The Man Who Predicted Japan's Lost Decade … The Recession of 1990-92 … The Biggest Bull Market Run in U.S. History… and Most Recently, the 2008 Credit Crisis and Stock Market Crash… Now Warns You About:

DOW:3,300

HOW IT WILL ALL UNFOLD… How You Can Be One of the Few To Sidestep the Carnage – And Secure a Legacy of Wealth as It's Happening

Hello, my name is Harry Dent.

Over the past 30 years now, I've been using known economic and demographic trends to predict major economy and market shifts with uncanny accuracy.

If you know my work – and that of my firm, HS Dent – you know that we've helped a lot of investors save money and become wealthy by accurately forecasting major economic events over the years.

Most recently we gained national attention for our work in warning investors of the 2008 credit crisis and subsequent stock market collapse, many months before it happened.

We also said a recovery rally would present a good, albeit "short lived" buying opportunity in 2009, 2010, particularly if the government were to step in with a stimulus effort.

We also said the housing market will take far longer to recover than most people would imagine until at least early 2013 – and that millions would be trapped "underwater" in mortgages they could no longer afford.

If you've been watching the markets the past three years, you know just how right we were.

But it's not the first time we've been "on the money" with our big picture forecasts.

In 1989 we warned that the economic boom in Japan would end and begin a 12- to 14 -year downturn.

Around the same time we predicted the U.S. economy would struggle with a "short but sharp" recession in 1990 and 1992, before embarking on one of the greatest economic and stock market booms in American history with a Dow of 10,000 by the early 2000s.

We not only called the top of the 2000 tech markets in early 2000, but also issued the strongest "buy signal" of our 30-year history in October 2002 – and watched the DOW soar from 7,200 to 14,280 over the next five years.

In other words, we accurately predicted most major economic and stock market events that could have made you substantially richer – or poorer over the past 20 years.

These and other forecasts are all a matter of public record – either through the best-selling books we publish or through HS Dent Research publications.

And as you'll discover a little later in this presentation, *they were easier to predict that you might ever imagine!*

But I'm not talking to you today to brag about our past successes.

I reference our forecasting success because our research tells us we're entering an economic cycle that will almost certainly greatly impact your life, your family, your business and your investments for the coming decade.

Much of the Main Street media and many Wall Street's pundits want to you to believe the worst is over – and that, except for a few bumps in the road here and there, we're well on the road to recovery.

That's **not** what my research says…

Which is why I've prepared this urgent presentation.

In short, there is a "perfect storm" of economic and demographic realities brewing that will likely make the next decade one of the most trying times in U.S. economic history.

Just some of what you can expect in the coming months:

- Unemployment will move higher once again – to roughly 15% nationwide – and as high as 25% if you count long-term unemployed.
- Housing prices will fall an additional 30% plus – despite the biggest stimulus plan in history and the lowest mortgage rates in 40 years.
- Saddled with record high private debt ($42 trillion – an estimated $140,000 for every man, woman and child in America), falling income and no equity left in their homes… personal bankruptcies and property foreclosures will soar as much as 30%.
- With no more federal money to fall back on and their budgets in crisis, state and municipal governments will be forced into default, especially at the city and county level.
- Faced with huge revenue shortages, the federal deficit will balloon from $1.3 trillion to as much as $3.0 trillion.
- The global credit crisis – Phase II – will spread from America to other parts of the world. First up will be European countries: Greece, Portugal, Spain... maybe even by the time you hear this…
- Despite the lessons learned in 2008, mortgage companies have resumed offering low interest, no principle "teaser" loans – with rates resetting higher throughout 2011… leading to yet another banking crisis , with no bailout possible this time.

- As government, corporate and personal spending dries up, the Dow and other indexes will tumble as much as 70%… reaching our projected 3,300 low by late 2014.

I know these are bold and grim predictions.

But as you'll see in a moment, the scenario I'll be describing today was practically *preordained* to happen – as far back as the mid 1990s when the bubble in stocks and real estate began, and Baby Boomers were heading for their peak spending years into 2007.

Again, I'll explain why and how all this will come to pass in a moment.

But please also understand that there's also a tremendous upside to what's about to transform over the next decade.

After all, when you're able know what's coming – and position yourself accordingly – the years ahead could very prosperous times.

You'll have a once-in-a-lifetime opportunity to:

- Protect yourself from financially devastating stock market and real estate losses by escaping the markets and other doomed investments before the carnage begins.
- Earn millions through specific 'decline-related' investments year after year, over the next decade…
- Eliminate personal debt (including mortgages) years early – for quarters on the dollar…
- Create a "legacy of wealth" by snapping up property, stocks and nearly every investment you can think of at fire sale prices…
- Set yourself up for the next long term "boom cycle", set to begin as early as 2020…
- Retire in luxury, with enough money to live like a millionaire and leave a "legacy of wealth" to your children and heirs.

In short, you'll have an opportunity to transform your financial life faster and more radically than any boom market can.

But before I go any farther, let me set the record straight…

I take no pleasure in telling you what's in store for America and the stock markets in late 2011 and beyond.

I'm not a "doom and gloomer" by nature, or in my professional work.

I have no political or economic axe to grind.

But I am an economic realist…

A Harvard MBA graduate, Fortune 100 consultant and new venture investor who, with the help of the Research Foundation I created, has discovered a powerful and *incontrovertible* link between the science of 'generational analysis' and what the markets are about to do next.

And I'm simply following what I know from our research and the historical data behind it to its logical conclusion.

Believe me, it was much more "fun" when I correctly forecasted the greatest and longest "bull run" in stock market history in my 1993 best selling book "The Great Boom Ahead".

In it I said the Dow would soar from 2,900 well into five figures over most of the coming decade… that cheap credit would spur one of the greatest real estate booms in decades… and that innovations, especially in information technology would create more opportunity in the decade ahead since the Industrial revolution.

A lot of people thought we were crazy back then.

As you probably recall, 1993 was not a particularly "rosy" year.

We were just emerging from a very rough two year recession where unemployment had nearly doubled. Iraq's attack on Kuwait had sent oil prices soaring and the U.S. to war. The S&L crisis was rocking the credit markets. Housing prices were plummeting. Consumer confidence was severely shaken.

Not the best time to be predicting the greatest bull market in history.

Yet we did it…

A Long Line of "On-the-Money" Forecasts

Anyone who listened and ventured 'full bore' in the stock markets back then could have become millionaires many times over by the end of the decade. Particularly those who invested in the technology sectors we said would drive this unprecedented economic expansion.

It wasn't the first time our research proved true.

In 1988 we predicted the very 1990-92 recession I'm referring to – the one that would serve as the lifting point for the greatest bull market boom of the century.

Around that time we also predicted a 12- to 14-year slowdown in Japan's red-hot economy. Again, people said there was <u>no way</u> Japan's sizzling economy could fall that hard and that fast.

Yet it did…

In 1990, Japan's economy went into a much-documented freefall, as real estate prices tumbled as much as 70% and the Nikkei plummeted from nearly 40,000 to 7,831 over a 13-year period, or 80%!

(Curiously, that's roughly the percentage drop our research tells us the DOW is in for – from its 14,280 highs down to 3,300!)

We also said in 1992 that the unprecedented federal deficit – then at an unheard of $450 billion – would turn into a *surplus* between 1998 and 2000. People laughed…

But in 1999 the Clinton administration announced a surplus of $122 billion, followed by a $230 billion surplus in 2000.

We warned on several occasions in late 1999 and early 2000 that the Internet bubble was "weeks away" from a serious correction… but also that the bigger boom was not over and would continue for the better part of the decade following an inevitable correction.

Again, what happened there is still a painful memory for some early in Internet investors…

Billions in stock market wealth vanished when the NASDAQ tumbled from its 5,050 highs down to 1,100 in late 2002 – 78%… before resuming its upward trend again in 2003.

Again, this predictive success was not some fluke or “voodoo magic”.

We claim to have no crystal ball or special powers.

What we do have, however, is a firm grasp and understanding of the economic, demographic and historical trends that made these events virtually preordained.

