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## Harry Dent Predicted 'Once-in-a-Lifetime' Crash by 2020. What Now?

The lift in stocks isn't going to last, the "Contrarian's Contrarian" tells ThinkAdvisor.

By Jane Wollman Rusoff | May 04, 2020



### Harry Dent

Harry S. Dent Jr., the "Contrarian's Contrarian," who for years was predicting a cataclysmic market crash late 2017 to early 2020, isn't gloating. But clearly his mode is I-told-you-so. Recently, he'd warned that the worrisome debt and financial assets bubble would blow in March. Then came "the perfect trigger": coronavirus, which proved his forecast correct and threw America into "an instant depression," he argues in an interview with ThinkAdvisor.

The U.S. is going through "detox for a crack-addicted economy," Dent insists, citing a bubble that's been building to an "orgasmic phase" for some time.

The son of a strategy advisor to three presidents, including Richard Nixon, Dent, 67, accurately predicted Japan's 1989 economic collapse, the 2000 dot-com bust and the populist wave that thrust Donald Trump into the presidency.

In two June (<https://www.thinkadvisor.com/2017/06/14/harry-dent-once-in-a-lifetime-crash-coming-in-next/>) and November 2017 (<https://www.thinkadvisor.com/2017/11/30/biggest-crash-ever-is-probably-coming-by-2020-harr/>) interviews with this reporter, Dent forecast that an economic and market catastrophe would strike in early 2020.

Over more than 30 years, some of Dent's major predictions have been right on, others notably off-key. To forecast boom or bust, he uses a variety of cycles, including those focused on demographics and geopolitical forces.

Under his HS Dent Publishing (<https://harrydent.com/>), he puts out a monthly newsletter, "The HS Dent Forecast", co-authored by Rodney Johnson, and free daily insight "e-letters."

In the interview, he predicts that the recent stock market rebound will persist for a month, then peak in, perhaps, August. By October, the U.S. will be in the throes of deep economic decline, he says.

Dent also serves up advice on investing in stocks now and in the near future, plus his outlook for economic recovery (let go of that "V-shaped" idea).

Often called more "master marketer" than financial guru, the prolific author's books include "Zero Hour" ([https://www.amazon.com/dp/B0755V9481/ref=dp-kindle-redirect?\\_encoding=UTF8&btkr=1](https://www.amazon.com/dp/B0755V9481/ref=dp-kindle-redirect?_encoding=UTF8&btkr=1)): Turn the Greatest Political and Financial Upheaval in Modern History to Your Advantage," written with Andrew Pancholi (2017) and "The Sale of a Lifetime" ([https://www.amazon.com/dp/B01M7X48ES/ref=dp-kindle-redirect?\\_encoding=UTF8&btkr=1](https://www.amazon.com/dp/B01M7X48ES/ref=dp-kindle-redirect?_encoding=UTF8&btkr=1)): How the Great Bubble Burst of 2017-2019 Can Make You Rich" (2017).

His newest title — in paperback and on Kindle — is "What To Do When the Bubble Pops" (<https://www.amazon.com/dp/B07V9YT592/ref=dp->

kindle-redirect?\_encoding=UTF8&btcr=1): Personal and Business Strategies for the Coming Economic Winter” (G&D Media, March 19, 2020).

A mutual fund and an exchange-traded fund that Dent launched closed in the early-to-mid 2000s, but he plans to open a new mutual fund in Australia this June. It will favor certain “seasons” of investment.

“Since 2008, we’ve been in the winter season, in which high-quality bonds do best. But we’re moving into the spring season, which will kill bonds,” he says. In the U.S, the next season will support nursing homes more than starter homes, he forecasts.

ThinkAdvisor interviewed Dent on April 24. He was speaking from his year-round base in San Juan, Puerto Rico. Among the predictions: a real estate bust is en route, gold won’t be a safe haven this time and President Trump may grow so infuriated if he finds himself behind that he’ll wash his hands of the race for re-election.

Here are highlights of our conversation:

**THINKADVISOR: How would you characterize what’s happened in the economy and markets?**

**HARRY DENT JR.:** This is detox for a crack-addicted economy with debt and crazy financial asset prices. The coronavirus was the perfect trigger. Money printing will stop most things in its tracks temporarily, but it didn’t stop the virus. We’ve basically been blowing hot air on a cold economy. Now we’ve gone into an instant depression.

**Many consider the coronavirus catastrophe to be a black swan event. Do you agree?**

The pandemic was a black swan, but there’s nothing black swan about the bubble we’ve been in. Bubbles build exponentially; then you have a final orgasmic phase, which I warned of last fall when the repo crisis erupted. It was a sign that, oops, something isn’t working: The banking system isn’t that healthy.

**What pattern do you see for the recovery?**

It’s going to be U-shaped. Anybody that says it will be V-shaped is an idiot. That isn’t possible. We have post-traumatic stress disorder — we won’t come out of this and just get back to normal. Everybody is scared. Everybody knows that the virus can come back.

