 to 1942 with the worst in the last one hitting into late 1932. And they have topped and then bottomed every 40 years as in mid-1942 and late 1982 in their normal 39- to 40-year Generational Cycle outside this rarer and more extreme 90-year Super Bubble Cycle.

But commodities have their normal cycle around 29-30 years with peaks back to 1951, 1980 and more recently between 2008 and 2011. Those cycles tend to be larger every other cycle, or about every 60 years, like 1864, 1920, 1980, and 2040 ahead. Hence, the Next Major Commodity Cycle should peak around 2039-40... And the current 90-year Super Everything Bubble has been pushed out to around late 2025/early 2026, 5 to 6 years later than it's normal 90-year cycle peak around 2019-2020 due to the \$30T+ unprecedented massive stimulus. But they are finally starting to back off of that.

There's a good chance now that this greatest and longest bubble ever will finally start to burst this year, now that the Fed has backed off the Balance Sheet stimulus by \$2.7T while still keeping the fiscal deficits going at \$2T. That's still a noticeable decline in stimulus and bubbles need more and more to keep going, not less. The Bloomberg Commodity Index here is likely to back off to 253 or 229, down 63% to 67%.

Hence, I think commodities have likely already peaked here in mid-2022 and will crash with everything else other than the safe-haven U.S. Treasury bonds that have been down since 2020 in the most extreme late stage of this Everything Bubble. That's the biggest hint as to why they will explode and be the only major safe haven, and not gold.

Their next major peak will come around late 2039-40, and the Millennial peak for stocks should hit just before that around late 2037. But none of these natural cycle peaks may ever top the extremes that have come from this unprecedented 90-year cycle peak that has been further enhanced by the longest and largest stimulus program in history by far!

Harry

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

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