When you know things like:

- Every 500 years there’s a “mega innovation” – like the printing press or the computer – that forever changes the way we live and leads to decades and centuries of prosperity…
- That every 250 years or so we see upheavals in nations and institutions – like the American Revolution or what’s happening today in the Middle East and the emerging world – that lead to greater freedoms and human rights and will expand our freedoms in the developed world as well .
- That every generation has a known spending cycle that can impact markets in predictable ways: from the time they’re born… to when they buy everything from music and potato chips to cars and homes… to when they stop spending and start saving for retirement …
- That our economy has peaked every 40 years on generational cycles, almost like clockwork…
- That commodity prices peak every 30 years …
- That the early parts of most decades start off weak, even in boom times…
- That every four years, there’s a significant stock market correction; and every four months it happens on a more minor scale…

When you know these things – and apply good science to it all – it really is amazing how a clear the future becomes… and how wealthy you can become knowing it.

Once I show you some of the things going on concerning these demographic and socioeconomic trends – and how unstoppable their effects on the economy have proven to be over hundreds of years…

I think you’ll be not only convinced, but amazed too.

I think you’ll be impressed at just how prophetic our timing has been – using as our basis, a powerful indicator that many economists and most investment experts still dismiss as “secondary” at best.

And while pundits today wonder where the economy’s heading next… stewing over things like trillions dollar deficits… higher taxes… or what the Chinese will do next… you will know what most don’t understand:

None of it matters…

Why?

Because as our research suggests, what is about to happen in the markets and the economy in 2012 and the decade beyond was practically *preordained* back in the 1970s and 1980s…

When Baby Boomers – the biggest generational *tsunami* in our history – descended on the workforce en masse between 1968 and 1978, it set in motion a series of economic events, like massive inflation, so predictable that anyone who followed them could have become millionaires many times over.

Why? Young people are expensive to raise and incorporate into the workforce.

Now these very people, whose earning and spending and innovation fueled the greatest economic boom in human history, are about to trigger the one of the biggest economic recessions the country's seen too – a long slowdown with deflation as they save and retire.

Why? It's very simple…

The Last of the Big Spenders

Around 2008, and without much fanfare, the last of the "boomer" generation moved out of his and her "peak spending years" – where they're no longer in the market for fancy cars, big homes, vacation properties, or all the appliances, furniture and "stuff" that fills them.

These same people are entering a brand new "winding down" phase of their lives. They'll be starting far fewer businesses from here on in… creating virtually zero jobs… and – here's a biggie: paying *far less* taxes in the coming years.

In short, they've essentially stopped spending all together on the things that drive economic growth: Housing, cars, furniture and other "big ticket" items.

The Last of the Big Spenders are either retired or they're saving for their retirement years.

And the economic impact that will have on the years ahead will not only be devastating…

It's known and predictable.

An Economic "Perfect Storm"

Of course when you combine this 'demo-economic' reality with everything else happening with the economy: unprecedented debt levels (both personal and at all levels of government), currency unrest, shifting economic power bases… and the fact that we're tail end of one of the greatest technological eras not seen since the industrial revolution, it paints a troubling picture for the years ahead…

In May, I sent an alert similar to this one that stated "our research suggests the (stock market collapse) will start rather innocuously around mid-to-late 2011 – once the massive QE1 and QE2 stimulus that flooded the economy beginning in 2009 has worked its way through the system."

It'll begin with a slow unraveling of the markets, which will be characterized by the mainstream media as an overdue correction or just a series of "bad weeks".

Many investors will make the mistake of thinking this downturn is temporary that the markets will roar back after some heroic government fixes, just like in 2009.

But this time it won't happen. This time the government has not only run out of money… the printing presses have run out of ink as well as long term interest rates will keep rising in response to irresponsible stimulus.

Week after week the markets will wind down… falling through the 11,000 mark…

Below 10,000, then 9,000, 8,000… to 6,440 – where it's likely to rally briefly… before ultimately dropping to as low as 3,300… all between late 2011 and late 2014, with the greatest danger and crash likely between late 2011 and late 2012.

After that we see a market that will likely trade sideways, with small "sharp rallies" here and there – as it did in the 1970s… for much of the decade…

Until the next major generational trend cycle begins to unfold between early 2020 and early 2023 and the market makes its next major move higher.

And as you're about to discover, there's nothing you or I, or any politician or government, or any team of monetary experts can do to stop it.

As history has shown, these economic trends are virtually set in stone – as certain as the DNA with which we were born.

You see, all boom economies produce excesses – whether it be excessive homeowner spending and debt brought on by the misguided belief housing prices will rise forever… a manufacturer who over builds, over tools and over hires with the belief his market will grow forever… or twenty and thirty year olds making two, three and ten million dollars a year moving money on Wall Street…

The greater the boom – the greater the excess tend to be… and the longer it takes to shake them out of the system.

And at roughly 25 years, the latest boom was by far the longest since the post Revolutionary War industrial revolution…

And frankly, it's going to take some time to shake the excesses from the system this time around:

> Excesses from a housing boom that drove prices over 200% in five years…
>
> Excesses from corporate growth built to fill the nearly insatiable demands of baby boomers' peak spending years – a demand that's no longer there…
>
> Excesses from years of government over spending – including the tens of trillions spent on wars, stimulus plans, corporate bailouts as well as QE1 and QE2…
>
> Private debt that mushroomed from $20 trillion to $42 trillion from 2000 – 2008, dwarfing the massive government debt…
>
> A government-induced building bubble in China that is greater than any bubble in world history that few are aware of…

But remember why I'm here to tell you this…

Not only can you protect yourself from what's ahead… you can make fantastic profits too.

Some of the greatest fortunes have been made, not in boom times, but in down economies… by people who understood exactly what was going on:

The Kennedy fortune was made this way, buying up cheap companies and assets during depression era America.

Even Warren Buffet launched his career buying stocks on the cheap in the 1970s when nobody else had the stomach for it.

Point is, when you can be confident in where the future is heading – and know with good certainty which markets and investments will be impacted– there's no limit to how much money you can make.

Consider, for instance, had you known as certainly as we did that Japan was about to enter the most difficult decade in its economic history…

Had you shorted the Nikkei year after year… you could have made a small fortune.

What if during the depths of the 1990 recession you began dishing money into the stock market in anticipation of our predicted bull run, focusing on established players in information and communications technology – Microsoft, Cisco, Dell, and so on.

A $5,000 investment in upstart Cisco alone could have made you over $2.6 million had you sold around the time we warned about the impending tech bubble burst…

Back then you could have bought Microsoft, already a household name, for $.85 a share after factoring in splits – and watched it rocket to over $58 , a better than 67-to-1 windfall.

Dell Computers returned a staggering 57,282% had you bought and held until our warning… turning $10,000 into over $5.7 million.

What a lot of investors don't realize is you can make great fortunes in a down economy as well.

Knowing the Future Can Make You Wealthy

The secret is knowing what's coming when -- and preparing yourself.

That's why I believe *the message I'm sending you today is one of the most important you're likely to hear in your lifetime.*

Because in it I'll not only reveal why we're headed for an economic down turn of historic proportions… and show you what you can expect to see on virtually a month-by-month basis…

I'll also show you concrete ways to profit – including one little "insurance investment" you can make right now that will cost you a mere few hundred dollars… but could make you a millionaire as the markets fall to our predicted targets.

But before I do, let me start by telling you tell you about the "Six Driving Truths" that will shape the coming decade… beginning late 2011.

Truth #1: The Largest Generation in History Has Peaked in Its Spending Cycle… Which Is Why This Will Be No "Ordinary" Recession.

Economists, financial pundits, even government policy makers rarely talk about the most important cycle driving modern economies like that of the United States and other developed nations.

And that's simply this:

New generations come along about every 40 years.

Members of these generations move along a predictable "life cycle" of earning, spending and productivity.

Although we're all different, as a group we do predictable things:

We tend to enter the work force at around 20…

We get married at around 26 and have kids around the ages of 28-29.

At roughly age 31 we buy starter homes… then trade up to larger homes between 37 and 42 as our families grow.

