

## DAVID GURWITZ INTERVIEW 1-19-10

**Tell me a little bit about you. Give me a short bio of David Gurwitz. What's David all about?**

Basically, David Gurwitz is a person who tries to use his ADD to the best of his ability. I'll start by saying I'm a big believer in ADD and if you don't have it, just contact me. I'll show you how to get it. Because I really believe that. It used to be if people want to avoid something that they take Ritalin when they have ADD. I think you should take a drug to get ADD. That's how we start. So why do I think that? Because I get a lot done when I keep cutting from one thing to another.

I'm a JD, MBA, CPA, as you know. Went to college and graduated in '76. I actually went to a school called the Bronx High School of Science, which you might have heard of. A lot of really good math and science education. Graduated in '72. Played baseball and basketball. In '76 I graduated from Brandeis University. My college coach was an ex-Celtic. My freshman coach was Pistol Pete... I'm talking to a southerner now so I can mention Pistol Pete.

**Very familiar. Yes.**

He scored his 3,000<sup>th</sup> point on a Sunday; my freshman coach scored his on a Friday. So I had a phenomenal coaching experience in college, with an ex-Celtic and an All American basketball player who were both phenomenal coaches and individuals.

Then I went to Europe and played in Spain. I started playing piano when I was in college and never really thought much of it. Wound up eventually getting my JD, MBA, and CPA and I did merchant banking for many years and then met Charles [Nenner] about ten years ago. Part of my training from Red Auerbach, who you also know of, picked a couple of southerners like Dave Cowens, good Kentucky boy. I knew how to look at talent. I met Charles and said, "this is one talented man." He was working just for Goldman at the time as a consultant. I said, "maybe we could build a business here." He said to me, "You won't be able to do it. I've tried. You won't be able to do it."

So today he will admit that this is one of the few long-term calls he made wrong, because I was able to get him a bunch of hedge funds to start and then got him in The Wall Street Journal about five years ago. It's all on the site, CharlesNenner.com, and you can see back then he made some amazing calls and that led to CNBC and now he's in seven or eight different media outlets and we're expanding into India and Singapore as we speak and a lot of hedge funds and insurance companies and family offices. Really talented people like yourself pick up on it and watch him over time. The combination of cycles, waves, target algorithms and overall technical model, I enjoy because I'm a math person, and so do you, and some people get it. So it really is a helpful way to look at markets.

Look what's happening today. We're still getting the bounce in the bonds. We're getting beat up in stocks. What has Charles been saying for a while? Nothing going on, cycles are topping. And all of a sudden today, after it's been boring for weeks, everyone's flipping out.

**Yes, and in my newsletter, IN THE CROSSHAIRS, that's what I've been sharing. We go through these periods where we have nice trending markets that go up for a few weeks and then we do the sideways shuffle for days to weeks. I guess that's part of Mr. Nenner's research. There's cycles of up and down and cycles of sideways, right?**

I'm going to add to that. Cycles only give you direction, according to him. Again, he finds top-to-tops basically and he doesn't care about price, even though he uses the price information in order to find the cycles, finding sign curves, in effect taking daily data, weekly, monthly, or yearly and finding tops every... 28 days, 57 days, 96 days, whatever the top was. Doesn't care what the price is. Then you find a bunch of them when they repeat every 32 days, 57 days, etc., you can chart them and you have an EKG in effect. It looks like a heart rate and if 28 heart rates are all topping next week, based on daily data, then he goes to weekly and then goes to monthly. And he looks at every particular asset class in that fashion. So that's how he does it and that's how he started.

Then he adds to that the Elliot wave and factors that in as well. He feels he should at least consider it. You may even be an Elliot wave person? It's out there so he says I'm going to factor it in. I'm going to think about it. Like he's a doctor and he said people will come to him and go, "I hurt my foot. Is it sprained? Is it fractured? Is it broken?" He's like, "I've got to take a lot of x-rays to decide. I don't know." So he would take a lot of x-rays to decide and only one would say hairline fracture.

So Charles takes x-rays known as daily cycles, weekly, monthly. Then he takes an overall target algorithm which is based on rocket science, which I've told you, which is kind of fascinating. Then he has the Elliot wave. And then when all three are there, he still has an overall technical model of 200 indicators he throws into a soup and he looks at them pretty much every weekend. Put call, insider trading, block selling, stuff like that. And when they all line up, you have a basically 90% trade.

**So he's looking for a very high probability trade.**

That's right. He doesn't want to take a low probability shot.

