



Dow Faces Bouncy Ride to 5,000: Strategist

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The **Dow Jones Industrial Average** will lose about half of its value over the next couple of years as it follows a Nikkei-like pattern of several sharp rallies in an overall decline, according to Charles Nenner, founder and president of Charles Nenner research.

Stocks are currently in a bear-market rally, and looking at charts and past trends, unemployment and leading indicators suggest the Dow will drop to 5,000 in the next two to two-and-a-half years, Nenner told CNBC in an e-mail.

Deflation will arrive, along with a sharp double-dip recession, pushing the Dow lower, although, like the Japanese market, stocks will see several jumps of 30 percent to 40 percent, he said.

- *Watch the full Charles Nenner interview above.*

"Things look really bad for the next 10 years," Nenner said.

While most stocks will get caught in the downturn, the exception will be those with exposure to soft commodities like wheat, corn and soybeans, he added.

Last week, **JPMorgan** strategist David Kelly said there is **still a lot of opportunity in stocks** and that a double-dip scenario is "very unlikely."

Nenner is also bullish on gold and silver over the longer term and expects the precious metals to start a new leg higher by the end of the year.

Bond yields should go lower for the next three or four years and the Japanese yen should gain against the dollar, he said, adding that his target was 80 yen per dollar.

Nenner also said that there is a strong case to suggest that the Federal Reserve will ease monetary policy further.

• **Charts: Dow Facing 'Serious Trouble'**

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