

CLIENT

INFORMATION BULLETIN

DECEMBER 2024 — The Investment Cycle Ahead

With compliments:
TENNI & ASSOCIATES

Ph. 9720 9880

grant@tenni.com.au
www.tenni.com.au

The Road Ahead – The Blueprint

Since learning about the Investment Cycle in 2009, the information we have provided to our clients as to where we were in the cycle, what would happen next, and how to make the most money, has been unerringly accurate.

The following lays out the likely road ahead. We cannot guarantee the exact timing of the next major crash. However if the cycle continues to turn over the next few years with the same rhythm that it has to date, which is exactly how it has turned in past cycles in the USA since 1800, then we have a pretty good idea when it is due to crash. After the next major crash, ala the crash of 2027, we want you to think back and say to yourselves, “ah, that forecast Tenni & Associates provided to us in 2024 turned out to be spot on! I wonder how they can help us, and our kids, to make a heap of money coming out of this new crash?”

Don't be like most people at Financial Planning Licensed Dealer Groups who believe that, the fact that there has been a crash in land values in the USA every 18.6 years on average since 1800, is a “coincidence”! Seriously!!

I heard Phil Anderson on 3AW in January 2009. Purchased his book and have been “Reading Economics” since.

I commenced passing on the forecasts in 2015. We are now a very unique accounting firm.

In 2015 we started warning that the next recession was due around 2019/20.

In 2017 we explained how a property development could build your wealth. Those who followed our advice in the following years saw an increase in their wealth of well over \$1 million. Way

more than they had built up in their Superannuation over the previous 30 or 40 years of working.

If the current 18 year Investment Cycle continues to turn in the same manner as every other 18 year cycle in the USA since 1800, then we are heading towards a peak in land prices around 2026 and a crash during 2027/28. No guarantees, but the current cycle has followed the 1990-2008 cycle exactly. Given the horrendous people in Government around the world, there is no reason to think the cycle won't continue in the same manner.

www.landcycleinvestor.com

Catherine Cashmore is an expert on the cycle, is friends with Fred Harrison, and has written on the Investment Cycle for years. Catherine is President of Prosper Australia and is highly sought after by the media.

Catherine's LandCycleInvestor is set up to educate Australians in particular, about investing in Australia, in conjunction with the knowledge and influence of the 18 year investment cycle. Lots of free information and a very affordable subscription.

There is also a lot of free information on the following web site, which shows where we are in the cycle, what is coming, and has been unerringly accurate in its predictions.

www.propertysharemarketeconomics.com

An investing book that could well be the Hand Book for your children over the rest of their working lives is definitely worth buying. Akhil Patel has published his book “The Secret Wealth Advantage”. It maps out what happens at each stage of the cycle, and the ideal thing to be investing in at each stage. In 4-5 years time if you have read it you will have actually experienced events repeating that are always easily predicted in advance during the Investment Cycle. You may then

realise that the people who flick them off as just being coincidence, either know nothing, or have a vested interest in not wanting you to know!

So, what comes next?

It didn't really matter who won the US Presidential Election. Both parties were set to instigate policies that result in increased lending for houses. Credit Creation policies. Lend more, people pay more, housing goes up in price and becomes less affordable. And poverty worsens. It's not rocket science. It's the economy!

Shares

As forecast, (December 2023 Newsletter), 2024 turned out to be a very good year for the share market. Small companies started to show some very strong growth. They had lagged behind the large company indexes by a factor not seen for many years. As it is smaller companies that become the bigger companies of the future, those are the ones with the greatest potential for significant returns. We expect to see that sector perform better in 2025.

Historically, a Presidential Election year is a very good year for Shares. Tick that, History repeated!

Good growth is expected during 2025 and very likely to continue into 2026.

REIT's, Real Estate Investment Trust's, as expected, (December 2023 Newsletter) had a much better year in 2024 than the previous couple of years.

It is not too late to collect the gains from the last couple of years of the Cycle. The bells are ringing to invest.

Around 2025 to 2026:

Activity slackens, but confidence remains high, warnings of an impending land crash are dismissed by Government leaders

Foreclosures and bankruptcies increase, although the general public are unaware. They don't really want to know as they are celebrating life never having been better. 2020 is long gone.

