Jesse Felder: Equity Markets are in a Topping Process

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Erik: Joining me next is Jesse Felder, editor and publisher of The Felder Report, one of the most popular newsletters, as well as the occasional Felder Report podcast, which is also extremely popular with listeners.

Jesse, thanks so much for joining us. I've got a lot I want to cover. First of all, listeners, Jesse put a great slide deck together for us. The download link is in your Research Roundup email. We're going to start with that. Then there is also a blog post to discuss, also linked in your Research Roundup email.

Jesse, let's start with this chart deck. As I go to Chart 2, I notice that you're talking about some popular concepts: dot com bubble, housing bubble, and then everything bubble. I love the metaphor. It feels good.

But I want you to be really specific with me. What are you talking about, "everything bubble?" Exactly what do you mean? Because dot-com bubble and housing bubble – everybody knew exactly what that meant.

Why is it an everything bubble? And what is causing there to be a price inflation bubble in so many different asset classes all at once?

Jesse: It's a good question. You know, this chart basically tracks household net worth relative to disposable income. It's a chart that the Fed has been putting out for years and tracking. And I think, to me, this is just the most obvious representation of what's going on in financial assets right now.

What is the everything bubble? It is, essentially, net worth is comprised of stocks, bonds, and real estate, primarily – household net worth. It's not just one of those things.

We've seen the housing bubble in 2005–6–7. And today it's not just one of those things. It's valuations are at least as high as they were back in the dot-com mania. By a lot of measures, they are even more overvalued than they were back then.

But housing prices have also come back. And if you look at housing prices to household income, we're back about as high as we were during the housing bubble in terms of housing prices, housing valuations.

And then there's also what's going on in the bond market with interest rates so low. Bond prices have gotten extremely high also.

It's a combination of all of those. So I think it just makes the most sense to refer to it as the everything bubble because it's not just one asset class. All asset classes are priced very high today.

Erik: So what is driving this everything bubble? Is it accommodative central bank policy? Or is it something else?

Jesse: Absolutely. And central banks have been totally candid about this. They said, we want to create a wealth effect so we're going to buy up risk-free assets and push people out on the risk curve to try and create a wealth effect. And they have accomplished that.

The side of it that they haven't accomplished – or, I guess, it's probably arguable – is if rise in financial assets has actually created a self-sustaining economic recovery. So I think that's kind of the big question now – to see, okay, now that we're unwinding this stimulus, is the economy going to be able to do what it's done, continue without suffering, in the reverse of that effect?

Erik: The academics would probably like us to believe that they have jumpstarted the vehicle, that it's running on its own, and it's able to continue without stimulus. The counterargument is you take away the punch bowl and the party is over.

What do you think? Is the everything bubble going to pop as we move from quantitative easing to quantitative tightening?

Jesse: I think it stands to reason that if you know the extent the markets have been supported by extreme central bank intervention, to the extent that that is removed, you see the equal and opposite effect. So I do think that is a huge risk right now.

And I think it's especially important to notice that these policies are not being unwound because they want to unwind them. I think we're starting to see inflationary pressures really take off and really force the hand of the Fed – and eventually the ECB and the Bank of Japan. Because that's what's really gone on over the last couple of years.

Yeah, the Fed has been unwinding policy, but you still have zero percent interest rates in Europe and Japan. So we've had European and Japanese investors coming into, especially, our bond market and our corporate bond markets, keeping spreads low and providing that supportive backdrop for the equity markets.

So I'm more watching the ECB and the Bank of Japan because, to the extent they're forced to normalize policy, we could see investor flows move back home to those countries if they start to see some positive nominal interest rates over there.

Erik: You and I have agreed for the last few years that probably, on a reasonable fundamental evaluation level, assets are overvalued. But, of course, there have been so many factors that

have caused them to continue to get even more overvalued.

Is it finally coming to an end? Are we in a topping process?

And I couldn't help but really be intrigued by that Jeremy Grantham quote that David Rosenberg shared with us a few weeks ago in his chart book saying, it's at the point where the smart people ought to be able to say it's time for the bull market to be over.

And that's exactly the time when sometimes markets like to fool you, and there's one more insanity-driven push higher.

Do you think it's finally over? Which is what David Rosenberg thought. Or do you think there is a risk that maybe there really is one last hurrah in the bull market before things finally start to move in the other direction?