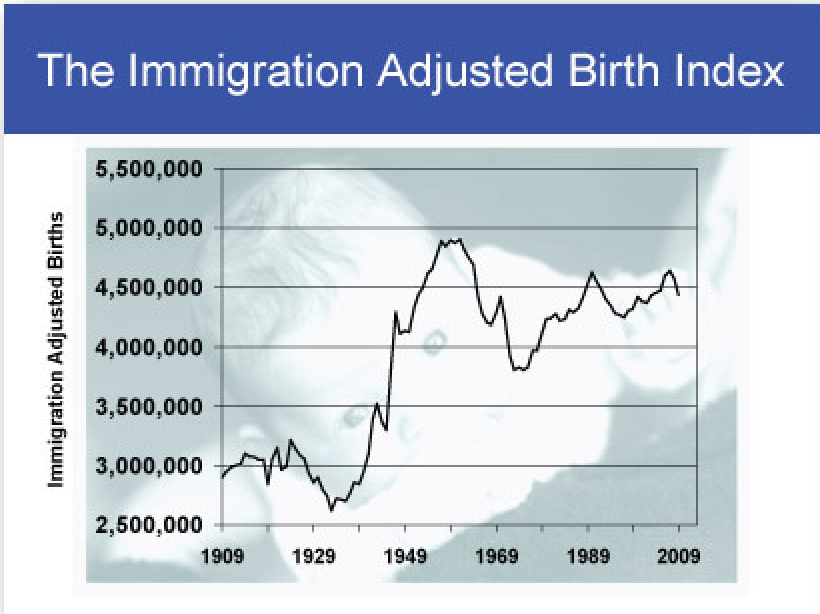
We enter our peak spending ages – the period in our lives when we tend to have the most disposable income and "treat" ourselves to cars, gadgets and so on – between 46 and 50.

Between 46 and 50 spending habits tend to change dramatically. We see retirement not far off and make a concerted effort to save, while our spending needs decline with our kids leaving the nest.

We retire at 63 (on average) and tend to have our greatest net worth at 64 – cash, investments and assets we've set aside to live from.

The largest group of the baby boom generation is made up of people born within a 25-year window between 1937 and 1961.

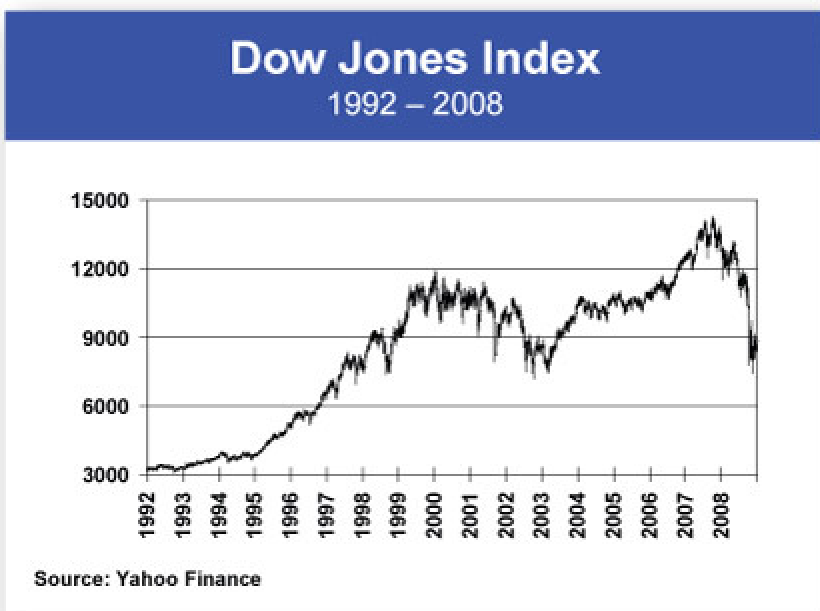
But as you can see from the chart below, the Baby Boomer generation was no ordinary generation – peaking at nearly 5 million births per year between 1955 and 1959.



To forecast the greatest generational boom years, you merely "skip ahead" 46 years (the average age of boomers in their "peak spending years")…

And you discover that that the greatest economic boom in US history was pretty much "preordained" to have begun around 1983 as the first of the boomers entered their peak spending years (1937 plus 46 years)… and started to tail off after 2007 with the last of them (1961 plus 46 years).

Here's how the Dow performed over that time:



It rocketed from 775 in late 1982 to 14,280 in late 2007 – a 17.4 times gain.

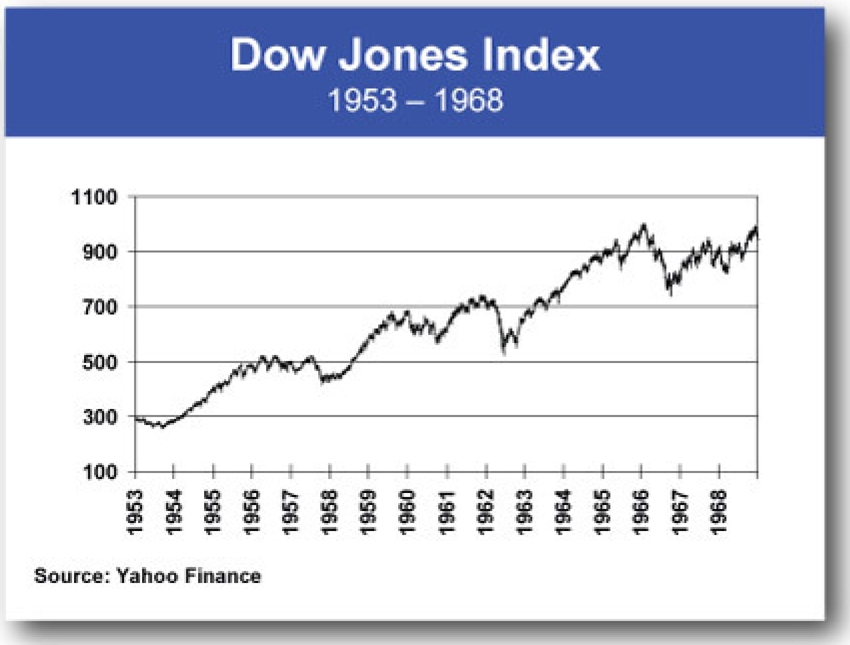
Again, it's important to understand that we knew – as early as the late 1980s when we developed the Spending Wave – that boomers would experience their peak spending years over this time period.

All we had to do was trust the research and invest accordingly.

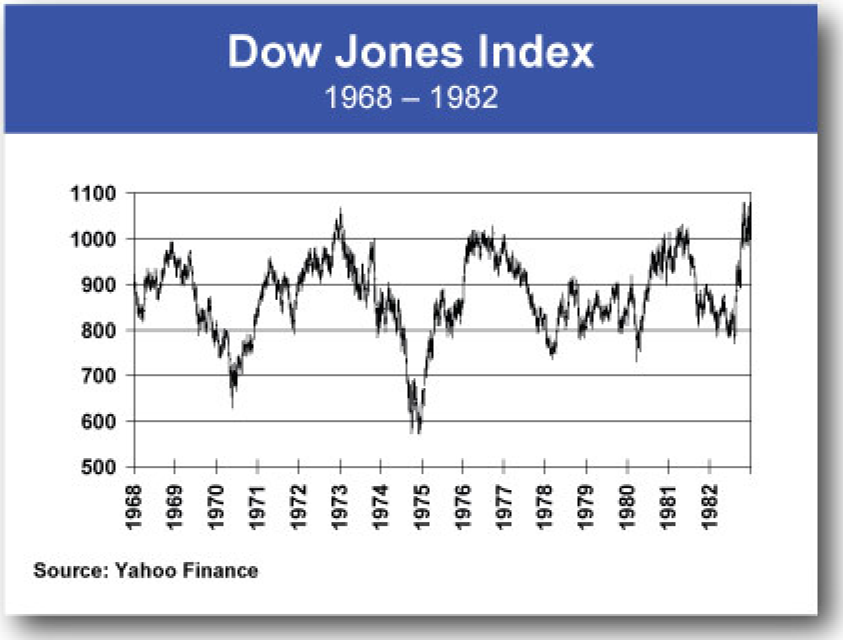
Was this an isolated event?