Around 2027

Stocks enter a bear market from past all times high

Credit creation institutions reverse their lending policies, no lending.

Economic activity stalls

Around 2028

A general wipe out of debts and stagnation in the economy

The wreckage is cleared away

Around 2029

Stocks start climbing and we are ready for the next boom

Around 2030

Land values start to recover. Banks willing to lend money again. Government programs introduced to try and assist people to buy housing, especially first home buyers.

No guarantees, but that is how this Cycle is tracking and will probably continue. Government decisions and policies around the world are, yet again, replicating the decisions made in past cycles. So it is hard to imagine that, with the same policies being followed, how can anyone expect a different outcome?

Around 2028 to 2030

Property

Once the banks are again willing to lend against the equity you have in your home and/or investment property, then it will be time to consider a property investment, even a development.

We will be looking for when a project is similar to the following (of course the dollars will be different, but the %'s will be similar)

Purchase land/site \$1,000,000

Build cost \$1,000,000

Interest, architect, council fees and all other costs \$300,000

Profit \$700,000

End Value \$3,000,000

(3 Townhouses which will almost certainly be positively geared or very close to it)

Getting Rid of the Bank of Mum and Dad

Will also be the ideal time to get your kids into a house, without having to be their "Bank" for the next 10-20 years. It is the same as the above, except, 3 different friends borrow around \$200,000 from their individual parents. They buy a place for \$1m. Within 3 years they will have developed it and sold it. Pay back Mum and Dad the \$200,000 each they borrowed, split the \$700,000 profit between them. After tax they will still be left with a significant amount of additional house deposit, that almost certainly they never would have saved from their wages over the 2-3 years it takes to complete a development.

Australian House prices are notoriously "sticky". When prices fall, we just don't sell.

However, we will still have a huge problem with unemployment, mortgage defaults, and financial stress.

For those who considered a property development between 2017 and 2021 and did not proceed, it is now too late.

There are still plenty of townhouses, units, ideal for longer term investment. Many don't involve much after tax out of pocket, so this is a sector still worth investigating.

Also, properties you can add some value to are always the best option. **Do Not buy a new Property just built, or ever buy Something off the Plan. Never!**

Blockchain & Cryptocurrency

They are referring to Trump as a Bitcoin President. After around 480 predictions that "Bitcoin is Dead" it has never been higher in value. Even long term sceptics are giving their reasons for investing in Bitcoin as being partly the corruption of the Fiat system.

Probably be around 2026 when the Financial Planning Dealer Groups finally get on board. Then we will know it has peaked, if only temporarily!

World Debt

The very early signs are growing that we are getting closer to the crash. As in all past cycles, inflation is hurting. Essential workers are crying out for pay rises and being treated like dirt by

the Governments that lauded them during Covid.

Currently there are around 3 million Australians close to becoming homeless. They can't afford to buy at the ridiculous prices, or if renting, their landlords pass on their huge interest bills via sky high rents. As an example, how does a couple relying on the Full Age Pension pay rent and have anything left over to eat, or pay their astronomical energy bills?

A small but significant percentage of people are now 1 month behind in their mortgage payments. The jigsaw pieces we have been talking about for years are falling into place.

There will not be a crash in housing in the very near future. (i.e. next couple of years), but we are coming into the final two years, "The Winners Curse" phase of the Investment Cycle.

Winston Churchill, who by the way advocated for a removal of taxes on workers and productivity, to be replaced by Land Tax, in 1909, (the English Lords defeated his Bill) famously stated,

"Those who fail to learn from history are doomed to repeat it!"

The Future for Tenni PL

We will continue to promote our knowledge of the Investment Cycle as it is our Unique Value Proposition. We understand the Investment Cycle and align our accounting advice and our investment advice with the knowledge of what is coming next. We know we are right, and our record proves it.

Therefore, we look forward to assisting your friends and family in the years leading up to, and following the peak around 2026 and the crash into 2027 and 2028. Will anyone else be able to say, "We told you so!"

Thank you to all of you, and especially to the large number of people who have referred their friends and family to us. That is the greatest appreciation you can show us.

Wishing you a very Merry Christmas and a Happy New Year.

**Grant, Jeanette,
Emma, Rizwan & Suba**