

# SHOCKING PREDICTIONS FOR 2017



# Harry Dent's Shocking Predictions for 2017

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**T**HE government's missteps are finally going to catch up with us. Why? Because all four of my longer term cycles are pointing down at the same time for the first time since between 1930 and 1934!

Not only the U.S. government, but those around the world as well, have continued to escalate their stimulus efforts, with more required and less cumulative effect. And now it's time for the much-needed, overdue, and possibly unavoidable reckoning... or what I like to call "The Great Reset."

What will that look like?

Well, we can look back to history in the two greatest resets after major debt and asset bubbles between 1835 and 1843 and again between 1930 and 1939. Deflation, debt deleveraging, major bubbles bursting and high unemployment... that's what it looks like.

So here's what I forecast:

## • Forecast #1: Stock Crash Will Begin by Late 2017

Since the market top of early 2000, each bubble has become increasingly inflated and each successive crash has been a bigger disaster. With the Dow over the 18,000 mark since July 2016, I suspect we will see the apex of this bubble somewhere above 19,500 by early December.

The scariest part of watching this market bubble swell even larger than I originally predicted is knowing that the resulting crash will also be more painful than I anticipated. With an expected bottom around 5,000 to 6,000, the by early 2020, the Dow stands to lose nearly 75% of its value during the next collapse.

Making matters worse, the subsequent rebound will not rise to test new highs as it did during previous booms. I see the post-crash bounce rising only as high as 10,000. After that, the Dow will likely plunge to an ultimate bottom of 3,300 to 3,800 by 2022/2023.

My research also suggests that a drop in P/E levels to 8 or a bit lower further confirms my estimate of a 65%-plus decline for stocks in the next few years, followed by an ultimate decrease of more than 80%.

## • Forecast #2: Oil Prices Will Bounce Then Plunge Again

In my 2014 predictions, I said that if oil broke below \$80 per barrel, the next stop would likely be around \$45. With oil prices dropping into the \$40s in early January, I was right on the money.

While oil may bounce back up a little, I expect it will crash again toward \$32.

In fact, I see the price of crude oil ultimately dropping to \$20 per barrel or lower by the end of 2017, and as low as \$10 between 2020 and 2023.

This price fall will occur for two basic reasons:

1. Thanks to fracking and Donald Trump's pipeline proposal, oil supply will continue to expand for at least a year.
2. Global economic growth will continue to decelerate for the foreseeable future.

The last bubble that peaked saw home prices falling years ahead. That is now happening with commodities. This leading indicator is worth heeding.

Ultimately, I am looking for a massive real estate bubble to burst in China that would cripple its economy. That would be the biggest blow to oil and most other commodities — particularly gold. China is the second largest purchaser of that precious metal; India is first by a hair.

#### • Forecast #3: Gold Prices Continue to Plunge

After falling back to reality in 2014, gold is now trading more opposite to stocks than normal. That suggests we are nearing a top in stocks, and gold will run in the opposite direction. This is what happened in 2007-2008.

Historically, gold tends to rally in the anticipation of a financial crisis, then collapse when debt deleveraging and deflation sets in. I would advise selling any remaining holdings of gold and silver on such a rally.

The next stop for gold should be as low as \$700 an ounce, which I see happening mid-2017. Ultimately, gold will likely bottom around \$250 between 2020 and 2023.

