MACRO Voices
with hedge fund manager Erik Townsend

David Rosenberg: This Bear Market Has A Long Way To Go

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Erik: Joining me now is David Rosenberg, founder of Rosenberg Research and author of the legendary Breakfast With Dave newsletter. Dave, it's great to get you back. Obviously, the question on everybody's mind is the bottom in? Is it just a bear market rally? Where are we headed from here?

David: Well, I think that we've had a few bear market rallies this year. Not unlike the bear market rallies that we had through a good chunk of 2001 and 2002. And back in 2008, we had some of the most powerful bear market rallies. And these are bounces that are fun to trade. If you think you are Paul Tudor Jones, then go right ahead and trade them. Each one of these has actually failed at or close to the 200-day moving average. So if you're watching the technicals, you can trade the market in a bear market. Trade it from the long side for a period of weeks or months and you can do rather well, so long as you have your exit strategy and your hedges in place. But yes, of course, this has been a another bear market rally. And I say that because if we're willing to acknowledge that we were heading into recession. You see, this is a case where your assumptions end up drawing your conclusions. If your conclusion is that we're going to have a soft landing, that we're going to have slower growth but no recession, then the lows have been put in and you want to buy this market on any dip. That's not my view. My view was that we're heading into a recession. It wasn't the first half of this year with the back to back quarters of negative growth. That was the pernicious impact of the shock from food and from energy. But the real enchilada is going to come next year is we get the full brunt of all the lags of what the Fed has already done. And so the one thing I know about history, and I think one of the best quotes of all time came from Warren Buffett, when he famously said that what we know from history is that people don't learn from history. But we know that, although there's not an alarm bell that goes off right at the market low. We do know that there are patterns that constantly reemerge in a recessionary bear market very close to the trough. And I'll just give you two of them to start off. The first is that in a recessionary bear market, the market bottoms 70%. You know, call it the seventh inning of the recession. The market bottoms, as the recession becomes more commonplace, more priced in. And at that point at the lows, what the market is doing is pricing in the ensuing recovery. So I just say good grief to anybody who thinks there's going to be a recession but is buying the market thing that it's hit a trough is a classic case of cognitive dissonance. Because if we have a recession, it's only now just starting, or we'll start in the opening months of next year. And you want to buy the market deep into the recession. We're not there yet.

Second point is tied to the first point, which is that you want to buy the market and I mean, dive in for the next cycle, not a bear market rally, not a tradable rally but a new cyclical bull market. They happen when the Fed has cut interest rates sufficiently to re-steepen the yield curve. The yield curve right now and I'm looking at the 2s-10s curve, but every curve is inverted right now. 2s-10s are inverted by almost 80 basis points. There has never been in history a period where the market bottomed as the Fed was still raising rates into an inverted yield curve. It just doesn't happen. If you want to trade the market or become an investor saying it's going to be different this time. You know, it reminds me of Harry Callaway, you know, in the famous Dirty Howard films from Clint Eastwood saying do you feel lucky punk? The reality is that the market bottoms for good not just 70% into the recession, but 70% into the Fed easing cycle. Well, this Fed is still tightening and raising rates into an inverted yield curve. Historically, when we get those lows in the stock market, again in the context of a recessionary bear market, which I think we are heading into. The 2s-10s curve has steepened to a positive shape of 140 basis points. Now, I'll tell you we will we will get there. It's a matter of, really of when. And it might not be until we're well into the second half of next year because this Fed doesn't look like it's set to turn anytime soon. But you need the yield curve, to shift out of inversion towards a positive slope in the context of a Fed easing cycle. Remember, they say don't fight the Fed. Well, for people that think that the markets bottomed, I asked the question, why are you fighting the Fed? Didn't pay to fight the Fed when they were cutting rates and easing policy through most of 2020 and 2021. But all of a sudden, we're supposed to believe that a bottom in the market is at hand as the Fed is still raising interest rates into an inverted yield curve, it boggles the mind. But it goes to show how desperate everybody is to have this bear market end. But the sad reality, and this is a case again, where my grandmother told me as a young lad, forewarned is forearmed. We have yet to see the lows and we could be down at least another 20 or 30% from where we are today before we get to those lows. And that probably will not happen given the Feds posturing until we're deep into the second half of next year.

