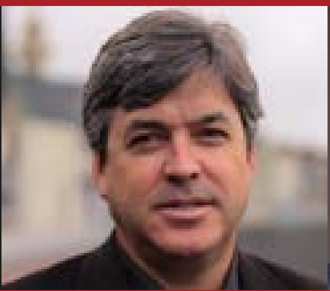
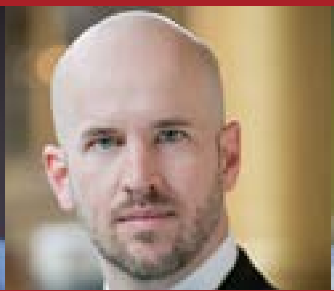
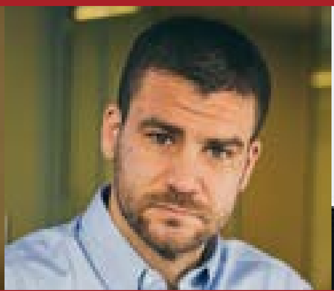
TRANSCRIPT

SURVIVING AND THRIVING DURING THE GLOBAL

PANDEMIC OF 2020







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Addison Wiggin: Welcome to Surviving and Thriving During the Global Pandemic 2020. This is Addison Wiggin. I am the founder of the Financial Reserve. If you are on this call, you are either a member of the Financial Reserve, a reader of the Daily Reckoning, the Five Minute Forecast, or Laissez Faire Today. You also have something in common with everyone else on the call, which is you've opened an account with the Hard Assets Alliance.

Part of the reason we're hosting this call is because I want to encourage you as much as possible to fund the account because we're entering into such turmoil in the markets that it's going to be important to have your account funded so you can trade in and out of precious metals, gold, silver, platinum, as we use that as a defense mechanism against falling markets.

By now, the pandemic has impacted your daily routine just like everyone else. A personal anecdote for me, I've had to go back and forth to New York several times from Baltimore to retrieve my son from NYU. They're closing the residence halls and they're talking about opening the residence halls to the NYU hospital as extra hospital bed space, which is just a radical and unprecedented, is a word we keep hearing over and over again, but unprecedented move in anyone's memory. Like no one alive has gone through this process before. So we've assembled our best analysts to walk us through as many facets of the crisis as we can, and I'll just introduce them briefly.

Graham Summers is going to take a look at the macroeconomic environment and the financial markets. We've had some crazy up and down swings in the last two weeks. Ray Blanco is going to take a look at the science of the virus and attempts to find a vaccine. Zach Scheidt is going to discuss income and capital preservation strategies you need to follow throughout this unprecedented era. And Jason Hanson is going to look at ways to stay safe and protect your family if the crisis persists. At the end, we're going to have a lightning round on ways to use gold, silver, and precious metals to either trade in and out of volatile markets or just build a defense for your capital as the crisis persists.

I want to jump right in with Graham Summers, who's going to look at the macro picture? Graham is the founder of Phoenix Press and formerly Phoenix Capital Research, a firm which he located in Washington, D.C. and he had over 23,000 clients located in 50 countries. Currently, he's the bestselling author of The Everything Bubble: The End Game for Central Bank Policy. So Graham, I just want to jump right in. On Tuesday, treasuries were up 37% in one day. That's mind blowing for anyone who follows treasuries as a flight to safety trade. Can you just explain why treasuries would go up? And then we'll get into the nature of the crisis and what the fed are trying to do about it.

Graham Summers: Sure. So what's happening currently in the markets regarding treasuries as you mentioned, you're having a flight to safety trades taking place. But really what you're seeing is systemic duress. And that kind of a move in treasuries is only going to happen when you've got everybody absolutely panicking, trying to get into something that they... It's no longer about return on capital. People are worried about the return of capital. And what we're actually facing currently is the crisis that the central banks attempted to push off in 2008. It's really... We have a lot to talk about to try to get our heads around this, but I guess the simplest way to look at it is in 2008 we had a crisis in which a very senior asset class, in that case housing and real estate, entered a deflationary collapse. What made that a systemic issue is that there was about 50 to 60 trillion in derivatives being traded by the large financial firms globally that were based on the mortgages in that housing market.

So what made it kind of a systemic banking issue was the over-the-counter derivatives. The way the central banks dealt with this was they did three things. They cut interest rates to zero, which was an attempt to try to make it easy to get access to credit at very low rates. They started launching programs called quantitative easing, which is effectively, they print new money. and then they use that money to buy debt assets. In the case of 2008, it was mortgage backed securities and it was treasuries or U.S. sovereign debt.

And then the third thing they did was they suspended mark-to-market accounting standards, which up until that point the financial firms, the banks, had to measure the assets they owned as having some kind of value based on what the going rate in the market was. When the fed and the accounting standards board suspended mark-to-market, they switched over to what they called mark-to-model, which is basically let's say you have a mortgage backed security that's absolute garbage that's worth five cents on the dollar, but you suddenly can say, "Oh, our in-house models believe that this is worth 80 cents on the dollar, so we're valuing it that way."

And those three things effectively stopped the meltdown we saw in '08 and '09. The problem with all of this is that nobody really addressed the fundamental core issues, which was excessive debt in the system and excessive derivatives in the system.

So you fast forward to today and for the last 12 years, central banks have done a pretty effective job of putting any crisis back together again pretty quick by employing similar strategies to the ones that they did in '08. The reason for this is because they were basically quartering the bond market, particularly sovereign bonds, and those bonds are ultimately the bedrock of our current financial system. None of the currencies are backed by gold or anything finite. And so sovereign debt specifically for AAA rated countries like the U.S. or Germany or others is effectively the bedrock or the senior most asset that the large banks own against which everything else is sort of valued.

Then along comes coronavirus, and regardless of the specifics of the illness, the problem for the central banks is that this is an external risk. If you print money or if you cut interest rates or if you do quantitative easing or you do any of this stuff, that doesn't make somebody necessarily want to leave their house and go spend money if they're worried that they're going to catch this illness. And so we've had this economic shock that started in China that is now rippled throughout the system. But as far as the fed is concerned, it's instigated a credit crisis. We know this is a fact because the fed's actions over the last three weeks have been what... I mean, forget the bazooka option. This is the nuclear option.

In the last three weeks, the fed has cut interest rates from 1.25% to zero. They've launched 700 billion in QE. They've done over one and a half trillion in repos, which we'll talk about in a minute. And now they're doing a number of other things like opening currency swaps with the EU, which tells us that European banks are themselves getting into systemic duress. And they're also making the primary dealers, those are the guys that sell U.S. debts via the debt auction, they're giving them the ability to park any asset, including stocks, as collateral in order to get access to credit.

So I know all of that's really technical stuff and most people listening that's going to sound like, I don't know, I'm in Greek. But the way I would look at it is this. It took the fed about six months to a year in 2008 to unveil the stuff it did. It just did all of this in three weeks. And the things it's done now are even more extreme than it did in '08, which should give everyone a sense of just how dangerous this environment is from a systemic risks perspective.

Addison Wiggin: Graham back then and leading up to 2008, we produced a documentary called I.O.U.S.A.

Graham Summers: Right.

Addison Wiggin: And it looked at deficits that we run in the economy, savings trade budget, which is extreme now and even leadership. Since then, I've been asked repeatedly what can we do, whatever. I'm going to ask you that in a second. But the other thing that I get asked all the time is why is the government running structural deficits? And my only answer is it's not fair. It's not fair to our children and the people that are going to inherit the debt. But beyond that, if you run structural deficits on a regular basis in the trillions of dollars and then suddenly the Black Swan hits and now we're in such uncharted territory globally, we don't even have the resources to deal with it. What do you make of the Treasury's statements?

Graham Summers: Yes.

Addison Wiggin: This week, they're promising a trillion dollar bailout when we're already trillions in debt and nothing has rolled back since 2008.

Graham Summers: Right. So we actually need to go back further to the '70s when we broke the gold standard. Once we ended the gold standard, the United States embarked on a fiat currency regime that gold and the dollar were replaced ultimately by treasuries, U.S. debt, as the senior most assets in our financial system. And that became kind of the bedrock for everything. And since that time, I have a chart in my book, "The Everything Bubble", where you see the total debt securities relative to GDP. The total debt securities has just gone completely parabolic. I think as far back as even in 2014 if you combine all of the debt in the system, whether you're talking mortgages, credit card, auto loans, this, that and the other, it's somewhere north of 60 trillion. And that's not even including the unfunded liabilities of social security and Medicare.

So answer as to why this is the case? I think that's more a philosophical question, which is that governments basically have been papering over declining living standards in the west for the last 40 years. If you go back to the '60s, the '70s, at that time one parent typically worked and most families had a remotely decent lifestyle. Today most families have both parents working and they're still using credit card debt. So why is that?

Well, the simplest way of rendering it is between ending the gold standard, outsourcing and gutting the manufacturing and industrial base of the U.S. and putting it abroad, the U.S. effectively hollowed out its economy in such a way that actual real incomes, not this kind of phony baloney stuff, the BLS and the fed promote, but actual real incomes have been declining for about 40 years in this country. And so if your income is falling in real terms, meaning the actual cost of living is going up faster than the rate of your income growing, the only way you can make ends meet is through credit or debt.

And this has been happening on a sovereign, that's the U.S.

as a whole, a municipal, that would be state, regions, and cities, a corporate, that'd be corporations, and a personal, that'd be you and me with our auto loans, our mortgages, and our credit card debt. So the whole system is just saturated in debt, which brings us to where we are today. So why is the fed and the treasury doing these crazy things? We're basically now talking helicopter money, which was based on this idea that the way you can stop deflation, and this is what former fed chair Ben Bernanke argued when he was first hired by Alan Greenspan in 2002, he said we can always stop deflation from hitting the United States. At the very least we can engage in helicopter money, which is you just print money and do the equivalent of dropping it from a helicopter.

But in this case, what you're talking about is rather than the fed or the treasury printing money and funneling it into the financial systems via the banks, you actually just print money and hand it directly into the economy. So why are they doing this? Well, they're doing this because financially, from a monetary perspective, the fed can't do anything else. The feds effectively in the last three weeks used up all of its ammunition. And the reason it did that is because if you think of the debt bubble... when we talk about debt, there's debts of different branches, so debts of different seniority. And you can imagine this is like a skyscraper. And at the very tip top, you have the riskiest stuff. In the case of what the fed concerns about from a systemic perspective, that would be junk bond, corporate debt.

