MACRO Voices
with hosts Erik Townsend and Patrick Ceresna

David Rosenberg: Calling the Fed's Bluff

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Erik: Joining me now is Rosenberg Research founder David Rosenberg. Rosie, it's great to get you back on the show. Let's dive in starting with the economy. How do you see the picture? What's going on? What's the update since the last time we talked to you?

David: Well, I think the update is that the US economy is slowing down precipitously. As we all saw first quarter, real GDP weakened to 1.3% at an annual rate, of course, that was revised lower from 1.6%, and was a surprise to the downside. And that is what we would have ordinarily labelled as stall speed, back when I started the business in the mid 1980s. And looking into the second quarter, right now, the data at hand looks as though we're going to come in somewhat even weaker than that. Our own model is saying roughly 1%. I know the Atlanta Fed is at 3.1%. But I am sensing that data point is a little stale after the disappointing retail sales report that came out for May. The St. Louis Fed Nowcast is actually 0.9%, and we're close to there as well. So let's just say that the view promulgated by Jay Powell at the podium, at the press conference after the last FOMC meeting, when he talked about how the US economy is strong and solid, I really think he was saying that with the lens of looking at the economy last year, when fiscal stimulus and the last leg of the excess savings file propelling the consumer, and of course, double digit growth in credit cards that produced 100% of the growth last year, those three items, collectively, and they are in the rearview mirror. So, I think that we are now seeing the economy decelerate. And the question for the macro bulls would be, what is the catalyst that is going to precipitate a re-acceleration in pace of economic activity? I actually think that, right now, we're setting the table for the recession that got delayed, but did not get derailed. And I think that a lot of those folks that threw in the towel last year on the recession call will be spending the summer picking up those towels.

Erik: David, I agree with you completely on the message that it feels like the economy is slowing, you know, we're at stall speed or below stall speed. But back in the day, there was this theory that that was supposed to be bad for the stock market. And of course, we're melting up to new and all-time highs every day, what's going on? Is it the case that investors are not seeing the picture clearly? Or is it a flows thing where it's just something in the market is causing this to happen? Why is it that you and I see something that apparently the market consensus doesn't agree with?

David: Well, when we're talking about the stock market these days, we're really talking about three stocks. We're not even the Mag Seven anymore. We're the Mag Three or maybe the Mag One, but we're really talking about Nvidia, Microsoft and Apple. And investors in those stocks

likely are taking a very long term view of this AI revolution, the general AI revolution. And the question is whether it's evolution on the technology curve or indeed a true revolution. But I think that the reason why you're seeing growth stocks performed so well is because they tend to be the longest duration stocks. And hence, they are less sensitive to the vagaries of the business cycle. So, when you're taking a look at the more cyclical parts of the market, the value area of the market, you look at the small caps, for example, the transports, the homebuilders, the economic sensitive sectors have peaked on and rolled over. And I think that is the economic message from the stock market. It's not coming from the fact that you have three mega caps that represent 20% of the index. It’s what's happening beneath the veneer. And so if you're looking at the breadth measures, and you're looking at the dramatic bifurcation in the market, you'll see that there are cracks beneath the surface. But obviously, not even those three particular stocks, which I think investors are just adopting a much longer term view that really is, doesn't have a lot to do with the near term contours of what's happening with the economy.

Erik: David, let's move on to the two closely related topics of inflation. In monetary policy, we had Jim Bianco recently make the call in our program that he thinks inflation bottomed already and is only headed higher from here. Fed clearly doesn't think that's the case. What's your take?

David: Well, Jim Bianco is a friend of mine. And I know that he has been on the inflation side of the debate for many years, even before COVID. I don't know what his reasoning as to why inflation is going to make a sudden resurgence. He was very clear as to why we got to 9% for one month back in the summer of 2022, or headline inflation. And it was rampant easing of monetary policy, bumping against a rampant easing in fiscal policy and bumping against the disruptions we were seeing constantly in global supply chains. All the global supply chain measures have moved to or below the levels that we had before COVID reared its ugly head in early 2020. I don't see the supply disruptions. I know, I hear a lot about de-globalization. But that's really something that will show up over decades, that impact is more glacial, and we'll see what form it takes. But I don't see how you get inflation from what's happening on the supply side of the economy. And I'll come back to that.