No. Take a look at the generation 40 years behind this one, where the birthrate spiked from 1909 through 1921/1924.

Skip ahead 44 years and look how the Dow performed. It soared from 280 in 1953 to 932 in 1968 – a 233% gain… which is virtually the same gain we saw over the most recent boom cycle.



Of course the years following 1968 would be a different story for the Dow and the U.S. economy in general.



The Dow pretty much traded sideways over the next 14 years, actually losing 100 or so points between 1968 and 1982… a scenario we're now looking at for the next decade or so.

And didn't start moving higher until after late 1982, when baby boomers started moving up their Spending Wave, earning and spending more.

Now, I know I've been throwing a lot of charts and numbers at you here.

But here's my point about all of this…

Based on the science of demographics, our economy was all but preordained to "turn" around late 2007 when the last of the baby boom generation passed their "peak spending years". The economy will weaken further when the peak baby boomers pass age 50 and decline in spending even more rapidly.

The bubble created by this unprecedented surge in spending could not be sustained – simply because the people who were driving the spending were no longer spending – and especially no longer borrowing for big ticket items, which leverages spending the most.

Like all bubbles do, it had to burst!

We saw that happen with the credit crisis and the stock market fall of 2008/early 2009.

Of course, the government did what it thought it had to do. It intervened, pumping trillions into the economy – and continues to do so today through QE1 and QE2, where it bought back over $2 trillion worth of treasuries with newly printed money in order to keep long term interest and mortgage rates low.

But the government's stimulus plan will not work for more than a very short period of time, due to ***the slowing spending*** *and* ***rising savings*** *of the largest generation in history! That's why we have been saying: "All the kings horses and all the kings men will not be able to put Humpty Dumpty back together again."*

What's more, this "baby boom effect" is being further amplified by the sudden and simultaneous collapse of real estate… and the massive debt amassed in that bubble, and now, in the government's attempt to avert this "impossible to avert" event.

That's why I'm here to tell you right now:

What lies ahead will be no ordinary recession.

Americans will experience what the Japanese experienced when they saw their baby boom population peak 15 - 20 years earlier – and it's stock market, real estate and economy declined for 14 years… just as we predicted it would back in 1988 and 1989.

To make matters worse, many European countries experienced post war baby booms of their own. And they too are experiencing the same generational shift in spending as we are.

That reality will, in all likelihood, make this recession global in scope. We're already seeing it with credit crisis "flare-ups" in places like Greece, Iceland, Ireland, Portugal and Spain – and the worst of the credit crunch has yet to take place.

And then there's the next great bubble to burst…

China, where they have been building cities designed for million people, yet have with no inhabitants and infrastructures they will not need for a decade to come, and excess industrial capacity – all to keep their unemployment from soaring after their exports collapsed in 2008 and 2009.

In a moment I'll tell you how you should prepare for these events with regard to your investments, your business and your life.

And yes, there will be ways to not only shield money from what's to transpire in the coming months, but profit handsomely too.

First, however, there's another "truth" to tell you about… something that will make this economic downturn unlike any other our generation has ever seen.

Truth #2: The Greatest Credit Bubble In Modern History Will Continue to Deleverage… Deflation, Not Inflation, Is Just Ahead.

So many market forecasters these days are talking about the coming *inflation.*

"We're trying to spend our way out of this mess by printing money," they tell us. "And that can only lead to inflation down the road."

On the surface, of course, they're right.

Typically when you flood the economy with newly minted dollars, prices tend to go up, resulting in inflationary pressures – and the value of the dollar tends to go down.

And that's precisely what the government will try to do: "inflate" their way out of this crisis by flooding the market with new dollars.

But it will only continue to work for the few months leading into this crisis…

After that, we'll see a very different scenario unfold, thanks to an economic reality a lot of market watchers aren't considering.

I believe it's crucial you understand this.

Because if you base your investments on the likelihood of coming inflation (like buying gold or other inflation-friendly investments) I'm afraid you could be wiped out with everyone else – even though you were right about the coming debt crisis.

But if you know the real story, not only can you make a lot of money in the short term… you could have a rare opportunity to generate a *family fortune* by the time 2020 rolls around.

Here's why deflation – not inflation – will be the order of the day, likely from around 2012 through 2023 . . . but especially from 2012 into 2015.

History tells us that most severe downturns and depressions have three phases.

1. A severe crash, like we saw in late 2007 to early 2009 – when the Dow fell 55%, from 14,280 down to 6,440.
2. That's followed by a bear market rally, spurred by renewed economic from government stimulus. That's where we are now.
3. The third phase is a final crash and deeper depression, and a deflationary phase that lasts a few years.

Now most of us have never experienced deflation, since the last period of any substantial deflation happened during the Great Depression, from around 1930 into 1933, and didn't really recover until World War II that helped end it in 1942.

So what is deflation – and how does it impact the economy?

Deflation, as the name suggests, is the exact opposite of inflation.

Inflation happens when there's lots of available credit, free flowing money and strong demand for goods and services. When everyone has access to money through easy loans and fast credit, the demand for "stuff" goes up. And when demand goes up… so do prices.

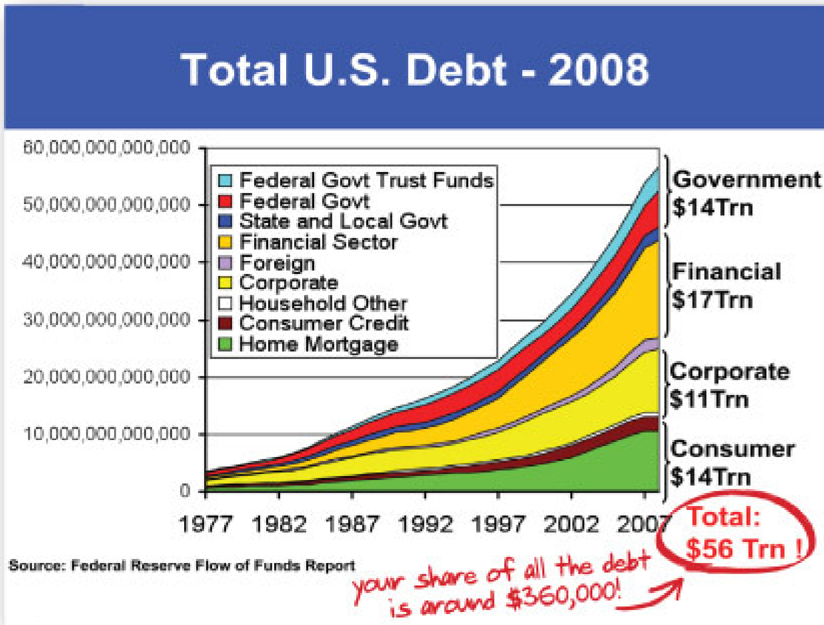
With *deflation*, the opposite occurs. There's less money flowing because credit tightens up, causing money to become scarce. And because people have less money to spend, demand for goods and services go down. And when demand goes down – so do prices.

Of course, prior to 2008 there was plenty of money to be had by all, thanks to all the cheap credit that was available. In the credit boom we extended large amounts of money to homebuyers and homeowners in the form of HELOCs, subprime loans, NINJA loans, Option ARMS, Alt-A's, etc.

We lent money to anyone with a pulse, as long as the asset behind the loan was real estate. Why? Because the real estate moneylenders were lending against what was escalating in value… and the only asset that had seemed to go up for many decades without a major crash was real estate. (The Japanese did the same thing in their 1980s real estate bubble.)

And boy, did we borrow:

Thanks to fast rising housing prices, cheap home equity loans and banks willing to loan to anyone, Americans went on a spending spree like no other time in history:



14 trillion in government debt…

17 trillion in leveraged banking and financial services debt…

11 trillion in corporate debt…

And a whopping $14 trillion in consumer debt; mortgages, car loans, credit cards…

In total $56 trillion in total debt – and that doesn't include the estimated $46 trillion in unfunded liabilities for Medicaid, Medicare and Social Security, according to the U.S. Treasury. The best experts outside of the government estimate those unfunded liabilities to be more like $66 trillion.