So that would be corporations that have issued debt, but their credit rating is so low that any kind of economic hiccup puts these guys into danger of going insolvent and defaulting on the debt. Below that, you'd have an investment grade debt, that's also corporate debt. Then you'd go further and you start getting into muni debt. And then finally sovereign debt, which is treasuries.

So the reason the fed's in a panic is because when this meltdown hit, the junk bond market effectively imploded. And if you actually look at some of these junk bond ETFs, they've ended their bull markets. They're in full scale crises. Now as far as the fed's concerned, the fed can't buy that stuff. It can't buy stocks, it can't buy corporate debt. It can only buy corporate mortgage backed securities or treasuries. And so the fed's freaking out because basically the several tiers of the massive debt bubble we have have entered systemic events and the fed can't actually do anything to stop that from happening.

So what the fed's instead doing is these repo programs where it'll allow financial firms and banks to park assets with the fed in exchange for cash. Meanwhile, the fed doesn't try to value this stuff though. It's basically a kind of cash for trash pawning exchange. So the feds essentially used up all its ammunition. We're seeing a debt collapse in markets the fed can't touch. And so they're so desperate, they're now turning to fiscal stimulus, which is the government just prints tons of money and funnels that straight into the economy hoping that'll stop the carnage. The problem most people

I don't think realize is that the actual damage going on in the credit markets is so dramatic that I don't even think these helicopter money policies are going to fix anything. If anything, they'll lead to another problem, which is you're going to see rampant inflation and the bond market is actually starting to pick up on this.

There's a reason why bond yields have been rising and bond prices falling very dramatically the last two weeks is because the bond market's beginning to realize that rather than let the system kind of restructure itself and purge itself of the bad debts, the fed and the other central banks are basically going to go Weimar, which is just monetize everything. And that's going to be happening simultaneously as governments engage in fiscal stimulus where they just print trillions of dollars and funnel it straight into the economy. Well, the outcome of that is going to be very high rates of inflation, which is a whole other can of worms.

Addison Wiggin: All right. One of the things I note those two things from this week. They promised the trillion dollar injection at the same time they're giving a grace period on taxes.

Graham Summers: Yes.

Addison Wiggin: How could that happen, for one. Nothing could go wrong there. And secondly, as part of the helicopter money theory, they want to mail $1,000 checks to everyone and they did it-

Graham Summers : Yeah.

Addison Wiggin: Around everyone meaning the people that they deem to need it. But first of all-

Graham Summers: Yeah.

Addison Wiggin: $1000 dollars is what it is. It might buy food for a month, something like that. I don't know why they settled in on that one. But those two headline announcements that gained a lot of press this week just seem totally incongruent. But, you've done a couple things this week. One is you've mentioned that you're concerned about one of the major banks being in real trouble. And then I'd also like to hit on the bailout for airlines, small businesses, bars and restaurants.

Graham Summers: Yeah. I mean, what's effectively happened is we're facing multiple crises simultaneously. We have a credit crisis, which is the banking stuff I was talking about a minute ago and which you just hinted at. Then we have an economic crisis, which the economy is just stopped. I mean down here, Northern Virginia, D.C. area, you go out and drive around, it looks almost sometimes like it's Christmas morning. Like there's just no one on the streets. There's nothing happening. The economy is at a standstill. And some of the big companies might be able to weather that, but small businesses, specifically ones that don't have very high margins or a lot of cash on hand. They're going to be broke in a matter of weeks.

Graham Summers: So you have an economic crisis, a credit crisis, and the reality is, as you pointed out with $1,000, I mean it's just arbitrary. I mean the reality is policymakers have no idea how to fix this situation because it's not something you can fix from an economic perspective. If you send me 1000 bucks extra, that doesn't mean I'm going to want to go to a restaurant and risk catching an infection. I'm not going to go to... Also, I'm banned from going to movie theaters or anything where there's more than 50 people or whatever it is they're talking about. So I mean, unless I go shopping on Amazon, it's really not going to do too much. So I think... yeah, go ahead.

Addison Wiggin: I think it's down to 10 people now, not 50, and-

Graham Summers: Yeah, I mean sooner or later they're going to tell us I can't even be talking to you. Two of us on the phone at the same time's too dangerous or something.

Addison Wiggin: All right. Let me ask you another question. In The Everything Bubble book, you warn that it's the mother of all bubbles and that it would pop soon. It feels like it popped.

Graham Summers: Yeah, it has for certain. The question is far does it go? It's currently mostly in the corporate sector. We're going to start seeing if it picks up in credit cards and other things shortly. And we're going to have to wait and see if we start seeing bank failures. What interested me about what the fed just did, which I didn't see anyone else talking about, was one of the policies the fed announced it was going to do was launch euro dollar swaps. Now that's a weird thing because everything else we've heard about before, QE, interest rate cuts, this, that and the other. Well what's that? Well, the last time the fed was doing that was in the 2011, 2012 EU banking crisis and sovereign debt crisis. So when the fed announced that, that tells me that somebody very big is in major trouble in Europe right now.

And we're not talking like a Lehman Brothers. We're talking something the size of Deutsche Bank or UBS or Credit Suisse. One of these banks has got several trillion in assets on its balance sheet. If you look at the charts of a lot of the EU banks, Credit Suisse, UBS, Deutsche Bank, Barclays, all those guys, Santander, they've all lost 50% of their market cap in the last three weeks. So they've all effectively halved. So the thing I'm getting at is the fed I think is actually currently doing a backdoor bailout of Europe. And the problem with that is Europe's banking system is impossible to bail out. It's 48 trillion euros in size. It's three times the size of our own. It's leveraged at over 26 to one. Lehman Brothers was 30 to one when it went bust. And this is everything. We're not talking just investment banks or hedge funds, we're talking financial firms like Deutsche.

So the big rumor that I've been hearing since last September... If you go back to September, this is when everything really started getting unhinged was September. But no one picked up on it. The feds suddenly announced it's going to start doing these repo programs. And at the time it was a little odd because the economy was growing, the junk bond markets, all the credit spreads were looking good. And a repo program is basically the fed saying we're going to allow financial firms to park assets with us in exchange for cash overnight. And the fed at the time sold this as we're doing this because a lot of financial firms are going to be facing a lot of cash withdrawals when their corporate clients pay their end of the quarter taxes. And so we're just doing this to kind of get through that little liquidity crunch.

But instead of it ending, the fed kept extending these repos and they kept making them larger. They started at 75 billion a night, quickly went up to a hundred and then 125 billion a night. And they also went from a 30 billion term repo to 45 billion term repo. The rumors I heard back then was that someone very large is in major trouble and in desperate need for capital. And the fact that the fed just launched a 1.5 trillion repo last week tells us that we're now getting very close to finding out who it is. It's yet to be public information, but my guess is someone very big, like the size of Bank of America big, in Europe is about to go completely bust. And when that happens, then it's like Lehman times 10 for the financial system.

Addison Wiggin: Yeah. And that was tough back then.

Graham Summers: Yeah. So we're kind of in a perfect storm. You've got a credit crisis that's probably going to be as bad as '08, if not worse. You've got an economic crisis based on a pandemic, which is most likely going to cause a very sharp severe recession. The question is how long it's going to take, which I don't think anyone really knows, because no one knows really how this corona thing is going to play out. And then you've also got dramatic collapse in supply chains globally because trade is shutting down. So it's a perfect storm. And to go back to your original point with $1,000 I think what we're seeing is policymakers really just don't have any idea how to fix any of this. So they're just going from idea to idea to idea and the markets keep melting down so they unveil something else. And they're probably going to keep doing that until they finally find something that kind of staunches the red. But at that point, God only knows where we're going to be in terms of stocks and bonds and such.

Addison Wiggin : So on a scale of one to 10, 10 being the most likely, do you feel like we're heading for the greater depression?

Graham Summers : I think on a scale of one to 10, I'm eight or higher positive we're going to experience a credit crisis that will be worse than '08. In terms of the economic fallout, it's very hard to tell. Because I mean consider this, right now when this thing first started with this corona business, everybody said, "Oh well, it's like the flu." And I mean I myself downplayed. I didn't think it was that serious. Give it a couple of months. And now Trump comes out and, say what you will about the guy, whether you like him or not, he is the President of the United States, so he will have access to information none of us do. And he says it could be July, August before this thing stabilizes.

Graham Summers : So what the hell flu or virus goes into the summer months? Was this thing actually manmade? Is this an act of bio-terrorism and they're just trying to kind of keep the public calm? So sort of hide that fact? I don't know. But the idea that this is just some run of the mill thing, a run of the mill thing wouldn't require national quarantines and it wouldn't feature the President of United States saying we need to wait the entire length of the summer for this thing to stabilize. So I mean, I don't know. We'll look back on this when the history books are written and we'll have a better idea. But right now it's a very, very scary time. We're certainly going to have a very sharp severe recession. Whether that becomes a depression will remain to be seen, but for certain the everything bubble has burst and we're moving into a credit crisis that will be on par if not worse than '08.

Addison Wiggin: Thank you, Graham. I want to move on to Ray so we can get a better picture of the science behind the virus itself. . Before we get to that though , I do want to remind people that you are on the call because you opened an Hard Assets Alliance account. The next step you need to take is to fund your account.

Graham covered the markets and now we want to cover the science. For that, we have Ray Blanco.

Ray is the science advisor to Agora Financial and the Financial Reserve. Ray is also the editor of Technology Profits Confidential, Agora Financial's FDA Trader, and Breakthrough Technology Alert. Ray, if you would, let's dig into the science.

Ray Blanco : Sure.

Addison Wiggin: What is COVID-19? What is the virus?

Ray Blanco: Well, the virus belongs to a family known as coronaviruses. From what I can tell, we've identified at least seven over time. Two of them were themselves the subject of healthcare scares here in this young century: SARS and MERS. There's a number of other human coronaviruses that have been identified that pretty much circulate all the time, and they're responsible for a significant percentage of common colds. This family of viruses also is known to exist in animals and birds as well, so this is a certain class of viruses that we've been learning about for a long time now.

Addison Wiggin: Can you explain a little bit about how the virus attacks the human body? And what is it that we're worried about in terms of hospital beds and overwhelming the medical system?

Ray Blanco : Sure. The virus is spread very much like the flu. Airborne droplets when someone coughs, someone sneezes. Those airborne droplets, if you're close to a person coughing or sneezing, they might get on into your respiratory tract or on your body, maybe even on your eyes, and then that's how the virus transmits itself. It can also survive on surfaces for a certain period of time, much like flu viruses or other coronaviruses can.

