



Retirement *Lifestyle* Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Dr. Charles Nenner

Date: October 4, 2020

Produced by:

**Retirement Lifestyle Advocates
961 Four Mile Road, NW
Grand Rapids, MI 49544**

Phone: (866) 921-3613

Email: info@plplanners.com

Website: www.RetirementLifestyleAdvocates.com

Dennis Tubbergen:

Welcome back to RLA Radio. I am your host Dennis Tubberge, joining me again on today's program is returning guest Charles Nenner. In 2001, Charles Nenner founded and is president of the Charles Nenner Research Center. You can learn more about his work at charlesnenner.com. And he will also give our listeners a 30-day free trial by visiting charlesnenner.com. I do get his research and it is something that I look at every day when it comes in. I would encourage you to check it out as well. Charles, welcome back to the program.

Dr. Charles Nenner:

Well, nice to be here. Just to be called president, gives some association that we have to see how it goes.

Dennis Tubbergen:

Well, let's talk a little bit, Charles, about your background. How did you develop, your particular brand of research? Because in looking at your research and looking at historically what you've done, your cycles research and your timing has been extremely impressive, so how did you get to where you are today?

Dr. Charles Nenner:

I'm trained as a medical doctor and I joined research in a group that wanted to see when people get psychotic in the world, if that happens all over the world in the same periods and if you can predict when it's going to happen. And we found that it goes with very definite periods.

Dr. Charles Nenner:

So, after that was finished, I was visiting the United States and I was watching a program about Wall Street where everybody said, "Why it's going up and down, up and down?" I said, "Well, let me see if I can take the same approach to financial markets." And I started doing it all by hand because at that time they were no good computers.

Dr. Charles Nenner:

And then computers came, and then I started writing neural networks that the... Neural networks are actually programs with computers that can think for themselves because there's so many historical data that, for human eyes, it's difficult to see what's going on. And I found out that, as the wave of people becoming psychotic, the wave of people selling in markets and buying in markets also goes in very definite periods.

Dr. Charles Nenner:

So the thing is, these things don't move at random. Now, it's very difficult for people to accept that, actually we say, you're predictable, but you're only predictable because you move as a mass, in masses. If a hundred millions, a billion people together move in the stock market, then it neutralizes the free choice.

Dr. Charles Nenner:

So, what we do is we know what that no free choice is going to be, and when people are going to decide to buy and to sell, that's the first thing. So, we have the dates. And then, I developed a method that if something, let's say, a market goes up, you can calculate how high it goes up.

Dr. Charles Nenner:

It's the same thing as shooting a bullet up in the air. If you paid attention in school, then you know how long it's going to stay in the air and how far it's going. So, if a market goes up with a certain momentum, then you know how long it's going to take and how high it's going to go, independent of the news.

Dr. Charles Nenner:

The news comes out when the market is at the top, and then everybody says, "Oh, that's why the market comes down." And the media confuses that whole situation. That's why it's very hard for people to understand how these things really work.

Dennis Tubbergen:

So, Dr. Nenner, in talking and listening to you, essentially, and I'm paraphrasing here, so correct me if I'm wrong, you say that groups of humans behave predictably. So, is your cycles research applicable to not only financial markets, but do you analyze other areas as well, like social norms, social tendencies, that type of thing?

Dr. Charles Nenner:

Yeah, what may be interesting, because I do less than before, but years ago, I predicted the fashion. There were big fashion designers who actually don't know, in two years, let's say, for men, is it going to be single breasted? Is it going to be double breasted? For women, is it going to be a red color? Is it going to be yellow color? Is it going to be a black color? So, then you put in all that data for the last hundred years. And then, the cycle will show you, in two or three years, what the color is going to be and they can prepare it.

Dr. Charles Nenner:

Another big client I had, was in the music business. And it's interesting that if you have an old record that made a hit, let's say, 20 years ago and you want to issue it again. Sometimes, if you do it in summer, it doesn't work. But, if you do it in winter, it works. And if you have a man sing it, it doesn't work. And if you have a woman sing it, it works. So, there's also a lot of work being done in that to predict when a record should come out in order to be a hit. So, the different industries that you can apply it on. Like I said, I don't do it anymore. The only thing I do is the financial markets, that keeps me busy enough.

Dennis Tubbergen:

Well, let's talk about financial markets. And here in the United States, one of the obviously big topics here in the next month is the upcoming US election. And many people are adjusting their investment strategies, to maybe allow for a victory by either major candidate for president. Would you say that based upon your research, that, that is not a very worthwhile exercise? Or what would your position be?