Add it all up and that's *$102 trillion* to $122 trillion in debt …

Or about $330,000 to $400,000 for every man, woman and child in America!

We have examined all of the great bubble and credit booms throughout history and there are no exceptions:

Once credit bubbles go to extremes they always burst and deflate… resulting in a sudden tightening of money supply (credit)… followed by deflation as massive amounts of debt are written off.

It happened in the 1930s and again most recently in Japan.

And because no government can counteract that kind of overwhelming debt with any amount of stimulus without making its currency next to worthless, it's likely to happen as this new economic cycle settles in.

Stocks will see it coming first.

We believe markets will peak around the fall of 2011 (delayed a year or so from our earlier estimates thanks to the greatest stimulus spending in history) at around 13,200 or so in the Dow, then fall to around 3,300 to 3,800 between late 2012 and late 2014 .

After the rest will fall in line:

Bankruptcy rates will escalate, followed by a long line of bank failures.

Those banks that are left will be very careful about who they lend to and under what terms. Many will not lend at all, choosing instead to hoard cash while it gains value (i.e., buying power) through deflation.

Most will be very hard pressed to find qualified lenders to loan to, since a) so many borrower's credit ratings will be destroyed walking away from homes and other loans, and b) further declining house prices will mean there'll be very little equity to lend against.

Less credit means less money in the economy.

Less money means less demand for goods and services.

Less demand means lower prices and less production.

Less production means more plant closings and more job losses.

More job losses means…

Well, I think you're getting the picture here. It's all a domino effect.

Again I'll say it:

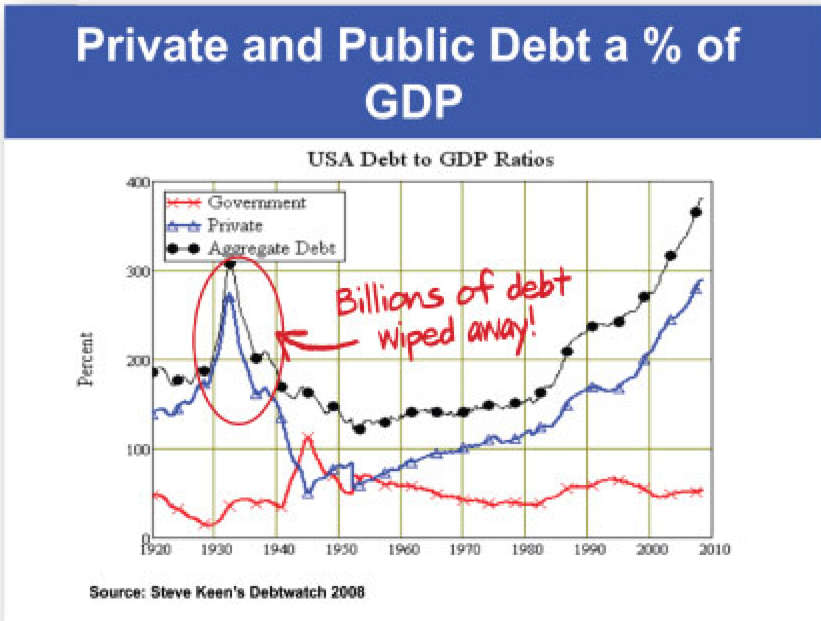
For those who don't prepare the impact will be devastating.

But if you see and trust that it's coming, it's an opportunity to make a lot of money… and we plan to tell you how every step of the way, as I'll explain in a moment.

It's also a very positive thing for the economy as a whole longer term.

That's because deflation helps to "shake out the excesses" much quicker because it encourages a massive restructuring of debt, writing off of losses, trimming back of the supply chain, shifting of market share to the strongest and most efficient companies that can keep prices down in the future, and more.

This chart shows how much debt was eliminated during the last deflationary period of the 30s and 40s – thus paving the way for the greatest prosperity boom the country had ever seen post World War II:



It's a little like personal bankruptcy… or what's called a Chapter 11 bankruptcy in business.

Painful while it's happening… but soon after you're left with a nice clean slate, a lower cost of living, and you're ready for your next phase of growth.

But there's a third truth contributing to the fast approaching "perfect economic storm" I've been warning you about:

> **Truth #3: The Greatest Real Estate Bubble in Modern History Happened between 2000 and 2005. Why Further Declines and Massive Banking Fallout Are Inevitable.**

Most people don't know this, but it wasn't only the stock market crash that caused the Great Depression of the 1930s and 40s.

It was the failure of real estate….

Farms in particular, where most bank loans of the day were extended – back when farms were where many of us lived and worked. As demand for farmland and easy credit grew, more and more money was available and "loaned out" against the escalating value of property and equipment.

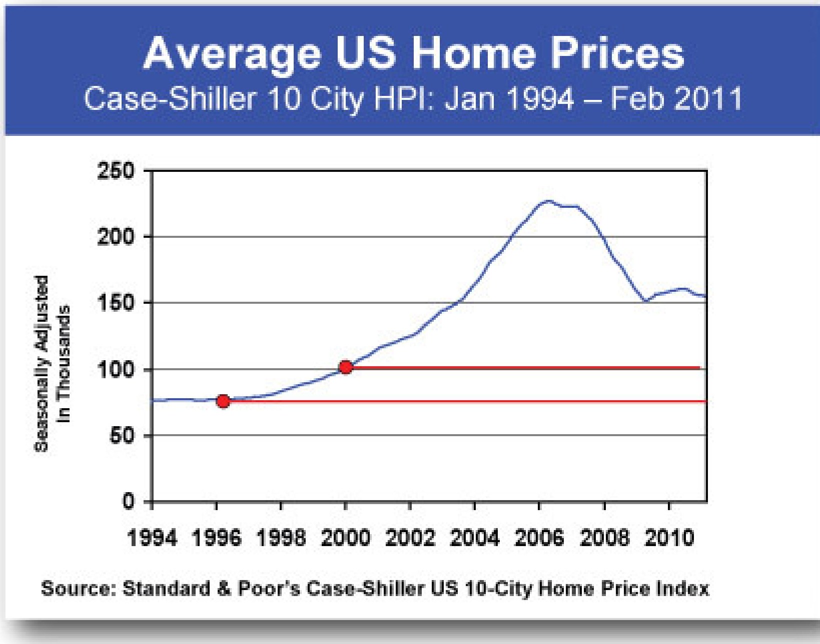
But when the bubble burst – as they always do -- and farmers couldn't repay their loans, the banks failed right along side them. That's what caused the kind of "run on banks" that era was famous for.

We've seen plenty of real estate bubbles in the past. In fact, research tells us real estate tends to run in 17-18 year cycles… virtually without exception.

We saw minor peaks in 1954, 1972 and 1989.

But nothing like we saw in 2006!

Take a look at the following chart:



Housing prices were already on the rise in the mid-1990s, thanks to an aggressive government-led "home ownership" policy that made it easier for people of all economic backgrounds to buy homes.

It was no accident that housing prices rose even faster following the 2000 stock market crash. Not only were Baby Boomers well into their peak house-buying years, but huge flows of investment funds suddenly shifted out of the technology stock bubble that was crashing into housing.

Meanwhile with "Fed" easing and a slowing post 9-11 economy, interest rates plummeted to near historic lows, making home affordability and speculation even more attractive.

On top of everything, mortgage companies took full advantage of further deregulation by offering liberal financing with little money down and low "teaser" interest rates that would ratchet up three, five and seven years later.

At the height of it all, it was entirely possible to walk into a mortgage broker with no job, lie about your job and income, sign a no-doc mortgage and be in a house you had no hope of ever affording!

Then it got even crazier…

As this artificial demand kept driving housing prices higher – an average of 15% per year compared to the historical 3% per year average – millions more borrowed billions at the cheapest rates in history against the newfound equity in their homes.

And things were great until around 2006, when it all started to unravel.

Triggered by low interest sub prime mortgages "resetting" to much higher rates, homeowners who could barely afford their "teaser rate" mortgages had no chance of covering payments that in many cases doubled and tripled.

Thousands of subprime borrowers simply stopped paying.

But that wave of foreclosures was just the beginning -- the “low hanging fruit’ as it were.