Jesse: I really believe that what we've seen since the early 2016 low over the last two years – really that's early 2016 to February of this year – was the final blowoff. I do think we probably technically had a recession and a bear market in 2015 and early 2016.

The gross value added of US corporations fell for three consecutive quarters in real terms. In any other time in the last 60–70 years, that was enough to qualify as a recession.

When the stock markets got hammered in August of 2015 and then again in early 2016 as a result of that, then we saw kind of a global stimulus. Not only the ECB and Bank of Japan being exceptionally easy, but the Chinese authorities came in and created stimulus that created this last two years of an extension of the bull market.

But I think throughout the rest of these charts in my chart book there's a lot of evidence that points to we're right in the midst of a major topping process right now.

I'll just skip to some of these other charts. This is Chart 6. That's just the nominal level of margin debt. A lot of people like to say margin debt doesn't matter. But there is a great quote in *The Great Crash, 1929*, written by John Kenneth Galbraith. He discussed this.

He said, "Even the most circumspect friend of the market would concede that the volume of brokers' loans – of loans collateraled by the securities purchased on margin – is a good index of the volume of speculation."

And one of the signs that speculation was out of hand in the late 1920s was these brokers' loans were off the charts. That's what we're seeing again today. And margin debt has just soared to astronomical levels. It's more than twice as big as it was at the peak of the dot-com mania.

Even when you normalize it to GDP or something else, it's way bigger than it was at the last two

major market peaks.

Erik: Hang on just a second there, Jesse. You say normalize it to GDP. It seems to me what's really relevant is not so much the absolute nominal dollar amount, but what is it as a percentage of market capitalization.

When you look at it in those terms, we've seen asset prices move so much that, in terms of a percentage of market capitalization, is it really at all-time extremes now? Or is it actually more in line?

Jesse: That's where I come back to Chart 9, from Topdown Charts. So I don't think margin debt in itself, because that has been pretty much flat over the last 10 or 15 years as a percentage of market cap.

But margin is not the only way to express leverage in the markets. When you add in net leveraged ETFs – we've never seen how these things perform in a major bear market. They just were not used in the size that they are currently. And then you add net speculative futures positioning. When you add total stock market leverage via those three vehicles, as a percentage of market cap, it's bigger than ever before in history.

So people want to say margin debt by itself is normalized into market cap, that's not a problem, it's been flat for the last 10 years or so, it really hasn't gotten massively extreme. But then, when you see the extra leverage poured on by leveraged ETFs and in the futures markets, total net leverage right now in the markets is just completely off the charts.

It's five times bigger what it was as a percentage of market cap than it was back in the dot-com mania. That's just data that comes from Topdown Charts, which is another great service that I like to look at.

Turning to these other indicators that I think point to evidence of this topping process, let's look at Chart 10. Here's another indicator people actually like to make fun of, and that's the Hindenburg Omen.

Hindenburg Omens by themselves are not super-valuable. You might have a Hindenburg Omen triggered in the market on any given day, and that's basically just stocks within a new all-time high or a 12-month high, but you're having a lot of rising new lows. You have a lot of new lows in the market in addition to new highs.

So it basically just shows increasing dispersion in the market. And, like I said, when you see a single indication of a Hindenburg Omen on the NYSE or the Nasdaq, it's not super-valuable.

But when you go back and you look and say, okay, how many Hindenburg Omens across both indexes were triggered over the last 10 days, last 30 days, last 6 months? You can see how this dispersion becomes more prevalent over periods of time.

And so I look to look at six-month total as maybe pretty valuable. How many Hindenburg Omens have been triggered over the last six months across both indexes? When you look over the last 20 years or so, you can see that the only time when the markets have triggered 20 Hindenburg Omens within a six-month period was at the 2000 top and at the 2007 top.

At the beginning of this year, we saw that again – actually in November–December–January, right around the turn of the new year. We saw over 20 Hindenburg Omens – 24 or 25 Hindenburg Omens – triggered across both indexes.

That tells me there is huge dispersion going on under the surface that's very indicative of a classic topping process.

So you have those, the breadth warning. And then I like to use the DeMark indicators that trigger, basically, exhaustion triggers. In November–December, we had a monthly DeMark sell signal trigger on the S&P 500 and in the fourth quarter of last year a quarterly sell signal trigger.

These are very, very long-term exhaustion signals that were triggered late last year. And they also come in the midst of a bigtime cluster of Fibonacci targets between 2,700 and 2,800 on the S&P 500.