Dr. Charles Nenner:

Well, my position is that... Let me give you an example. We went to zero stocks just before the market started crashing this year. Because the cycle topped and the price target was hit. Then, I wrote an article about the black swan theory. For people who don't know what it is, there was a successful book written by a person who says there is a black swan, that means is the markets can come down unexpectedly and whatever you do, you can never figure out why.

Dr. Charles Nenner:

And then I had a big discussion because people talked about the black swan. What is it going to be? How's it going to be? And I said, "I don't have to deal with what's going to happen. I just have to know when it's going to happen." And we know exactly when it's going to happen. So, whoever is going to be in the White House, to me, it doesn't make any difference to me. Let's say, to the system, it doesn't make any difference because otherwise the system would not function.

Dr. Charles Nenner:

Now, this is very hard to understand. I give you an example, it's a bit of philosophy. That years ago, when I lived in Manhattan, the problem was, can my wife go in the subway or not? That was just after the Japanese blew up all kinds of chemicals and killed people in Japan. So, when the market had to go up, my wife could take the subway. And when the market went down, she had to take a taxi because then something could happen.

Dr. Charles Nenner:

So, when I was teaching at Goldman Sachs, there came questions like what if they killed the President of the United States won't the market come down? And now, it becomes a bit more complicated, but interesting since they cannot kill the President of the United States when cycles are up and the market's supposed to be up, they can only kill the president when the cycle show that the market has to come down. That's a bit difficult to understand, but things don't happen in a vacuum. Things have a pattern and only happen when the time is there. So, even to kill the president, in my theory, has limited free choice. A person can decide to kill the president, but not when.

Dennis Tubbergen:

So, very interesting. We're chatting today with Dr. Charles Nenner. His website is charlesnenner.com. Nenner is spelled N-E-N-N-E-R. And if you'd like to check out his work or get a free trial, I would encourage you to go to the website. Again, that's charlesnenner.com.

Dennis Tubbergen:

Dr. Nenner, as you're talking, I know this is going to be kind of difficult for some listeners to kind of wrap their head around, but let me relate this back to financial markets again, if I could. When you talk about cycles, are you tracking multiple timeframes? So, in other words, are you tracking, for example, stocks or precious metals markets on an intraday basis? On a multi-year basis? In what timeframes do you track these cycles?

Dr. Charles Nenner:

Well, we have yearly cycles, we have the monthly cycles, we have intraday updates, that mean is we can see the hourly cycle bottoms, to give an example, at 9:30 today at this level. And then, it's going up till 3:15, and then we're going to reach that level. So, we have this service where people just get the email and they know exactly when the cycle bottoms and when the cycle tops. So, it's the same system. Long-term and short-term. It doesn't make any difference.

Dennis Tubbergen:

So, what advice would you give to someone who has a retirement account, and they have the traditional type investments, different types of mutual funds, and they're buying and holding. In this environment, what kind of advice would you give someone who's managing their assets in that manner?

Dr. Charles Nenner:

Well, right now we are at a very difficult situation. We might creep up on the Dow and S&P, trying to test the high in the next six weeks. I think that it's over. I'm very negative on the stock market. I'm very negative on the bond market. People are falling asleep because we have been in a bull market in bonds for the last 35 years, and they feel the bonds will never come down anymore. So, if you buy bonds that give you 1%, what are the chances? You know the chances is that, there's no inflation yet, like everybody talks about is also cycle it will take a while, but then inflation goes up, and interest rates go up and you're being stuck with a bond that gives you 1%, it's a problem.

Dr. Charles Nenner:

The other thing is that it's very easy to lose 30-40% on the bond capital, once interest rates are going up. And the problem is a lot of people are in bond funds, so you don't even get your principal back if you sell out, you just sell with a loss. So, the other problem here is then the bond market is also not safe. It's a big problem coming up now, where should you put your money? So, we are ready for years in gold and silver, that cycle is up for years, and been doing extremely well. Now, the interesting thing is some client says, "Well, I don't know about gold. I know about stocks."

Dr. Charles Nenner:

Well, without anybody taking this personally, they don't know about stocks because if you listen to CNBC or other channels, if you ask that to people over there and you think that the next move in the Dow is up 10% or down 10%, they don't know. So, actually, they also don't know about stocks. So, what do you know what stocks is the same as you know about gold. But, gold has to be watched because it is very volatile. And when we see a cycle top is near, we can go down 200000, 300000, that's \$200-300 we go out. So, you really have to watch our work in order to play that.