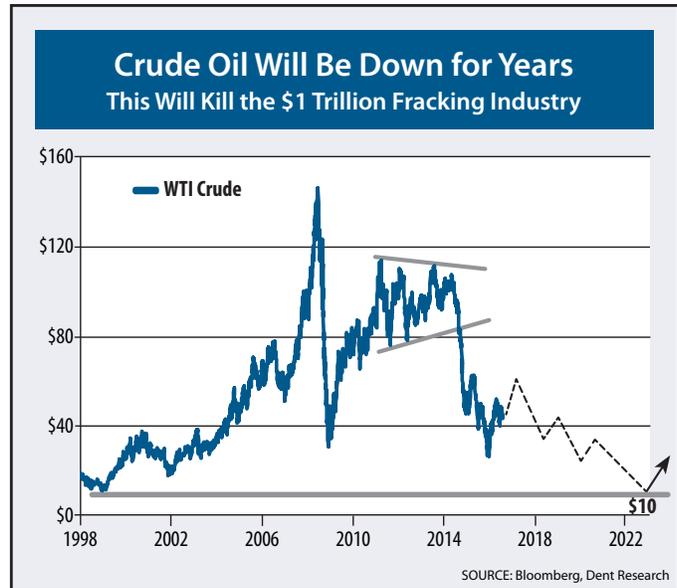
Overall, commodities have peaked in the long-term and will not rebound again until around 2023 to 2024, when we could see the strongest commodity boom in modern history. This is when commodity-intensive emerging countries will drive most of the global growth.

#### • Forecast #4: The U.S. Dollar Will Keep Rising

The biggest surprise over the next few years will be a continuing rally in the U.S. dollar. Many traders doubt this, but an environment of debt deleveraging, global bubbles and crises will make the dollar a safe haven once again, as it was during the late 2008 meltdown.

The greater potential for a dollar rally — during which the greenback may reach parity with, or even exceed, the euro — is the deflationary crisis that I expect will likely occur sometime before early 2017.

The U.S. dollar index (shown at right) measures the dollar against six key global currencies. As you can see, the dollar has already gained significant value against its peers. When the coming



deflationary crisis finally hits, I see this index rising another 20% to 30% over the next two or so years.

Combined with the gains we've already enjoyed during the last couple of years, that would be an even greater increase than the 27% rise we saw in 2008. That's why a bet on a rising U.S. dollar is undoubtedly the best way to hedge your portfolio.

#### • **Forecast #5: Real Estate Set for a Bigger Crash**

Almost everywhere I go these days I hear people say that real estate has finally hit a mode of sustainable recovery. I say this is wishful thinking, at best.

As I have argued repeatedly, real estate is rebounding because of speculation from institutional and individual investors — among other things. But it can't and won't continue for much longer. I see residential prices ultimately falling 40 to 50% by early 2023, with at least half of that drop coming in 2017.

This global real estate crash is likely to begin sometime around the beginning of the New Year and should continue for quite some time. Much like the last real estate crash, which took six years to reach its bottom, this next collapse probably won't hit bottom until 2023 or so.

My advice: sell now and ask questions later!

## The Catalysts

Japan triggered an economic crisis in the early 1990s when it went over the demographic cliff. The U.S. triggered another crisis in 2008 as it went over the cliff and its dangerous love affair with subprime lending turned into a nightmare.

With China now poised to fall off the demographic cliff, it will be the next major domino to all. It also faces a major debt bubble that's on the verge of collapsing spectacularly! Southern Europe continues to reveal cracks and Europe is in the throws of a banking crisis. And as I said earlier, U.S. real estate is about to disintegrate.

Real estate in particular will bear close watching, as a global real estate collapse will trigger the worst debt defaults and financial crises we've ever seen. This threat will persist until 2020, possibly even 2022, before the next more sustainable global rebound begins.

Clearly, central banks around the globe have stretched economies and debt about as far as they can. Now we're just waiting for the one trigger that will push the whole thing over and blow this bubble back to its B.S. origins.

So what should you do with your investments this year?

My advice is to tread very carefully and get as defensive as you can get. Take advantage of any moves up, but be prepared to protect yourself when necessary, as the Dow is likely to bounce around that level, and possibly shoot up to 19,500 before everything falls apart. Now is the time to stay flexible and be agile.

And [watch this video](#) immediately. In it, I answer questions about why I see all of these events unfolding now. I also discuss what those in power are likely to try to do to stop it all... and why they will fail. Mark my words: it won't be pretty.

## About *Economy & Markets*

In 1989, Harry S. Dent wrote the book *Our Power to Predict*. In it, he revealed how an investor could use demographic trends to accurately predict the direction of the markets, sometimes decades in advance.

