

**Sun City Summerlin Computer Club**

# **Internet Investing SIG**

**Tom Burt**

**October 17, 2019**

# SIG Meeting Schedule

- The Internet Investing SIG meets every other “even” month on the third Thursday morning at **9:30 AM**.
- The next six meeting dates will be:
  - *December 19, 2019*
  - *February 20, 2020*
  - *April 16, 2020*
  - *June 18, 2020*
  - *August 20, 2020*
  - *October 15, 2020*

# Fundamentals Review – August 15, 2019

- Dollar has strengthened a bit against foreign currencies.
  - Oil still priced in dollars – down to around **\$55.04** / barrel.
  - Stock indexes about 7% off recent highs
  - Dow 30: **25,479**, S&P 500: **2840**, Nasdaq: **7774**, Gold: **\$1525**, Bitcoin: **\$10,155**
  - S&P PE ratio is **21.1** vs 15.7 long term historical average
  - All stock sectors down. Bonds up.
- Key interest Rates Down Significantly:
  - 10-year Treasury note - about **1.58%**; 30-year Treasury note - about **2.03%**.
  - 30-year fixed mortgage - **3.52%**; 15-year fixed mortgage - **3.01%**
- Federal Reserve cut Fed Funds in July by .25% to 2.0 - 2.25%.
  - Fed likely to cut Fed Funds rate further this year – could see 1.75%.
  - Fed has ended selling off U.S. Treasury debt.
  - Foreign corporations & money managers again buying U.S. Debt (safety).
- Gov't Claims July US Job Unemployment at a Low **3.7%**.
  - BLS just makes up (estimates) numbers, so can't really know.
- Official 2019 CPI Inflation Rate as of July was **1.8%** / year
  - LV Gasoline (**\$2.79** at Costco)
  - <http://www.in2013dollars.com>

# Fundamentals Review – October 17, 2019

- Dollar has strengthened a bit against foreign currencies.
  - Oil still priced in dollars – down to around **\$53.29** / barrel.
  - Stock indexes have been choppy, back near all-time highs
  - Dow 30: **27,002**, S&P 500: **2990**, Nasdaq: **8124**, Gold: **\$1494**, Bitcoin: **\$8010**
  - S&P PE ratio is **22.3** vs 15.8 long term historical average
- Key interest Rates Down Significantly:
  - 10-year Treasury note - about **1.75%**; 30-year Treasury note - about **2.23%**.
  - 30-year fixed mortgage - **3.66%**; 15-year fixed mortgage - **3.17%**
- Federal Reserve cut Fed Funds in Sept. by .25% to 1.75 - 2.0%.
  - Fed likely to cut Fed Funds rate further this year – could see 1.5%.
  - Fed is again buying U.S. Treasury debt (\$60 Billion / month)
  - Foreign corporations & money managers again buying U.S. Debt (safety).
- Gov't Claims July US Job Unemployment at 50-Year Low **3.5%**.
  - BLS just makes up (estimates) numbers, so can't really know.
- Official 2019 CPI Inflation Rate as of Sept. was **1.7%** / year
  - LV Gasoline (**\$3.13** at Costco)
  - <http://www.in2013dollars.com>

# Recent Interesting News Hyperlinks

- **Major Brokerages Cut Commissions to \$0**
  - <https://www.bloomberg.com/news/articles/2019-10-01/with-0-fees-schwab-risks-blowing-up-brokerage-model-it-built>
- **United Technologies & Raytheon Merger**
  - <https://finance.yahoo.com/m/a3831656-c871-3973-8de3-07391b909b81/united-technologies%2C-raytheon.html>
- **Fed Brings a Bazooka to the Repo Market**
  - <https://finance.yahoo.com/news/fed-brings-bazooka-fight-repo-170254896.html>
- **GM Strike Taking a Serious Toll**
  - <https://finance.yahoo.com/news/lengthy-uaw-strike-gm-cost-115256385.html>
- **Social Security Benefit to Increase 1.6% in 2020**
  - <https://www.aarp.org/retirement/social-security/info-2019/new-cola-benefit-2020.html?>
- **Libra Crypto-currency is Dead**
  - <https://www.zerohedge.com/personal-finance/libra-dead-ebay-stripe-visa-and-mastercard-all-abandon-facebooks-cryptocurrency>
- **How GE Screwed Over Its Retirees**
  - <https://www.zerohedge.com/personal-finance/how-ge-screwed-over-its-retirees>
- **Understanding the Gift Tax**
  - <https://www.schwab.com/resource-center/insights/content/giving-while-living-do-you-understand-gift-tax?cmp=em-QYB>

# Tom's Recent Financial Moves

- ***Disclaimer: These are not recommendations! Your financial situation and market circumstances are likely different.***
- **Bought Royal Dutch Shell (RDS.A) 300 @ 56.5355**
  - *Good price*
  - *Yield was about 6.6% and dividend should increase*
  - *Financials look solid*
- **Moved \$35,000 cash from BofA to TDA Brokerage**
  - *Growing concern about another banking loan crisis*
  - *Banks now can bail themselves out with customer's deposits.*
- **Bought 500 SPTS ETF @ 29.96**
  - *Short term ( <1-year to 3-year) U.S. Treasuries*
  - *Current yield is 2.34%*

# End-of-Year Tax Moves 2019

- **Be sure to take Required Minimum Distributions**
  - *Stiff penalties for failing to take your full RMD*
  - *Consider Qualified Charitable Donations (excluded from AGI)*
- **New tax laws & rates have changed the game**
- **2019 standard deduction for seniors married filing jointly: \$27,000**
- **Most itemizers can't exceed this amount**
  - *10% of AGI exclusion for medical expenses*
  - *No state income tax*
  - *Mortgage interest deduction capped at interest on 1<sup>st</sup> million*
  - *Property taxes, vehicle registration, sales taxes capped at \$10,000*
- **Look at moving income into one year, expenses into next and alternating itemized vs standard**
- **Still good to offset capital gains with capital losses (sell losers)**
  - *Only do this in taxable accounts*
- **If taxable income well below \$77,400, may make sense to sell stock winners & then buy back (after 30-day wash-sale timeout).**
  - *Cap gains taxed at 0%. Establishes a new, higher basis.*
- **See 2019 tax rate tables on next slide ...**

# Tax Rates for Tax Year 2019

- For 2019, there were few material changes in rates / deductions:
  - If over 65, medical expense exclusion increases to 10.0% of AGI.
  - Tax brackets and standard deduction adjusted for inflation:

Marginal Tax Rate	Single	Married Filing Jointly	Head of Household	Married Filing Separately
10%	\$0-\$9,700	\$0-\$19,400	\$0-\$13,850	\$0-\$9,700
12%	\$9,701-\$39,475	\$19,401-\$78,950	\$13,851-\$52,850	\$9,701-\$39,475
22%	\$39,476-\$84,200	\$78,951-\$168,400	\$52,851-\$84,200	\$39,476-\$84,200
24%	\$84,201-\$160,725	\$168,401-\$321,450	\$84,201-\$160,700	\$84,201-\$160,725
32%	\$160,726-\$204,100	\$321,451-\$408,200	\$160,701-\$204,100	\$160,726-\$204,100
35%	\$204,101-\$510,300	\$408,201-\$612,350	\$204,101-\$510,300	\$204,101-\$306,175
37%	Over \$510,300	Over \$612,350	Over \$510,300	Over \$306,175

# **Open Discussion**