To me, when you put those all together, it suggests a high probability of a major topping process right now. And then add in things like the smart money index, which shows massive liquidation going on under the surface – another classic indicator of a topping process.

Erik: Jesse, I have to apologize – it's so fascinating to talk to you, you sometimes distract me away from the order of your slide deck. So I jumped around a bit there. Let's go back to the Buffet yardstick on Chart 4 that I skipped over.

Why don't we talk through what that's about?

Jesse: If we want to look at just the stock market, which is really my area of expertise if I have any at all. Warren Buffett, back in the late 1990s (1999, actually, I think), he said there is one indicator that is the single best measure of where stocks at any given point in time. He wrote an article for Fortune Magazine describing this.

It's basically the market cap of the total stock market compared to the economy, or GNP in this case. And on this version of this indicator, we're very close to where we were at the dot-com mania. I've seen other versions of this indicator that show stocks more overvalued today than they were in 2000.

But the real, the value in this (that was Slide 3; this is Slide 4) is when you flip the Buffet yardstick upside down it has a very, very high correlation with future 10-year returns in the stock market. That pretty much tells you what stocks are going to do over the next 10 years, at

least on average.

And I think this is probably the best representation of the Buffett quote, the price you pay determines your rate of return. If you pay a high price, you get a low rate of return and vice versa.

So you can see, back in the early 1980s when stocks were very, very cheap – if you had bought stocks in 1981–1982 you had almost a 15% average annual rate of return going forward over the next decade. Currently, the measure suggests stocks are so expensive that we should expect a negative average annual rate of return over the next decade, even after dividends.

This suggests probably losing about 2% per year on average over the next 10 years, including dividends. So that's like a nominal minus 4% (or something) rate of return before dividends.

So the long-term picture for stocks is just such that investors today – I like to call it reward-free risk. We're talking a ton of risk of another major drawdown. What is the potential reward for taking that risk? It's maybe zero at best.

Erik: Okay. So we have a setup here, which is things are at very, very high levels, all- time high levels. That's true of stocks, it's true of bonds, it's true of real estate, it's true of a lot of things. And it's a setup for lousy returns. We have to really wonder, though, if the top is in.

And you have a blog post out recently that suggests that maybe the FANG stocks, which have been a very good leading indicator on the way up, could be signaling what comes next for the stock market.

Again, for listeners, in your Research Roundup email you've got a link to Jesse's blog post where there are several more charts talking about how the FANG stocks may be a leading indicator of what's coming next.

Walk us through the blog post. Tell us what the summary is of what your expectations are, based on this information.

Jesse: There's been, actually, a lot of deterioration in the stock market this year, outside of the FANG stocks. The FANG stocks and the Nasdaq recently hit a new high, but most of the other indexes peaked in late January, early February. And you look at the NYSE Composite and the Dow, they're not close to making new highs, even while the FANG stocks are.

This is really, to me, reminiscent of the 2000 topping process when the Dow hit a new high, its final high, in December (I think) of 1999. The Nasdaq peaked in March of 2000 and then the NYSE Composite actually made a new high (I think) in the fall, maybe September, of 2000.

And they all kind of made separate peaks and then rolled over into late 2000, early 2001.

I think we could be seeing something like that again right now, where most indexes peaked in January–February, but the Nasdaq is making new highs right now even while the NYSE Composite remains well off on its own. And it's really just been the FANG stocks that have been holding up the broader markets lately.

But with Facebook and Netflix really getting hammered last week, and deservedly so. I mean, these stocks traded their highest valuations in their short histories even as their growth is really slowing down. And profitability at Facebook is looking like deteriorating really rapidly and Netflix has no profitability to speak of.

If investors are starting to think about these things in a different way and say, wait a second, what were we pricing into these stocks? If we're willing to pay the highest valuations in their history, that means there's a lot of assumptions embedded in there – like their growth is going to continue, their profit margins will stay high etc.

But these are also the same assumptions that are embedded in the broader stock market. When you look at the S&P 500, the median price-to-sales ratio is completely off the charts. This is another valuation metric, 50% higher than it was at the peak of the dot-com mania.

And you think about what are the assumptions that are embedded in that? Well, it's that profit margins are going to stay high, growth is going to stay good, interest rates are going to stay low, etc. That's what it means to be priced for perfection.

And if perfection does not materialize, then you have to have a reckoning between expectations and reality. I think that's what we're seeing with Facebook and Netflix currently. And I think those stocks in particular have plenty of room to the downside, just from the valuation standpoint, if they continue to disappoint.