And it’s only getting worse.

Just this past March, the *National Association of Realtors* reported that median resale home prices are *still* falling -- 5.9% from a year ago – and that 35% of the reported sales were all cash sales, largely in part by investors snapping up distressed properties cheaply hoping to profit when sales recover.

Our research suggests they’ll have to wait a while.

Let’s stop and look at the reality of the situation for just a moment.

Forget, for a moment, the near 10% unemployment rate that exists right now – and the estimated 10 million Americans who might have been in a position to buy a home five years ago now aren’t…

The real problem rests with two very real realities:

1. Baby Boomers, the very ones who drove much of the housing market over the past decade and a half, are now past their peak home-buying years. If anything, they’re sellers looking to downsize…
2. Most people looking to buy a home must sell their own home first. And with so many homes “underwater” thanks to declining real estate prices and the money owed through first, second and sometimes third mortgages – very few are in any position to buy.

And what about new homebuyers – those 20-somethings entering the market?

It’ll take years to absorb the millions of units in excess inventory – foreclosures, empty new construction and existing homes for sale.

Plus the new younger generation is much more cautious about buying homes, and spending in general, after seeing this great bubble crash.

It all means we could be mere months away from the next wave of real estate foreclosures.

Our research suggests there are literally millions of people hanging on to their houses by a thread, hoping the real estate market will turn around sooner rather than later.

Also, many more of these high-risk, teaser loans will reset to higher rates into late 2011 just as mortgage rates have been rising steadily since late 2010 due to the Fed’s aggressive QE2 stimulus policies.

If the market doesn’t turn around soon, millions more will just walk away.

As government incentives aimed at keeping people in homes they really can’t afford expire – and banks have no recourse but to clear trillions in delinquent mortgages from their books through foreclosures…

We believe we’re about to see the biggest real estate shakeout in history.

One of the classic rules of bubbles, history tells us, is that they typically deflate at least back to where they started… and often a bit lower.

That means housing prices will have to fall 55% to 65% from their early 2006 highs vs. the 33% they've fallen thus far.

That means home values could fall back to the prices they were in 2000, or possibly as low as 1996 levels. That would put as many as *half of U.S. homes* in "negative equity"… escalating the default and foreclosure rate even further.

That in turn will in all likelihood serve as the final nail in the banking system's coffin, along with rapidly collapsing commercial real estate values which will continue to fall even faster as more and more businesses go under.

What does this mean?

For one thing it means, if you're holding on to property with the sole expectation it will go up near term – or if you're counting on gaining lost equity back over the next few years – sell it now. (Chances are, you'll be able to pick up that very property much, much cheaper between early 2013 and early 2015…)

As far as the bigger picture goes, it means this:

> **We see the next, larger banking crisis unfolding very soon, likely beginning in the third or fourth quarter of 2011 – just when most economists see the recovery gaining longer term sustainability.**
>
> **In short, we haven't even felt the effects of most of the foreclosures that have already occurred because a) a lot of people are waiting for the market to improve, and they're simply running out of time, b) they are still being processed or, c) they're in negotiation.**
>
> **Plus, some banks are holding back their present foreclosures hoping for better prices later, and so as to not further hurt the present weak market.**
>
> **As real estate defaults continue to rise – and with no government money left to bail them out – banks will fail at a much greater rate than they did in 2008 and 2009 – a failure that was already as scary as anything we've seen since the early 1930s.**
>
> **This event will "officially" trigger the Next Great Depression – which will finally hit by early to mid 2012.**

These three 'economic truths' I've just told you about are the key components of the perfect storm brewing around our economy today:

- The last of the largest generation of spenders in American history – Baby Boomers – leaving his and her peak spending years…
- The biggest Credit Bubble of all time… $102 - $122 Trillion in government, corporate, personal and "entitlement obligation" debt – a number that simply can't be sustained and will have to be deleveraged over the coming decade, much of it through bankruptcy and default – and restructuring of many entitlements that we have come to expect…
- The greatest housing bubble in history, which will almost certainly lead to the greatest banking crisis in history… and more personal bankruptcies by everyday Americans and companies than any time in our history.

The impact of these three events all lead to one thing:

A severe tightening of credit… and the write-off off tens of trillions in loans and entitlements…

Which means less money in the system… which means less spending… less demand…falling prices… and ultimately:

Deflation.

Depression.

Again, I want to remind you that I am merely reporting to you the realities of our current economy, and the likely path based on history and empirical data.

I am not someone who has made a career of preaching doom and gloom.

Remember, had I been preparing this presentation for you back in 1992-93, the last time our research forecasted an economic trend of this magnitude – I would have been telling you how wonderful and prosperous the next decade and a half would have been.

Would you have listened?

Who knows?

At the time, we were one of a very few economists predicting sunny days ahead.

Back then the mood was very bearish. The markets had taken a beating with the crash of '87, the junk bond scandal and the S&L scandal.

Top economic forecasters of the day – James Dale Davidson, Lord Rees Mogg, Ravi Bhatra, Robert Pretcher, Robert Figgie and much of Wall Street were successfully selling millions of books declaring the End of America as we knew it.

But we just knew it wouldn't be that way…

We had something the others didn't have: Scientific knowledge of the profound role economic and demographic cycles play in understanding where the economy is going next…

Specifically, the enormous impact a spending force as vast and powerful as the baby boom generation would have on an economy… especially as they were entering their peak spending, earning and productivity years.

That's why I published *The Great Boom Ahead* – and went firmly on the record saying that it wasn't the "End of America" after all.

Rather I said that, except for a few bumps and dips along the way, we were on the cusp of one of the brightest and most prosperous periods in our economic history!

And we were right.

But now a new economic cycle is unfolding.

I refer to it as "The Winter Season" – because it really is a time to hunker down, regroup … a time to "shake out" the excesses of the previous boom so that a new "Spring Season" can begin.

Nature has an order of things.

And as I've learned through my 30 years of researching economic cycles and demographic dynamics – so do the markets and the economy.

Every cycle we have studied in history has four seasons – just like our weather. Think of inflation in "temperature" terms.

High inflation is like the summer season of 1968 – 1982. Falling temperatures is like the fall with great harvests and a bubble boom. Winter follows with deflation in prices to clear the decks for the next spring boom, and so on…

That's why we're not worried about the years ahead.

In fact, we welcome them.

Because as dire as all this sounds…

And as difficult as the years ahead will be for people who don't see this coming…

This is not "The End of America", as some would have you believe.

In fact, the events I describe are not only inevitable and necessary… *they're desirable.*

Why?

Because with any major shift in economic direction, comes enormous profit opportunities.

So what should you do?

Here's the first thing:

Get out of the bubbling gold and silver investments now!

And traditional stock investments by later this year.

Remember, the first order of business is to protect yourself and the assets you have. And that means getting out of investments that are designed to perform in an "up" market.

Given what's going to unfold in the months ahead – the unraveling of government and private debt, further tumbling home prices, a second (and bigger) wave of bank failures – the stock market, commodities, real estate are all going to fall.

Again, as I alerted our readers several months ago, "this "unwinding" will most likely begin sooner than you may expect – possibly by July or August of this year. Certainly by October or November. It won't be an "all-of-the-sudden crash" like 1987."

Rather, it'll begin to "unwind" gradually at first -- down 80 points one day… up 20 points the next… and down another 50 points the next. There will be small multi-day rallies, which pundits will mistake as the worst being over.

Don't be fooled. Our research suggests the Dow will find its bottom at something like between 3,300 and 3,800.

That's about a 70% drop… and you don't want to be caught in a market with that far to fall.

That's why we recommend putting everything into cash <u>as soon as you can</u>… at least for now.

Why?

