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 used 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 we've helped a lot of investors save money and become wealthy by accurately forecasting major economic events over the years.

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, particularly when the government stepped in with a stimulus effort.

Recently we said the housing market will take far longer to recover than most people would imagine… until at least early 2015… That between 2013 and 2014, the Dow will plunge to 6,000 or lower and that it could ultimately go as low as 3,300 – 3,800 before the next long-term bull market begins.

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, if you didn't know what lay ahead – 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 than 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 now in 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 pundits want you to believe the worst is over… that, except for a few bumps in the road here and there, we're well on the road to recovery.

Let me warn you: that's NOT what my research says…

That's 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% – despite the biggest stimulus efforts 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. Many are already teetering on the brink…
•Faced with huge revenue shortages, the federal deficit will balloon from $1.3 trillion to as much as $2.5 trillion.
•As government, corporate and personal spending dries up, the Dow and other indexes will tumble as much as 60%… reaching a 6,000 low by late 2014. Gold will melt down to as low as $750 an ounce, and likely lower in the decade ahead.
I know these are bold and grim predictions.

But this scenario 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.

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

But please also understand that there's a tremendous upside to what will unfold over the next decade and beyond.

After all, when you're able to 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…

•Create a “legacy of wealth” by snapping up 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 2014 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.

I am simply 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.

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 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 than anything we’d seen 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
And anyone who listened and ventured full bore into 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 no way Japan's sizzling economy could fall that hard and that fast.

Yet it did…

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

Incidentally, that's roughly the percentage drop our research tells us the DOW is in for over the next decade. We expect it to drop to 6,000 in the next crash, with the Fed's massive stimulus efforts delaying the inevitable end game of 3,300.

But the Fed's best efforts won't prevent the slide to the bottom. Ultimately, in one final crash, we'll see lows of 3,300 on the Dow.

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.

No doubt what happened there is still a painful memory for some early 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.

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…
- Every 250 years or so we see upheavals in nations and institutions – like the American Revolution and Industrial 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 .
- 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 minor scale…

When you know these things – and apply good science to it all – it really is amazing how 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 trillion dollar deficits… higher taxes… or what the Chinese will do next… you will know what most don't understand…

That none of it matters.

Why?

Because, as our research suggests, what is about to happen in the markets and the economy in 2013/14, 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, they 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?

Because 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 history, are about to trigger one of the biggest economic recessions the country's seen… a long slowdown, with deflation, as they save and retire.

It's practically inevitable for one simple reason…

The Last of the Big Spenders

Around 2008, without much fanfare, the last of the Boomers moved out of their peak spending years. They are no longer in the market for fancy cars, big homes, vacation properties, or all the appliances, furniture and "stuff" that fills them.

These people are entering a brand new winding down phase of their lives. They'll start far fewer businesses from here on out… create virtually zero jobs… and – here's a biggie – pay 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.

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 demographic-economic reality with everything else happening with the economy – unprecedented debt levels (both personal and at all levels of government), currency volatility, shifting economic power bases and the fact that we're at the tail end of one of the greatest technological eras not seen since the industrial revolution – it paints a troubling picture for the years ahead.

Now… our research suggests the effects of these events will start rather innocuously. Once the massive stimulus that has flooded the economy since 2009 works its way through the system, things will start to come undone.

It'll begin with a slow unraveling of the markets, which the mainstream media will characterize 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 they did in 2009.

But this time it won't happen. QE3 will drain the government dry of money. The printing presses will run out of ink. 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…

Down past 10,000, then 9,000, 8,000… all the way to 6,000 by late 2014 where it will likely rally for a few years… Ultimately it could drop as low as 3,300 by 2022, with the greatest danger and crash likely between mid-2013 and late 2014.

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

It won't be until the next major generational trend cycle begins to unfold between early 2020 and 2023 that the market will make its next major move higher.

There's nothing you or I, or any politician, government or any team of monetary experts can do to stop it.

As history has shown, these economic trends are virtually set in stone. They are 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… or 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 excesses tend to be and the longer it takes to shake them out of the system.

