

# The Fourth—and Most Dangerous—Investment Super Cycle of My Career

I have now been working in the investment industry for 55 years, and over that time I have lived through four stock market super cycles, including the present, and most dangerous one. I explained the four cycles in March 2011, writing:

## *Stock Market Super cycles*

*I assure you, I do not plan to get gored on the next angry charge. Here is exactly how to look at things. Read and re-read what I am going to tell you here, and remember this stuff for the rest of your life. Since I got into the investment business, there have been three completed big cycles swings in the stock market. Cycle number four has now begun.*

*The first cycle featured a nasty run-up in interest rates that ended with the 1981/1982 recession. During this period, the T-bill rate neared 20%, and the Dow ended 1981 below its year-end 1965 level. Not so good for cycle #1.*

*Cycle #2 kicked off at the outset of the 1981/1982 recession and ended as the decade of the '90s came to a close. It was a great two decades for stocks and bonds, as interest rates collapsed.*

*With the new century, cycle #3 got under way. It was a roller-coaster ride in interest rates: rates declined in the early years of the new century, rose in the middle of the decade, and fell back to complete a final cyclical trough. The stock market completed a volatile 10 years right back where it began, with no net gain in the decade. Cycle #3 was a loser.*

*OK then, in the first three stock market super cycles, we had two losers and one winner. Now what? As cycle #4 is forming, interest rates could not be lower. The cyclical bottom has passed. The rate on Fed funds is basically zero. Savers are being paid squat while the Fed fraudulently subsidizes the Wall Street banks at the expense of America's thrifty, retired savers. It is a travesty.*

That fourth super cycle is still underway. Savers aren't being paid enough, and interest paid to savers is set to decline before it rises.

In tricky investing times like these, it is important for investors to manage risk. If you are looking for ways to do that, fill out the form below. You'll be contacted by a seasoned member of the team at my family run investment counsel, Richard C. Young & Co., Ltd. They can conduct a no obligation portfolio review for you, examining strategies to help you avoid risk.