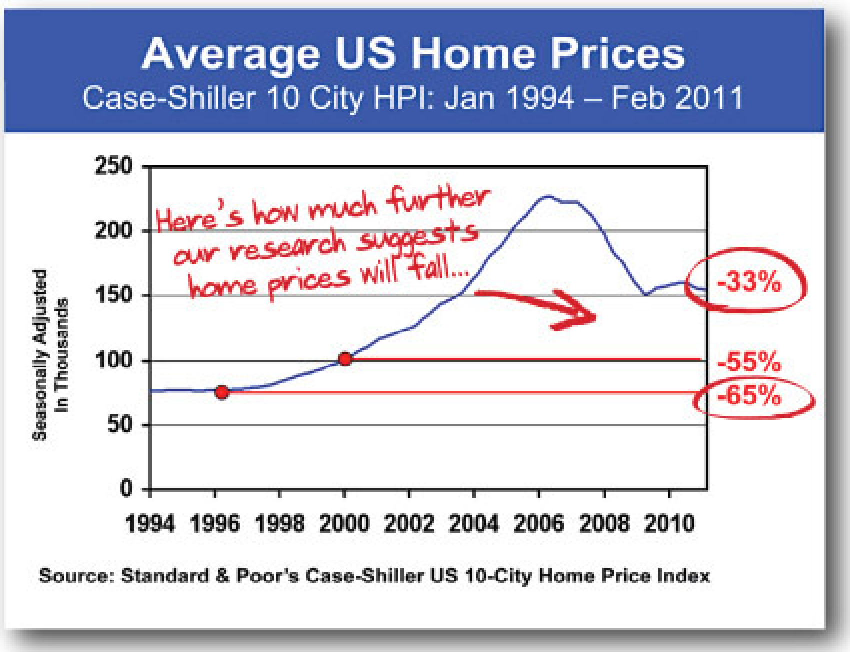
In deflationary times, cash is king. Because unlike what happens during inflation, money actually *gains value* when there's deflation. It's simple supply and demand. Money supply shrinks when there's less lending and as debts are paid down and written off through foreclosure.

As this happens, the demand for dollars will actually go up. That's why, as strange as it might sound right now and contrary to everything you might be hearing, the U.S. dollar (and dollar-based assets) will be the very best currency to own in the years ahead.

You see, we actually devalued and debased the dollar during the great boom and credit bubble from 1985 – early 2008. The dollar fell 60%!

Reversing this unprecedented credit bubble will destroy many loans and credit and destroy dollars – making them more scarce and valuable!

Let me show you what I mean…



Also, now's the time to sell any gold, silver or other precious metals you have too – coins, bullion, even scrap.

Gold and silver perform in inflationary times because they act as ahedge against currency devaluation. But when there's deflation – and a strengthening currency – gold and silver prices will fall along with most other assets.

If you bought gold and/or silver on the upswing, you've likely made some very nice profits to date. Take them now. Any slight gains possible ahead will not be worth the extreme downside potential of 70% to 80% in the future.

If you happen to be holding any foreign currencies, convert them to dollars now. Dollars are "cheap" right now compared to many currencies. But that won't be the case a year or two from now. By converting back to dollars now, it'll be like buying a sure-fire investment at 10-year lows.

Next thing is something I already alluded to…

If you're holding on to real estate – anything you're not using as your home or that's not generating good, steady *and lasting* income for you – sell it now.

As I warned before, real estate prices could fall another 30% plus before bottoming out – and there's a very good chance you'll be able re-purchase the same (or better) property later at a substantial discount.

Also, if the interest rate on your home mortgage is higher than 6% -- and you have more than 20% equity remaining in your home – refinance now and lock in a low 3- or 5-year ARM rate (depending on the time left on your current mortgage)

Do this before long term rates spike into late 2011 or so.

You should be able to refinance into lower 15- and 30-year rates between early 2013 and early 2015. Such 3- and 5-year ARM rates will naturally convert back to very low short term rates in a deflationary period and save you the costs of refinancing.

I recommend you do this now for two reasons. Number one, with housing prices destined to fall further, you may not have the equity to qualify in the future. Two, there'll be a period of time where any home loan will be very difficult to get.

Third, take this opportunity to "downsize" your life.

If you've accumulated a lot of "stuff" you don't really need or use – art, cars, furniture, boats and other toys – sell it now while there's still something of a market for it.

Not only will it give you more cash, you'll be amazed at how "liberated" you'll feel. (Plus, if you really want it – you'll be able to buy it back cheaper two, three years from now).

Also, take a look at the money you're paying out every month and see if there's a way to reduce any of it. Maybe there's a storage unit that's holding a lot of furniture you're saving costing you a few hundred dollars a month. Sell the stuff and cancel the unit.

Maybe there are subscriptions you're paying for that you don't need – newspapers, magazines. Do you really need a home phone if you have a cell phone? Do you really need all the cable or satellite channels? Do you really need to belong to that country club?

Cut unnecessary expenses. You'll be surprised how the money adds up.

Here's something else that's important:

Get rid of any debt you can now using today's "cheap" dollars. Remember, when deflation hits and dollars become worth more, the money you'll be using to pay back old debts will be worth much more than the money you borrowed. It's like paying a "loan tax", or a higher interest rate, on any money you owe.

Maximize your 401K and matching contributions. Pile as much money into tax-deferred investments as you possible can. (I'll tell you more about these in a minute).

Keep in mind this is all about dollar accumulation and keeping more of the money you make.

What about bigger purchases, like cars?

If you have a reliable car, keep it for at least the next two years. If you need one, try to avoid buying this year. Buying now will only result in significant depreciation. Instead, lease it for two years – then buy new in 2013 when the economy will be at it's weakest and you'll get the best rates and deals.

Now I know I'm covering a lot here. And I fully realize not all of it applies to everyone.

My advice is to do as much as you can to prepare.

Just remember though…

This isn't just about penny-pinching or budgeting or necessarily preparing for some sort global Armageddon. But being more self-sufficient and safe is very likely to pay off in a time of greater unemployment and social unrest.

Right now it's about two things:

Shedding inflated assets and high-cost debt… and moving stealthily into safer investments and cash – cash you'll later be able to parlay into outstanding profits as the events of next economic cycle happen.

Long term Treasury bonds will be the first great long term play, likely later this year, then corporate bonds, then stocks, then real estate over time.

So how can you take advantage of the myriad of opportunities as this situation begins to unfold?

Here at my organization, *HS Dent*, we have a team of economists and demographers working diligently to prepare our clients for what lies ahead.

Many of our clients are financial advisors who count on our forecasts and guidance to help them steer their customers in the right direction.

Like Michael Robertson of Robertson and Associates:

> "Harry Dent has been our chief strategist for over 15 years. Without him my clients and I would have gone down the wrong path many years ago. His advice and leadership has added many millions too our bottom line."

And Erin Botsford who's a Certified Financial Planner for the Botsford Group who wrote us following the 2008 meltdown to say:

> "Working with affluent households in my financial practice, I found Harry Dent in 1995 and built an entire financial planning company wound his predictions. The recent financial crisis came as no surprise to me or my clients; we were forewarned and therefore, forearmed."

Many more who follow our research are regular investors who use our research to determine their investment decisions….

Like Virginia from Naples Florida, who credits the timely sale of her home based on our warnings about the real estate market in October of 2005… and then got out of the stock market in late 2008 after warning about the troubles there.

> "Your newsletters are the first thing I read the first of every month," she told us, "and I have found your advice has been crucial to helping us keep our financial situation under control."

Even important economists and policy makers acknowledge just how on target our research has been over the years. One such gentleman is Robert D. McTeer, Distinguished Fellow for Policy and Analysis and former President of the Federal Reserve Bank of Dallas, who wrote this after reading The Great Depression Ahead in 2008:

> “Harry Dent is the reining expert in applying sophisticated demographic analysis to economic forecasting. His past record of getting it right speaks for itself. I hope he’s wrong this time… but given his track record, I wouldn’t be betting against him.”

Believe me, it’s very rewarding to see the important research we do recognized so positively by so many respected people.

But our goal first and foremost is that our research be used to 1) avert financial disaster and, 2) profit from the many opportunities that arise during periods of profound economic change.

I’ve already told you about many of the things you can do right now.

But if you’d like us to be with you through this entire period – and to point you to the best profit opportunities as events unfold – the best thing to do now is to sign up for the brand new monthly letter my firm has put together specifically to help regular investors like you prepare for this unavoidable “change in season”.