And at roughly 25 years, the latest boom was the longest since the post-war economic revolution…

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 up 130% in six 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 and corporate bailouts…

Private debt that mushroomed from $20 trillion to $42 trillion from 2000 – 2008, dwarfing the massive government debt…

Entitlement promises that now are $66 trillion underfunded by the federal government…

A government-induced building bubble in China that is greater than any bubble in world history…

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 in history were 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… by buying up cheap companies and assets during depression-era America.

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

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

Consider, for instance, the investment success you could have enjoyed if you'd known, as certainly as we did, that Japan was about to enter the most difficult decade in its economic history back in 1989…

Had you shorted the Nikkei year after year since then, 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… companies like Microsoft, Cisco and Dell?

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 85c a share (after factoring in splits), and watched it rocket to over $58 a share… that's more than a 67-to-1 windfall.

Dell Computers could have returned you a staggering 57,282% had you bought and held until our warning… turning $10,000 into more than $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 and when it's coming… and then preparing yourself accordingly.

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 few hundred dollars… but could make you a millionaire as the markets fall to our predicted targets over the decade.

So let me start by telling you about the Three Driving Truths that will shape the coming decade…

Truth #1: The Largest Generation in History Has Peaked in Its Spending Cycle… That's 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.

That is…

New generations come along about every 40 years.

And members of these generations move along a predictable life cycle of earning, spending and productivity.

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

We tend to enter the work force at around age 20…

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

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

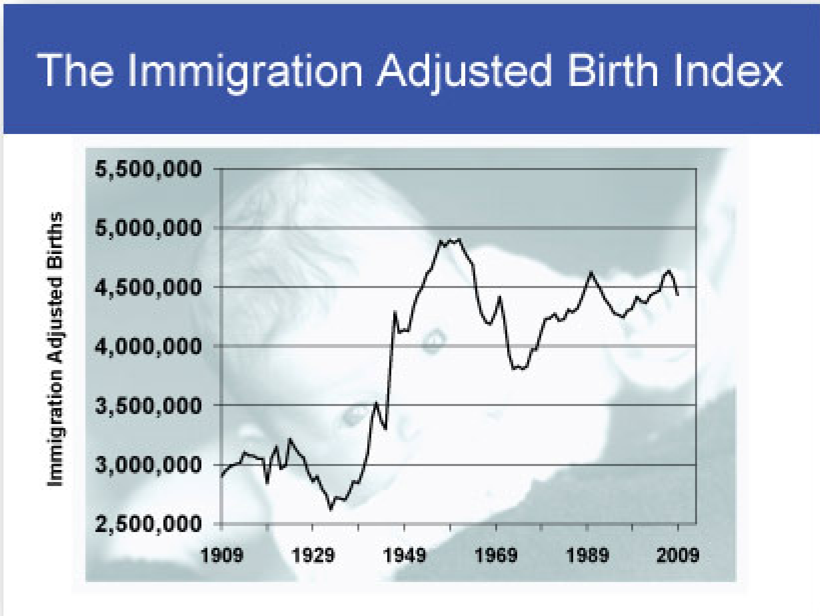
We enter our peak spending ages – the period in our lives when we tend to have the most disposable income and treat ourselves to cars, gadgets and so on – between 46 and 50.

It's also during that time that our spending habits tend to change dramatically. We see retirement not far off and make a concerted effort to save, while our spending needs decline as our kids leave 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 on.

Knowing this, we're able to see, decades in advance, what impact up-and-coming generations will have on the economy, different consumer sectors and the markets. And when you have a generation the size of a pig in a python, you know that the inevitable booms and busts ahead will be monumental.

As you can see from the chart below, the Baby Boomer generation was no ordinary generation. It peaked at nearly five million births per year between 1957 and 1961.