Dr. Charles Nenner:

For the rest, it's very, very difficult. Even if you own most these days, I am here from Europe and people don't know what to do anymore because they're all deserted. People have office buildings and everybody's working from home. People have rentals, but the rent cannot be paid anymore. So, it's a very, very difficult situation. If you put your money in the bank, you almost don't get don't get any interest. So, it's very hard in five or 10 minutes to explain what has to be done. That's one of the reasons is we give it out for free for four weeks. It's interesting to watch our research, to have a different approach on how professional look at financial markets, and not take it your interests from the papers or from the media.

Dennis Tubbergen:

Well, we are chatting today with Dr. Charles Nenner. You can learn more about his work at charlesnenner.com. The clock tells me we're going to have to end it there for this segment, but stay with me. I'll continue my conversation with Dr. Charles Nenner when RLA Radio returns. Stay with us.

Dennis Tubbergen:

You are listening to RLA Radio. I'm your host, Dennis Tubbergen. I have the distinct pleasure of chatting, once again, today with Dr. Charles Nenner. Dr. Nenner is the president and founder of the Charles Nenner Research Center. And he's offering our listeners a 30 day free trial to his research. You can take advantage of that or learn more about Dr. Nenner's work by visiting charlesnenner.com.

Dennis Tubbergen:

And Charles, let me just jump back in again, because we're talking about your work, and you mentioned that you track different markets in different timeframes and you're very negative on stocks. So, let's start with stocks. What is your ultimate forecast for stocks?

Dr. Charles Nenner:

Well, I think we can hold up until the end of November. Now you would say it has to do something with the elections. It just happened to come to the end of November the cycles. And I think the market is going to be very dangerous for another year and a half. We played a lot with ETFs, that you can play going up, you can play going down. That's easy for me to say, because once you know the cycles, it's not even a dangerous to play it down on the downside. And I think we have seen the low in interest rates, is going to take a while until it really such shooting up. But that also has to be timed.

Dr. Charles Nenner:

There is going to be in about two weeks, they're going to be another rally in the bond market. So that may be that really can be used to lighten up on the, on the bond situation. And for the rest, yes, there is always something to do. I know people not familiar with it, but ETFs improved oil, add ETFs in copper and ETFs and currencies. You just have to know where things are going. And again, most people are not familiar with it, but the average person doesn't know more about stocks and the stock market than he knows about crude oil.

Dennis Tubbergen:

So do you have a number if we look for example, at the Dow Jones, industrial average, do you have an approximation of where you think that the Dow goes from a valuation perspective and when that might happen?

Dr. Charles Nenner:

Well, the valuation expects that evaluation is totally crazy. I mean, it's worse than the.com. I was then at Goldman Sachs and even institutional traders, you get could not get them out. And I remember asking, why do you think you should be in stocks and nobody has a reason. So today I ask people, why do you want to be in stocks now? And I don't hear any reasons, is based on a certain hope. I says, well, then you must be an expert in microbiology because you think that it's based on the fact that they're going to find something to cure. What, if you don't find it, you're going to lose all your savings. You can't live like that. And the economy looks very bad.

Dr. Charles Nenner:

So I've no idea why people are buying stocks. They laugh at people like Buffett, who is very conservative. In the end is always the big laugh afterwards, because he's always right. I know people that are taking out the money from his funds, because he thinks, or they think he's not aggressive enough, but you know, is there to save people's money as am I. First is safety first. And you have to be very careful because you don't get another chance to make your money back if this one goes under.

Dennis Tubbergen:

So would you agree with some of the analysts out there, Dr. Nenner, who predict that we may see the Dow going to say 5,000 or so?

Dr. Charles Nenner:

Yes. The 5,000 is that's the target, 5,000. I wrote about it in the New York Times, already six, seven years ago. But, I also wrote that in the middle of the Clinton era, it was also 5,000 and it will still existed. So, it's not going to be end of the world, it's going to be end of your savings if you're wrong side of the market, if you don't know what to do. And if the market's going down and you go bottom fishing without having our cycles, then every time it makes a bounce and then you lose more and more and more. That's actually what happens when it came down in 2000 and 2007, eight.

Dr. Charles Nenner:

People were bought in fishing because of conditions. The market always goes up and in the end they had nothing left. So times is going to be very challenging. That's why I say for free, take a look, how we approach it. And you have an idea how it takes all emotions out. And it just based on mathematics. And that's what all the big institutions try to do. They don't trade on news because as you know, the saying says the market advances the news by nine months. So then actually you have to know what the news is in nine months, which the average people don't know.

Dennis Tubbergen:

So, you mentioned, Dr. Nenner, that you do some work tracking currency cycles. Could you just talk, just in broad terms, as to what you see as far as different world currencies moving ahead?

Dr. Charles Nenner:

You'll be surprised that the euro is going to do better. We have next week already. We have a cycle top in a dollar again, so the dollar should be weak against the euro. Now, the euro is actually the anti dollar. So, I keep up with the euro. The other currencies, Canadian dollar, Australian dollar, not doing very much.