Erik: Joining I was particularly curious when you said you don't think that the Fed is anywhere close to reversing policy, because something that I've noticed in interviewing so many different people is what I perceive, frankly, to be almost a delusional obsession with this Fed pivot it everybody is just, you know, holding their breath waiting for the Fed to pivot. I don't understand why. What do you think is going on here? And what should we expect in terms of how the Fed is going to manage monetary policy?

David: Well look, it's a classic case of hope triumphing over experience. I think that we have to define what pivot really means, especially for the markets. Right now, pivot could be described as well, the Fed no longer tightening 75 basis points. At the same time, it's reducing the size of his balance sheet by $95 billion a month, we'll put that aside. That's another form of tightening that also has financial market considerations. But what is the pivot, then people talk about the Powell pivot in 2019. But that pivot well, it took about seven months to unfold after the Fed was finished raising rates in December 2018. The pivot historically is we're going to shift to cutting rates, that's a pivot. A pivot is not slowing, the pace of rate increases from 75 to50, 50 to 25. The Fed is still raising rates, even though it's not pernicious 75 basis points any longer.

They're still raising rates into a yield curve inversion. And I think you're 100% right. The real pivot, the pivot that should matter most for the markets, is the pivot that actually triggers interest rate declines, and declined sufficiently to re-steepen the yield curve. So believe me that when it comes time to pivot for good, the market will probably once again have a bear market rally. There'll be lots of enthusiasm. But we have to have the Fed dig us out of this hole in terms of the inverted yield curve. You know, it's subject to a lot of controversy and debate. It is every single cycle. People have always asked me if I had to be alone on a desert island, and there are a lot of people that wish I was. You know, what would be the tool that I'd want to have with me, and it would be the yield curve. It is tried tested and true. I'm not going to say it's infallible, but it is the best leading indicator there is. And we need that yield curve to reenter a positive shape, led by Fed rate cuts. Remember, it's all about interest rates. Don't fight the Fed.

David: In the initial stages of the interest rate cuts, which are inevitable. It's a question is do they come in the second half of next year. We have some people on the Fed I think it was maybe John Williams or Barkin that indicated that the Fed will start cutting rates in 2024. Of course, there'll be cutting rates again. People think well they'll never cut rates again, they'll never cut rates again. Of course, they'll cut rates again. And it's a matter of when it's going to happen. The Fed is telling us that's not happening anytime soon. They clearly are not happy with the level of inflation, notwithstanding the fact that it's rolled over. They're not happy with the current state of the labor market. Even though there's some signs of loosening up. I don't think they're very happy with the state of affairs in the financial markets. I think that the Fed is very frustrated that anytime that they even give a hint that there could be a subtle shift in policy. The stock market just goes bonkers. And I think that the Fed wants to break the markets free from its constant focus and attention on what the Fed is going to do next. I think maybe that'll be the time, the time that the Fed actually feels comfortable pivoting is not going to be some economic statistic, it's not going to be some major event. It's going to be for the first time the Fed actually says something dovish, and the market doesn't care. That might be the important signpost. But as for the hearing, now, you're quite right pivot is not slowing down the pace of increases in an inverted yield curve. A real pivot is not even a pause, although a pause will be important, because we all know that once they pause, the rate cuts usually come about six to seven months later. But that's how long you're going to have to wait. You know, when people talk about the pivot that follows the pause. Well, the pivot that follows the pause, the real interest rate declines, happens about a half year after that pause takes place. So it'll be a classic case of *"Waiting for Godot."*