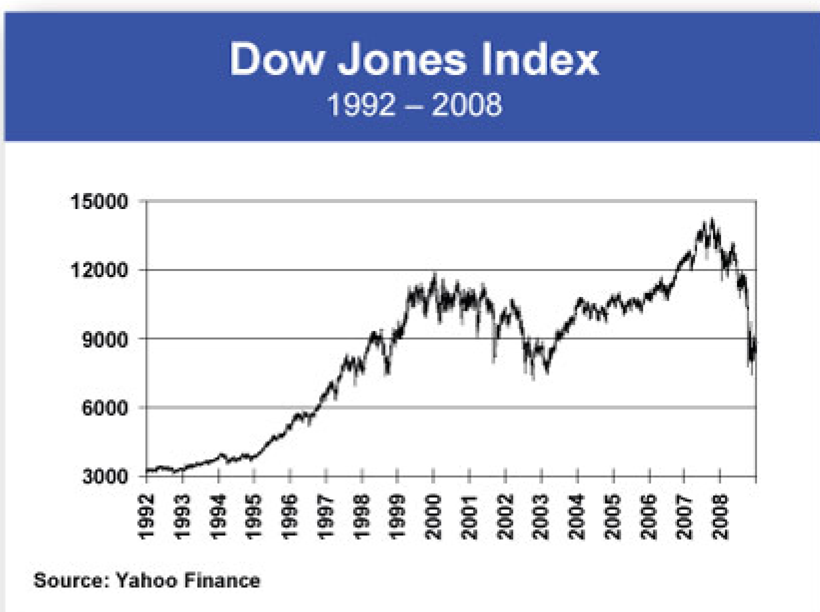


To forecast the greatest boom years, as this generation moves through its predictable spending patterns, you merely "skip ahead" 46 years. That's when the average Boomer is in his peak spending years.

And you discover that the greatest economic boom in U.S. 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)…

It was also pretty much "preordained" to start tailing off after 2007 with the last of them moving into a different phase of their lives (1961 plus 46 years takes you to 2007).

Here's how the Dow performed over that time:



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

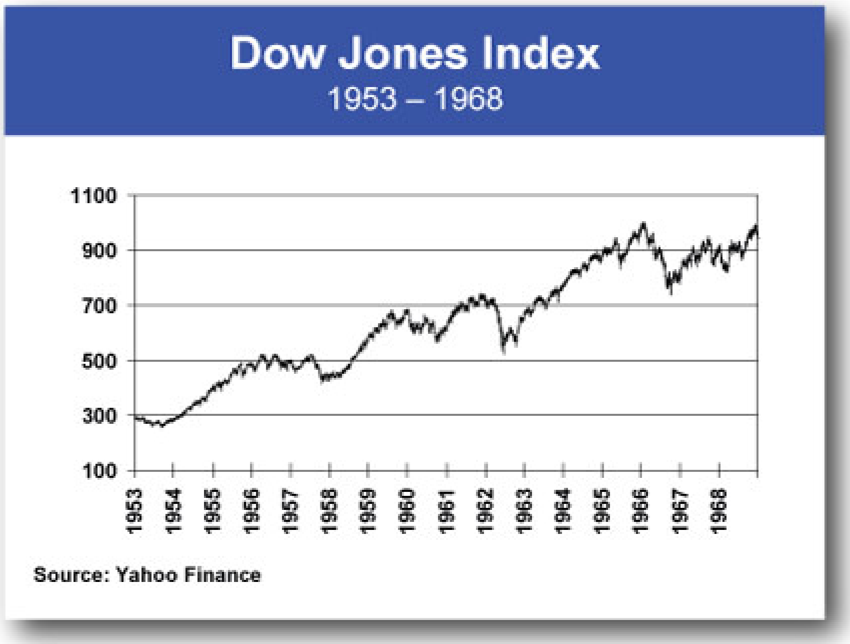
Again, it's important to understand that we knew – as early as the late 1980s when we developed the Spending Wave – that Boomers would experience their peak spending years during this time.