Since then, Harry and his business partner Rodney Johnson have been using this New Science of Finance to accurately identify booms and busts well ahead of the mainstream.

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

But this was not the first time they were “on the money” with their big picture forecasts.

For example, in 1989 Harry accurately forecast the Japanese economic collapse and the multi-decade depression in Japan that would follow.

He also called a Dow of 10,000 by the early 2000s at a time when most economists, politicians, businessmen, analysts and investors were expecting the exact opposite. The Dow broke the 10,000 barrier for the first time on April 5, 1999.

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

How do they do it? Well, while most economists focus on short-term trends... policy changes... technical indicators... elections — things that are volatile, unstable and can change from day-to-day — Harry and Rodney focus on long-term trends. Demographics. Business cycles. Human behavior patterns. Things that have demonstrated themselves over hundreds (even thousands) of years to be consistent, predictable and measurable.

They study the past to predict the future... an approach that enables them to forecast years into the future with an incredible degree of accuracy. Then they make minor tweaks and adjustments in response to short-term events that occur along the way.

And that’s what they bring to you in *Economy & Markets*, so you’ll know what’s coming next... where the immediate opportunities are... and where to park your money for the longer term.

As a *Economy & Markets* subscriber, you will know, for example, when it’s time to start profiting from the rise of specific emerging market economies (it’s not now, despite all the hype about these markets). And exactly what industries and investments will hand you the fastest profits, first.

You’ll learn when commodities will likely reach their peak in their cycle and how to ride the gains. You’ll also learn when they’ll turn down and what investments to make to profit from any moves down.

And you’ll learn when the property market will turn up again... you’ll learn when, money markets and bonds would be a better investment than stock allocations... and when not.

You’ll be ahead of the markets on every boom and bust... access the tools you can use to prepare yourself to survive and prosper.

## Meet the Harry Dent



**Harry S. Dent Jr.**  
Editor

Harry studied economics in college in the '70s, but found it vague and inconclusive. He became so disillusioned by the state of his chosen profession that he turned his back on it. Instead, he threw himself into the burgeoning New Science of Finance where identifying and studying demographic, technological, consumer and many, many other trends empowered him to forecast economic changes.

Since then, he's spoken to executives, financial advisors and investors around the world. He's appeared on "Good Morning America," PBS, CNBC and CNN/FN. He's been featured in *Barron's*, *Investor's Business Daily*, *Entrepreneur*, *Fortune*, *Success*, *U.S. News and World Report*, *Business Week*, *The Wall Street Journal*, *American Demographics* and *Omni*. He is a regular guest on Fox Business's "America's Nightly Scorecard."

Harry has written numerous books over the years. In his book *The Great Boom Ahead*, published in 1992, he stood virtually alone in accurately forecasting the unanticipated boom of the 1990s. That same year he authored two consecutive best sellers: *The Roaring 2000s* and *The Roaring 2000s Investor* (Simon and Schuster). In *The Next Great Bubble Boom*, he offered a comprehensive forecast for the following two decades.

In *The Great Depression Ahead*, he outlined how the next great downturn is likely to unfold in three stages, with an interim boom stage between 2012 and 2017 before the long-term slowdown finally turns into the next global boom in the early 2020s.

In *The Great Crash Ahead*, he outlines how this next great crash is likely to unfold in the coming months. He explains why there is nothing the government can do to protect us as deflation takes hold of the economy.

Harry's latest book, *The Demographic Cliff: How to Survive and Prosper During the Great Deflation of 2014 – 2019*, shows why we're facing a "great deflation" after five years of stimulus — and what to do about it now.

Harry's latest best-selling book, *The Sale of a Lifetime*, details how we are about to go through a very difficult few years, but shows how you can build a personal fortune despite the broader shakeout. Today, he uses the research he developed from years of hands-on business experience to offer readers a positive, easy-to-understand view of the economic future.

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Harry got his MBA from Harvard Business School, where he was a Baker Scholar and was elected to the Century Club for leadership excellence.





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