**Dan Ferris**

Dan opens by saying he believes the biggest financial mega bubble in history is topping out.

The bond market topped in 2020 when the 10-year Treasury yield fell below 40 basis points (0.040%) in March of that year. And sovereign debt levels hit an all-time high.

And stocks began to top in 2021, with clean energy and SPACs and high-growth and bitcoin peaking. Then small-caps start to peak. And then the high-quality stocks topped in the first few days of 2022.

Since then, both stocks and bonds have had some of their worst years on record. And long-term bonds are down even more than stocks. This led to the biggest quarterly drawdown ever in net worth. There are things you can buy, but the pain isn’t over.

The mega bubbles don’t behave like the average bear markets. There’s too little data to say just how far stocks will fall in mega bubbles based on historical evidence. But it will take a long time to make a new high if history is any indication (based off Great Depression and tech bubble).

All the money comes in at the top. In 2021, more money went into equities than in the previous 19 years combined. We haven’t reached the “hangover” point of the stock selloff.

Now, the Fed.

Jerome Powell is the starting QB of the high school football team. He’s looking up to the QB 40 years before – Paul Volcker. HE wants to raise rates to beat inflation down. But his models can’t accurately predict what’s going on.

The Fed won’t pivot until inflation is back down to 2%, and that’s going to kickstart Great Depression 2.0. That will cut investment in business way down, causing even more pain. The Fed isn’t in control of anything but their own actions. And everything lags – their data, and the impact of their rate hikes.

Risk is the range of expected outcomes. And today we’re in an environment with a high likelihood of potential outcomes – recession, depression, inflation.

Investors need to prepare themselves for this. They need to hold stocks of great businesses, hold plenty of cash (by selling garbage businesses). Hold gold and silver, it has a 5,000 year track record. That’s the core to surviving the bust of this mega bubble.