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

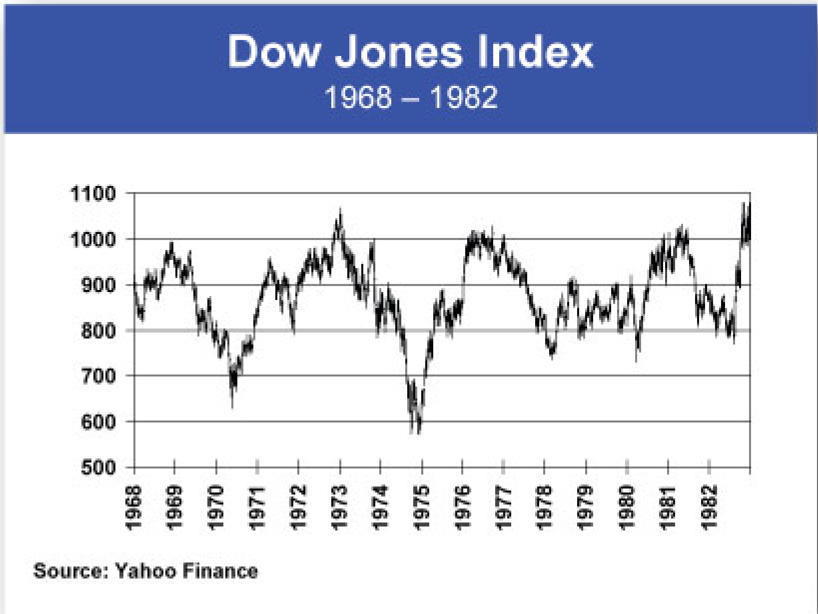
Was this an isolated event?

No. Look at the generation 40 years behind the Boomers, where the birthrate spiked from as far back as we can measure it in 1909 through 1921/1924 (they're known as the Bob Hope generation).

Skip ahead 44 years (when spending peaked back then) and look how the Dow performed. It soared from 280 in 1953 to 932 in 1968 – a 233% gain.



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…

And this exact same scenario is what we see ahead for the next decade or so.

The last time it happened, the market didn't start moving higher until after late 1982, when Baby Boomers started moving up their Spending Wave, earning and spending more.

But here's my point about all of this…

Based on the science of demographics, our economy was all but preordained to "turn" in late 2007, when the last of the Baby Boom generation passed their peak spending years. The economy will weaken further as the peak Baby Boomers pass age 50 and decline in spending even more rapidly (this is something we're witnessing right now).

The bubble created by this generation's unprecedented surge in spending as they aged past 46 could not be sustained because the people who first drove the spending are now saving. Even worse, they're no longer borrowing for big ticket items, an activity that 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 through QE1, QE2, QE Lite and Operation Twist. This is something it continues to do today with QE3.

But the government's latest stimulus effort will work even less than all those that came before it, thanks to the slowing spending and rising savings of the largest generation in history!

What's more, this "Baby Boom effect" is 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 to 20 years earlier than our own Boomer generation. Japan'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. 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. It's already evident with the continued crises raging across the euro zone – in places like Greece, Portugal and Spain – and the worst of the credit crunch has yet to take place.

Then there's the next great bubble to burst…

China is ripe for a bubble bust, where they have been building cities designed for a million people, yet have no inhabitants… where they've been building infrastructure they won't need for a decade to come… where they've been building excess industrial capacity.

They're doing it all to keep their unemployment from soaring as exports collapse.

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 not only to shield money from what's to transpire in the coming months, but profit handsomely too.

But first, 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 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 you. "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 – you get inflationary pressures – and the value of the dollar tends to go down.

In fact, that's precisely what the government will try to do: inflate its way out of this crisis by flooding the market with new dollars.

But it will only work temporarily, not much longer than the next six or seven months…

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

The fact of the matter is, it's not inflation you should worry about. It's DEFLATION.

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 along 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 2013/2014 through 2023, and especially from 2014 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 activity from government stimulus. That's where we are now.
3. The third phase is a final crash, deeper depression, and a deflationary phase that lasts a few years.

Most of us have never experienced deflation. The last period of any substantial deflation happened during the Great Depression, from around 1930 into 1933 and things didn't really recover until World War II.

