

Why It's Prudent to Prepare for the 'Blood Moons Financial Collapse'

With the potential for a blood moons financial collapse this fall, you are probably concerned about preparing yourself for it—and preparing your finances in particular. It is quite interesting when we examine the past to see some of the potential outcomes that could occur this year.

Scholars have observed a pattern of economic crashes that have occurred with regularity. Recent financial cycles have worked on a seven-year cycle:

- It started in 1966 with a 20 percent stock market crash.
- Seven years later, the market lost another 45 percent (1973-74).
- Seven years later was the beginning of the “hard recession” (1980).
- Seven years later was the Black Monday crash of 1987.
- Seven years later was the bond market crash of 1994.
- Seven years later was 9/11 and the 2001 tech bubble collapse.
- Seven years later was the 2008 global financial collapse.
- 2015: What's next?

These cycles have brought us a wide variety of unique economic events: the Arab oil embargo, the Savings & Loan crisis, Black Monday, the 1994 bond massacre, the 2001 NASDAQ crash and the 2008 financial collapse. But what is similar is that each financial crisis occurred following a seven-year pattern.

Because of these unique seven-year cycles, many have been anticipating that we could face another major economic crash based on the pattern. That brings us to 2015. What could

happen?

Seven-Year Market Cycles

In addition to these seven-year cycles, there are extra elements that make this cycle even more extraordinary. This seven-year cycle lines up with the seven- and 49-year cycles of land rest and jubilee debt forgiveness that God commanded the Israelites to follow.

The jubilee year is the year at the end of seven cycles of *shmita*, which are sabbatical years. This is a special focus on the impact on the ownership and management of land in Israel. Jubilee deals primarily with land, property and property rights. According to Leviticus, slaves and prisoners would be freed, debts would be forgiven, and the mercies of God would manifest.

If this cycle holds true again in 2015, investors could see one of the worst markets they have ever seen—worse than the Great Depression and the financial collapse of 2008.

But even if you don't believe anything about the blood moons financial collapse of 2015, it does present an excellent opportunity to prepare your investment portfolio for greater volatility.

After all, the stock market has been up for seven years in a row now, and at some point, we're likely to see a reversal, maybe even a very serious one.

Turn Your Heart Toward God

When faced with a crisis, the normal response is often fear and worry. However, Scripture teaches us, "Cast your burden on the Lord, and He will sustain you; He will never allow the righteous to be moved" (Ps. 55:22). Do this each time you feel fearful or worried.

4 Financial Strategies to Prepare for a Blood Moons Collapse

I have put together five financial strategies to help you prepare for a potential collapse. Here are the strategies:

1. Sell your investments and go to cash. Cash is the ultimate safe haven. Though it doesn't pay much in the way of interest these days, it doesn't lose value. During a time when the financial markets are in turmoil and falling relentlessly, simply not losing any money can look like a brilliant investment. And it really is, because the first rule of investing is *to not lose any money*.

Going to cash is fairly easy to do in a taxable investment account. The biggest complication will be the tax liability that will result from selling winning positions. But since capital gains taxes are limited to 20 percent, the tax liability may look like a small price to pay to avoid a 50 percent decline in stock prices as a result of a major fall.

2. Use inverse ETFs. It's actually possible to make money from a declining market. You can do this using an *inverse exchange-traded fund*. Also known as a *short ETF*, it's an ETF that is arranged by including certain derivatives that profit from the decline of the underlying securities or index. This is similar to shorting individual stocks, except that you are spreading the risk among various securities. A big advantage to this type of shorting is that you don't need to open up a margin account in order to do it.

There are various types of inverse ETFs, including some that focus on common indexes, as well as those that are tied to specific market sectors. There are also inverse ETFs that go two or even three times short the market (with your profit greater than the corresponding drop in security values).

Some examples of inverse ETFs include:

- **ProShares Short S&P 500 (SH):** This is an inverse ETF designed to go 1 X the opposite of the S&P 500. For example, if the S&P goes down 1 percent, this, in

theory, should go up 1 percent.

- **ProShares Ultra Short S&P 500 (SDS):** This is an inverse ETF designed to go 2 X the opposite of the S&P 500. For example, if the S&P goes down 1 percent, this in theory should go up 2 percent.
- **Direxion Daily S&P 500 Bear 3X Shares Fund (SPXS):** This is an inverse ETF designed to go 3 X the opposite of the S&P 500. For example, if the S&P goes down 1 percent, this in theory should go up 3 percent.

This is a highly risky strategy in the current market, since there is a pronounced upside bias across the board. You don't want to go to inverse ETFs unless we're in an obvious bear market. This would be the kind of market that's being driven lower by pronounced outside forces that are unlikely to relent. The events of the blood moons' prophecy would certainly qualify for this.

3. Buy put options. Another strategy is to buy "put options." A put option is an option where you buy an option contract that gives you the right—but not the obligation—to sell a specific amount of a stock at a certain price in a certain timeframe. *The value of the put rises as the price of the underlying stock drops.*

As an example, let's say that you buy a put, giving you the right to sell 100 shares of ABC Corp at \$50, expiring June 15, at a premium of \$5 per share. If the price of the stock falls to \$30, you can purchase 100 shares for \$3,000, then sell them to the option writer for \$50 per share, or \$5,000. Your net profit on the transaction will be \$2,000, minus the \$500 premium paid for the put contract, or a net gain of \$1,500.

This can work against you too. In the event that the value of the stock is at \$60 by the expiration date, you will simply allow the contract to expire. But in the process, you will forfeit the \$5-per-share premium that you paid to purchase the contract. You will be out \$500.

4. Buy counter-cyclical investments. This is probably the best strategy if you believe that circumstances will go from bad to worse. Gold, silver and platinum represent a play against the value of the dollar more than anything else. They tend to rise when stability is threatened, which undermines the value of the dollar.

Expect the Worst, Pray for the Best

It is very difficult to predict the precise dates for an economic collapse. However, much of the data suggests we could see this play out in September or October of this year. This doesn't mean a collapse couldn't happen sooner or later; it could be months or years away.

Keep in mind every financial decision involves some element of risk. When considering any strategy, always evaluate your risks. What is the best that could happen? What is the worst that could happen?

Failing to prepare today may increase the magnitude of your suffering in the future. It is better to prepare five years too early than to be even five minutes too late. Draw closer to God, pray hard and make sure you have a solid financial game plan.

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Jay Peroni offers some market revelations on how you can invest your money wisely at .