Harry's Take

September 1, 2026

Reader Mailbag: Questions and Harry's Answers on TLT, the Markets and Crypto

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: How do you feel about Money Market accounts?

A: Money markets will preserve your money and pay interest similar to the 10- and 30-year US Treasury bonds (or TLT etf). But TLT will get that interest and appreciate with these risk-free bonds that rise in value as the safest haven if there is a financial crisis. They did so in 2008 and will do so even more in this Crash of a Lifetime ahead. Why? These bonds have almost no default risk as the US government can print money to pay interest and principal if need be. When all other risk assets from Crypto to stocks to corporate bonds go down in a crisis, these safest bonds will shine. Gold will hold up a bit better at first, but still fall in the downturn as it did into late 2008.

Q: I heard you last night on George Noorys show, and had to ask you a question. You stated we are 17 years overdue for a bubble bust...I agree… my question is, Is this the opportunity for the US Treasury/FED to implement crypto and digital currency to how would you say...save the day?

A: My view is that in this crash Bitcoin and crypto will crash hard too. Bitcoin is already leading the crash. US Treasury bonds will appreciate and be the short-term savior, not gold, as in 2008.

I think it is in the aftermath, in the next boom that Bitcoin will come back the strongest, and it will increasingly become obvious as the monetary standard for the digital age. The US will not come back as strong, and China will be absolutely decimated by the greatest real estate crash ever. The US dollar and Treasury bonds will fare the best in the crash… but then fade back down to normal in the next boom.

At some point it will become obvious that Bitcoin is the only truly neutral, global and digital asset to serve as the new global standard for money, not gold or the US dollar. But gold will still boom as it is favored for consumption and investment by India, the new super-growth country for decades to come. India will be the next China (like 1983-2021) from around 2029-2066+ when the next 45-year Innovation Cycle peaks. India will end up a bit richer than China, but still not near the US and the best developed countries. But India will peak at around 1.7 billion people, while China shrinks to around 800 million. The US will still be the richest large developed country, but grow more slowly after Millennials hit a long plateau around 2037 to 2054. The new world by 2066 will be US #1, India close #2, China distant #3.

Q: I've been investing in TLT since you first endorsed it. If you have a chance in your next email, please cover (again) your current thoughts regarding TLT. Should we hold what we have OR buy more (I'm investing my TLT dividends)?

A: TLT is still a hold and could double in value in a major crash as I expect. It should advance more modestly at first, then explode into the worst of the downturn, as it did in 2008. The best play for a major crash ahead for more aggressive investors is to short stocks through a 1/3 (or more) allocation to 3 times short SQQQ to be 1X short, or higher if you desire. But after the first dramatic crash, TLT is the best way to ride through the rest of the likely 2.5 to 3-year stock crash and economic depression that will be more volatile and perverted by government intervention. Or just be in TLT from the beginning to avoid the volatility, and likely ride an ultimate doubling from around 82 today to 186+ a few years from now... but only if we get this

major crash as I expect. And most of that gain will tend to come later into the worst of the financial crisis in 2028.

Q: You keep recommending 10 to 30 year US Treasury bonds. For us older people that might not make another 10 years would a two- or three-year U.S. Treasury bill be OK? If not, why not?

A: This is a HUGE misconception: that you buy a 30-year Treasury bond and you have to hold it for 30 years. T bonds are the most liquid market in the world and you can sell them any minute, any trading day. You buy the longer duration like 10- and 30-year to lock in yields longer and to position for not just slightly higher interest, but for appreciation if longer-rates fall in the future, which is what happens in a slowdown or recession. Falling rates means your higher locked in rate is worth more, and the longer the duration, the more the appreciation. Buying 30-year Treasury bonds direct, or TLT (average 20-year) is a bet that the economy will slow in the next few years with inflation falling and long-term rates falling. My calculation is that TLT could double in the next few years if we have a serious recession or depression, which is WAY overdue now after 17 years of massive stimulus. If we don't see a sign of slowing by year-end, I may have to reconsider this bet for now. But, it will come at some point.

But to repeat again. The optimum way to play a deflationary crash ahead is: First be short stocks with a 1/3 allocation to 3X SQQQ - to be net 100% short the Nasdaq 100. After we get a likely first crash of up to 60% in just 3 months or so, then you take profits on that. Then wait for a bounce in the markets that will follow and either buy SQQQ again for the next major wave down, or less risky: buy TLT and hold for an up to 100%+ gain in the next few years into when we see a deep downturn like we saw in late 2008. Then sell TLT and look to reinvest in stocks again after they could be down 90%+ by early to mid-2029 or so.