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.

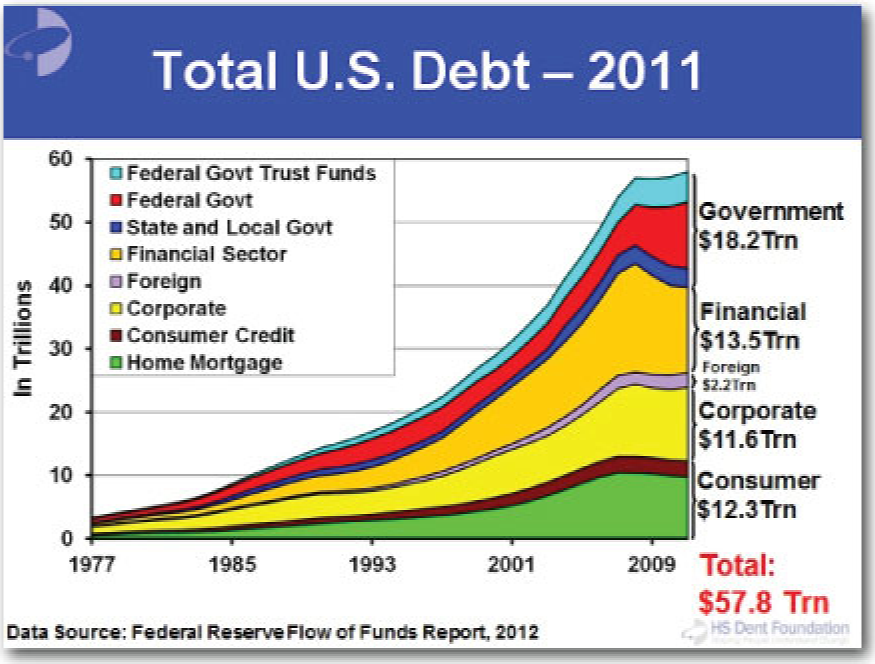
With deflation, the opposite occurs. There's less money flowing because credit tightens up, causing money to become scarce. And because people have less money to spend, demand for goods and services go down. And when demand goes down, so do prices.

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-As, 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… an asset that had seemed to go up for many decades without a major crash. (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:



$18.2 trillion in government debt…

$13.5 trillion in leveraged banking and financial services debt…

$11.6 trillion in corporate debt…

And a whopping $14 trillion, at the peak in 2008, in consumer debt – mortgages, car loans, credit cards…

In total $57.8 trillion in total debt. And that doesn't include the estimated official $46 trillion in unfunded liabilities for Medicaid, Medicare and Social Security. The best experts outside of the government estimate those unfunded liabilities to be more like $66 trillion.

Add it all up and that's $103 trillion to $123 trillion in debt…

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

The thing is, we 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 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 first quarter of 2013 (delayed a year or so from our earlier estimates thanks to the greatest stimulus spending in history) at around 14,600 or a bit higher in the Dow. Then the Dow will fall to around 5,600 – 6,000 between late 2014 and early 2015. That's the next and largest crash just ahead. There will be another crash between 2017 and 2022 that could take the

Dow to as low as 3,300 – 3,800.

Everything else will fall in line…

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

Those banks left will be very careful about who they lend to and under what terms. Many will not lend at all. Instead they'll choose 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 borrowers' credit ratings will be destroyed as they walk away from homes and other loans, and b) further declining house prices means there will 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…