**He's not gambling, in other words.**

Right. Exactly, David. That's exactly the point. According to Charles, which is not the way most people are, he doesn't want to take a shot unless he's got an open shot. I'm going to use a basketball analogy a lot, if you don't mind, because I've been watching

John Wall play lately. He's out of Kentucky and he's pretty good and I'm a basketball guy so I tend to look at these basketball analogies.

Charles doesn't like to take bad shots. He'd rather be stopped out, like he just was on nat gas, even though the direction was right. He'd rather get stopped out and not lose. That's his basic mindset as a doctor and a Dutchman. Now, he knows a lot of people that are clients—and you know this too—some of them are, “I want to trade more.” So he'll tell you where things are going, so if you want to put a straddle on, he'll tell you that's the direction it's in or he'll say, “My algorithms are in conflict, so I'm not doing anything here. I don't think you should be playing in that schoolyard. Go play in the grains. Go play in the currencies. Go play in oil or nat gas. Go play in the bonds.” So he's totally mobile about where the capital should go.

**In other words, he's got the cycles, just like in the stock market there is sector rotation.**

Right.

**I guess the same thing is going on from commodities to whatever it may be.**

Right.

**So each sector goes through different cycles.**

Right.

**And some could be going in up-cycles others in down-cycles.**

Right.

**And then he finds the ones that have the highest probability to move in a direction more so than others, I'm assuming.**

That's correct. That's exactly correct. Let me just say one thing, David. Someone was just asking me this morning, “If the bonds do this, does that mean the stocks are going to do this?” Now, we all have an answer to that. The Journal said something the other day, that currencies and the dollar are not going the same way they used to.

**Right.**

Charles doesn't look at it that way. He does, but he doesn't want to really focus on that. He looks and says, “According to my charts, the DXY, the dollar index, is going to do this. According to my information, the bonds are going to do this.” He says, “If I'm going to start combining, well, if that's happening, that means oil must be doing this or that.” And if you remember two years ago, oil went on the board when it was at \$135. Most people don't know that the Euro-Yen cross on Sunday nights is probably...and the

bullion is the most liquid market out there. Most people don't trade it because it's only traded on futures. But that's really what controls a massive amount of capital flow.

So Charles just says, "Let me show you what I see as a scientist in all the different areas. You want to combine them? I'm probably not better than you in that area, but I'll tell you what I see and then you go decide how much you allocate based on what I'm showing you in these different things." Because he thinks the bonds should be 25% of a trading portfolio as we short... We're riding this pop-up and down until June and then go long bonds. Maybe some people don't feel comfortable trading bonds; they'll only do five. When he made the gold call last year, he thought people should have 25% in that, calls or long-term gold stock. How many people did it? I think out of the ones I've spoken to, maybe 10%.

So really it's a sizing question, as you know better than I, because I'm not really a trader. I'm marketing what he says and I only do long-term stuff because I don't have time to do it and I think I do better that way. But most people don't know how to size their trades. It's a difficult question, obviously. He has no answers for that also. How much... You take \$1 million, how much do you chop it up? Do you put \$100,000 on the RC? Do you put \$50,000 on the Canadian? Everything's different and every person is going to handle it differently. That's why he writes the way he does, because he wants people to think about it in their own risk parameters.

**And you know everybody arrives at the market differently. Every one is different psychologically. Some people are long-term risk adverse. Others are short-term risk adverse. It just matters to them. And I guess that's where someone can benefit, such as myself, in the newsletters that you send out. It's not, hey, make this trade. It's this is what I'm looking at; just let it be part of your decision making process.**

That's exactly correct, David. As a matter of fact, I always tell people, "Do what you're going to do." I feel like if the team makes it to the playoffs, keep playing the way you played. If all of a sudden, if it's baseball and Don Mattingly says you should hit like this, you should probably listen to him. But are you going to change your stance when you get to the World Series? Probably not. But he does know how to hit.

So Charles is saying, "Don't be long heavy stocks here." He's been saying it for a while. He called the top in October and he said there will probably be another top later on the same level. Well, we're up a point-and-a-half and yesterday everyone gets excited. Mondays and Fridays are the best time to do stuff. The rest of the week is very boring.

**Right. You're right.**

Use him [Mr Nenner]. If he agrees with you, go harder in your allocation. If he disagrees with you, I always tell people, "Do what you're going to do, but just do it less."

**Absolutely.**

That's kind of the best way to use it.