That's also true for the broad market too: If growth and profitability do not live up to investor assumptions right now, there is going to be a similar reckoning for the broad market. And it probably means – I mean, how do you get this long-term forecast that the Buffett indicator is saying, where you lose 2 or 3% a year over 10?

Well, you have to have probably some type of a bear market that brings valuations back to reality, some type of a historical average. If that's the case, it leaves plenty of downside for the markets. I do believe that this reckoning that's going on in the FANG stocks could be representative of a broader reckoning of valuations, as I was mentioning.

To bring us back to 2000 again, Intel – it was the fall of 2000 where Intel missed earnings. And you look at what were the greatest one-day drops in equity value in history? Well, Facebook just set the record last week when it lost $120 billion in a day.

I think Intel was #2 or #3 on the list. That was September of 2000 when Intel dramatically disappointed investors. And that marked a turning point for the dot-com mania. That was like

the final nail in the coffin, where the Nasdaq peaked in March, Intel disappointed in September, and it was just off to the bear market from that point.

I think there is a good chance that Facebook last week could be our version of Intel in the fall of 2000.

Erik: Jesse, let's assume for the sake of conversation that what's going on here is we are seeing a topping process and the everything bubble is reaching its conclusion and it's at a top now.

Well, the problem I have with that is, as you've said, it's an everything bubble. It's not just stocks. It's not like, okay, if stocks are overvalued it's time to go into bonds instead. The stocks are overvalued. The bonds are overvalued. The real estate is overvalued. Because of central bank easy money policy basically pushing the value of everything up.

So, I guess that leaves me – and it's a perfect question for an old-school value investor like yourself – how the heck do you value invest if nothing has a value. What do you do here?

It seems like it may be a good time to take profits and be out of the market or reduce your equity exposure. But what do you move to? Where is the defensive play?

Jesse: That's a great question. I have written another post recently where I do agree with you, that there isn't much value at all to be found within the major indexes. And I think this is where value investors are making some big mistakes.

I don't want to own relative value. I don't want to own stocks that are cheap relative to expensive stocks but are not cheap in their own right. I look at a lot of stocks. One of the ways that I value stocks, I want to look at its valuation history. And I want to own something when it's cheap relative to its own history. And that's really not the case for so many different stocks.

You look at almost all the DOW stocks. There are very few of them that are cheap relative to their own history. Most of them, like McDonald's and Boeing and 3M, all trade at their highest valuations in their own company history. Where I have found value, over the last couple of years especially, are in things that are outside the purview of the indexes.

So I really do think that this is another speculative mania. This time, instead of being driven by a dot-com craze or anything like that, this is being driven by kind of a euphoria surrounding the idea of passive investing. So anything that has to do with passive, including buying a value-based index in the passive fashion, is not going to fall in what I would categorize as true value.

Where I have found value is outside of the indexes. And, really, this hit home for me when I talked to Steve Bregman a little over a year ago. And he pointed out to me that owner-operated companies are systematically under-owned by the indexes Because they don't have enough

free float for the indexes to be able to allocate money to them. So they're systematically under-owned by the indexes.

And, really, these are the companies that you find do the best over time. So I really think where investors can find value is by owner-operated companies that have relatively low float and are ignored by the indexes. Those are the only places where I've found value.

That said, I own a portfolio of those and then it's fully hedged against general market risk because of these other things that I've mentioned before.

Erik: It seems to me like the things that are actually depressed in price right now – grains are certainly depressed – I'm not sure if they've got further to go to the downside. I look at something like gold. Well, it's not at the top of a bubble but, at the same time, I think there is a pretty good bullish case for the dollar to continue to show strength here. I think maybe gold has got more downside in it.

What do you think about those things? Are gold mining stocks or agricultural stocks a defensive play here, given the valuations that they're suffering from?

Jesse: I do think so. There are a couple of agricultural stocks that I own more from just a bottom-up perspective. I'm not much of a top-down type of investor. But from a macro perspective I do think gold is absolutely critical to own right now.

And I think this rally in the dollar we've seen over the last few months is an exceptionally generous gift from Mr. Market to people who want to own gold. Because gold has gotten hurt over the last – it's down 10% or something over the last few months.

But when you look at the ratio, the value of gold – or any kind of real assets versus financial assets – real assets – and I've been talking about this for a couple of years now – are extremely cheap relative to financial assets.