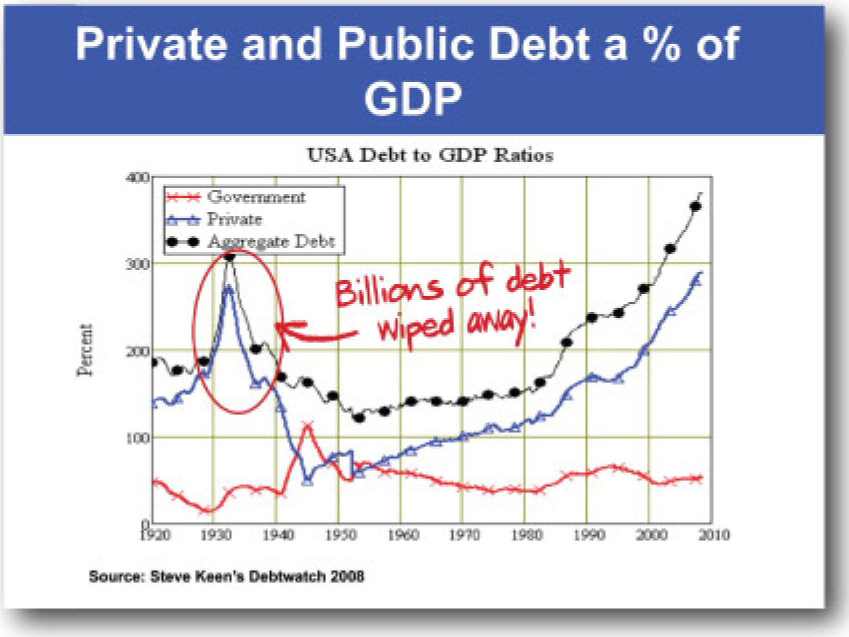
For those who don't prepare now, the impact will be devastating.

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 to do just that 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 in the longer term.

That's because deflation helps to shake out the excesses much quicker. 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.

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 a Massive Banking Fallout Are Inevitable.

Most people don’t know this, but the stock market crash of ’29 wasn’t solely responsible for the Great Depression of the 1930s and ’40s.

It was the failure of real estate….

The failure of farms in particular, where most bank loans of the day were extended. That was back when farms were the place where many Americans 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.

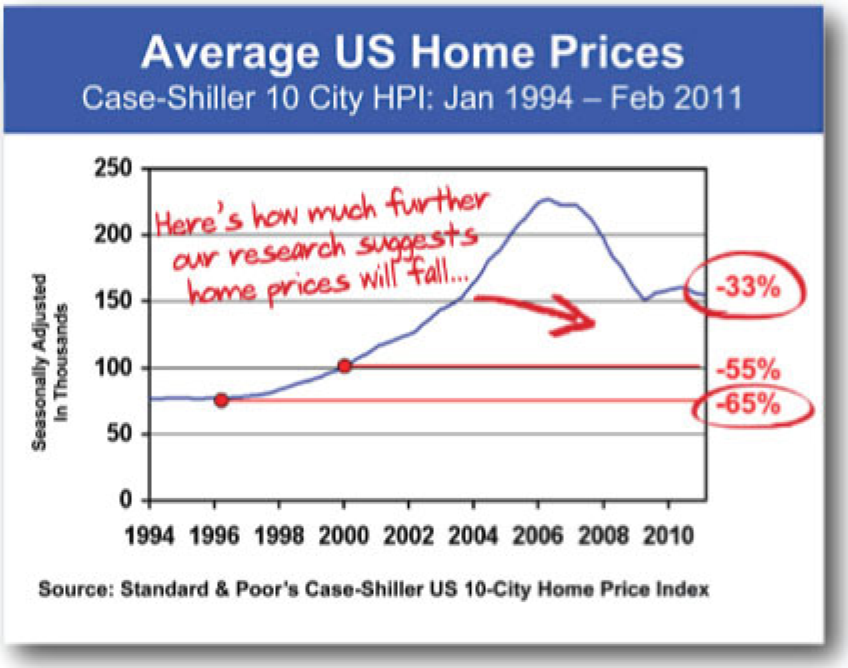
But when the bubble burst – as they always do – and farmers couldn’t repay their loans, the banks failed right alongside them. That’s what caused the kind of “run on banks” the era was famous for.

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 and 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 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 people borrowed billions of dollars 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 subprime mortgages resetting to much higher rates, homeowners who could barely afford their teaser rate mortgages had no chance of covering payments that 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.