**The newsletter is very informative. It is very short and to the point. And I think some people get the idea that, oh, okay, buy oil, when it ought to be mixed with your own type of technical analysis, fundamental analysis, whatever you do and that actually helps you create your own high probability trade.**

Correct. Let's take the oil example. He called it from 73 into the 80s. It hit there. Its cycles are down. Our first target's in the high 70s. Did it mean we're short? No. Did it mean a bunch of guys went short? Yes. He says it to me, I edit it and I send it out, as you know. He speaks seven languages so English is my first; it's his sixth. So he does a pretty good job considering. And I edit it to make sure, because he's doing it... He does two hours of thinking to write it in ten minutes.

**It's also the psychology of we to hear what we want to hear.**

I think, being a musician, we all hear what we want to hear, unless something comes glaringly in and you have no choice.

**Like today. Everybody was all excited about the big up day yesterday and then today it's all of a sudden, wait a minute. Well, one more thing and then we'll talk about what interests you. Give us an idea of what Mr. Nenner is looking at over the next three-six months as far as the general market. Does he feel like we're just going to go sideways or are we topping out? What do you think?**

I'm going to give you the big picture and then I'm going to tell everybody listening right in and they can watch the research and then consider signing up for our newsletter. Watch it for a little while and then we can talk about signing up.

**Sounds good.**

That's the best way. Like when he goes on CNBC, which he's planning in a couple weeks, and they give him... a five minute conversation. That means he talks three and they interrupt him for two. So you don't really get the full impression. I'd like him to talk for half an hour, because he could explain more basically, let's take stocks, let's take bonds, let's take commodities, let's take currency. Big picture. According to what I understand, and it's best to watch him, stocks are down to the summer, 10% to 15%. It's not the big break. Then they're back up again. I don't know how much because he hasn't told me. And at some point we're going to make a major move south again and probably retest that 660 level in the S&P. That's a little further out, which means it could be a boring year. Watch the research because it may change.

Bonds, he's getting ready after this little bounce we've had, that he called, to short the bonds until April-May and then get out of that short and go crazy long bonds. In a

nutshell. Again, what the research. He's going to fine tune it much better than I'm talking about. Most people will play it with TBT. That's what I suspect.

That's stocks, that's bonds. Bullions, nobody... You should do a test, how many people of your readers buy and sell bullion. I would guess 10%, maybe 5%.

### **Maybe less.**

Okay, and I highly suggest... I've watched him write bullions for ten years and he's almost always right on the bullions. It's like he cooks this great pasta and nobody eats it. I feel bad because I'm telling you, it's really good tomato sauce. Buy the bullions. Look into... People don't want to trade futures but for bullions they should. It's a hugely traded market.

Gold, he thinks is topping February. He's been saying it for a while. Then we get a pretty deep correction in that, for several months. I don't know how much. Could be 400 points, I don't know. It's going to head back up again down the road. Could be a year, could be two years, back up into those high numbers people talk about. But silver also is more dangerous now. Platinum. You've got a bunch of those things.

Then oil he thinks is going to kind of lay around. This is what I understand, though. He's going to give you more clarity as you watch it. Nat gas he's down for quite a while. The supply is just so tremendous. That's your commodities.

Then currencies, he covers the Canadian, the Aussie, the Yen, and the Euro. The Euro should be... We're getting close to buying the Euro. He's been long Aussie and the Canadian for a while with stops. And the Yen, he's long in. Yen's been a tough trade. He wants to go short Japanese bonds, which makes sense if you think about the whole picture. And that's not so easy to do. Most people don't know how to short Japanese bonds. You might have to open a brokerage account with a Morgan who can do it over there, through a Japanese office.

### **Right.**

And there's some ETFs that do it. Again, everyone has to do their own work. That's kind of the big picture on all the four categories, as far as I understand.

**So really, just so people know, individual traders can benefit as well as institutional, correct?**

Correct.

**Stock traders can benefit. Commodity traders can benefit. Currency traders can benefit. So you've got something there for everybody. It's not just a particular niche.**

Right.

**I would encourage people to go to the site [www.charlesnenner.com](http://www.charlesnenner.com) . The newsletter's great. It's very easy to understand. You've got some great videos on your site. Just take advantage of it.**

I just wanted to say he was writing this at Goldman so you're getting a very top level work. He was at Goldman. There's four tabs on the site and I think under features, the first button shows Charles being the keynote speaker at a Goldman global strategy conference in Germany in 2002. And Abby Cohen was the lunch speaker. He was the keynote speaker. So he's the real deal. That's what people get. And it takes a while to get comfortable. That's why I want people to watch before we sign them up or anything, because I want them to feel comfortable that they could understand this methodology because it's not for everybody.