And so this will happen, it'll take a long period of time, keeping in mind, remember, the Fed hasn't even paused yet. And the lag historically, and again, in the context of a recessionary bear market. And this is important in terms of trying to time, when to start going long again for good, when you can go long and sleep at night. You're not trading the market, you're in a new cyclical bull market, that the lag between the Fed pause. And the lows in the S&P 500 is 16 months. And the Fed has not even paused yet. Maybe they'll pause, announce a pause in the opening months of next year. But those are the lags and as we're all focusing on what the Fed is going to do or not do we have to remember that, although this year was the year financial turbulence because of what the Fed did, next year is going to be the year of the economic turbulence as all

the interest rate resets take place. And the very big impact, the peak impact of what the Feds already done hits home in the economy. And then all the spillover impacts it has on asset prices, home prices, credit default, so on and so forth. That usually happens in the year after the Fed has finished raising interest rates. So for people that are there saying I can't wait for the Fed to finish raising rates, I can't wait for the pause, let alone the pivot just remembers that all the bad smelling stuff happens in that period after the Fed is done tightening. And then the time to go really long the market is only when the Fed has cut rates sufficiently, sufficiently to re-steepen the yield curve to a positive slope. I come back to that because it's at that point where the market sniffs out the recovery. Well I mean, that's like two or three chapters ahead of where we are right now.

Erik: Joining Continuing on the theme of hope trumping experience. Something else I noticed this month is we got in a famously noisy data series of CPI inflation. We got one print that's finally going maybe in a reducing direction. And all of the sudden, all kinds of people, smart people in the industry who've been around long enough, frankly, to know better are declaring okay that's it, it's clear the inflation has peaked. There can be no doubt, inflation is headed down from here. Should we be assuming that? I know you've had a deflationary view in the past. Should we be thinking that inflation has really peaked or is it an unknown?

David: I think that there's no doubt in my mind that barring some new unforeseen global supply shock, that inflation has peaked and it is rolling over. And I think in the next 12 months, it will decline rather precipitously. I know that's a controversial view. It's not a view shared by Fed officials or former Fed officials. I was put to task on this. Earlier today were a Fed official that said that, you know, inflation ran up like a balloon and it's going to only come down like a feather. I'm not so sure about that. You know, and it's not really about the CPI, the CPI as Alan Greenspan famously called the CPI in 1996 a flawed statistic because it is. I mean, 30% of is rent. 40% of the core is rent. And it's not rent in real time because there's lags because it includes all the renters that took on leases in the past couple of years. But we're seeing now in real time that rental rates are coming down. This will have an impact and the opposite direction in the next couple of years but that'll be a frustrating source of my view is that the rental component will certainly mitigate a huge decline in inflation. Be that as it may, the swing factor always is what's happening on the goods front of the CPI. The goods, the basic materials, the things you can see touch or feel, appliances, furniture, clothing, building materials, carpets, and you're going to see, and we're already starting to see it in the import price data, we're seeing it in the early stage producer price data, it's so evident that we are going into a deflation as far as commodities are concerned. I mean, oil is down 35% from its highs, coppers down 25%, the Baltic Dry Index, which is the poster child for global supply chain problems, which got the ball rolling on the big inflation, that metric, which is a proxy for global freight rates, has collapsed 60%. So of course, inflation is rolling over, and 40% of the CPI is not exactly a non-trivial share. And as we saw in other cycles, when you get the big decline in inflation, it's not usually coming from the services side, which tend to be sticky. Health care services don't tend to go down, education services don't tend to go down. Rents don't typically deflate outright 100% true. That's not what triggered the deflation we actually saw back in 2009. It was the good side, that 40%

that is basically material. And I think that that is going to be a major driving factor in producing a bigger decline in inflation.