Just this past April, the National Association of Realtors reported that all-cash sales slipped to 32% of transactions in March from 33% in February. They were 35% in March 2011. Investors account for the bulk of cash transactions.

Our research suggests they'll have to wait to see any return.

Let's stop and look at the reality of the situation…

Forget, for a moment, the over 8% unemployment rate that exists right now. Forget the estimated 10 million Americans who might have been in a position to buy a home five years ago but now can't…

The real problem rests with two predictable 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. 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?

They're too bogged down with unbearable student loan debts and extreme levels of job insecurity to have any significant effect on the market anytime soon.

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 phase one of 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.

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, banks have no recourse but to clear trillions in delinquent mortgages from their books through foreclosures.

We believe we're about to see the final leg in the real estate shakeout.

You see, 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. So far, they've only fallen 33%.

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 to you?

We see the next, larger banking crisis unfolding soon, 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 so many people are waiting for the market to improve, and they're simply running out of time. Also, many foreclosures are still being processed or they're in negotiations.

Plus, some banks are holding back their present foreclosures hoping for better prices. They don't want to unload their inventory onto the market because that will hurt prices even more.

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. Back then, that failure 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 mid- to late-2013.

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 their peak spending years…
- The biggest credit bubble of all time… as much as $123 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…
- And the final leg in the greatest housing bubble in history, which will almost certainly lead to the greatest banking crisis ever… 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.

Had I prepared 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 be.

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 – 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. I went firmly on the record saying that it was NOT 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 Economic 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 “Economic 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 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 traditional stock investments by later this year.

Remember, the first order of business is to protect yourself and the assets you have. That means getting out of investments designed to perform in a bull market.

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

As I alerted our readers several months ago, "this unwinding will most likely begin sooner than you may expect. 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 a sign the worst is over.

Don't be fooled.

Our research suggests the Dow will find a ledge around 6,000 before finally crashing one last time, all the way to a bottom of 3,300 and 3,800.

That's about a 60% drop at first… 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 as soon as you can… at least for now.

Why?

Because 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 through early 2008. The dollar fell 60%!

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

Also, be ready to sell your gold, silver and other precious metal investments in the not too distant future.

Gold and silver perform in inflationary times because they act as a hedge 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 happen to be holding any foreign currencies, convert them to dollars. 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 have already alluded to…

If you have any real estate, if the interest rate on your 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).

Rates naturally convert back to very low short term rates in a deflationary period, so you'll save refinancing costs.

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 time where any home loan will be very difficult to get.

Also, take this opportunity to downsize your life.

If you've accumulated a lot of "stuff" you don't really need or use – 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).

And look at the money you're paying out every month. See if there's a way to reduce any of it. Maybe there's a storage unit holding a lot of furniture and it's 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.

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 or 2014 when the economy will be at its 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 of global

Armageddon. It's about being more self-sufficient and safe, which will likely 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 the next economic cycle happen.

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

Here at my organization, HS Dent, our team works 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.

They're people 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 to our bottom line."

And Erin Botsford, who's a Certified Financial Planner for the Botsford Group, 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 around 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… she also got out of the stock market in late 2008 after we warned about the troubles there.

"Your newsletters are the first thing I read 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 reigning 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 avert financial disaster and empower investors to 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 – so we can point you to the best profit opportunities as events unfold – the best thing to do now is sign up for my brand new monthly letter. My firm has put it 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 each month so you know everything that’s happening in real time… so you can see what’s coming next (and when)… know where you should be moving your investments as events start to unfold… and see 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.

The 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… that a recovery is just around the corner. That way you’ll keep buying stocks and things you don’t necessarily need.

The 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 U.S. economy today.

Remember, when you include government, corporate, personal and entitlement debts and obligations, we’re in hock for around $123 trillion!

That’s nearly $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 years the government has printed $2 trillion, with another $500 billion in the next year (as a minimum), and look at what’s already started to happen…

Prices of hard assets like gold, silver, copper and oil 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 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 could you get 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 and people with cash and streams of income will be richly rewarded.