Now, the healthcare system, we're seeing the worst effects right now probably in Italy. The healthcare system there is just completely overwhelmed right now. I've got a friend that lives in Northern Italy in the town of Bergamo, and his mother collapsed a few days ago, and he took her to the hospital, and they didn't take her. So I think Italy's providing us with a really good example of what would happen if we can't slow the virus down enough for our healthcare system to be able to cope. These epidemics tend to follow a bell-shaped curve where at the beginning there's a few cases and then there's exponential growth, and it levels off, then it drops off sharply. What they're trying to do with all these extraordinary measures is flatten that curve, keep new cases down enough so the healthcare system can cope, and that would make a huge difference if we can do it. In terms of mortality, the best information I've seen is, with the best supportive care, we should expect a mortality rate maybe of around 1%, maybe be even less than that. But if the healthcare system gets completely overwhelmed, we might get an Italian-type scenario where they're saying it's over 7% right now, last I checked a few days ago.

So it's a race against time right now to control this thing. We've got self-quarantining. We've got people being advised not to go out that much, not to be in large groups of people. We've got schools being closed down here in Florida where I am. Schools are closed until April 15th. The kids aren't even going to be able to do their testing. Restaurants and bars are being closed down here in Florida. You can't be at more than 50% capacity. Other parts of the country, they're completely closing down. So a lot of measures are being taken. Quarantine is an ancient way to deal with infectious disease. We've been doing that for thousands of years. It works, but the economic follow-up is of course severe.

Where are we going from here? Well, there's a lot of scenarios. It could be really bad. We could get over a hundred million infections in the US. There's different estimates. If that happens in a relatively short period of time, there could be millions of people that will die. However, if we can flatten the curve and slow the rate of spread and the healthcare system deal with it, then that won't necessarily be the case.

Like I said, we're in a race against time, and there's reason to believe that we could get a reprieve this summer. I'm not saying the virus is going to completely go away, but studies have been done on other coronaviruses like SARS, and the half-life during which the virus can survive outside the body, the amount of time that it's detectable on surfaces drops off sharply as heat and humidity goes up. There's no reason to think this correct coronavirus is any different from SARS in that respect. They're very similar viruses.

But people do sneeze, they do cough, and these things get into ... They get transmitted to other people. They get into the respiratory tract. This virus binds very strongly to a cellular receptor present on a lot of different lung tissues known as ACE2. Once it docks it onto that cellular receptor, it's able to get inside the cell, dump its genetic material, and then the cell takes over and replicates.

So like I said, it's very similar to other coronaviruses, how it spreads. It's highly contagious. It's similar to the flu in the sense that it spreads via airborne droplets when people sneeze and cough. And the next few weeks will be critical in how we respond to the spread of this virus.

Addison Wiggin: Once you contract the coronavirus, or COVID-19, this particular one, how do you die? What happens?

Ray Blanco: Well, it depends on the severity. I mean, if you're a young, healthy person, you should follow the government guidelines, the CDC guidelines. Stay home, call your doctor right away, don't leave the house. If you have to go get medical care, stay out of large groups of people, stay off public transportation. Keep to yourself as much as possible. If you share your home with others, it's a good idea to designate ... Maybe a bedroom is your room, and nobody goes in and out of there but you. If it's possible and you have more than one bathroom, have a designated bathroom for the infected person.

They're even saying you should limit contact with pets and animals. We don't know if this thing can go to your pets. It's probably not terribly likely, but there's a lot we don't know yet. Maybe your pets can pick it up and pass it to someone else. This is just stuff that is precautionary in nature.
If you cough or sneeze, cover your mouth. Wear a face mask. Keep your house clean. Clean all surfaces that people touch a lot. Those are things that you can deal with in order to limit spread.

Now, if you're a young, healthy person, very, very unlikely that this will kill you. But there are a lot of people out there that aren't healthy or they're older. The immune system tends to weaken as we age. And if you don't take these measures, you could pass this on to someone who is really going to have a really bad time because of it. So this is something that we all got to do. It's happened in American history before. We've had major quarantines. 1793, there was a yellow fever epidemic in Philadelphia. Other states basically shut down traffic in and out of that area. It didn't work because yellow fever is mosquito-borne, and people didn't understand that back then.

But this thing did jump from animals. There's closely related coronavirus varieties in bats, closely related coronavirus varieties in the Malayan pangolins, also known as scaly anteaters. We don't know exactly how it got into humans. It could've jumped from one of these animals into humans and then mutated into its current form. It could've mutated in one of these animals and then jumped to humans. There's a trade in exotic foods in central-eastern China, Wuhan, where this might've jumped. There are laboratories there that are studying the coronavirus. It's possible that the virus escaped from the laboratory. Coronaviruses have escaped from laboratories before. It's been documented. We don't know the exact origin, but we do know right now that extraordinary measures need to be taken to flatten that curve and give our healthcare system a chance to be able to cope.

Addison Wiggin: Okay. There's a couple of news items that are out there that we're all aware of. One of them is that they're going to start the first testing phase of a vaccine in Seattle this week. A two-part question. How do we understand what's happening? And that would help understand what we should be doing about it, like on a personal hygiene level. But secondly, what's going on with the vaccine trial?

Ray Blanco: Sure. What we do about it. Fortunately, the US biomedical industry is really stepping up to the plate. Very soon here we're going to have millions and millions of tests become available. There's a company that's going to be cranking out five million tests a week here in April, coming up shortly. We've got several therapies that are being studied. We've got vaccines that are now going into clinical trials, as you mentioned.

I think of this as like we're on a war footing now. In World War II, the United States was the industrial powerhouse of democracy, and now these days we remain the biomedical powerhouse. So this thing spreads, it gets into your body, it infects your cells, it overwhelms your immune system. You can get pneumonia, you can get secondary infections, you can't breathe, and then your inflammatory reaction just goes off the charts, and that kills you. So it's highly problematic.

Now, this trial that just started here in Washington state is going to be in 45 healthy patients. They're going to get multiple dose levels, so they're going to do some … They're going to examine which of those works best. This trial, I believe, is going to be six weeks long. And they're going to evaluate the safety. It's a phase one trial, so it's early phase and not that many patients.

And the first thing you're looking at safety, is usually how these early stage trials go. So the primary objective is, is it safe, does it harm patients? The secondary objective is to see what the immunogenicity of the vaccine is. What that means is, does it provoke an immune response? And the real measure of that is to see if after getting the vaccine, if the test subjects, if they go ahead and produce antibodies against the virus, and potentially also they might be looking at T cell responses.

This trial should take about six weeks. If it wraps up successfully, they'll go to phase two. If the situation looks really bad, they might even accelerate and go directly to a larger trial. The FDA has really pulled out all the stops in terms of getting stuff out there quickly. They've approved private tests from companies like Roche and Thermal Fisher within 24 hours of these companies submitting applications for a coronavirus test. We could have some results here from these vaccine companies by the fall, and we could even have doses already being produced by the end of the year. But if this thing is looking bad going into the winter, we might see some acceleration from that. This remains to be seen.

Addison Wiggin : In your work in the newsletters are you tracking companies that are involved in this? Also, I heard this crazy story where the company that owns Louis Vuitton and a couple other high-end fashion products has suspended all production to convert their factories to produce hand sanitizer.

Ray Blanco : That's news to me. It's not surprising.

Addison Wiggin: Of the companies that you've been following which of them are on the case? And how many companies like biotech labs are converting their facilities to find a cure? And this is going to sound crass, but of those companies, are any of them good investment opportunities?

Ray Blanco: Yes. There are some good investment opportunities and companies that are dealing with this, which at its root is a healthcare crisis and then it's generating economic crisis and then generating a credit crisis. But at its root, it's a healthcare crisis. One company I'm tracking is … I put these companies into three different buckets. There's therapeutic companies, there's vaccine companies, and there's diagnostic companies.

So on the therapeutic side there's Gilead Pharmaceuticals, which has put an antiviral called remdesivir in multiple phase three trials starting in April. This drug was originally developed for the Ebola virus, and it works on a class of viruses that are called single-strand RNA viruses. Coronavirus is also a single-strand RNA virus.

And the way it works is the drug converts into a nucleotide analog once it's inside the cell. What that means is, as you know, genetic material's made up of four letters, ACGT. It's the same for the virus, so this is a fake letter A. What happens is when the virus replicates inside the cell, instead of building with the real letter A, adenosine, it copies with a fake letter A and then these viruses are not active. They don't work anymore.

It's been used in China. It's now being used in the United States. The first patient was in the Seattle area under a compassionate use basis. We've seen some very good results on an anecdotal level with the use of this drug in patients. And it would be something that will be very helpful for the sickest patients that are in danger of dying, if they could get this drug here in a few weeks or a few months, to go ahead and tamp down on the virus replicating inside their bodies.

Another company that I like on the therapeutic side is Regeneron. This is an antibody company. They have a platform technology that's amazing. They can rapidly discover, design, and produce human-engineered antibodies. They've got two programs here. One of them is already starting trials in partnership with Sanofi, and it's an antibody called sarilumab. It blocks the sole receptor that is responsible for that runaway inflammatory response that ends up killing you. Okay? So it tamps down what's known as the cytokine storm.

The company has another program. This company was very successful also in the Ebola crisis a few years ago. And this antibody basically binds to the spike protein on the virus capsid. This is the protein that binds, that docks to the cell and then allows the virus to infect it and replicate. By docking to the spike protein, you're blocking it. It neutralizes the virus and then it can't infect the cell and then eventually the body clears it out.

And like I said, this worked very well in Ebola. They're going to have small quantities available by the beginning of the summer and then they're going to have hundreds of thousands of doses by the end of the summer. They're starting trials in the early summer once they have enough doses available. And hopefully, we can get some of that product by fall.

On the vaccine side, you mentioned the Seattle trial. That's using technology by Moderna Therapeutics. They make what's known as messenger RNA vaccines. What messenger RNAs do normally inside of your body is they'll take genetic information from the nucleus, they'll go to the ribosomes, which are the protein manufacturing plants inside your cells. And then the ribosome, once the messenger RNA gets over there, manufactures the protein. While they're making mRNAs directly, they're delivered to cells via a lipid nanoparticle. These mRNAs get inside the cells and then the cells produce an antigen, which is then excreted and gets out in the body. And like any other vaccine, it trains the immune system to recognize the antigen. It's the same antigen that's the spike protein on the coronavirus.

And the ticker symbol, by the way, for Gilead is GILD. Regeneron is REGN. Moderna, the company I just mentioned, is MRNA.