On top of that, the stimulus and fiscal policies are in the rearview mirror. And we just came off the most acute Fed tightening cycle since the Volcker years of the early ‘80s. So I don't see where the case is for the reemergence of inflation. And in fact, what's very interesting is, when you're looking at the inflation that's geared to the most cyclical parts of the economy, they've been deflating now for three months in a row. And the only thing holding up the CPI or the PCE deflator has been the bump that we had, which is now over in insurance costs earlier this year, and the rental measures, which are taking their time slowing down, but they are slowing down nonetheless. I take a top-down view on inflation. In other words, being a macro economist, what you want to do is look and see where the pressures on inflation is coming from. And you can only do that with two curves, aggregate demand and aggregate supply. And I know that when I talk about aggregate demand and aggregate supply to non-economists, their eyes just glaze over. But that's the only value from an economist, despite the fact that we're a bunch of fun, loving people. You hire economists, because we're trained to draw these curves, supply and demand, we have to get the shape of the curves right. We have to get the movements in the

curves right. But you can forecast the price of anything, if you have a conviction or a call on how the supply demand curves are moving, and what their elasticities are. So I don't know what Jim's looking at. I mean, we have an economy right now, on the demand side, which is growing barely more than a 1% annual rate. You know, the Fed's own forecasts for the next several years hover around 2%. And let's assume that they're right, although they're rarely right. Where's the supply side of the economy? Well, when you take a look at multifactor productivity and the expansion of labor force, we have the supply side of the economy expanding between a 3% and 3.5% annual rate. And we have the demand side growing, call it 1% to 1.5%. So how do you get inflation? When demand is lagging so far behind supply, when we had the big inflation in 2021, 2022, those numbers were flipped. We had very weak growth in supply and we had booming demand because of all the policy stimulus. That is looking at the situation in the rearview mirror. So, what I'm talking about here is the reemergence of a disinflationary output gap. That means higher rates of unemployment, which is what we're seeing, and lower levels of industry capacity, utilization rates, which we've also been seeing. And those are the conditions of what's otherwise known as excess capacity in the economy. And there really is nothing in practice or theory that leads you to higher inflation in that environment.

Erik: I don't want to try to represent Jim Bianco as reasons for thinking inflation has bottomed because I might get it wrong. But I can give you my own novice view. And maybe you can set me straight with what I'm missing, which is, it seems to me like the biggest trend of the 2020s is increasing geopolitical risk, we're going to have more wars. My very simplistic understanding of macro is, hey, wars are always inflationary. Because first you got the US government spending $60 billion to $100 billion at a shot to help other countries fight their wars. And then worse, you know, they blow stuff up that eventually has to get replaced, and that's inflationary. What am I missing?

David: We had the onset of the Russian war in Ukraine back over two years ago. And inflation has only come down since then. We've had, I guess, you could argue, the Israel-Gaza war, and all the activity on the Red Sea from the Houthis, which of course has had an impact on shipping costs. But the underlying inflation measures have only been receding. So ,two wars create inflation. Well, regional wars don't create inflation. If we, god forbid, to have a World War, or we enter World War that is something that we have to consider, but you're talking about regional skirmishes. And there's been no evidence in the past couple of years that that was the source of any inflation. The primary source of inflation was the breakdown of supply chains, and that was COVID related, and it was China related, and the boom in demand bumping against each other. So no, I don't necessarily agree with the premise that wars are inflationary, really depends on the type of war we're talking about, and whether or not it's localized. So I don't know if I necessarily agree with that premise.