Now, look at inflation, we're talking about a process. It's like inflation. You know, for the economist, it's an exciting race. It's a race between watching grass grow and paint dry. But I do think that the next 12-24 months, the inflation is going to unwind. And I'll tell you just look at the money supply numbers, all the monetarists that were saying look at the money supply two years ago, look at the money supply, the money supply boom, then we got a boom in inflation. The money supply numbers are now either stagnating or contracting. M1, M2, the monetary base. The Fed has done a lot of work here. And my sense is that we're also going to have a very large loosening in the labor market. Remember that the Fed has already told us that its forecast for next year is the unemployment rate to go to 4.4%. We may get an update to that at the mid-December meeting. I think we're getting closer to 6%. But of course, a lot of assumptions on the participation rate and the like have to go into that. But the federal when he told us that we're going to 4.4 and we bottomed at 3.5%. So the Fed itself is telling us that as low as the unemployment rate is it's going up. And it's the change in the unemployment rate, not the level the change that dictates the future of wage growth and the economy, you've never failed to have a recession with an employment rate going up 9/10th of a percentage point, which is the Feds latest projection from its September meeting. But, what do you do for an encore? So that's also going to have a leading impact on wage growth. The only question is going to be and I think you worded it appropriately is not whether inflation has peaked, really not whether, you know, the October CPI was an anomaly or the start of a new trend, I think it's a start of a new trend. It has to start somewhere. And all the leading indicators of inflation are pointing down. It's really a case of how quickly will the inflation rate come down? To what level? Will it settle down to? And then commensurate with that is at what point will it be enough for the Fed to reverse course in this tightening cycle and do the pivot? Those are the key questions.

Erik: Joining I hear you on commodity deflation. But something you also said to me, I think it was the last time I interviewed you was don't give up on gold yet. And of course, since that CPI print that surprised to the downside. We've seen a massive $170-$175 rally in gold. Certainly it's an eye opener in terms of technical analysis, or do you think that's going to continue? And is it it seems to me on one hand, if you think inflation is rolling over, maybe that's a good sign. But on the other hand, it sounds like you don't agree with the consensus that thinks the Fed is about to pivot on rates. So maybe this is a false start. What do you think?

David: Well, interesting. I think that what's happening at the same time as other central banks are playing some catch up to the Fed. Christine Lagarde is sounding quite hawkish. The ECB is going to continue to raise interest rates, possibly long after the Fed presses the pause button. And of course, the Fed had a head start on the ECB and the Bank of England. And they, you know, the Sterling and the Euro comprise such a big chunk of the of the trade weighted US Dollar Index. On top of that, the Japanese authorities have made it very clear that there have drawn a line in the sand and so far success successfully at around 140. And, of course, you know, just to get the DXY right, you get those three currencies and Bob's your uncle. So I think that the US dollar, and also keeping in mind that it is the most overcrowded trade in the Chicago

futures and options pits, the long US dollar trade, which has worked so well, for so long, it's still the largest net long position you'll find on anything in the commitment of traders reports. So I'm of the view and having been a dollar bull that the dollar has topped out. I say that 100% that even with the Fed still raising rates, but I think they're getting towards the end of the rate raising cycle, I think it'll be over by the beginning of next year. And these other central banks will still be raising rates, at least for a while. And those interest rate differentials will work against the US dollar. And gold is priced in US dollars. You know, when everybody was complaining and lamenting and belly aching about how badly gold was performing, I would say, well you know, look at gold in Yen terms, look at gold in Euro terms, look at Gold and Sterling terms, it's not a bad looking at picture. It is just that everything looks horrible when priced against the US dollar. And look, the US dollar at the peak, was up something like 15% on a year over year basis. You know, currencies aren't equities, you can tell somebody that the S&P is up 15% year over year, okay. Yeah, sure, why not. But currencies don't normally swing like that in one year. It's happened a handful of times since the mid 1970s that you've had such a dramatic bull run in the US dollar. And it's wreaked havoc with a whole bunch of things, and gold is one of them. So I'm bullish on gold. I'm bullish on gold because I'm turning from bullish to neutral to probably bearish on the US dollar. And I think that in a year where we will have a global recession, we're going to have a year of accelerating global credit defaults. It will be a year where you will want to move towards safety. And gold I think fits that bill.

