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Investors are missing the glaring risk of a recession: David Tice



- Investor David Tice is going deeper into bear territory, predicting that the economy is months away from a deep correction that will send stocks down by as much as 50 percent.
- If there is a correction, Tice says there are two protection plays investors should consider.

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2 Hours Ago



Investor David Tice is going deeper into bear territory, predicting that the economy is months away from a deep correction that will send stocks down by as much as 50 percent.

Tice is known for his tenure as manager of the Prudent Bear Fund. He sold the fund, which depends on market pullbacks for profits, to Federated Investors just as the financial crisis was unfolding in 2008.

Since the acquisition, he's been involved in private equity, film producing and charities. But he's planning his emergence from hibernation to capitalize on the potential downturn.

"The market has tended to go down about every seven years. It went down in 1987, 1994, 2001 and 2008," Tice told CNBC's "Trading Nation" on Friday. "During these periods after the declines, it rallies like crazy. But now bad things are about to happen again."

He sold his **bear fund** when it had \$1.2 billion in assets under management. According to Morningstar, it has just \$254.7 million right

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starting to tighten," he said. Tice pointed out the economy is not doing very well, with the gross domestic product growing by an anemic 0.7 percent in the first quarter.

'The bears are always early'—but they're not always right

Tice's timing in selling the Prudent Bear Fund may have been pretty good, but his calls on a pullback haven't materialized.

He's calling for a 30 to 50 percent S&P pullback over the next six to 10 months. He also made that prediction in 2012 and 2014. It never happened.

"The bears are always early. I've certainly always been early," said Tice. "Policymakers end up doing what they think is right in order to kick the can down the road. However, now we have so many issues."

If there is a correction, Tice says there are two protection plays investors should consider. Gold, which is down more than 6 percent over the past three years, is one of them.

"You should own **gold** stocks... They're still priced very, very well compared to the bullion," he said.

Tice says **bitcoin** makes a lot of sense, too. Unlike the bearish activity in gold, bitcoin has soared 253 percent since 2014.

"It's been looked on as a fraud, as a fad, etc.," added Tice. "It truly is a competitor to debased currency. And it makes a lot of sense just from a transactional basis."



Stephanie Landsman
Producer, CNBC's "Fast Money"

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