The other company I like is Inovio Pharmaceuticals. I was on the phone with the CEO here a couple of weeks ago, shortly after he had met with President Trump. This company makes what's known as DNA vaccines. A similar idea to mRNA vaccines. This DNA plasmid, it gets into the cell, instructs the cell to manufacture an antigen, and then that antigen trains the immune system. The company's starting clinical trials here next month. Data should be available in the fall. And the company says it can have up to one million doses available by the end of the year.

On the diagnostic side, there's a company called Qiagen. Ticker symbol QGEN. They are a scientific materials company. They provide sample and assay technology for molecular diagnostics, pharmaceutical research. The Biomedical Advanced Research and Development Authority has given them money to fund a coronavirus test. They've also received support from the US Department of Health and Human Services. This is a European company. They're developing a test that can distinguish this coronavirus from 21 other serious respiratory infections. They anticipate FDA approval for a panel test here. It'll happen, I believe, in the next few days, and they will be wrapping up production to 10 million tests by the end of June, with 20 million monthly by the end of the year.

Another company I like on the diagnostic side just received FDA approval in record time, 24 hours. Company is Thermo Fisher Scientific. Ticker symbol is TMO. They're a US-based maker. They make scientific instrumentation, reagents, and things like that. Software services for healthcare, life science, and other labs in academia, government, and military.

They just got an FDA emergency authorization. They got approved within a day of submitting their application. They've got 1.5 million tests on hand ready to go. First batch has been shipped out. They anticipate they'll be making five million tests a week by next month.

Addison Wiggin: Let me ask you a question about the FDA just because that has also been kind of a headline, a trend that we read about. They've been criticized for being slow to release the regulations. But at the same time, now they've just kind of green-lighted a lot of stuff, including what you just mentioned, testing equipment and things. This is a political question, and I only thought of it right now, but how much has the federal government, because of the regulatory environment that we have run for years, impeded the process? Or on the positive side, how much have they helped?

Ray Blanco : Okay. The FDA isn't set up for this kind of a scenario. Okay? And bureaucracy, the wheels grind real slow. The FDA is there to protect the American public from quack medicines and dangerous medicines. That's why they were set up in the first place. We've got a very fast-moving situation, a very dangerous situation, so the FDA has had to really change gears in order to accommodate our current needs and get these things approved quickly. So yes, I would say that putting these tests out has been slowed down to an extent by the FDA, but the FDA now is on a war footing. They're moving very quickly to approve these diagnostics. I would anticipate that they will do the same thing later in the year when we get some clinical evidence on these therapeutic and antiviral therapeutics and vaccines. So I think the FDA has a very different mindset right now than what it does normally, which is things are very slow. A drug can take 10 years from discovery to commercialization. There is a human cost in that. Drugs that might've worked in people are not available, and those people might die from things like cancer or heart disease or whatever. But at the same time there's a lot of stuff that the American public isn't protected from. So it's a two-edged sword when it comes to the FDA.

But like I said, the FDA is moving really fast right now on the diagnostic side. And hopefully, we can get through these clinical trials quickly this summer, which as I've mentioned, I think we will probably see some abatement in the infection rates as summer comes here to the Northern Hemisphere. All of the hotspots are between 30 and 50 degrees latitude, so you've got the temperate United States, you've got Northern Italy, you've got Iran, you've got Wuhan. Similar winter temperatures in all of these places, which is to say they're cold. Other countries we haven't really seen this exponential spread. I mean, the Philippines for example. Humid, tropical climate. They do have cases, but we haven't seen things occur there like in South Korea, which also gets a lot of Chinese visitors.

So I mean, I think there's some hope that this summer we'll get a breather. Things will slow down, and it'll give us time to prepare for next winter and really be ready when this, I think, re-emerges in greater strength once the weather cools down towards the end of the year.

Addison Wiggin: Okay. Just to summarize, just on the timeframe, you think that the vaccines will have gone through their trials and be ready by the end of the year or by this time next year.

Ray Blanco: I think we'll have some clinical data in hand by the fall for vaccines. Whether or not the FDA would green-light on that potentially somewhat limited data or not, I think will depend on the severity of the crisis. The FDA could definitely do an emergency authorization on something that's only been through phase one and phase two if it looks like it's safe and it looks like it works. Or they might insist on waiting longer. We just don't know right now what the FDA might do, although I expect it will be a lot more responsive than normally.

And the thing is there's also scaling and manufacturing. First responders. I mean, I would assume those are among the first people to get vaccines. We've got 24 million first responders in the United States. Cops, firefighters, nurses, doctors, emergency medical personnel, all of that stuff. That's 24 million doses you'd need.

Then you've got the older segment, at high-risk, of a population. That's millions and millions of people more. I mean, I think here in Florida, a big retirement place, right? I think maybe 20% or more of the population is over 65, some big number like that. So you're looking at what, maybe four or five million people, if not more. So I mean, that's a lot of doses that would need to get distributed. But hopefully, summer. That's when I'm hoping we'll see this thing slow down and buy us some wiggle room to get these therapies and vaccines out there to where they're needed.

Addison Wiggin: Okay. Real quick, because you just said it, what's the difference between a therapy and a vaccine? Vaccine is prior, and therapy is after.

Ray Blanco: Right. A vaccine classically is a prophylactic measure. It prevents you from getting infected because your immune system already knows what's coming. If it gets it, it deals with it quick. A therapy is something that's after you got infected to help you heal faster. Okay? There's therapies that will deal with the virus directly, like Gilead's or Regeneron. Okay? They block the virus directly or they … through different mechanisms. There's also therapies that don't deal with the virus directly, but maybe they tamp down a runaway immune response so you don't die. I mean, there's other companies working on that that are working on the …

There's other companies working on that that are working on the inflammatory side of the problem, sometimes even with existing drugs that have shown good results in lung inflammation for other indications like COPD and things like that. So, there's a lot of ways you can deal with somebody that's really sick that are coming up, with somebody that's really sick and they're in the ICU and their lives are in danger that we don't have right now, but we could potentially have by the end of the year. Immune system therapies, vaccines, that might take a little bit longer, hopefully not. But we could have some stuff here by the end of the year as well.

Addison Wiggin: All right, Ray. Hey, I want to thank you for the work you do, for one, you digging in on the science side.

Ray Blanco : Thanks.

Addison Wiggin: I'm going to move on to Zach Scheidt. He's going to help us with some capital protection and income strategies during the crisis. But I want to share, first, a personal anecdote. My sister-in-law is a respiratory tech at the hospital at NYU. Last night, overnight, so let's see, three days ago, they admitted 26 new patients. So, it's spreading through New York pretty fast. And she's convinced that just by running ventilators and stuff like that, she probably has it as well. It's probably worth a good shout out to the first responders on the medical side.

I know Ray that you talk about that a lot too, the people that have to get out and actually put on face masks and try to help people that are already infected. It's worth noting that those people are putting themselves in harm's way as well. They're also contributing to the spread. So, that's a confusing message for a lot of people who are trying to understand how the virus spreads through the community, but also it impacts the daily lives of the people who normally we depend on for solving the actual disease or helping us if we contract it. It's worth saying.

Zach Scheidt: Addison, this is Zach, and just along those lines, I read something that somebody wrote just this week about how they now view, if you think back to 9/11 and the pictures of the firefighters walking into the buildings and saving lives and just the ultimate sacrifice that that was, in a lot of ways we can think about the first responders today in a similar way. Those on the line to help mitigate this crisis and to help people who are in need. So, definitely agree with you on respecting and admiring what they're doing.

Addison Wiggin: Yeah. In my sister-in-law's case, she has been offered the opportunity to not come in and she's in there every day.

Zach Scheidt: Wow, what an amazing woman.

Addison Wiggin: Yeah, let me formally introduce Zach Scheidt. He's the editor of Lifetime Income Report and Income On Demand, both are investment advisories dedicated to finding Wall Street's best yields in normal times. We're going to talk to Zach today. Zach, we're going to talk to you today, how you're preparing your own family for the standard capital preservation because if the markets go down the way Graham is talking about, that makes it much more difficult.

But there's obviously going to be buying opportunities and that kind of thing. But if you're managing money over a long term and you're planning on income strategies, making money off the capital that you already have, what is the impact of a recession, for sure, and potentially a depression in the economy? What impact does that have on the strategies that we've been counseling people to take just in normal, bear and bull market times.

Zach Scheidt: Yeah, I think there's a lot to unpack there. First off, I do think that we're talking a lot about different time periods and how long this is going to take for us to move through the coronavirus issue and the coronavirus scare, and it's changing on a day by day basis. So, we were still getting a lot of information, and anybody who tells you they know exactly how this is going to play out is a fool. Nobody knows right now. It's a very fluid situation.

But at the same time, we can look at this and realize that, to some degree or another, this is a temporary issue as far as the health issue is concerned. Ray's talking about the projections for eventually being able to come up with a vaccine, and in the meantime, being able to come up with different treatments that can help mute the symptoms and help people increase survivability. I just have a lot of faith in the global and in the American medical system in being able to come up with things that are going to be life saving. I have faith in people like, was it your sister-in-law, who are on the front lines taking care of the people that are sick.

I do think that we are going to get through this. We, as Americans, we as a global community, are going to get through this and we'll be at a place beyond coronavirus where we're building and where the economy is rebuilding and where there are tremendous opportunities for us to grow our wealth and to grow our income and where retirement accounts are able to recover and people are able to move on with daily lives. In the midst of all of this, I think it's important not to lose hope. There are opportunities and there is hope moving forward.

And that's true on the medical side, but then it's also true on the economic side. As investors, we have to look through this kind of situation at how the economy will recover and how the markets will recover. One thing to keep in mind is that markets typically move well ahead of what's actually happening in the economy or what's actually happening on the ground. And the reason is because people make investments based on what they expect to happen.

If you think that a community is going to get community renovation, let's say, for real estate and they're going to build a big building and put a new Whole Foods in your neighborhood and it's going to really increase... Well, what are you going to do? If you're a smart investor, you may be buying real estate ahead of time, and prices for real estate will actually move higher well before that new shopping center goes in, well before the rejuvenation projects take place because people are getting ahead of that.

The same thing happens in the market, and so the market will certainly recover before we see a full recovery from coronavirus. I'm not telling you that we're at the low today, not telling you we're not at the low today, but I can't tell you that there is some forward movement in the market before things actually start to look better on the ground. And that's great for us because it gives us an opportunity to invest and to make money in the long haul as the economy recovers.