And I think people are now having a second look or second thought about whether it was a wise move to treat crypto as a alternative to gold. When I kept on asking people about crypto over the years, and I was never an investor in crypto, I was an interested observer watching from the sidelines. I never felt bad about not participating. Let me tell you not for an instant, even when it was going asymptotic north. But people always said to m well we know what the physical cap is on Bitcoin. And well we're just using the outstanding valuations of gold to come up with our pricing metrics on crypto. And I would just say well, if that's your valuation then why not just buy gold. And in fact, at a personal level, the last trade that I have made in my family's account, have been buying Canadian gold coins. And I continue to do that and store them at the mint in Ottawa. So I am actually turning very bullish on gold. And I think that at least for the next year, maybe in the next few years, it's going to have its day again as a hedge against the US dollar. The Fed will be cutting interest rates at some point, that will benefit gold as well. That part of the bull market and gold happens later. But we had done some work on this when crypto was surging and all of these retail inflows going into this new magic of creating instant wealth. We have estimated that the proliferation of crypto as quote an asset class cost the gold price roughly 20% .We did work on this. So I think that a new day has dawned and a new realization. So I think that crypto's competitive features or allure after the massive instability and bear market is going to benefit gold as well as a relative asset class.

Erik: Joining Let's step all the way out to the global picture. It seems to me that this war in Ukraine is really about a lot more than just Ukraine. I see it as the beginning of a new era of increasing conflict between the global superpowers between the United States, Russia, and China. Would you agree with that? And if so, oh boy, what are all the implications and consequences of that for investors?

David: Yeah, and I think that, you can count in some other countries as well, that didn't play ball with the US, you can count India as one of these countries as well that is at least cozied up. Of course, India receives most of its armaments, its arms shipments from Russia. And then of course, there's the frictions with Iran and frictions with Saudi Arabia. But you're right, it's become a different sort of a world, world order than what we've been accustomed to. It's back to some form of a Cold War. It's not a nuclear war. But I think that there are certainly we're certainly going to in a future where there is less cohesion and more friction between two economic superpowers. That friction is not a new story but it's an evolving story. And of course, the economic and technology warfare between China, the United States is going to continue and will have its own pernicious impacts. The Russia situation is only important in the sense that Russia is such a huge commodity producer and exporter. And so that produces its own level of complexity. And we have to come to grips and do a lot more work on what life is going to be like for the world, not just with this polarization between China and its allies, and even include Russia and the United States. But also what is life going to be like without Russia being part of the New World Order or new world economy because even after the situation in the Ukraine gets resolved, and so far as it ever does. Russia is going to be viewed as a pariah. So the Russia-China alliance is probably going to continue. They were cozying up even before the invasion of the Ukraine. And it's going to have a lot of implications, I think it puts a floor notwithstanding the fact that I was saying that there's a cyclical bear market in commodities coming from the demand side. The floor underneath the commodities sector which means that prices would probably fall a lot more without the supply side constraints. under the conditions of a global recession. It means that the floor under commodities is going to be a lot higher, probably means that base materials are things that you may want to buy on dips from a strategic standpoint, and that includes oil. I think that we come back to the comment on gold being a classic hedge against geopolitical instability. And the situation with Russia and China. And again, it's not just Russia and China, there's also we have to consider the Middle East and Saudi Arabia. And the I don't know if hostile would be an overreach. But we've seen a much different approach from the Saudis with the Biden administration, than certainly with prior administrations. All of this tells me that we are going to have a longer period of supply constraints on the commodity space. And that's probably an area that you can dip back into first before equities.

Erik: Joining You said earlier that you thought the only thing that could restock inflation would be if there's some other kind of global supply chain shock or something similar to that. One of the things that some people are beginning to predict is that this bifurcation of the global economy where we might we used to have NATO versus the Soviet Union, maybe it's going to become the NATO alliance versus the new BRICS+ Alliance. A lot of people are saying that that will require reshoring of critical industries that we now depend on Asia for and moving it all back to either the United States or other Western countries. Is that by itself, a big inflation shock seems to me it's not going to be cheaper to do things in the US than farming it out to Asia.