Q: Back in July of 2022, you said that TLT likely bottomed at $108 (see below).

TLT hit a low of $81 in the past week. What is your take on TLT and TMF today? Do you expect TLT and TMF to go up after the first wave of the Crash of Our Lifetime, or is it different this time around?

A: TLT's rally has been waiting on a slowdown that government stimulus keeps pushing off. It will stay stuck in the low to middle 80s until there is a sign of slowing and recession. We are way, way overdue for that. If we see a significant slowdown we should see new highs to 186+, largest rally ever. But, it will take patience as the markets never make a move that large easy or obvious. The $2.3T pullback in the Fed Balance Sheet is the first sign, but the $2 trillion deficit is still net stimulative. This has been frustrating, but it is still highly likely in the next year or two. The recent new low at $82 makes TLT look attractive again, just on the chart pattern alone. However, I keep stressing that the first and biggest reaction to a slowdown will be a sharp crash in stocks. That's why I have increasingly been recommending a 1/3 holding of triple short SQQQ, just to catch the first sharp 50%+ crash and confirm a major long-term top… then switch over to TLT for the remainder of the crash, likely into late 2028 or early 2029.

Q: Many dates have come and gone and there is still no crash. What is your latest prediction?

A: Governments and central bankers keep winning their war against recessions… until they don't! At that point there will just be a bigger bubble full of more bad debts and zombie companies to detox! Hence, a bigger crash is very likely. I have this unpopular view (from being a turnaround manager in Fortune 100 and new venture companies). That's reality.

We won't be able to judge whether over-stimulation is advantageous in the end until we see a major crash. A crash, as I expect, back to the early 2009 lows for stocks would demonstrate that we indeed ended up worse off from 17 years of massive stimulation. Most stocks and markets look like they have peaked or about to. So, this looks like the best time. The truth is that leverage works to your advantage as long as things are going well. But it works against you when things don't. This is now the most leveraged, stretched and over-stimulated stock market of all time. Period!!! This is not sustainable.

As Buffett says: "You can't tell who's swimming naked until the tide goes out."

History, common sense and record-high ratios of debt and zombie companies globally suggest a disaster ahead—1929-33 levels! That's precisely why governments are trying so hard to prevent even a mild

downturn. There is no way to stop an avalanche this big after building a bubble this big and long.

Q: Is it also possible the world has figured out how to prevent crashes? All they have to do is print money. Look what happened during Covid. We shut down nearly the entire world's economies and flooded the world with cash. Yes - it caused inflation but my view is that inflation is a shared tax everyone pays. Why can't this game go on forever? Yes - interest rates will go up on the long end but people with cash can lock in long-term rates at a premium, and they will.

A: The problem is central banks and governments have figured out too well how to prevent crashes and recessions. The result: the biggest, longest bubble in history and valuations much higher than 1929 and now rivaling the first tech bubble into early 2000 that crashed without the economy leading it down. The very minor recession there was more due to the crash.

All we needed was a trigger like the Iran War to pop this Cyclops of a bubble enough for it to burst… and then how massive a bubble this is will become obvious fast! That's why it's essential to be out ahead of this, at least into this 4-year cycle low into late 2026 where this bubble is most likely to begin its crash now.

Q: With Scott Bessent and the administration adopting the Hamilton Plan increasing production through productive debt focused on key growth and emerging sectors is it sustainable to Reduce the Deficit. Will it minimize your predictions of a Crash?

A: No changes to reduce the deficit are likely to have any major impact before a long-overdue slowdown and recession doubles the $2 trillion deficit overnight towards $4 trillion. The deficits are baked in and any attempts now to cut federal spending to counter will alone trigger a recession and massively higher deficits. They've hung themselves already! I am hoping that such an extreme deficit in the next few years finally forces a call and legal mechanism for balancing budgets in the future. Deficits should only occur during downturns and recessions when tax revenues fall and social costs rise. They should never be nonstop, like from 2008 to 2026.

Q: I'm just wondering if you've considered the unemployment rate when it comes to Market tops because right now our unemployment rate is fairly low and when we've had Market tops like 2008 the unemployment rate was a lot higher?

A: It is more typical to see low unemployment at major tops. Markets top when things look their best, especially at major tops like this one should be… This is so major and overdue, I don't think we will see higher in most of our lifetimes, maybe even our kids.

Harry

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