Dr. Charles Nenner:

We do Bitcoin. That's very interesting because that proves our case, because there's no fundamental research on Bitcoin. So, I don't have any competition because the cycle show me a Bitcoin goes up and how much it goes up, and there's no news on it. And it's very interesting that people then accept, well, there's no news on Bitcoin, but only go with the cycles.

Dr. Charles Nenner:

But, when I say we do the same work on the Dow Jones, then suddenly they're interested in what the media say, and they cannot put out of their head. So, the interesting thing is the less fundamentals, the easier it is for people to understand the system. The euro is going to do a bit better, but I don't see much changes in the currency rates all over.

Dennis Tubbergen:

So, given that we've got central bank policies that are very radical unlike policies that we've really seen in the past, creating massive amounts of fiat currencies, literally out of thin air, do your cycles show that, that's going to be bullish for cryptocurrencies, Bitcoin in particular?

Dr. Charles Nenner:

Well, first of all, here we go. It has nothing to do with the federal reserve as though, because they also don't have free choice. They're part of that whole group of investors. So, I do mostly Bitcoin because I need a lot of data and a lot of cryptocurrencies don't have data for many years, so I cannot build cycles yet. I think on the Bitcoin, longer term, I think is a good investment. But, again, it's so volatile. If you don't pay attention, wake up and it's 20% lower.

Dr. Charles Nenner:

So I wouldn't just, I would do this. If you really follow our cycles, maybe you can follow it for four weeks. We do four times a week. We do the Bitcoin and get an appreciation of how it trades because it doesn't trade on news that everybody knows because there's no news. So, maybe that can convince people that news has nothing to do with markets. The news always come afterwards. So, the Bitcoin looks okay. And again, I don't follow much of the others because I don't have enough data.

Dennis Tubbergen:

So in the time we have left, let's talk a bit about precious metals. I think you mentioned in the first segment that you're bullish on gold or silver. If we have time, let's break that down. What's your forecast for gold when you review your cycle?

Dr. Charles Nenner:

Well, we started buying a goal around 1100. It's now almost 19 hundreds and a price target is 2500. So, we're just holding for 2500. The cycles are up for several years. So, I wrote that if will be a 2500 and half a year, the cycle is up for some more years. So, we probably get a higher price target. But, if it hangs around for a year or two years, then the target is going to be 2500, and then the value's over.

Dr. Charles Nenner:

And silver looks undervalued, so I think silver is going to outperform and should get as high as \$50 before the whole move is over. There is a way to play this. There's an ETF called GLD that we work with and there is a stock SLV that follows the silver price. So, people who don't want to do futures because it's a bit scary, can follow the GLD and follow the SLV.

Dennis Tubbergen:

You mentioned crude oil and copper also in our first segment. And just to go down that road briefly, to what extent is it practical for someone who's managing their own retirement assets to actually trading crude oil and copper? It seems that, that's kind of off the radar of most people.

Dr. Charles Nenner:

Well, you've got, for instance, the USO. I think it's also an ETF that follows the crude price. And you've got some strong companies who are mostly in copper, so you can play, can play it by buying stocks in his companies that doesn't go together with the Dow Jones. They have a separate wave. Those companies have to do with the crude price. And copper is also a separate thing.

Dr. Charles Nenner:

So, you get an idea. It needs a bit study, but there's a lot of potential to do very well. As long as you just don't stay all the time in this over valued markets, because they're really overvalued. I don't know if you know how to calculate it.

Dr. Charles Nenner:

There's one very good indicator. You can Google it. It's called the buffet indicator. So Mr. Buffett's has an indicator that says, I take the capitalization of the stock market, you divide it by the GDP. And then, you see it's totally up and went to the roof. It's higher than the overvalued in 2000 and 2007.

Dr. Charles Nenner:

Now, everybody knows the slogan buy low and sell high, but nobody knows when it's high and nobody knows when it's low. So, you need this indicators that we usually publish, to show you when it's high and when it's low. So, you don't want to be in a market that's totally overvalued. Even if it goes up and your friends say, "Oh, I made some money on the side," because this does not end well.

Dennis Tubbergen:

Well, our guest today is Dr. Charles Nenner. You can learn more about his work at charlesnenner.com. And Dr. Nenner, always a pleasure to talk with you. Amazing how fast 25 minutes goes by, but the clock tells me we need to leave it there. Loved having you on and hope to have you back down the road.

Dr. Charles Nenner:

Yeah. And maybe I'll be in another clock then.

Dennis Tubbergen:

Terrific. RLA Radio will return after these words.