Now, I do think that there are certain areas of the economy that you want to be focused on because in the next 12 to 18 months of transition, as we move through this period, some of the companies who are more reliable in terms of the types of income that they can generate in good times and bad times when people are staying home, when people are moving around, those are the kinds of companies that I think the stocks are going to rebound and give us a lot more opportunity.

I do think we're going to get to a place where, when we look back, we'll be able to see that there really were opportunities in this market right now. So, preparing for the long haul, this is not a time to be panicking and selling out of everything that you have, but more to look at which stocks can I invest in? Which companies can I invest in where the underlying businesses are still stable even in a situation like this where a lot of our daily lives are upended and there's not as much going on as we are used to have happening? So, yeah, that's a big picture idea as far as how things work on the long haul.

Addison Wiggin: I have a question. I want to tie Graham's picture on the macro side to more strategy because you've all been working together for a long time. On the macro side, it looks bleak and the feds are trying to do what they're trying to do and the treasury is trying to do what they're trying to do. They're trying to pull the strings and the levers to keep the hope alive for the economy. In these kinds of times, how do you look at the big picture, and I'll tell you that, in my own investment strategy, I have been saying, "Okay, this is going to be ugly. But in the long term, as long as I'm positioned the way that I feel like I should be positioned, you just got to take your blows." Like if you're a fighter and you take a couple in the ribs, you could still win the fight.

Zach Scheidt: Right, yeah, I definitely think that's true. And to some degree, I think we've gotten a little bit spoiled, to a very large degree, we've gotten a little bit spoiled over the last 11 or 12 years. We haven't had a recession, we haven't had a 20% pullback in the market. And so, the first time that happens after a really long period, it feels like a huge blow, and it is. I'm not trying to minimize what's going on or to minimize the pain because it's certainly frustrating to have this type of a situation.

But Addison, this is not new. We've been through periods where the market has pulled back 20, 30% and then rebounded. And typically, whenever you look back at a time when the market has pulled back this far, it's been the beginning of a longer term expansion that was a beginning of a longer term wealth building process.

You asked for a perspective on how to manage money during this type of an environment, I do think that whole Nathan Rothschild quote that you should be buying to the sound of cannons and you should be selling to the sound of trumpets... There are a lot of cannons firing out there. And this is not the time to be selling wholesale. There are some areas of the market that are certainly dangerous and that we want to be out of. But this is not the time to be selling wholesale. This is the time to be looking for specific opportunities. Gold and silver are great opportunities for us to protect and grow our wealth in periods of uncertainty like this.

And then, also, stable dividend stocks are great ways for us to grow and protect our wealth during periods like this. And the cool thing about the dividend stocks that we follow, and that we're behind right now, are these companies are making money regardless of what happens in the economy because they offer products or services that people really need today, and they're making money from what they're offering people today. And that money is being paid out to investors on a day by day basis.

Those are the principles of investing, and those principles don't change just because of a dislocation like this. In fact, these principles are what help smart investors to be able to survive and even thrive through a whole cycle. And when I say a whole cycle, I mean we have the downturn and then we have the rebound. Or if you want to look at the other way, we have the expansion and then we have a pullback. But successful smart investors are able to survive through that whole period by being invested in some of these areas that help preserve, protect, and ultimately, grow our wealth.

Addison Wiggin: Okay, I want to ask you specifically about those sectors and/or companies that you think are going to help make our way through, but I want to paint a picture a bit first. It very much feels like we're entering into what they call the new normal, which is the fabric of our life. It's changing, and we're used to it because we went through... I remember when I first started working at Agora, I got a legal pad and a pencil. I was writing with a pencil on a legal pad. Nobody had computers or anything. We did Photoshop, not even Photoshop, we did the art boards. And then, you had to send it off to the printer and all that kind of stuff.

I talked to my kids about it and they think I'm 150 years old. This is going to be monumental for us, for our kids and the generations beyond. It's going to be much more life-changing. They're going to look back and they're going to have to learn about this in history and they're going to be like...

Zach Scheidt: Oh yeah, absolutely.

Addison Wiggin: You never took online classes?

Zach Scheidt: No, that's a really good point. Let me ask you this, the dot com expansion, when all of a sudden, everything started being online and we were able to communicate online, we were able to buy things online. That was a new normal, right?

Addison Wiggin: It became a new normal, but it didn't. Well, there was a period of time where we shifted from print to online. That felt threatening because they're like, "Oh, we're not going to be able to do business as we know how to do it."

Zach Scheidt: Right. And that's my point exactly. That changed the way business works. And then when the dot com crisis hit, it changed how people invested. You can't just invest based on eyeballs or how many people hit a website. And then, we had an expansion. And there were things during the 2000 period that just changed the way that we did business. There was cloud data that was kept, there was Moore's laws as things kept coming online and so forth.

And then, we had the financial crisis, and that hurt so many people who were expanding by building houses and spec houses and quitting their jobs and moving into real estate. And so, that was a new normal. And not to mention all of the different financial products that were launched and then failed and a new normal in terms of wall street and the way that we could trade.

And then, we've had new normals both on the positive and the negative side, in expansions where we think that the market just continues to move higher and people used to tell you, till about up to three or four weeks ago, that we're not going to have those crazy swings anymore because there are algorithm trading that comes in and helps to support markets or because the regulators are able to step in and keep things relatively sane. And then, now, we're seeing that's not true.

My point is that there is a new normal all the time. We're moving through history. Normal continues to change. But you know what, what stays the same is the fact that we continue to adapt, we continue to find new ways to prosper, we continue to find new ways to live within this normal, new normal parameters that we're given.

Again, I don't want to downplay at all this situation because it is severe and it is significant. We're even having arguments here at our house about who can stay home and who can go away and what we're doing to protect our health. My parents who are elderly, my grandfather who's 98 years old and he's certainly at risk and we love him. We want to make sure we're keeping ourselves safe to keep him safe.

There is a new normal that we're going to be living by. But we are used to new normals. We have transitioned through new normal periods, and I am very hopeful that as we move through this next new normal period, there will be areas of opportunity and that there will be a chance for us to come out on the other side growing, expanding, building instead of it just being a destructive type of a thing.

Addison Wiggin: Okay, can you lead us through that a little bit? We were just talking about this, but sectors that you're interested in and/or companies that can foresee these kinds of disruptions, and then help provide not only the solutions to these specific crisis, but will prosper on the upside.

Zach Scheidt: Yeah, absolutely. I've got a few in front of me right now just as I've been putting my notes together over the last few days and looking at what's holding up and where the best opportunities are. As you know, I specifically look at dividend stocks. Just for those of you on the call, a dividend stock is simply a company that makes enough money to be able to pay their investors a portion of those profits. If you buy shares of some of these stocks, they will give you quarterly payments, that's a portion of the company's profits.

And often, these stocks are much more stable than some of the other growth stocks, some of the more popular gross stocks, like a Facebook or a Netflix might pay or not pay, simply because these companies have more stable businesses and they give you two ways to make money. You can make money as the stock moves higher, but you can also make money simply by collecting the checks that come in quarterly, quarter after quarter from these companies.

The first one I wanted to mention is AT&T and I'll tack on Verizon as well. These are two boring companies so you're not going to get really excited. We know what AT&T does, we know what Verizon does. They're telecom companies that have very stable businesses. They actually have businesses that could profit from this type of situation.

Right now, all of us are sitting in different rooms in different parts of the country, calling in, and having them hosting this call for you guys. And we're using some of these networks to be able to work from different places and that's only going to increase thanks to the coronavirus, thanks to more people working from home. Honestly, even when we've got the coronavirus thing solved, there's going to be more and more people working from remote places and there's going to be more of a need for the services that AT&T and Verizon offer.

AT&T pay the 6% dividend, which is great. It didn't pay a 6% dividend a few weeks ago because the stock was higher. But as a stock moves lower, you're able to buy the same dividend for a cheaper price. AT&T not going to change or it's not going to lower its dividend simply because the stock price moved lower. AT& T still pays out the same quarterly dividend. And now, you can buy that stream of income for a cheaper price. Same with Verizon, which offers a 4.5% dividend yield. Those are two great ones that I really love right now just as more people are at home and utilizing these companies networks.

Another one is Pfizer, and then I'll also tack Procter & Gamble. Pfizer is ticker(PHE)_, and they have a 4.5% dividend. That's actually very attractive in today's market. Part of the reason that the company is very popular among investors is just because of the stability of this company. Whether or not Pfizer is part of the solution to coronavirus, I can tell you that they are not going to stop providing the medical equipment and medical supplies that everybody needs on a day to day basis. People are going to continue to need insulin. People are going to continue to need their dialysis treatments, people are going to continue to need all of the medical supplies that they've needed before. Plus there's even more demand now because of coronavirus.

Now, Procter & Gamble is a little bit different. They're a company that offers everything from the toilet paper that's sold out everywhere around the country to the normal household shaving creams, soaps, whatever that we buy day in and day out. Both of these companies have actually held up extremely well. Their stocks have held up extremely well even while many other stocks in the market have been trading lower.

And that just tells you that investors are already realizing that these two stocks are going to do just fine throughout this type of an environment. They've pulled back a little bit, every almost 10 per stock, trading on public exchanges has pulled back a little bit. But these are the companies that I expect to rebound more quickly, and the pullbacks have been much more mild simply because these companies have solid businesses that do just fine.

And one other one that I wanted to bring up is Apple, and that's ticker AAPL. Now, Apple just barely fits into my universe, if you want to call it that, of an income stock. They only pay a 1.2% dividend yield. So, they're not paying as much in cash as some of the other stocks that I really focus on. But they look really, really interesting right now after a pullback.

Now, Apple has been working really hard to transition from a products company to a service company and they're still both. They definitely have their stores and we've read a lot about Apple closing their stores and they're definitely reliant upon selling iPhones and iPads and some of the hardware. But Apple is very quickly building a revenue stream of service income. And that service income comes from Apple storage. If your storing your pictures or your data on Apple products, all of that's in the cloud and Apple will charge you on a month to month basis.

And they also had their app store where you can buy anything from end game purchases, which my kids are very fond of these days, as we're all sequestered at home, to important apps that you're able to use for productivity. We're downloading some apps here at work that are helping us be able to better cover the market and better communicate with each other. Those services should pick up as more people are sequestered.

Those are just a few of the names that are at the top of my list, that I really like in this situation. And again, just the whole theme here is that these stocks don't get hit nearly as hard as some of the other growth stocks. They are a great way to protect your wealth. And then, they also pay great dividends. So, you're getting paid to hold these while you're waiting for the market to rebound.

Addison Wiggin: Zach, can I ask you about two other related categories?

Zach Scheidt: Sure.