The premise I agree with is my own two eyes. And it's hard for me to think about what wars have to do with the fact that when you read the Fed's Beige Book, and the Fed's Beige Book, which comes out every six weeks, and it is the most comprehensive look at the US economy by industry and by region. It's been published for 60 years now. And you read the latest Beige Book for May. And it was replete with a loss of corporate pricing power across the board, and

especially in the retail sector, which is a dominant component of the CPI and the consumer price deflator. So tough to square the two.

What's really happening here that's more important than the wars that you mentioned was this. Back in 2021, 2022, when the US household sector was sitting flush with $2 trillion of a lottery ticket provided by Uncle Sam in the form of those stimulus checks, nobody seemed to notice that businesses were gouging them. That might be the only thing I ever would have agreed with Joe Biden on, that there was gouging. And of course, you saw it in the profit margin numbers, which were skyrocketing. And companies knew that they could raise prices because nobody cared. Everybody had their pocket stuck with cash. And they didn't seem to mind or notice the price increases. Well, as the San Francisco Fed just reported last month, all of the $2 trillion of excess savings and then some have already been spent in the economy. The savings rate is already down to roughly 3%, historically low level from the normal 8% level we had pre COVID. All of a sudden, people don't have that stimulus cushion and they're noticing where the price level is. And they are feeling a lot of pain. Right now, the consumer sector is noticing that prices are just too high. And then we have to decide, you and I, as to whether we want to define inflation as to the prices that businesses want to charge their customers or the prices that their customers are willing and able to pay. And that was something else that came through, not just in the latest Beige Book, but every single one this year, which is that there is a consumer revolt, a resistance to current prices. And that's why pricing is not just slowing in wide swathes of the retail sector, prices are being discounted. You could now look at that CPI report that just came out for May. And you look at the spread of areas of the economy, no, not insurance, not financial services, not education or health, but taking a look at delivery services and autos and furniture, major appliances, building materials, the stuff you can see touch and feel, apparel, those prices are actually being rolled back. So that to me is what's really important, is that now consumers are feeling not just the inflation, which is the rate of change, they're feeling the price level. And companies are now being forced to roll them back. And all of a sudden, even though profit margins are still above their historical norm, they're starting to come down discernibly. And that to me is the inflation story, that is the overriding inflation story. There is widespread consumer resistance today and going forward over the current price level setting in the economy. And I think people will be surprised that we're going to morph into a deflationary environment. *Deflationary* environment. And I think that will be the big surprise to the markets over the course of the next year.

Erik: David, when Jay Powell pivoted dovish, whenever that was, six months or so ago, at one point in the wake of that decision, there was something like expectations of seven or eight rate cuts this year, that's come way down. Do you still think that there will be rate cuts in 2024? Will they happen before or after the election? And how many would you expect to see?

David: Well, look, the market was priced for more like six cuts. And it was a classic case, I suppose, of the Fed playing the role of Lucy with Charlie Brown and the football. But the markets, I think, read a little too much. I don't think the Fed really did any more than pen in three cuts at the December meeting and the dot plots in the market went and priced in twice as many of those. And then the Fed corrected that situation, now they pivoted the other way. And now

they're penning in one rate cut. I think that they'll move twice at this point. July is probably off the table. But if the CPI, PCE deflator and the economy continue to behave as they have, very recently, if this is a trend and not a blip, then I think that they will be cutting rates at the September meeting. And I wouldn't be surprised if Jay Powell uses the Jackson Hole symposium in August, as a way to set the table for that. So I'm actually forecasting the first cut to come in September, November. December is up in the air, I think they'll go bang bang, September, November. And then depending on what happens, but it's not out of the realm of possibilities that we do see three rate cuts, and may well be that the Fed's initial dot plots last December of three cuts ends up being what we see just later, rather than earlier. But the first cut I expect in September, and then in November, the election will be behind us, the FOMC meetings November 7th, the elections November 5th, so they won't have politics getting in the way. So I'm thinking two cuts, possibly three as opposed to one or possibly two. That's how I would draw the probability curve.

