Retirement Lifestyle Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Dr. Charles Nenner
Charles Nenner Research Company

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Dennis Tubbergen:

Welcome back to RLA radio. I'm your host, Dennis Tubergen. Joining me on today's program is returning guest, Dr. Charles Nenner. You can learn more about Dr. Nenner's work at charlesnenner.com. That's N-E-N-N-E-R.com, charlesnenner.com. And any of our listeners would like to go check out his work and I'll talk to him about his work in this segment. You can go to the website and get a 30 day free trial for his service. So Dr. Nenner welcome back to the program.

Dr. Charles Nenner:

Well, great to be back with you.

Dennis Tubbergen:

So Charles, talk a bit about your background for maybe our listeners that aren't familiar with your background, and then we'll get into a bit about what you do.

Dr. Charles Nenner:

Well, I'm a medical doctor, and while I was doing research about when people get psychotic all over the world, we found out that it happens all over the world in certain periods. So we can call it in certain cycles every so many years, every so many months. We knew this already because there's a lot of women will give birth if it's full moon. Now why it's full moon and birth, we don't really know, but you better get your staff together because you have an inflow of women giving birth. So I was very intrigued by how the world works, because this doesn't move at random. This has to do with things we don't really understand for the moment. And once I saw a program on CNBC about market's going up, market's going down and says, well, maybe I can apply through the same thing because these stories don't really make sense to me.

Dr. Charles Nenner:

So then we talk about a time that there were no real computers so I did everything by hand and I start studying when markets go up, how much they go up and when they go down, how much they go down and I came to conclusion, these things can be predictable and they don't move at random. So then I went into that research and found it very interesting. And after starting out my own firm in New York, I worked for Goldman Sachs and that was a very strange situation because I'm a medical doctor, and they have the rules that you need to study in business and come from Harvard or whatever.

Dr. Charles Nenner:

And then with the system we start investing their own money of Goldman Sachs until actually Obama said it's too dangerous after the crash 2007 had nothing to do with it. But then there were strict rules and me and my partners left and I started my own firm, which is now a firm that does the research for many markets from currency, metals, cryptocurrencies, SMPs, European markets, based on the fact that things don't move at random, that means is we come up with the exact dates that the market goes up, the market goes down and how much it goes up and how much it goes down. And that's what I've been doing for almost 20 years.

Dennis Tubbergen:

So Dr. Nenner, someone who's listening to this saying that the markets are predictable, the movements in market are not at random. That that position really runs counter to, for example, Dr. Malkiel who wrote the book, A Random Walk Down Wall Street. So what would you say to people that are skeptical?

Dr. Charles Nenner:

Well, it's very interesting because sometimes people sign up after years and I says, why did it take you so long? And then they say, well, I saw you a lot on television, but there's so many people who say they know about it. So I thought there's another one. And it took me a couple of years to check out that you really correct. Now, I don't think I have competition in predicting, let's just take a market, crude oil, if it goes up today, how many days it goes up and to which level goes up.

Dr. Charles Nenner:

So our research is always very easy to check with four weeks of trial, because it's very simple to see if the dates are correct and the levels are correct. It's not that we say, well, go wrong and crude oil and wait a little bit, it's going to work out in the end. So I have not seen competition that comes out with the exact date and the exact levels. So I think for many years, we're up to something and people who think there's a random walk, just are behind in the algorithm that we have and into the facts that develop themselves these days.

Dennis Tubbergen:

Well, Dr. Nenner, you made a comment that when you started doing your research, it was before we had computers that are certainly as efficient as they are today. So when you actually were making these calculations, I'll use the term longhand, I think that's accurate, that must have been quite a project.

Dr. Charles Nenner:

It was a project. Then I was in Amsterdam. And when I came back to United States and I looked at 50 years of Wall Street journals, did everything by hand. And it's very interesting when you start looking at when was the last major top, how many months before and the one before and then the one before and say, hey, that's interesting, every 48 months... I just mentioned something, it's just a number, there is a major top. And then within the 48 months, is there some intermediate top, oh, every six weeks there's intermediate top. Then in front of your eyes, the whole thing develops. Now, how is that possible if you connect it to the news? The cycles are an interpretation of facts more than facts themselves. And let me give you an example. If you own IBM and IBM is up 50% for the last two years and IBM comes out with great numbers.

Dr. Charles Nenner:

Now, if the cycles are up, IBM has to go up and then the Wall Street Journal will write, well, people poured into IBM because the numbers were great. But if you have the same numbers that are great and a cycle is down, IBM has to go down, right? So now the Wall Street Journal will write, well, IBM did so well, people took profits because they don't think IBM will do better next year. So based on the psychology of the market and that's based on cycles, you know what the interpretation is. So the interpretation is even more important than the facts themselves. And what all Wall Street does is look at the facts themselves and not much at the interpretation that's going to come out at a certain moment.