David: Well, it's not a shock, since it's already known. And it's already taking place whether you want to call it onshoring or nearshoring. And this has also the thumb prints of COVID. And

the implications that had on global supply chains. And of course, you know how China has handled its pandemic over there, God forbid, you get a handful of COVID cases in port cities that are critical supply chain areas get shut down with 10s of millions of people as residents, that's problematic. But you're quite right. That's not really an inflationary shock, the onshoring, if you want to call it deglobalization and it's not going to be total deglobalization, it'll be partial. And it does end up making the global cost curve higher than it otherwise would be. But these are very glacial moves. You know, when push comes to shove when inflation peaked in 1980. And of course, it did have some help from oil prices coming down from their all time highs at that point at roughly $40 a barrel. But you had Paul Volcker as head of the Federal Reserve, precipitating two recessions back to back. And that paved the way for confidence that inflation was going to come down. No, I talked about 1980. Because, when you really think about when did the Berlin wall fall? It was basically almost a decade later, when we brought Russia into the world order. You know, when did we have China make its ascension into the WTO was in the year 2000. So the point I'm making is that inflation peaked and was coming down 10 years before the Soviet Union collapsed. Inflation peaked, and was coming down in the 20 years, before China's ascension membership to WTO, which unleashed greater rounds of globalization. So inflation is a very complicated process. Dozens if not hundreds of things go into the formula. And when you're talking about onshoring or nearshoring doesn't help my inflation view, not a bit. However, its way overstated. And its impact on inflation is not a shock. It's glacial and will occur over time. And then there's other offsetting factors to that.

For example, who are the big beneficiaries? And it's not as if everything's coming to the United States, a lot of the production from Asia is coming into Mexico, which is a low cost producer. And I think what's going to come to the US is going to be more in tune with what's deemed to be a national security. So you'd be talking about medical care products, and you'd be talking about semiconductors, that's already starting, but a lot of the production will move to our NAFTA amigo to the south, which is Mexico. So it's not going to be as pernicious a cost, global cost move, it certainly will add to cost pressures over time. But again, you're talking about something that you're going to measure over decades, and it's going to be glacial. And although it's not something I would put into the checkmark column of David Rosenberg's disinflation view, it's in the other column. There's other things going on. Aging demographics in the industrialized world is a deadweight drag on pricing power, because it means slower aggregate demand growth. And all the while when you think about what COVID did. COVID brought a whole generation of people like me, in their 60s into the world of technology. And that technological advancement that was part and parcel, I guess, if you're looking for any Silver Cloud, it is how more digitized the economies become. What that means for productivity is going to be an offset to this deglobalization move. So when people talk about deglobalization, I say yes, I get it, I get it, I get it. It's one factor amongst a myriad of factors that you gets taken into account when you're discussing inflation. But it's not the only factor. It's just a factor I think that will not cause me to change my view, something to be aware of. It's something that can slow down what I think will be the inevitable mean reversion towards lower inflation. And I'm trying to just make the point yet again that the whole globalization trend took place long after inflation had peaked in 1980. Just the lesson that you have to take a very holistic eclectic view towards inflation. You can't focus on just one thing.

Erik: Joining We're getting more and more hints that China reopening may be coming. And it's probably more likely a Q2 story than a Q1 story. But sooner or later, it's coming. Seems like everybody agrees it's a big meaningful event for the global economy. But everybody has a different version of what it means and what the impacts will be. What's your take?