Erik: And then, of course, the election itself is the next big event after that. Do you have any thoughts on election outcomes and what they mean for markets? You know, Biden wins, it means this. Trump wins, it means that?

David: Well, look, the reality is that investing around politics is a real mug's game. And I always recommend to my clients not to invest, at least initially, around the political backdrop because what you see isn't always what you get. I mean, if you remember, everybody thought that the stock market was going to get slaughtered because the socialists from Arkansas, Bill Clinton came into power in 1992. And the stock market ended up, for the next seven years, saw it was a one way ticket North under Bill Clinton. And who knew that Bill Clinton, of course being nudged by Bob Rubin, would shift to the right. He shifted the party to the right. And Barack Obama got elected. Once again, a socialist from Illinois, back in 2008. Stock market did just fine under Barack Obama. And then we had Donald Trump 2016, the initial reaction was that, he was going to be disastrous for the stock market. Next thing you know, big tax cuts, deregulation and the stock market takes off. And basically, under Joe Biden, the reality is whether you like him or not, the stock market's done just about the same under his tenure as it's done under Donald Trump. But it's tough to really pinpoint that any of this had to do with who's in the White House, the market just did what the market did. Now, all that said, what's at stake at this election, that could matter for the stock market, is fiscal policy. Because next year, those Trump tax cuts hit their sunset. And so, we could end up going back up to whatever, 35% top corporate tax rate with a snap of a finger, if Biden gets elected. Or Trump gets elected, I think that the outlook will be that we're going to get at least this ongoing, lower corporate tax rate that he brought in, back in 2017. So, I do think that this time around, there'll be a more negative reaction if Biden wins, only because I think the Democrats would be willing to let the corporate tax rate rise, I don't think back to where they were pre 2017, but I think they would have a more so a populist agenda, towards providing the whatever tax relief towards the personal sector and low income, middle income households. What the stock market would like to see is corporate tax rates staying where they are, or possibly going lower, and that's going to have a higher probability under Donald Trump.

So you could argue that this election, strictly from dollars and cents, from what it means for the corporate profit profile, this one could be more important, but then we also have to weigh in what's the composition of Congress going to be? So it's not just who takes the White House, but also will it be a sweep or not. So that's going to matter a lot, because whoever wins the White House, if they don't have Congress, is going to be difficult to do anything outside of executive order. And you can't really change taxes under Executive Order. And so, we have to pay attention to that as well. I mean, Barack Obama managed to get Obamacare through because in his first two years, he was a clean sweep on the Democrats. And the only reason that Donald Trump got tax cuts in was because the Republicans had a clean sweep when he got elected in 2016. So that's something to consider, that it's not only who has the keys to the White House. But what is the composition of the of the House and the Senate. You know, if there is a clean sweep by the Democrats, I think that it would be reasonable to assume that the stock market would view that far less bullish slate than a clean sweep by the GOP, just based on the future of taxation and the corporate sector. The offset, of course, would be that Trump also wants to undergo widespread tariff increases. So, you have to be very mindful of the companies in the United States that you want to own that have a high import quotient, because their margins might come under pressure, even if their tax rate is cut, because of what the import tariffs will do to their input costs. But outside of that, long way to say that, this time around, I think I would be saying that a Republican victory would have to be a sweep, would be viewed more bullishly for sure than a Democrat win.

Erik: Let's talk about energy prices, which have a big impact on both the economy and inflation. In the wake of OPEC changing their policy around looking to phase out their production cuts, we saw a bottom around $72.50 on WTI, just two weeks ago. And we've seen a $10 rally off of that low in the last couple of weeks. Where is this headed? Are energy prices headed substantially higher? If so, how long does it take for them to get there? And what is their effect on the economy when that happens?