**Right. Let's talk a little bit about your life outside the charts, so to speak. According to your own website, [www.DavidGurwitz.com](http://www.DavidGurwitz.com), you are, from what I understand, a self-taught musician who's created Music With a Mission. Can you talk a little bit about that?**

Absolutely. I'm in my mid-50s now and I came out with a CD about two years ago called Hear The Children. I'll tell you that story in a nutshell. But Charles is a musician also. I was a basketball player and I was sitting in class. This is all on my site. You can see the story I told on CBS Morning Show. The professor drew a Fibonacci sequence, which of course is relevant to the Elliot wave because that's the basis of it. It all ties in with Charles and one of the algorithms we use is the same algorithm that got me playing piano. It is one of the methodologies for calling the market. I kind of find that fascinating.

Anyway, I was a basketball player. I grew up in the south Bronx and playing ball. Kareem Abdul-Jabbar's point guard in high school... He was not known as Kareem back then. Do you remember his name before he changed his name?

**No, I do not.**

Lew Alcindor.

**Yes, now I do remember.**

He grew up in Manhattan. His father was a policeman and a jazz musician. He was quite a big jazz fan. Kareem still to this day is quite a big jazz musician and lover. His point guard was named Richie Lovas. He was in my schoolyard, which is about 13 blocks north of Yankee Stadium. He taught everybody how to play baseball, basketball, and football because that's all we played back then. We didn't play tennis or soccer. And we really understood the fundamentals of everything. So I was really well trained in baseball, which I eventually tried out with the Expos. Again, I had all this great training

and then I had more in college. So sports were a very major part of my upbringing and the athletic training is very important. I am an athlete.

So when the professor drew this, I couldn't believe it. I just couldn't believe it. I ran down to the music building about half a mile away. I was on the basketball team; I could run. I still can run. I ran down, I put my hand down on the keyboard and it was just like dribbling. I felt so comfortable. I had a good ear. I was a disk jockey, but I had never thought about playing. Then years later I found out, after my parents had both died, that my mother had played in a Carnegie Hall recital. Because I made a cassette and I gave it to my cousin. He called me up... You know your cousin can say, "Dave, it's really good, but don't think you're such a big shot. Your mother was much better." My cousin, Rich. I go, "What are you talking about?" My parents had died suddenly years ago and I didn't know a lot of stuff. He says, "Your mother didn't tell you she played in Carnegie Hall?" I said, "Nope." So I kind of have some genetic bent towards music.

Then I started composing. I don't read music. Then years ago, I got to a teacher who sent me to a studio. I have a great teacher who's a composer. His name is John Lampkin. He didn't force me to read. He said go to the studio and start recording. And at the head of the studio is a gentleman named Brian Coonan and Brian is the guitarist for Barbra Streisand. So I recorded my first CD four years ago. Then I saw a kid in a wheelchair playing in the park and a song came to me that was with words. All my stuff is just me at the piano. I wrote it and had a friend sing. My friend sang backup for Kenny Loggins, so he's got a great voice, Michael Elias. I came out with that CD and it just took off, all over the world.

One of my clients is on the board of Special Olympics in Connecticut and we got to talking and I said to him, "Let me meet the person there," and I wound up making a YouTube video with photos of these beautiful athletes. I put this song as the background to that and they asked me, "Do you want to make a concert?" so I did in June and now I have the next one coming next week at Darien High School in Darien, Connecticut, June 28<sup>th</sup>. I welcome anyone. It's free. I hope people get moved and they write a check to Special Olympics because any dollar you write to help these people is a wonderful thing. I've never met people like this in my life. From one woman's idea, Rose Kennedy, there's 3.5 million special athletes in 150 countries and 150,000 volunteers all over the world that help. You rarely meet people so loving and so supportive. It becomes a whole lifestyle. So I'm really glad the music has led to that, that I've been able to help so many people there. And a lot of people listen to the music because it's very relaxing. You can just go to the site and the music comes on.

So I have a lot of fun with it. I'm in my 50s and I go to the studio and I think I'm a 28-year-old rocker and we go until 12:30 at night and try this and try that. I've got some great people with me who are a lot better musicians than I am so they teach me quite a bit.

**It sounds like you're finding some meaning in your life and some purpose and it all came about... I'm one who believes everything happens for a reason. You were in that class for a reason. You ran down the sidewalk to the piano for a reason. And that led to what you're doing right now and there are more special children who are benefiting from that and an organization that's benefiting from that. So it was all set, planned for that to happen, so to speak.**

Totally. God runs the world; we know.