**When will the recovery start, as you see it?**

The economy will get healthy and grow again once you deleverage debt and financial assets. That will clear the decks and get rid of zombie banks, zombie companies and unproductive loans. The emerging world is going to pull us out of this because most of the developed world won’t be growing that fast.

**Stocks generally have been rebounding. Up ahead, what will we see in the markets?**

Stocks are rebounding with all the stimulus and because investors can see that the virus is receding. This rebound will last a month. Markets probably won’t go up a lot more. They’ll probably correct some off and on, and I’m guessing that in August, they may peak. That may last until October.

**Then what?**

When we get over the short-term problem — the virus — several months later we’ll fall right back into a deeper recession. The unemployment rate will [rise] to 10% or 15%. So when a lot of businesses don’t come back and the economy weakens again, unemployment will end up at depression-level 20% or higher.

**What should investors do now about their portfolios?**

If you’re in stocks, just sit there and ride this thing out for a few more months. You may be able to get 5% or 10% [return]. Then get out. We still have to be on alert because this virus is tricky.

**But is right now a good time to buy stocks?**

You can’t make money on stocks when you buy them in a bubble like this. If you buy stocks at these valuations, you’re going to lose 2% a year for the next 12 years.

**To what extent will stock buybacks continue?**

They’ve been the biggest driver of this bubble. Now they’re dead. Anybody doing stock buybacks after this is going to look like a f— idiot. The Fortune 500 executives bought their own stocks at the top of the bubble and then lost it all.

**What do you suggest investing in after selling out of stocks?**

Get into high-quality Treasuries and some inverse funds with no leverage because you don’t want to have to leverage in a crazy volatile downturn. You can make money on this downturn, or at least preserve your money. At worst, just sit in T-bills.

**What’s your forecast for real estate?**

I warned rich people to sell real estate, but they didn’t listen. I couldn’t talk them out of it because they think real estate will never go down.

Well, they're going to look like idiots, too. They better listen now and learn from this crash because a second real estate bust is coming.

### **Why?**

Real estate will clam up. This virus is already clamping up lending. Even affluent people are having a hard time getting loans or mortgages. When mortgage funding tightens up, real estate demand disappears, as it did in 2008.

### **Do you foresee any sectors of the economy that will do well?**

Gaming is up. Home delivery is up. Groceries are up over restaurants right now. It's going to take a long time for certain sectors to reopen just because of caution. A lot of them won't come back because this damn virus knocks things out so thoroughly that even triple-A-rated Fortune 100 companies can't survive without government aid, which is temporary.

### **When do you think oil prices will rise again?**

Oil is eventually going to go down to about \$10 — we're already damn near there. It will come back when the economy comes back.

### **Is gold still the safe haven?**

Gold sucks in this downturn. The gold bugs are saying, "We'll buy gold like we did in the 1970s." Good luck on that one! Gold will hold up better than other commodities, but it will go down from about \$1,800 an ounce to about \$950-\$1,000. That will look stellar compared to almost every other commodity. But gold won't be your safe haven. You're not going to buy groceries at 7-Eleven with a f— Krugerrand! People think gold will be the only true money. Play me a fiddle!

### **What are your thoughts about the economy in relation to the upcoming presidential election?**

Donald J.-for-genius-Trump, the 2-year-old tantrum-throwing jerk of all time, is going to do everything to keep stimulating the economy in any way possible up until at least just before the election. He only wants a good economy and a rising stock market so he can get reelected — at all costs.

### **What has he done in that regard so far?**

There was his big push: zero rates immediately, billions in stimulus. They pulled out the A-bomb right at the beginning. But the central bank lost its credibility when the Dow went down 3,000 points — 15% — the day after they pulled out the biggest bazookas in history in March. The markets reacted [positively] only when they could see the virus was receding.

### **What are Trump's chances for reelection?**

If it looks like he's going to lose, I wouldn't think it's out of the question for him to say: "I'm outta here. I tried, but Democrats sabotaged me with impeachment. The media sabotaged me. The Fed didn't take action until after I told them to. You could have swallowed soap and survived this — but nobody listened to me. So I'm out." I can understand if you agree with some of his policies; but if you think he's a decent person who cares about you, you're an idiot because he doesn't give a damn.

### **What do you see happening with the small-business loans made available by the Paycheck Protection Program?**

They opened up the spigot, but the money is already gone. They'll never have enough [to provide]. They're giving it to anybody with an arm and leg, just like they gave subprime mortgages, and that didn't work out well. [PPP] will be exploited, and there'll be a lot of fraud.

### **To what degree will the \$1,200 and \$2,400 payments to Americans help to stimulate the economy?**

It's not going to get anybody to spend more than ever. If they don't need to buy food with it, they'll probably save it because they're scared. They want some safety money.

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