Dennis Tubbergen:

Well, if you're just joining us, my guest today is Dr. Charles Nenner. You can learn more about his work at charlesnenner.com and he's offering all the listeners today a four week free trial to his work. So you can check out what it is that he does. So, Dr. Nenner, when you talk about cycles, I interviewed a number of people that are technical analysts and they analyze markets in different timeframes. So my question is, do these cycles apply to varying timeframes? Or is there a dominant timeframe that you use to examine various markets?

Dr. Charles Nenner:

No, no... Sorry. We even have an intraday update. That means is today the S&P, let's say the hourly cycle is up and we know how many hours it's going up. And we know if the S&P goes up until which level it goes up. So that's very simple to follow. So we do it for whatever's necessary, natural gas and gold and silver and crude oil. So we have intraday updates that will tell you exactly, let's say the Euro was up till 10 past 3, and then it goes down until 9:30 next morning. So the same system works for every timeframe.

Dennis Tubbergen:

Well, you'll want to stay tuned because in the next segment, I'm going to get Dr. Nenner's forecast for various markets. But let me ask this too, as I'm sitting here listening to you, it's a fascinating conversation. Are these timeframes, these cycles that you talk about, are they unique to each market, or is there some underlying common denominator that just exists because maybe these time cycles just exist in nature? And I'm thinking about the Fibonacci numbers and things.

Dr. Charles Nenner:

Well, they definitely exist in nature if you want me to make it a little bit more complicated, that if you look at the sunspots... Sorry, intensity of the sun. There is a cycle in that. And that creates a magnetic fields down here in this world. And that magnetic field gives a certain crystallization of water. And since our brains is 70-80% water, that's how physically we're influenced by making interpretation. So when years ago, Greenspan said, I don't understand how this market works, because there were certain levels on sun spots. Now for somebody who really wants to study a subject, you can go to the NASA website and they usually have a prediction of the next couple of weeks of sun spot intensity. And then if you do an overlay of the Dow Jones and the sun spot intensity, you get a pretty good correlation.

Dr. Charles Nenner:

So there's a lot, lot going on that we found out later using computers. It's just that Wall Street is... I don't know if they do it on purpose, if they don't do it on purpose, but they don't continue, they still have the same nonsense they say 50 years ago. And you mentioned technical analysts. The difference between what we do in technical analysts is the technical analyst will say, if this happens, then that is going to happen. And we don't say if this happens, it doesn't have to cross a line. It doesn't have to give a stochastics. We just stay in advance it's going to happen. So for big institutions, like when I was in Goldman Sachs, if you have a big position, you want to buy in something, you cannot buy it when something gives a buy signal because market is going to shoot up.

Dr. Charles Nenner:

You still have to buy on a market it goes down, but you only want to get long if you know in a couple of weeks or couple of days the market's going to turn up. So major institutions use this. And the problem is the media don't tell you this so the small investor is always behind the facts because he listens to the news why something happened, and then it's already too late. So my clients anticipate what's going to happen. Not that we know what's going to happen, but something's going to happen. And we don't care what we just want to know if the market goes up on which day it goes up and how much it goes up.

Dennis Tubbergen:

So we have time for one more question in this segment, Charles. Has there ever been an instance, when there's some fundamental factor that has changed the cycles? So for example, as it relates, maybe you mentioned you attract currencies as it relates to the US dollar today in particular, there's been a lot of currency creation by the Fed. Is there any of these fundamental factors that have in your research altered these cycles?

Dr. Charles Nenner:

No, no, because the fact is part of the cycle. It's not that the fact is like a Freudian father figured that can change markets. Maybe if you want to take a look, if you go to my website and you go to CNBC. I was on CNBC at 2006 and the Fed funds was six and a half. And they're I say that into the first quarter of 2009, they will go to zero. Now that's a very extreme thing to save, right?

Dennis Tubbergen:

Certainly.

Dr. Charles Nenner:

And it went to zero. Later we say, well, there was a housing crisis in 2007, whatever, doesn't matter what happens. It had to go to zero. So, whatever the Fed does, it doesn't change anything. The same thing with bond markets, otherwise we would not predict bond markets, whatever they buy or they sell. The Fed has nothing to do with the cycles and the levels where they they buy, they sell. They're just part of the whole investment community.

Dennis Tubbergen:

Well, my guest today is Dr. Charles Nenner. His website is charlesnenner.com. You can visit the website and he will give you a four week free trial to his work. And I would encourage you to do that. Again, the website is charlesnenner.com. You'll want to stay tuned because in the next segment, I will be getting Dr. Nenner's predictions on various markets. I'll have that conversation with him when RLA Radio returns. Stay with us.