David: Well, my take is how does anybody know what Beijing is going to do or not do? There is this view that the protests were significant, and perhaps enough to cause you some pain to start to rethink this very aggressive COVID Zero policy. I could buy into that, I could buy into that view that the events that have happened, this last, I mean the latest wave of COVID case counts which went to a new record was like taking sour cream and then making ice cream out of it, because what comes out of the other side is a realization that, as we saw in the United States, different level of protests mind you, but that ultimately did have an impact on the political decision making. It could well be that we end up seeing China loosen up its COVID restrictions. I think they'll be beneficial for the global economy from a demand standpoint, and also, from a supply standpoint. There wouldn't be any significant inflationary impacts out of it, they would just make the world a better place and would help reduce the overall level of economic uncertainty, but to try and handicap a policy shift like that out of China, and especially with somebody who basically does not have to face the electorate, you know, Xi Jinping is in power for pretty well, as long as he wants, doesn't face the sort of political pressure that a precedent would in the United States. But I'll tip my hat and say, for the people out there that say, yes this is going to be happening in the first half of next year, I'll say, okay I can buy into that it makes sense to me. But frankly, I would not want to be trading against... I never want to make big bets on political decisions okay? I never found that to be a very successful strategy. So I would just be happy to sit and wait to see if it actually does happen as opposed to trying to get in front of it.

Erik: Joining Well Dave, I can't thank you enough for a terrific interview. But before I let you go, I really want to talk about the Breakfast with Dave newsletter, which I've got to believe 99% of our listeners are already familiar with, for anyone who's not it's not a quarterly newsletter. It's not a monthly newsletter. It's not a weekly newsletter. It's every single day. And boy, it's been going since your Bank of Montreal day. So I don't want to embarrass you by asking how many decades that is, but something I don't think everybody realizes because it's relatively new, is since you left working for the sell side firms and founded Rosenberg Research as an independent entity. You've expanded Breakfast with Dave to offer other product offerings with it. So give us the update on what's there beyond the daily newsletter and also, how about hooking our listeners up with a free month?

David: Sure well, it's Breakfast with Dave, which has been around really with different moniker since 1998. You know, as you said and really put me on the map 30 years ago. It is the Big Mac, I guess I would call it of Rosenberg research but we do so much more. We do a monthly publication called Strategizer which is an active investment tool. It provides heat maps and risk-reward attributes for global equity markets. We split it up regionally by sector. We have a bond duration model. We have currencies and commodities. And we have rolled it into just about three months ago into an asset allocation model. And that's really for active investors and

portfolio managers. But also, retail investors like to use it as well. It's actually a very good tool, and it's all built on one-year expected returns. And so it's called the Strategizer. I actually started that when I was at Merrill Canada back in the late 90s, early 2000s. It was always my dream to resurrect it when I moved to New York as chief economist that went defunct. But it does take a lot of money and a lot of capital, a lot of work, and a lot of back testing to get it right. And in fact, I didn't unveil it to our clients until we were in business for a full year. Strategizer has been a homerun for us and I would say starting to rival in popularity Breakfast with Dave.

But we do special reports on just about everything. Political, economic, financial, and we cover the world and we cover sectors, and a lot of the ideas we get for our special reports come from our clients. Some of our best ideas come from our clients. So it's a great symbiotic relationship. And I would say the other, you know, out of the 10 different things that we do the webcast series, the thought leadership webcast series has been a real game changer as well. And I would just say to anybody who's interested, just Google Rosenberg research, or you can google my name, David Rosenberg. It'll take you to the website. And it's as easy practice as a click of a button to get on the free one month trial, and be able to at least taste the complete smorgasbord. And you can buy the premium package at a 70% discount, which is everything we do, or you can create your own Happy Meal and just pick and choose the items that that are most suited for you. I'd say half our clients have the Premium Package and half create their own Happy Meal. But what we try to do is be all things to all investors, and we cover the world, and we cover every aspect of the capital markets.

Erik: Joining And listeners, you'll find a link in your research roundup email that connects to the free one month trial of the Breakfast with Dave newsletter. Patrick Ceresna, Nick Galarnyk, and I will be back as MacroVoices continues right after this.