**You're exactly right, and he's going to do what he wants to do.**

Yeah. We're built to resist him, so that's part of the way. Like a kid, "I don't want to do this." So that's how we do it. Charles also. The world, it's not random. Cycles are not random. Music is not random. If we can just help people as much as we can, because we have so many gifts. I was gifted that now I had the music, that I found it. A lot of people are listening, they work, they trade. You've got a growing site. I love what you do. I actually do look at it in my spare five minutes. You make it easy to see stuff. I enjoy what you write because you really find it enjoyable. It is simple and it looks like it is not "work" for you. You spend a lot of time at it. But it's clear that you enjoy what you do. It's musical, a little bit, how you present everything. I tend to see things more musically, obviously. I appreciate that.

And people, I guess the only comment I wanted to say is people who are trading and they don't have it so easy, because it ain't easy, their families, they have careers. How do you stay in shape? How do you make the time? Want to learn an instrument? Make a plan for three months. I'm just going to do scales. Another three months I'm just going to do chords. Twenty minutes a day. And then before they know it, how do you get both hands moving? Dribble a basketball with your left and right at the same time. Just like the Karate Kid, wax on, wax off. Same way you learn. Then after six months... You don't have to be 20 to do it. I started playing when I was in my 20s and I'm only doing this all in my 50s. So part of my goal is to spread the word that someone in his 50s ain't over the hill yet.

**Well, I think, again going back to saying God runs the world, it's also on his timetable. And I think we as human beings and traders, in particular, are so impatient and we jump the gun and we do things that we shouldn't do based on being emotional beings. That goes back to your research and Mr. Nenner's research. It's all based on certain high probability criteria, that allows you to get the emotion out of the way. No need to listen to trade off CNBC and what is said on the financial stations because the story and change like the changes in a five minute chart. I don't watch it, don't watch any of the news, don't pay attention to it. I look at nothing but technicals. You turn on the news and today everybody's talking about why the market is down; and tomorrow everybody's talking about why the market is up. They forget about what happened the day before. Then they're thinking about what will happen tomorrow. It's all impatience. It's all**

**emotion. And there always has to be a reason for the market being up today or a reason for the market being down. It's just traders making decisions, in and out.**

I'll even add to that. You've got to remember I've been with Charles at CNBC and Bloomberg, Fox, Yahoo, so I have some idea what's going on where we sit. Those who know the site and know Charles know what I'm talking about. Some of those shows, they don't give him enough time and they cut him off and they want to hear some big call. Make the big call Charles. What are you really saying? So we really can have news. Charles Nenner says crash coming or way up. I always say just watch the research. Personally, I tell traders, "I don't know why you sit and watch all that stuff." He doesn't. He doesn't at all. He barely reads the newspapers. He just wants to know what the cycles say. He wants to be very pure and not be influenced by it. And I totally agree with you.

**Let me ask you one last question. What's the best way that readers can contribute to Special Olympics? Is there a website? Should we go to your site? What's the best way to do that?**

That is a great question. They can send me an e-mail and I'll get back to them and give them exactly who to be in touch with and write the check directly to Special Olympics of Connecticut. I'm making a DVD from the concert and so they can have that. If they buy the CD from my site, a piece goes there. But really, I would love it... One of my clients was so moved from the whole thing in my YouTube that you saw of me playing and I brought up one of the athletes, who I'm actually bringing up again, the golf champ. He's going to give a clinic on stage. And I may spin a basketball on stage. And he just said, "I'm writing you a check for \$25,000," and that was worth the whole thing. A rich guy and he said, "These people, I can't believe this is what is going on." And Charles sang. He won't sing at this one, but there's going to be a video of him.

So, please, DavidGurwitz.com. Or they can write even to CharlesNenner.com and I'll get it because the e-mails bounce to me. I'd be happy to direct them where to send a check. Please let your readers, who are really a great bunch of people, by the way, come to the site and they can start watching the research and then we'll take it from there. I really want to thank you, David, for focusing on the human touch, as Bruce Springsteen says, because that's what it's all about anyway. I appreciate our friendship and I appreciate giving me the chance to share one person's story of doing something later in life.

**Thank you. I enjoyed it.**

You do a great job.

**And I appreciate it. You said something about Mr. Nenner's going to be on CNBC. How about giving me a heads up, sending me an e-mail?**

I'll do that. Probably two weeks. Depends. We're trying to work it out now. Also, let's plan and maybe I'll do a concert down in North Carolina.

**Yes. Sounds good.**

We'll play one-on-one beforehand, play a little basketball.

**That sounds good. Tell Mr. Nenner I said hello.**

I will.

**Thank you very much.**

He really enjoyed your interview with him very much.

**Thank you very much. Bye.**

Bye.

[END OF CALL]