And part of that is because financial assets are so extremely expensive. Stocks and bonds are both so highly valued. But part of that is because, like you said, commodities have been severely depressed.

I'm also bullish on gold for the simple fact that our deficits are starting to blow out. And the deficit is widening faster than anybody has anticipated. And it's during an economic expansion. So this is kind of an unprecedented experience, which is – historically speaking, widening deficits are not good for the dollar and actually very good for the gold price.

And I think they're talking now about deficits on the scale of over a trillion dollars next year, which is, I think, a very bullish backdrop for the gold price too.

Erik: Jesse, I want to go back now to your original slide deck. Ray Dalio has been writing for

the last couple of years about how the current environment may be analogous in some ways to 1937. You've got a chart on Page 13 of the chart book that talks to that. Please walk us through it.

Jesse: It was actually, I think, early 2015 when he first proposed this idea. So three years ago he started drawing parallels to our current economic expansion and environment to that of 1937. He updated it again right after the presidential election in the context of growing populism.

This is something that I've kept in the back of my mind since he first wrote about it, because it is such an interesting fundamental parallel.

But what really brought it back to the forefront of my mind recently was this price analog (Chart 13 in the chart book) where there is like a 94% correlation between the last three or four years in the stock market and those four years leading into the 1937 top – very highly correlated price action. I think that justifies or backs up this fundamental analog.

I'll walk through it quickly. He basically draws this parallel by starting with the 1929 and 2007 economic and stock market peaks, where debt limits reached a bubble peak causing the economy and markets to peak. That's the first parallel.

Number two, interest rates then hit zero amid depression. That would be 1932 and 2008.

Number three, money-printing starts kicking off a beautiful deleveraging in 1933 and 2009. And, in our case, the deleveraging is mainly in mortgage debt, I would say. Corporations have been leveraging up this cycle. But there is still that deleveraging on the mortgage side, which is parallel to the Depression.

Number four, the stock market and risky assets rallied. That would be 1933 to 1936 and 2009 to 2017.

Then the economy improves during a cyclical recovery.

Finally, the central bank tightens a bit, resulting in a self-reinforcing downturn. And this is what he has been warning about, is that, to the extent that the economy has been boosted by this asset price reflation, the reversal of that could create, in Dalio's words, a self-reinforcing downturn.

More than ever before, the Fed has created an economy that is dependent upon consumers feeling good based on what asset prices are doing. So the stock market goes up. They feel good. Maybe they spend a little bit more.

But that could potentially work in reverse, such that, if you know QE reversal or quantitative tightening results in falling asset prices, we're starting to see weakness in real estate globally. I

think Bloomberg had a story out today profiling London and Toronto and Australia and, essentially, real estate weakness around the world.

That's also met with equity market weakness and, God forbid, some bond market weakness. You could see another self-reinforcing downturn. And I thought it was curious also that there's now this technical validation of the fundamental parallels in this 1937 analog.

Erik: I look at this chart – if that 94% correlation were to continue to hold true, it looks like it forecasts approximately a 30% bear market between now and the first quarter of 2019. Is that what you're expecting? And if so what do you do about it?

Do you hedge your portfolio for that? Do you just lighten up on your positions? How do you respond to this outlook?

Jesse: I think for the average investor the thing to think about is, What is my timeframe? And matching their risk to their timeframe. I think there's a lot of people who are taking on way more risk than they would otherwise be comfortable with. And usually they don't reconcile that until they've actually lost enough money to try and make a change.

Think about, hey, if we do have another bear market over the next few years, how would you want to be positioned through that? Is your timeframe really 20 years, like a lot of passive investors claim? Would you be really uncomfortable going through another 30–40–50% drawdown?

And if that's the case, look at any asset allocator. Actually, Ray Dalio is a perfect example. Ray Dallio in his all-weather all-seasons portfolio has no more than more than 15% allocated to the US stock market. And this is his permanent portfolio.

Under ideal circumstances, you would still only have 15% allocation or so to US stocks. So diversification is extremely important to Ray Dalio and any other asset allocator. David Swensen would back that up. I think, today, one of the mistakes probably investors are making is I want to own 50–60–70–80% of my portfolio in US equities. And even the most aggressive asset allocators on the planet aren't that aggressive.

Erik: Jesse, I would like to bring up a theory I've had for many years and many of our MacroVoices listeners are familiar with, which is in a deflationary backdrop you can get away with just about anything. The Fed can solve any problem by printing up some more money.