Addison Wiggin: One, web services is responsible for most of the revenue for Amazon over the past two and a half years maybe.

Zach Scheidt: Yeah, and I'm not sure whether that's revenue or profits because it depends on how you want to mess with the income statement. But yes, it's a very big part of their business.

Addison Wiggin: And so, when everyone goes online, like for example, my own son has to take his college classes online for the next semester at least there, is a huge bandwidth and cloud demand. There are companies that are positioned to handle that demand or ramp it up. Do you have an opinion on it?

Zach Scheidt: Yeah, I do. I really like Amazon, and Google will some benefit from that as well. Although Google has some other more risky areas that could offset that. There's some data centers, stocks and we can talk about those. We actually talk about those for Lifetime Income Report, the dividend newsletter that I write, but data center stocks that actually house a lot of this data and house the servers that Amazon web services or Google or some of these other cloud companies host their data on.

And so, there are lots of income opportunities that are tied more closely to those opportunities. One of the things that I would say is that Amazon doesn't pay a dividend. That's just an area that I really like. I like companies that pay us on a day to day basis or quarterly basis, and Amazon doesn't do that. They reinvest their profits right now back into their business so they can continue growing their business. And so, that's why I haven't spent as much time researching that particular stock.

But yes, I believe that there's going to be a lot more demand for those. Even after coronavirus is over, companies are realizing now just how prepared they need to be and how they need to have their businesses available for people, for their employees and for their customers to be able to log in and take advantage of the company's technology wherever they are.

Addison Wiggin: To me, that's good advice, not to look at Amazon as an income possibility.

Zach Scheidt: Correct, yeah. Amazon is not going to pay you a quarterly dividend. On the other hand, a company like Iron Mountain, ticker IRM, this is a company that actually store data in secure places for companies like Amazon or for individual companies that are in charge of their own data. Iron Mountain actually pays a great dividend.

I'm pulling up their yield right now because it changes on a day to day basis based on where the market is, but they're currently yielding somewhere between 7-9% depending on where the stock is trading. And that's just a result of them being able to collect cash from some of these companies that need to store their data and need to process data offsite. I think that some of the areas like this could be better income opportunities even though they're driven by the same things that are driving Amazon web services and that business.

Addison Wiggin: A lot of these things were in the works, and it was on the planning table. But now, it's going to be in hyperdrive and the companies that come out of this crisis are going to be ones that had been planning that is entirely conducted online.

Zach Scheidt: Right. And we've been moving in that direction anyway. This is not a new trend, but coronavirus certainly accelerated that trend. And so companies that were already ahead of that curve are the ones that are going to, I think, do much better as this market recovers.

And one thing I did want to point out if I could, and this is a little bit of a tangent, but I think it's really important for us to realize these investors. For a long time, wealth managers, money managers and Wall Street in general have been telling us to invest in just the broad market. Just by an S&P 500 fund or index investing where you're not looking at individual stocks, you're just looking at the whole market.

And so there is a ton of money that float into these index funds and people just hold the market. They don't even look at individual stocks. This is really lazy. It's lazy investing. I'm going to say it and maybe that's not politically correct, but it's just Wall Street saying, "We want to charge you fees, but we don't want to do any work for it."

Well now, all of a sudden, we got this crisis. People are worried. They're pulling their money out of these funds that invest in everything. And these funds that are buying stocks left and right for no reason other than this is part of the S&P 500 so I have to buy this stock. Now, these funds are liquidating everything.

And so we're seeing an interesting period where everything is selling off, but not necessarily everything is damaged. We just talked about some of these stocks that are doing just fine. AT&T, Verizon, a Proctor & Gamble is selling more toilet papers they can get their hands on right now, but those stocks are being sold simply because everybody is bailing out of "the market."

And so that sets up a tremendous opportunity for people who can actually look through the fog and say, "All right, this company is not being hurt. This company actually deserves to be part of my portfolio and I'm going to invest in this company instead of the market."

And this is a great opportunity to be able to pick up really good quality companies at a discount simply because everybody else is panicking because everybody else was lazy when they were making their investment strategy over the last 10 years.

Addison Wiggin: Yeah. So, another way of saying that is companies that you like just got cheaper.

Zach Scheidt: Oh, absolutely.

Addison Wiggin: All right. I'm going to ask you a quick question about treasury bonds, because treasury bonds have ... I asked Graham earlier, have traditionally been a flight to safety trade. You factor that into a long-term income strategy or capital preservation. You have money and you want to make money off the money that you already have, but you don't want to lose it.

Zach Scheidt: Yeah. So, I think long-term treasury bonds are really dangerous right now. And so really quick, let's talk about the difference between long-term treasury bonds and short-term. Short-term treasury bonds are a lot closer to what the fed is able to control by lowering or raising their target interest rates. And short-term treasury bonds are paying very, very little right now, like a very small fraction of a percent. And that's an annual basis.

So, if you buy a one-year treasury or even a six-month treasury, you're not getting paid jack squat for it. So, I don't think those are great investments, but you're also not going to get hurt much because they're going to mature in a very short amount of time and then you can use that cash to buy whatever you want to. So, short-term treasury bonds are basically a way to park your car in a parking lot. They're not going to hurt you, they're not going to help you.

Long-term treasury bonds are very different. Long-term treasury bonds, and I'm talking more about the 10-year treasury bond or 30-year treasury bonds. These have moved sharply higher over the last several weeks and it all ties back to what we were talking about on the macro side and the fed cutting interest rates and people moving money into a safe haven and it's driven the prices of these long-term treasury bonds higher.

We're at a place now where you are not getting paid to hold long-term treasury bonds. In fact, you are guaranteed, I think. Maybe not guaranteed, you are very highly likely to lose money if you buy longer term treasury bonds right now, because interest rates are going to start moving back up to somewhat more normal levels. Maybe they won't move up to where we saw them a few years ago or several years ago, but they're not going to stay at these exceedingly low levels that they are right now.

What you need to know is that if you own treasury bonds and interest rates move higher, the value of your bonds right now will move lower. So, these are no longer … In my opinion, these are no longer a safe place to park your capital. You've made a tremendous gain in these longer-term treasury bonds over the last few weeks. I think it's worth taking those off the table.

And this is also true if you have a long-term treasury bond fund. Many brokerages like Fidelity or Schwab or E-Trade will put your money in a longer term treasury bond fund while it's sitting in cash. I would definitely pull it out of there. You probably did very, very well with those, but a longer term treasury bond or longer term treasury bond fund right now has very little return and very much risk. That would be a good place to move that into some of the other safe haven opportunities that we're talking about right now.

Hard Assets Alliance. We talked about gold and funding that account. Gosh, what a great opportunity to be able to take some profits from a long-term treasury bond that was your safety net that worked out just the way it was supposed to and it made you a bunch of money to now move it into another safety net that's got a little bit more potential to move higher and a little bit less risk than what we're seeing in long-term treasury bonds right now. Does that make sense? Did I explain that all right?

Addison Wiggin: Yeah. Just like a barbell trade. The reason we're seeing that too is that treasuries went up 37% on Tuesday. So, that's like unprecedented, right? We're using that term too, but that means that … If I'm interpreting what you're saying correctly, that the price went up higher than the return could ever be because people are flowing into that trade. And if you could sell into a rising market, then you could take that money and put it into a market that's likely to rise over the course of the crisis.

Zach Scheidt: Yes.

Addison Wiggin: And gold and silver and precious metals are the ones that people … First, they go into treasuries, then they go into precious metals.

Zach Scheidt: Yep. I definitely think that's true. And you hold long-term treasuries because you expect them to move higher in a time of crisis. They did that. So now, go ahead and harvest those gains. You planted the field, the crop grew just the way you expected it to. Take those apples and run with them. Put them to work somewhere else.

Addison Wiggin: If they grow that fast overnight.

Zach Scheidt: Yeah, exactly.

Addison Wiggin: It's interesting. Okay, Zach, I have a personal question for you, if you don't mind.

Zach Scheidt: All right. Sure.

Addison Wiggin: You have seven kids.

Zach Scheidt: I do, and one just popped beside me in the door and saw that I was on the phone and hopped back out. I can't get away from them. I'm sequestered.

Addison Wiggin: Yeah. So, what's that like? Well, how does that feel?

Zach Scheidt: We're doing all right.

Addison Wiggin: I have three and that's enough.

Zach Scheidt: No, they're all keepers. So, we're thankful for every one of them, and we're hanging in there. This week, the kids actually started school at home. And for the most part, it's been pretty smooth sailing. I will tell you that the little kids, I've got a first grader and twin fifth graders, they're having a lot more fun than the teenagers. So, they're getting online and they've got a virtual classroom where they can talk to their friends for 10 minutes before the class starts. They're enjoying that as well.

Whereas the teams are kind of rolling their eyes at me and saying, "Dad, we can't go to our friend's house. What's up with that?" Thankfully, they've got FaceTime or Snap or TikTok or whatever it is, the newest app that they use to talk to each other. But I'm definitely playing a little bit of referee when it comes to the teens and whether they can or can't go somewhere.

But we're trying to do our part as far as the community is concerned. I don't want them to be fearful. I don't want us to be scared. I don't want us to change our lives. But at the same time, we're at a place where this is a dangerous situation and we don't want to take a risk of spreading the virus within our community. So, it just makes sense for us to have some good stay at home time together and spend time alone with our family. We're not exactly alone if you count all of us.

I did have to laugh. So, I went to Costco earlier this week and I was getting just all of the normal groceries that we get on a weekly basis. And I kept getting these kind of death stares from people who were looking at me and I felt like I was getting judged. And then I realized what they were thinking. It looked like I was one of those hoarders who was buying as much stuff as they could and take it home and not leaving anything for other people.

But that's not true. This is just the normal weekly grocery shopping for us. So, I had to laugh. I wasn't being a hoarder. It was just a normal one week worth of stuff for our big family. But honestly, I'm really looking forward to just making some good memories with the family while we're here together. We've got a few weeks that we'll look back on fondly I hope.

Addison Wiggin: Hopefully. And let's hope that when you go back to Costco they'll have stuff on the shelves.

Zach Scheidt: Yeah, exactly. Ours was not too bad. We live outside Atlanta and I think we're far enough outside the main city that they were able to keep the shelves relatively well-stocked. Maybe I shouldn't have said that on this call. We'll get hit by everybody coming outside Atlanta to pick up their groceries.

Addison Wiggin: Well as we're talking, I'm looking outside the window and it's like a beautiful spring day. Normally, we'd be hanging out on the deck and not worry about a lot of stuff, enjoying our lives, but it's like a surreal component. Like streets are empty and people are fearful. It's kind of weird.