David: Well, oil prices of all the commodities are the hardest to forecast because there's so much politics that's involved. So you don't know, you can wake up next week and Joe Biden decides to release barrels of oil from the SPR and we're down $5. Oil is very tricky, because of the political motivation that other industrial commodities aren't subject to. And to me, I'm looking at the chart and we're barely at the midway point of the range of say, $75 on the low side, and $120 on the high side. We're actually, you could argue, at the lower end of the range. I think that in a recession, oil prices will go down. But maybe not as much as people think, because there is a very strong supply curve that should help provide a more firmer bottom. But based on, I'd say the outlook for the global economy for the coming year, I think demand is actually going to be pretty soft from a cyclical standpoint. And I know people talk about all the power needs that are related to EV and related to AI curve, and so on and so forth, and all the power that's going to be needed, and I understand that. But I think that 80% of the oil in the United States, from a consumption standpoint, going to the gas tank. It’s going to the gas tank. We can dream up all the reasons why demand for oil is going to be firming and going up. But I don't think it's going to be happening in the next year. And in fact, you're seeing right now in the data, that volume, volume in real terms, volume consumption by the US consumer is negative year on year. So

what's happening is, because consumers, at the margin, are so financially pinched right now that they're not filling up their tanks they're driving less. And this is as the thin edge of the wedge. So at current levels, I'm actually moderately bearish on oil prices. So longer term, I think that you can produce a fairly bullish viewpoint based on global supply and demand. But right now, I would say that if we go into an economic downturn, you can bet your bottom dollar that US retail consumption of gasoline will be going down, and that process has actually started.

Erik: Another commodity that's been perplexing me a little bit recently is copper. Now normally, we call it Dr. Copper, it's the measure of the economy. The fact that copper has been selling off pretty substantially, is down 15% from its peak just in the last few weeks, seems to jive perfectly with what you said about the slowing economy. But it's exactly opposite what the stock market's doing. So how should we interpret this? Why is copper doing this and what happens next?

David: I had this on my daily about a month ago, showing, you know, copper today to nickel a couple of years ago. Nickel faced a massive short squeeze for a while, it looked like Nvidia stock. And then once the short squeeze was alleviated, it came back down to earth. And copper also just underwent a massive temporary supply squeeze and that squeeze is now oozing out of the system. And it's coming back down. And I'm not so sure it has anything to do with what's happening with the economy globally, as much as what's happening in the trader community than anything else. So I wouldn't be reading anything. I wouldn't read anything into copper now that you would have read into nickel a couple of years ago under similar circumstances.

Erik: David, let's move on to China. A lot of people thought that the key to the global economic recovery story post pandemic was going to be when China got back up to full capacity. Then, of course, we've had a bunch of geopolitical developments, the picture has gotten cloudy. Do you think that China coming online is a major gating factor to the economic recovery globally? And if so, what is it going to take for China to get the rest of the way?

David: Well, look, China right now is battling two different wars there. Obviously, there's the global trade war, and increasingly being put into the penalty box. And no matter who emerges victorious in the White House, they will be facing more trade sanctions in the future. And there's this prevailing concern among the industrialized world that China is attempting to export its excess manufacturing capacity and deflationary pressures to the rest of the world. And that is in the process of being resisted. The big part of the story is this ongoing implosion in the property sector, which is 30% of the economy, it is still deflating, bad debts are still accumulating. It's not as bad as it was 6 months or 12 months ago, but it hasn't bottomed yet. And that is a deadweight drag on the economy. More fundamentally, China is really following Japan. Now, Japan was the roaring economy in the 1980s when I started in the business, and peaked right around 1989, 1990, along with its stock market, but then this economy went through, we could argue, was more than a 20 year period of malaise. And the cause of the malaise are the things that are undermining China's growth potential right now, which is the need to mop up a real estate and debt bubble that burst, they both share that, we know what happened in Japan. In the US, we had it too, but it didn't take long to clean it up, which is the beauty of having a truly

capitalist economy. And, you know, a government that got its act together finally, well, with tarp, you know, back in early 2009, but Beijing doesn't seem to be coming up with a lot of answers to help mop up the problems in the property sector, they're very slow to stimulate fiscal policy. This would never happen in the United States. And they're also being undermined by declining population, which of course, was a Japanese disease as well. So, I'm looking at Japan, through the lens of an economy that is into a secular economic downtrend, not negative growth, but very low, single digits, mid single digits growth. The era of China being a major force propelling the global economy, those days are long gone, and they're not coming back.