We’re calling it *Boom & Bust* and I’ll send it to you the first Monday of each month so you know everything that’s happening in real time… see what’s coming next (and when)… know where you should be moving your investments as events start to unfold… and show you some of the very best (and specific) ways to profit.

I hope you sign on to get it because, frankly, there aren’t a lot of people out there warning you about what we believe is coming mere months from now.

Truth is, it’s in the best interest of most parties – the media, the brokerage community, Wall Street, corporations and even the government – to have you believe everything’s chugging along fine…

They’ll go on TV and tell you that the worst has come and gone – and that a recovery is just around the corner, so you’ll keep buying stocks and things you don’t necessarily need.

Problem is, our research suggests that’s simply not the case.

Our research suggests that the events of 2008 were just the “first rumblings” of a very real and profound economic cycle shift – and that the recent stock market rebound (which we predicted, remember!) was bound to happen given the level of government spending and stimulus.

But if history has taught us anything, it’s that governments can’t spend their way out of enormous debt – especially the massive levels of debt chocking the US economy today.

Remember, when you include government, corporate, personal and entitlement debts and obligations, we’re in hock for over *$100-- $120 trillion!*

A lot of money… about $330,000 - $400,000 owed for every man, woman and child in the country.

Can you afford your share? How about half of it? Could you even write a check today for *one quarter* of it?

You're not alone.

And we simply can't print our way out of this like we have in the past.

Over the last two year's the government has printed $2.3 trillion and look what's happening already starting to happen:

Prices of hard assets like gold, silver, copper, oil and so on are skyrocketing driving up the cost of transportation, energy and manufacturing.

Food prices are soaring throughout the world because so many U.S. dollars – the reserve currency the world uses to buy many of them -- are flooding the market.

We predicted that this period of post-crisis inflation would happen…

But we simply can't keep printing money the trillions needed to stimulate or inflate our way out of these massive debts!

And when that realization hits – well, that's when the other shoe will fall.

Massive amounts of debt will need to be repaid or written off.

Money and credit will dry up.

Demand for all kinds of good and services will fall sharply… followed by falling prices.

And falling prices lead to layoffs and falling wages.

In short: depression and deflation.

But as I've been telling you in this presentation, the opportunity will be huge if you're prepared.

Not only to get to rich from certain "down-market" investment strategies and the small group of companies that will thrive in the coming years…

But as wages and prices fall and debt gets erased – the U.S. dollar will strengthen. People with cash and those who have built streams of income will be richly rewarded.

Our newsletter, *Boom & Bust*, will guide you in all of these areas.

You'll know what's coming next… where the immediate opportunities are… and where to park your money for the longer term.

We'll tell you when assets such as real estate have likely bottomed out, incase you want to snap up bargains or ride the next real estate boom higher.

In short, you'll have everything you need at your disposal to survive and prosper from the tricky ties ahead.

Best of all, you can look at our research, commentary and recommendations at absolutely no risk or obligation.

Take a full year if you prefer – then if even on the 364th day of your subscription you don't think we've done our job and you'd like a refund, let us know and we will refund you the remaining portion of your subscription.

And speaking of what you'll pay…

Please know that I'm not going to charge you an arm and a leg to see the work we do.

That's because I believe regular folks trying to protect their families and their life savings are the people who need our research the most right now.

Which is why the regular subscription price for a year of "Boom & Bust Investor is cheap – just $98.

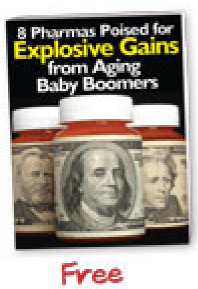
That's a far cry from the thousands we charge many institutional clients who use our research to invest billions of their (or their client's) money. But this is different…

That's why if you sign up now, I'll see to it you only pay half the regular price… just $49 for the full year.

Plus, when you sign up I have a number of research reports waiting for you, so you can know exactly what to expect in the days and months ahead – and where the best immediate profit opportunities will be.

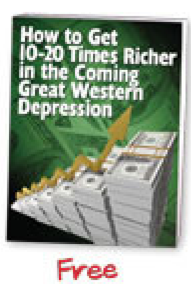
Subscribe Now

Among the reports you'll be able to access right away:



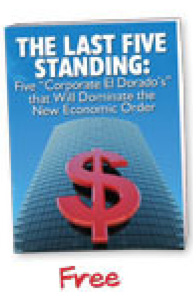
Research Report #1: 8 Pharmas Poised for Explosive Gains from Aging Baby Boomers.

Of course, one of the "by-products" of millions of baby boomers moving into their winter years is the healthcare they'll consume over the coming 10 to 20 years. As an investor, one of your first orders of business is to make sure you know the heath-related companies poised to prosper the most from this unavoidable trend. This report will detail 8 companies that could triple your money or more in the coming years.



Research Report #2: How to Get 10-20 Times Richer in the Coming Great Western Depression.

Consider this your "To-Do List" for profiting in the coming great depression. Tops on the list: five must make trades for preserving your cash in the depression, including three real estate, bank and stock short plays that could make you all the money you'll ever need to retire with!



Research Report #3: The Last Five Standing: Five "Corporate Eldorado's" that Will Dominate the New Economic Order.

Depressions spell doom for thousands of poorly managed and bloated companies. But there are always a handful that not only survive severe downturns, they out-and-out thrive. I'm talking cash-rich companies who sell what's needed in difficult times and who instigate a smart and aggressive strategy of expansion and market consolidation. In the 30s and 40s, companies like Procter

& Gamble, Bethlehem Steel, Borg Warner and Skelly Oil (now Chevron Texas) delivered returns as high as 16,578%.

In *Last Five Standing* we'll tell you who we think the next "depression-era" companies to deliver 16-to-1 gains (or better) to anyone who gets in at just the right time.

Free

Research Report #4: 11 Steps to Take Now to Ensure You Have All The Cash – and Everything – You Need to Survive and Prosper in the Coming Winter Season.

This probably should be the briefing you read first. Because the key to successfully surviving and profiting from major economic and market shifts is preparing yourself for when they come.

In this report you'll learn which assets you should be keeping and which ones you should be selling now… important cash strategies for making sure your money is safe from the many ways banks, governments and corporations will try to usurp your money to pay their bills… and how to organize your finances so you can be generating maximum cash and income, 24 hours a day.

These four reports will give you the foundation you need to turn a classic "crisis" situation into one of enormous opportunity.

Then, in the first week of every month I'll send you my monthly letter, *Boom & Bust* by email to keep you on top of what's happening now, what's going to happen next, and the best ways to make money as everything unfolds.

Plus, you can log onto our special "Boom & Bust" website for the latest breaking news and opportunities, or to sign up to get e-mail alerts from us at no additional charge anytime I we have something important to report to you.

And remember – this is all 100% guaranteed.

You have a full year to decide if it's right for you. Afterwards, if for any reason you decide our work isn't right for you anytime throughout your subscription period – simply let us know and I'll see to it that you receive a full, prompt and courteous refund of the unused amount on your subscription.

There's nothing you have to give back…

No "conditions" you need to meet.

You're either thrilled with our work or you pay nothing – and keep everything you've received.

I sincerely hope you'll consider this offer seriously.

As "on the money" as our research and forecasts have been in the past – about the 90 -92 recession, about Japan, and about the last bull market from '93-'07…

I've never been surer about what's ahead for America than I am right now. And given the tireless research we've done on the subject – and our history of successful forecasting in the past -- I know we can help you prepare and prosper in the weeks and months ahead.

To get started, simply click on the link below and you'll be taken to a secure order form.

Subscribe Now

Your order will be processed immediately and you'll have full access to all our research… your first *Boom & Bust* issue… and all four special reports I mentioned.

Plus I'll e-mail you with details on when you can expect to see a "first peek" at the newly revised edition of my audio program, *The Debt Crisis of 2012*…

Thank you so much for listening to this important presentation.

I promise you, it was time well spent – and signing up to get my *Boom & Bust* letter will be one of the best financial moves you'll ever make.

Because while everyone else will be wondering what hit them so quickly… you'll have seen it coming in plenty of time… and you'll have a clear a profitable plan in place.

Sincerely,

Harry S. Dent

August 2011

Subscribe Now