Dennis Tubbergen:

I'm Dennis Tubergen, your host. You are listening to RLA Radio. My guest today is Dr. Charles Nenner. You can learn more about his work at charlesnenner.com. I'd encourage you to do that. And Dr. Nenner in the last segment, we talked a bit about your work and the whole idea of cycles. So in this segment, I'd like to talk a bit more about how you are interpreting various markets based upon these cycles. And certainly one of the things that has been making headlines are cryptocurrencies. Etherium, Bitcoin, I know you do some work in that area. Certainly those markets have been extremely volatile. What is your cycles analysis tell you about where these markets are going in the future?

Dr. Charles Nenner:

Well, sold the Bitcoin on 64,000. That was the upside price target. And then we had a target of 30,000 and we still write if it doesn't go below 29,000, we could see another up move, but it will take a long time to get to these levels back. The cycles are down again since yesterday. So we had a short-term on Bitcoin, a short-term price target of 42,000. And we wrote yesterday that if the Bitcoin will go down, now we work with hourly closes because Bitcoin is actually trading day and night. So then we write, if there's an hourly close below 37,000, then we get downside price targets again. We still long the Etherium that did very well.

Dr. Charles Nenner:

I think we bought it around 1800, and we sell stop, if I remember well, I won 2480. It's very simple to trade these currencies, because there are no fundamentals involved. If IBM will come out with a price or a result that could do something short-term, maybe, still questionable, but the cryptocurrencies are just based on emotions and since cycles predict emotions, it's very simple to predict if the market goes up and down, and of course we didn't talk too much about it, but you can also predict how high they go, how low they go. As an example, got physics in the old days and you shoot up a bullet, then you can calculate with a certain momentum how high it goes before it falls down. That's what you should look at prices in financial assets.

Dr. Charles Nenner:

So I urge everybody, even if you're not interested to do anything, just look for four weeks how we do it. So at least what kind of knowledge there is on Wall Street and how the big institutions and banks invest the money and make the profits. And don't think, well, it's so far from a reality, I can't understand it. We make it pretty easy. And especially if you look at intraday updates and they give you the exact hour and exact minute, then you should come to a conclusion that there's something to it. And then if you look at price targets, and every time a price target is reached, then you should come to the conclusion that these things don't move at random. Just people who don't follow that if a price target is reached and the news item comes out...

Dr. Charles Nenner:

I give you one example. There is a gentleman which I don't remember now his name, and he talked about the black swan theory. The black swan theory is something is going to happen and bring down markets and we can't figure out what it is. So when a cycle topped in February, before the fires came out, we were in 0% cash and everybody was making analysis. Well, maybe there could be a big swan event, but we don't know what. And then I still remember on television says, why don't you stop trying to figure out what's going to do it? Why don't you figure out when it's going to happen?

Dr. Charles Nenner:

But since people don't know when it's going to happen, they shift the interest to what's going to do it and they're never going to find that out. So the interesting thing is then the virus brought down the market and we had no idea that there would be a virus which is one example that it's not important what the trigger is. The thing you want to know is if it goes up and down how much it goes up and when it goes up and when it goes down.

Dennis Tubbergen:

Well, Dr. Nenner, given that you also track currencies, where do you see the US dollar heading?

Dr. Charles Nenner:

Well, we are bullish on the dollar contrary to most people in Wall Street. Not because fundamentally I know more than other people, but just because the cycles are still up. So I don't see this dollar really become weak like most people think.

Dennis Tubbergen:

Do you see a similar forecast for say the euro and the yen?

Dr. Charles Nenner:

Well, it depends what you mean by a similar forecast.

Dennis Tubbergen:

Are you bullish on of those fiat currencies as well?

Dr. Charles Nenner:

No, no. Not bullish for the moment on the Euro, because actually the Euro is the anti dollar. It's like almost 50% of the dollar index and the yen will continue to trading range for a while. Most currencies will continue to trading range for a while.

Dennis Tubbergen:

So what's your take on the golden silver markets? After a big run-up in 2020, they both pulled back. There seems to be a little bit of upward price movement here. What is your research have you concluding about the precious metals markets?

Dr. Charles Nenner:

Well, we went out around 2100 and our price target longer term is 2,500. I think cycles still have to bottom. So whatever bounce you do, if you play it, it's not going to end well. And we simply have to wait until after the summer for the boom market to continue. You can't force these things. You can only start buying when cycles bottom.

Dennis Tubbergen:

So you have an upward price target for gold, ultimately at 2,500. Do you have a timeframe for that?