So I think that China is in a structural economic turndown. That process has already started. And it's been reinforced by the problems surrounding the real estate sector and the need to mop up the bad debts that are coming out of the deflation in the property market. And we all know when we've seen these real estate deflations before, whether it's Japan or whether it's what happened in the US under real estate deflation in the late 1980s or, again, back in 2007, 2008, 2009. These take a long time, before you move to the other side of the cycle. Like I said, you couple that with the real sluggish demographic backdrop in China, and you have the makings of a very slow growth economy, I'm not making a comment on their stock market, the stock market is very cheap. Of course, you talked before about geopolitical risks, there's a ton of it in China. So maybe there's a reason why the stock market's cheap, but the economy is going to be bouncing along the bottom for a prolonged period of time.

Erik: David, final question, is there anything else that you'd like to add in terms of sectors to focus on or investment strategies that our audience should consider?

David: Yeah, I'll just finish off with maybe trying to be a little bit more positive. You know, there are areas to put money to work. This is not a forecast that's telling people to run for the hills or go out and buy canned tuna, baked beans and barbed wire. It's really been more thematic in nature. I think that the AI revolution, or you can call it evolution, is real. But there's too much uncertainty over what the true size of this market is going to be. And I think that investors, once again, as they did with fiber optics and the like back in the late 1990s, are probably overestimating what the AI revolution is going to deliver in terms of profit. So, I'm a little wary about technology, and especially what's priced in. But as you said before, this is a world with skirmishes. It's a world with regional wars. It's a world that where military budgets are being built up everywhere. So defense aerospace, I think as a sector theme. I think, especially coming out of COVID, things like food security and cybersecurity, that is a major theme and investable theme. I like many parts of the emerging market world. It's not a homogeneous space, but I think India and Mexico, you can argue Korea, are all places that look very attractive, much more reasonably priced than what we have in the US right now. And I would say that, along with that, Japan, despite its stop-and-go economy, the lingering impact of Abenomics and what that's doing in terms of prompting companies to force cash off the balance sheet back to shareholders, you look at the all in yield in the Japanese stock market, it is very alluring. And that to me is a buy and hold. If there is a buy and hold out there, it's the Japanese stock market. So there's areas out there that you can put money to work on top of that. I'm still a big fan of what I call the bond bullion barbell, because I love alliterations, I think the Fed will be cutting

rates. I think that that future disinflation or deflation you see, you brought up my friend Jim Bianco, that is the consensus, the consensus is that inflation is going to be sticky. And I think the surprise will be that it will not be sticky. And I think that the Treasury market will be a very good place to be as rates decline. And the prices of these bonds rally, I think bonds will be delivering equity like returns in the coming 12 months. And I think that once the Fed starts to catch up to other central banks in terms of their rate cutting, the bull market in the US dollar will come to an end. And that will be very good news for gold, silver, commodities in general. And so that's another area that I think you want to start chipping away at.

Erik: Well, Rosie, I can't thank you enough for another terrific interview. But before I let you go, I want to talk a little bit more about Breakfast with Dave, the newsletter that you've been writing. I don't know, is that the longest standing daily newsletter in the history of the finance industry? It feels like it is, seems like forever. But for anybody who doesn't know, tell us the history of it. And more importantly, you for most of your career worked for big banks, that kind of constrained what you do, you've now gone on your own with your own firm, giving you the freedom to both tell the truth and also add some new products. So let's talk about not just Breakfast with Dave, but what else you've got in the in the works.