Zach Scheidt: It's a different situation for sure.

Addison Wiggin: All right. Thank you, Zach. It's always good to talk to you.

Zach Scheidt: Absolutely.

Addison Wiggin: I'm going to move on now. Actually, I do want to bring up again to people that are listening who already have a Hard Assets Alliance account. A lot of the stuff that we're talking about, including Zach, who's an income specialist, is talking about being able to move in and out of gold..

So, we're trying to convince you... however long the pandemic lasts, however long there are restrictions on bars and restaurants, however long you have to spend in your house with your family, you will be able to trade in and out of the safety net that we have provided. The only way to do that though is to put some money into the account and listen to us, so that we can give you recommendations on what's going up and what's going down.

It's just like the politicians are saying in all their press conferences. It's a fluid situation. So, we want to be able to give you the platform you can use to execute the trades and the ideas we are recommending. We're also bringing Jason Hanson on right now to talk about how to protect and prepare your family.

The situation's getting more urgent by the day, so the ideas Jason is going to bring to the table are going to be useful in the way that you think about your household. How it works and how the people you love are prepared to deal with an ongoing and fluid situation.

Jason is a former CIA officer and founded the Spy Escape and Evasion Company. The way Jason describes his mission is he wants to teach each one of us how to be safe using the techniques that he learned as an officer in CIA. The things that every citizen in a crisis like this should know, but most of us don't even think about this stuff most of the time.

Jason wrote an interesting email earlier this week. The subject line was people used to think I was paranoid now they think I'm laid back. So, I wanted to just kick off the conversation with Jason by saying, "What do you mean by that?"

Jason Hanson: Well, what I mean by that is I'm always been for preparedness. So obviously, the CIA makes you very preparedness minded, and I've always had a year's supply of food. So, I got a year's supply of food storage in my basement now. I have a month's supply of water. I've got water filters. I've got generators. I mean I can sit in my house for the next 30, 60, 90 days and not leave if I didn't need to.

So, back in the day, everybody would say, "Oh, that's crazy to have a year's supply of food." Or, "That's crazy that you've got 50 gallon drums of water stored in your basement. You're out of your mind." And then now, my phone was ringing off the hook and people are asking me questions and then they're like, "Jason, why aren't you freaking out? Why aren't you rushing and getting 8,000 rolls of toilet paper like everybody else?" That's because I don't need to do anything.

I mean, I again can literally sit in my house for as long as need be because my family is very fortunate that we have every single item we need. And now, I thought I had it bad. I've got five kids all ages seven and under, but Zach has got me beat. So, besides keeping the kids from going crazy, I mean we have every supply we need to survive this.

Addison Wiggin: It seems like for most people that the pandemic kind of rushed up on us. But you have taken a different point of view probably from your training, right?

Jason Hanson: Correct.

Addison Wiggin: Prepared at all times. So, if everyone else freaks out, you're in a good spot and you can take care of your family. And you live in Southern Utah, so what's it like there right now?

Jason Hanson: So, we had a big earthquake in Utah. My family is far enough away that we're fine, but we got several inches of snow last night. And even though I live in a small community and most people are very prepared and conservative, last night just for the heck of it, I decided to go to Walmart.

Again, we don't need anything, but I got out of the house. I'm going to go walk around Walmart. I want to see what other people are doing. And it was amazing how bare the shelves were. I mean, all the hotdogs are gone, all the hamburgers are gone. There's that one piece of bread that clearly somebody did something wrong with it, because nobody else has touched that loaf of bread. But all the other loaves of bread are gone.

So, it was completely wiped out. And we know that the shopping centers or the grocery stores only have about a three day window of food. Again, I just walked around for the heck of it observing. But even a small town in Utah where most of my neighbors are like me, it was still completely wiped out unless you want to get Cadbury eggs, which I absolutely loved, so I did stock up on those.

Addison Wiggin: So, it's a little bit late because the crisis has already even reached you. I do want to ask just for the future, what types of things should people be stockpiling? Or you call them bug-out bags. What kinds of preparedness is a normal level for a crisis that might last like six or eight weeks? That's what we planned for, six or eight weeks. And then I wanted to get your opinion, based on this conversation ant the stuff you've been reading. How long do you think this is going to last?

Jason Hanson: Sure. Yeah. Obviously, I'm at one end of the extreme, having a year supply food, but I think at a minimum you ought to have 60 days. And what I tell people is that 60-day supply is the unsexy food. So, it's not going to be the food where you can go buy a frozen pizza. Or if you're going to go buy brownies or whatever, you want food in #10 cans because that's what's going to last you 25 years in war and you want rice. You want beans. You want the potato flakes. You want onion flakes. You want your wheat, your white wheat, your hard wheat, all your various types of wheat. So, get that.

And that's what the majority of my food stored is, is those large #10 cans. I do have some regular canned food like a beef stew and that type of stuff that we rotate through, and then I have the pouches. So, the pouches you've seen when you go hiking or camping and just rip them open and pour hot water in. So, I've kind of got those cans, regular canned food you buy at the store. #10 cans, regular canned food, and then pouches. And that's how my year's supply is divvied out.

So, I'd say there's still plenty of that you can buy today. You're not going to go to Walmart or the grocery store and again buy frozen pizzas or whatever, because that's already gone, but you can still buy rice. There's still places online where you can buy cans of rice or bags of rice or cans of wheat. All the food that is just not exciting enough to most of the public.

So, that's what I would recommend is just getting your food, your water filters, everything that you need so that if somebody said to you, because we're kind of looking like it, "Hey, you can't leave your house for 60 days, but you could sit in your house for 60 days. Have every needful thing, whether it's batteries, flashlights." And that's what I would recommend too. And since we all have plenty of spare time these days, take the time now to say, "What do I need to literally not leave my house for 60 days?"

Addison Wiggin: So, as people venture out into grocery stores, because you can still do that in most places. They pretty much locked down New York City. Baltimore is shutdown for the most part. But you could still go out ... Actually, we have one colleague who lives in Paris and the only reason you can leave your apartment in Paris is if you have a note that says you're on your way to the grocery store. So, the grocery stores are still open for the most part. What you're recommending is just buy what you can to sustain over a multi-week period.

Jason Hanson: Correct. I mean, I always believe in preparing for the worst and hoping for the best.

I mean, several years ago, because I'm self-employed, my family and I went through a very financial difficult period and we had to live off of some of our food storage because money was that tight because of finances. So, it wasn't a catastrophe of global event like we're having now. It was just a Jason Hanson family personal crisis. But I was grateful to have my food storage so we could keep feeding all the family.

So, that's what I would always plan on is just pretend, play the "fantasy game" where you can't leave your house for 60 days and could you really make it and you can still buy stuff online, Amazon, wherever, to start getting those supplies now.

Addison Wiggin: Now, let me ask you a question. When you were training for the CIA was that part of the training? Or is this just something that you were interested in because of all the information that you learned about the way the world works?

Jason Hanson: Yes. So, I was more of a boots on the ground guy. I wasn't the analyst, but it's always interesting to me and has been in my DNA. So, I was an Eagle Scout growing up, did all the Boy Scouts stuff, when other guys are running around and picking up girls. My buddy and I were still shooting each other with BB guns in the woods.

So, I've always loved protection, survival type stuff. Then with the agency, we did have our bug-out bags. We did have our continuity of operations, our COOP plan for if something crazy happens. And so I've always loved making sure we had all the gear, we had all the communication, we had all the radios, whatever we needed. So now, in my private business that I run, it's just kind of a natural extension, but I always think about that. I always say, "Hey, if this shuts down, what do my family and I need?"

Just to give you a quick story. Not too long ago, we went hiking at Arches National Park. And so, of course, I had several bottles of water because I always have backups. Well, we get to the top of Arches and if anybody has never been there, you've got to be extremely careful because there's a huge drop off. Just last year, a man and a woman died. They fell over the cliff edge and it's hundreds of feet down.

So, I've got my kids, they're sitting there, they're not allowed to move unless they're holding my wife's hand or my hand. And my five year old son says he needs a drink. Well, I hand him the water bottle. He pretends like he's going to throw it back to me and I said, "No, you hand it to me. Do not throw it."

Well, I turned my head to look at my wife and all of a sudden this water bottle goes flying past my head and it ends up just trickling down the sandstone and falls in this huge pit hundreds of feet down. So, I glared at my five year old son and said, "Hey, I told you to hand it back to me." But that's what five year old boys do.

And it was a water bottle that was probably 95% full. Well, I still had several other bottles just in case. So, the whole point of that is stuff is going to happen. Stuff is going to break. I have multiple water filters in case one fails. So, as you're planning now your supplies always have backups. I have a lot of stuff that I have to open with a can opener. So, of course, I have multiple can openers in case one of these break. And I also have electric can openers, but the manual can openers too in case our electricity is out. So, plan duplicity for everything.

Addison Wiggin: I know you just named a few, but name stuff that's in the bug-out bag.

Jason Hanson: Yeah, sure. So, I've got flashlights. I've got knives. I've got guns. I've got ammo. I have battery banks so I can charge my cell phone or so I can charge whatever needs to be charged. I have several different water filters. For instance, Chlor-Floc, C-H-L-O-R-F-L-O-C, just Google it. The military uses a version of it. It's like a powder. So, if heaven forbid you've got water that's not purified, you can pour that in there, let it sit for, I can't remember, 20 or 30 minutes and drink it.

So, I have multiple ways to filter water. I've got multiple ways to start fires. Because I'm in Utah, like I said, it snowed several inches last night. If we need to have a fire, I have Swedish FireSteel. Again, just Google that, but Swedish FireSteel is what the Swedish military uses and it's a great way to start a fire in the event your good old BIC lighter isn't working.

I've got more dryer lint at home than is needed. Every time my wife does laundry, we just throw that dryer lint in a bag. That way if in our vehicle we have our bug-out bags are at home and dryer lint is obviously a great way to start fires. We have radios in case we need to communicate with each other. BaoFeng, and I always butcher their name. It's not how you spell it, but close enough. So, we've got numerous radios, we got satellite phones. So, I am on one extreme of a scenario, but we have everything we need.

Addison Wiggin: All right. So, one last question. If you have not prepared, and we're this far into the crisis, so it's been moving pretty quickly for a lot of people that had not practiced preparedness up to this point. What is your number one recommendation right now?