But when you get to an inflationary backdrop, particularly secular inflation that runs the risk of becoming runaway inflation, suddenly the central bankers' hands are tied. Because if they try to just conjure more money out of thin air they exacerbate the inflation problem.

Do you think I'm right, first of all, with that theory that that's where the end games gets ugly, is when their hands are tied because of an inflationary backdrop? So, number one, am I on the

right track with that theory?

But, number two, we're starting to see those signs of inflation picking up. Are we getting to the point where that's going to be a risk?

Jesse: I agree completely. A couple of things to add to that. In terms of the inflationary backdrop, I recently did a podcast with Eric Cinnamond, a good friend of mine, a small cap fund manager who has had exceptional performance over the last 20+ years. He listens to 300 conference calls every quarter.

And for the last at least three or four quarters, he's been hearing companies talk about the greatest inflationary pressures in decades. And not just here in the United States, but globally. This is something that I've also been tracking.

Inflation is here. And it's real. And the numbers are only starting to show up. But, even if you just look at something like the Fed's underlying inflation gauge, that thing is running super-hot right now. And it is a leading indicator of what CPI and other things are doing. So inflation is here. Yes, that is a problem for the Fed.

I talked to William White, who was the chief economist at the BIS. I talked to him about a year ago. And he said, in terms of this inflation dynamic, what we've witnessed over the last 30 years or something is essentially an environment of monetary policy dominance, where the Fed has been able to do what it wants to do because the fiscal authorities have laid back and allowed them to do that.

But now, for the first time in at least 35 years, we're seeing a fiscal authority here in the United States that is challenging the monetary authority's dominance.

And that potentially, when the fiscal authorities do what they did – we're talking about lowering taxes, we're talking about trade war, we're talking about things that create inflationary pressures – that forces the Fed to take a back seat. It forces the monetary authorities to take a back seat and say, okay, now we have to fight inflation because fiscal authority is taking over.

And I think this is something that most people do not appreciate well enough right now. A lot of people say, as soon as the market goes down X%, the Fed is going to ride to the rescue with more QE. Well, it's very, very possible that, because of what the fiscal authority is doing right now in terms of exacerbating these inflationary dynamics, the Fed's hands will be tied even if the market does go down a certain X percentage because of these rising inflationary pressures exacerbated by the Administration's policies.

Erik: And I think that's the moment right there. It's when the Fed announces, no, we're not going to ride in to the rescue. We understand that the market is down 30%, but we're not able to come to the rescue. That's not the business we're in.

That's when things really get ugly. And I fear that we're headed there. Do you agree with that outlook? And if not, why not?

Jesse: Yeah, if you think about the whole buy-the-dip mentality, it's been inspired over the last 10 years by the Fed put. And what you're talking about is essentially the expiration of the Fed put. And if there is no Fed put, this buy-the-dip mentality is gone. And the markets will be left to real price discovery again. That would have to be frightening to most investors, I would think.

Erik: Jesse, before we close, I want to move on to The Felder Report. Talk to us a little bit about what people can expect there, and how they can sign up for a free subscription.

Jesse: On thefelderreport.com, right there on the home page, is a sign-up form. My email newsletter goes out every Saturday. I do a ton of reading every day, so I spend the first three to four hours of my day reading a bunch of research, charts, news, looking for changes in the broad consensus, changes in trends.

And I put together every weekend five things that I think are the most relevant from the past week, send that out in a free email on Saturday mornings. That's free to sign up for at thefelderreport.com

Erik: And you also have a fantastic podcast that is produced on a semiregular schedule. Tell us a little bit about that.

Jesse: Basically, it's a way to scratch my own itch. There's a number of people – like you Erik, we had a wonderful conversation on the podcast. I enjoyed that one. There's a number of people that I am eager to talk to and pick their brain about what it is that drives their investment process. And what their evolution as an investor has looked like. And how they got to where they are.

So when I come across somebody or a topic or something that really peaks my interest, I usually approach them and record a conversation. It's usually an hour to an hour and a half of us just exploring a topic.

It's not a regular thing. It's totally irregular because I'm lazy. But also, it's really when it peaks my curiosity. That's "Superinvestors and the Art of Worldly Wisdom." That's the name of the podcast.

Erik: And that's also available free of charge at thefelderreport.com.

Jesse, thanks so much for a fantastic interview. Patrick Ceresna and I will be back as MacroVoices continues right here at macrovoices.com