David: Well, I started my daily back in 1998, when the Internet was really just getting going. And at that point, there was no other daily around and did give me instant notoriety. And it's ultimately how I managed to make the move from Bank of Montreal to Merrill Lynch. And so yes, it's been a staple. It's not the only thing that I do, we have 12 different products, including my own webcast series. And we have different strategy documents. But I really pour my heart and soul out in the Breakfast with Dave. Every single morning, I get up at 4:15am, I jump out of bed, I have a double espresso, and I am just raring to go. Because I have a passion for what I do, and I love the financial markets. And I love connecting the dots between what the economy is doing and how to formulate a cogent coherent investment strategy out of it. So I don't even consider what I do, and I haven't for many, many decades, I don't consider what I do as a job, I guess, became a career. But it's really, for me, it's a passion. And as I said, there's a whole lot of other things. I introduced a whole suite of products, I hired a whole strategy and economics team. And we cover all the regions of the world. And we cover all the asset classes. So we don't just do the daily, the daily is there to help investors get through their day, whether it means sounding smart to your clients so that you're informed, or it means weeding through the noise. But the daily Breakcast with Dave is there to help investors get through their day, or maybe get through their week, it's really there to clear the air and to navigate all the noise that's out there in the data and the markets.

You mentioned about starting my firm in early 2020. You know, people were telling me years ago that I should have done this. And maybe I should have done it earlier, I still think the timing was right. And when I left Merrill Lynch to come back to Toronto in 2009, the opportunity to work at Gluskin Sheff, which was at that time one of the real premier fund managers in Canada, to work 12 years on the buy side after so many years of big banks on the sell side and sitting down with portfolio managers and the CIO every single day and learning what money management and risk management is all about. I think if I started this after I left Merrill, it wouldn't be as

valuable to investors as it is because I realized what's most important is not your base case scenario. That's what most Wall Street economists believe, what's your base case scenario. Of course, you need a base case scenario. But you have to scenario build. And I learned very quickly at Gluskin Sheff, which I'll tell you right now I learned more in the 12 years there than I did in the previous 25 years in my various incarnations at the big banks. And what I learned that was most valuable, was that if you don't have a plan B, you don't have a plan. And I learned that for institutional investors in particular, that their brain is one giant probability curve. And that curve shifts. And even though your base case doesn't shift, if your plan B becomes plan C and plan C becomes plan D, you've just altered the whole risk return profile for an investor without even changing your base case. So that's really what I learned, was how to do as an economist, how to really be a more effective cog in the investment decision making process.

And you're right, when you're working on the sell side or the buy side, they're all selling product. You work in a big bank, you're selling product. You work for a big mutual fund, you’re selling product. And it's just a relief, to just be able to sell my thought process, my ideas, my forecasts, as opposed to attaching it to a financial product or particular view that your firm is investing around, or not investing around. So it's been empowering. And I never allowed my superiors to change my view, I've been pressured a lot. I was a bit, so we say, a bit of a pain in the ass to management where I worked, because I would basically stand my ground. And that's when you get into a situation where your own views might conflict with what management wants, because their business is to sell financial product. I'm not in that business anymore. I'm here to provide my views. And you don't have to adopt my views or accept my views, except that I do put a lot of thought behind them. And whether they're right or wrong, my hope is that they give investors things to think about that they otherwise would not think about. And just finally, to answer your question, yes, if you want to find me, you can either head into information@rosenbergresearch.com, It'll take you right in. I'm willing to give everybody on this call, a free one-month trial of everything that I do, all 12 products, including a webcast. And you can also just Google Rosenberg Research and we'll take you right to the website.

Erik: Well, David, my favorite part of your new job is that the buck stops with you and your bosses can't get in the way to withhold the freebies for our listeners. So folks, if you didn't hear that, it's not just Breakfast with Dave, it's a free full one-month trial of all of the Rosenberg Research products. I don't think you can possibly go wrong unless you fail to take David up on that very generous offer. Patrick Ceresna, Nick Galarnyk and I will be back as MacroVoices continues right here at macrovoices.com.