Jason Hanson: My number one recommendation is to go online and buy all the unsexy food that nobody wants and is still available. So, survival food like white rice, like wheat, like potato flakes because everybody is rushing to Walmart as I said, and get the good frozen pizzas or frozen hotdogs. Get the food nobody else wants. The staples that will sustain you.

We have to remember that it takes human beings to run a lot of our infrastructure in this country. So, if water plants, water treatment plants go down, make sure you buy a water filter. And then it's always the survival tier. Meaning you got to have shelter. You got to have food. You got to have water and then you got to have protection. So, make sure you have all of those things covered. If you haven't yet, you can still buy all this stuff online at the moment.

Addison Wiggin: All right, thank you, Jason. Any additional advice that you'd like to give from your perspective that even intelligent, prepared people in your experience may have not thought of yet? Especially if the financial crisis turns into what I would call social instability.

Jason Hanson: Well, I'd say that I have somebody who lives in Las Vegas, close friend, and they were saying everybody just got laid off and they're worried about the craziness, the looting and all that. So it will happen. It's horrible. It's the worst. And so I always say, Listen, you can have all the food, water in the world, but if you can't protect your family, for me that's guns. Lots of guns. For other people, it may be a knife, a baseball bat, a club or whatever, but if this goes long term, which it likely is, people who can't feed their families because not everybody has food storage, obviously, they will do horrible things to get what they need. So I'm not trying to sound too grim here, but make sure you have ways to protect yourself in addition to food and water.

Addison Wiggin: I think that's good advice. We went to your outfit in Utah, like a year and a half ago?

Jason Hanson: Yeah.

Addison Wiggin: And did some readiness, preparedness training, readiness training, and we got to shoot guns and we talked about ways to prepare in case the shit hits the fan. And the shit has hit the fan. We're in the early days. My son was here for 48 hours and he was already getting cabin fever. The young ones, they can't stay in. They're used to going wherever they want. It's part of our society. You get to do what you want. When we get a couple of weeks into this, that is going to amplify, but there's also going to be people that can't get supplies and stuff that they need. They're going to start venturing out to do other nefarious things. That's just what I believe.

Do you have any experience or perspective on how long sequestration or anything like that goes before people start losing their minds?

Jason Hanson: Well, I mean, this is a wild guess, because every situation is different, but usually it's two weeks. But it's also because what are the other situations? Meaning, Hey, I just lost my job and I don't have food so I can't find food. But even if I did, I was making $10 an hour at the roulette table at the Wynn or Caesars Palace.

So it's a whole combination of things, meaning this was a horrible, perfect storm where it's not like, Hey, I just need food, but I've still got my job. Everything is coming together. So I'd say two weeks from now, from the date we're doing this, is when it's going to get bad, when we're going to see extreme looting, when those people are going to run out of the food they have, because most people don't have much food in their house.

Inner cities are going to be the worst because it's so densely packed, which is why one of the reasons I moved to a small town in Utah. Any big city population, that's where it's going to get worse. And that's where people are going to start saying, Hey, where can I go break into? What store can I throw a brick through or what homes look nice and, Hey that looks like a rich person's home. They probably have food. Let me go break in there.

So yeah, I mean, it's undoubtedly going to happen, which is why stay home, use common sense. Don't venture out into areas it is happening. Yet, if somebody tries to kick in your front door, be prepared to stop them.

Addison Wiggin: I have a fire poker right next to me, and I have one of those big flashlights that the cops use. What are they called? Mag lights?

Jason Hanson: Yes.

Addison Wiggin: I have one of those stationed right next to the entry to the second floor of my house. I don't have any firearms. I learned from your camp that I probably should have one, but I chose not to go that route, but I do have a way to protect the people who live upstairs.

Jason Hanson: I would recommend an AR 15, but hey, at least you have something. It's better than nothing.

Addison Wiggin: I've been offered a few. Let's move to the lightning round. I just want to remind people who are listening that the reason you have access to this conversation, the summit on the macro, the science, the capital preservation and the safety aspect of the coronavirus outbreak that we're enduring right now

It's because you've opened a Hard Assets Alliance account, and the next thing you need to do is to fund it. That way when we recommend how to move in and out of gold, silver, and other precious metals, you can do it easily. The platform is great.

It's so good that we invested in the platform itself. So we own part of the platform and we only do that when we believe that it makes it easier for the advice that we want to give to execute.

So that's exactly what we're asking you to do now, fund your account. especially in a time of crisis like this, which we have been writing about for years. We've managed to go through the tech wreck, the housing wreck, the commodities crash, and now we're facing unprecedented levels of crisis with an epidemic that nobody saw coming.

It's the black swan event of our lives. Nobody remembers anything like this happening.

We want you to fund the account so that when we make recommendations on what to do, you can do it quickly. So with that in mind, I'd like to go into what I call the lightning round.

And I'm going to start with Jason since we were just talking to Jason. Do you have any opinions on safety the other precious metals like platinum, Do you have any market insight there?

Jason Hanson: I mean I can tell you that cold, hard cash, cold, hard, hold in your hand coins, you got to to have some of that. So I don't care who you are. If I have a nice gold coin and I'm going to give it to you for something or I have a hundred dollar bill, you're still going to take it. So as always, always have some assets that are hard sitting in a safe. I've got a very large gun safe in my house. It's fireproof and I have several hard assets there in case I need to trade and reuse them.

Addison Wiggin: Zach?

Zach Scheidt: Yes sir.

Addison Wiggin: Let's go. What do you think about preserving your capital in gold or precious metals?

Zach Scheidt: Yeah. So my advice to our readers has always been to hold some physical gold or silver precious metals in a safety deposit box or a safe in your home as a way of protecting your wealth over the long run. So that's not new. It's not something that I think is different in this environment than you should always have some physical gold that belongs to you, because that's historically been a great way of protecting your wealth.

But then there are times when it makes sense to add extra allocations to that area, simply because it's a positive environment for gold and silver. This is definitely one of those times. So we're at a place right now where we talked about the fed cutting interest rates, and not just the fed, but this is a global thing where central banks from around the world are working together to cut their rates.

And what that does is when you have rates cut on currencies all around the world, it means that the value of those currencies typically drops, simply because there is less of a reason why you would hold those currencies because you're not getting paid interest for holding those currencies.

So that naturally drives the price for gold higher. It naturally drives more demand for gold and silver and other precious metals. So this is a time when I recommend my readers actually take something of a trading position in gold and silver.

So this would be in addition to your normal, you can think of a core position that you would hold for the long term to protect your wealth. And then you could think of this as an additional trading position that you would buy for a period. Maybe it would be six months, maybe 12, maybe two or three years, as we get through this process. As the whole thing works its way through the financial system.

But this is a really important time to be building an additional oversized position in gold and silver. So that's my perspective on precious metals right now.

Addison Wiggin: Yeah. And the best way to do that, in our view, is through Hard Assets Alliance. And since you already have an account, it's a good idea to fund it now.

So Graham, what do you think of gold, silver and precious metals in the wake of very strong volatility in the markets, and what is likely to be full blown economic crisis?

Graham Summers: Sure. So the problem with precious metals in general is that they tend to get whipsawed a lot as people have to de-leverage and get margin calls.

So for people like you and me, Addison, and when we own these things, we're investors who buy and then hold. Hedge funds are guys who have clients who gave them the money to manage. And when you get these kinds of crises, hedge funds and other funds start getting clients asking for redemptions, meaning they want their money back, and in order for them to give the money back, they got to sell something. So what are they going to sell? They're going to sell their winners, which in the last little bit of time, gold and gold miners and those sorts of things have been really fantastic. So that's why you're seeing liquidations in that space right now.

And we saw this in '08 too. The problem is when you have crises, everything just gets sold. But from a fundamental perspective, what's rather interesting is gold actually held up remarkably well, Silver's gotten hit a little bit worse again because of the liquidations I was talking about.

But from a fundamental perspective, going forward, when you've got governments launching trillion-dollar stimulus plans, you've got the talk of helicopter money, you've got the Federal Reserve, just printing money, doing repos every night to the tune of 500 billion.

That's all highly inflationary and long term that's going to benefit gold. So if you use sort of 2008 as a proxy, gold sold off very badly during the meltdown mode. But once things started to stabilize, gold really ripped higher and when from, I believe it was almost $850 per ounce to an all-time high at the time of, I think it was around $1700, $1800 per ounce in 2011. So you're talking about a really dramatic run in the space of two years once carnage ended.

So for anyone listening, if you've got a stomach of steel and you're willing to weather this, then now's an okay time but it might be a better idea to be watching this thing on the sidelines, especially if you're talking about the miners.

If you're talking about owning gold or silver bullion, you know that you're actually owning a physical thing that you can just sit on and you're not really checking the price because getting rid of it, you got to ship it to somebody and get it sold.

But things like miners and stuff, I would probably be steering clear of, unless you've got like a really big stomach for volatility. But the good news is whenever the bleeding stops and the carnage calms down in the financial system, everything that the policy makers are doing are going to be highly beneficial to precious metals.

And my personal view is we're going to see gold well above all time highs, soaring in the future, but that's likely a little bit down the road from where we are right now.

Addison Wiggin: Thank you Graham.

Graham Summers: No problem Addison, take care.

Addison Wiggin: As you know, you're on this call because you've opened an account with Hard Assets Alliance. After opening your account, you received a series of emails on just how easy it is to put funds into that account. That allows you to buy and sell gold in reaction to both our recommendations on what's happening in the market and your own personal investment strategy, so you can choose whether to trade in and out of the market as it moves up and down on volatility, which we've seen a lot of lately.

Or you can build your own defense against a long term financial impact from the coronavirus. That's exactly why we held this event because you're already in a position to use your account to move money back and forth in an easy manner either if you feel like stocks are going up, you can take it out of gold and silver, precious metals, and move it into stocks or vice versa.

You can sell stocks and move it into precious metals.

That would be the trading aspect. Over the long term, we expect gold to go up in response to all of the events that are happening in the market right now.

Prices are still reasonably low. We expect them to go higher. This is a good way to take a portion of your investments and move them into a secure account, which we expect to rise over time.

The best way to do that is to fund the account that you already have, and you can do that just by clicking on the link below this audio.

You also have the option of following the emails you've already received once you opened the account.

A third option is to give Hard Assets a call and have them walk you through the process of funding the account.

I urgently suggest that you fund your account today. We're going to be making recommendations that will be much easier for you to execute if you've already funded your account. Simply follow one of the 3 options I just told you about: click the link below this video, follow the email that you received when you opened your account, or call Hard Assets Alliance to fund your account today.

Thanks for joining us today and we wish you and your family the best during these uncertain times.