Dr. Charles Nenner:

Well, actually it's 2,500 and maybe more because long-term cycles are up for a couple of years. Now, I just want to mention one thing, because I learned from sometimes giving interview that the following thing happens, that if I say I think now gold is not 1800. And if I say it goes to 2,500, there are people who buy 2,500. They don't look at their cycles. They says well I'm there for the long run, but then it goes to 1700, 1650. They get in a crisis. They sell just when the cycles are bottoming and they missed the whole up move. So I don't want anybody now to react immediately on my target of 2,500, because it's too early to buy and you can still get hurt because it can still come down.

Dennis Tubbergen:

So, Dr. Nenner, I've interviewed a number of analysts who believe that silver has more upside than gold, and they base that conclusion on fundamental analysis. What's your take based on your cycle's research?

Dr. Charles Nenner:

Based on cycle research, I don't see for the moment that silver is going to outperform gold. Again, I don't pretend to know... Well, I know as much fundamental I think as other people, but I don't think it's very helpful, so I don't write too much about it. So I can't say if they're right or wrong, but for the moment, I don't see more upside in silver then in gold.

Dennis Tubbergen:

Do you have an upward price target for silver like you do for gold?

Dr. Charles Nenner:

No, I haven't looked at that, especially because the work I do for the big companies, they all want to know the upside in gold and not in silver. But I'm going to catch up when cycles bottom.

Dennis Tubbergen:

So Dr. Nenner, let's talk about things that markets that many people out that have IRAs and 401ks invest in. What's your view near-term and long-term for US stock markets say the S&P 500 and the Dow Jones?

Dr. Charles Nenner:

Well, short term, we're okay for the month of August, we're going to get in some trouble in September. And that's one of the reasons is that the VIX cycles of the volatile index, a bottoming in September. So then usually if the VIX goes up, the market goes down. So everything's going to be okay till into September. And then I really would take some profits over here because I expect to have a correction that it's not worthwhile to stay long in the market. What we always do is if people who want to stay long in the market, we buy the VIX. Usually very cheap. And then whatever you lose on your stock position, you make back on your VIX position. And that's how we hedge for people who don't want to sell the stocks because of tax consequences.

Dennis Tubbergen:

So Dr. Nenner, do you have an ultimate target on the downside if this correction will begin in September? Where do you see the market going ultimately?

Dr. Charles Nenner:

Well, ultimately is a wrong word ultimately, but I really don't want to get into that because it would worry people, but it's substantial. And I'm sure that we out of stocks totally in a few weeks, or we're very long the VIX because the losses could be substantial whoever ever doesn't take the measures that are necessary.

Dennis Tubbergen:

Well, I'm chatting today with Dr. Charles Nenner. His website is charlesnenner.com. I'd encourage you to check it out. And Charles often when stocks decline, we see a rebound in US treasuries. Many investors through the years have obviously, and correctly viewed US treasuries as a safe haven. Do you expect that correlation to continue?

Dr. Charles Nenner:

Well, there's not really a correlation. One of the problems we had was to get a... What is it about a year ago or a little bit more to get people out of bonds at the high. They said long-term cycles are topping since then the bonds came down like 20%. And the S&P market continued up. That was based on the fact that people who are investors for the last 30, 40 years, bonds only have gone up and they couldn't even realize that bonds can also go down. Now, the problem here is if you have stocks and they have a correction they can come back because earnings can go up. Bond market's different. First of all, a lot of people are inbond funds. That means is they will not get the capital back. And then nobody believes that the interest rates are going to stay this low.

Dr. Charles Nenner:

So you have to know what you're playing with. First of all, I think that bonds will come down again, interest rates will soon start going up again. And the second thing is, if you think that in a couple of years, the, the inflation is going to be below 2% and the 10 years is going to be around 1%. According to me, say nicely, you must be dreaming because you have to read a little bit up of what happens during the centuries and the years in bond markets. And this is not going to be well, because I think these interest rates go much higher. And if you have inflation, which truly can become 4, 5, 6%, then you have major losses and you're just stuck with it. And you have a losing position.

Dennis Tubbergen:

Well, the clock says Dr. Nenner, we're going to have to leave it there. My guest today has been Dr. Charles Nenner. His website is charlesnenner.com. You can visit the website and he's offered our listeners a four week free trial to his work. And Charles, always a great pleasure to have you on the program. And I'd love to have you back down the road. And thank you for joining us today.

Dr. Charles Nenner:

Don't forget to mention that if they write to come to you to get 25% off.

Dennis Tubbergen:

Even better. Well, the website again is charlesnenner.com. So I'd encourage you to check it out and we will return after these words.