

**Sun City Summerlin Computer Club**

# **Internet Investing SIG**

**Tom Burt**

**February 20, 2020**

# 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:
  - *April 16, 2020*
  - *June 18, 2020*
  - *August 20, 2020*
  - *October 15, 2020*
  - *December 17, 2020*
  - *February 18, 2021*

# Fundamentals Review – December 18, 2019

- Dollar has strengthened a bit against foreign currencies.
  - Oil still priced in dollars – down to around **\$60.84** / barrel.
  - Stock indexes have been choppy, at or above all-time highs
  - Dow 30: **28,239**, S&P 500: **3169**, Nasdaq: **8827**, Gold: **\$1480**, Bitcoin: **\$7285**
  - S&P PE ratio is **23.9** vs 15.8 long term historical average
- Key interest Rates Down Significantly:
  - 10-year Treasury note - about **1.92%**; 30-year Treasury note - about **2.35%**.
  - 30-year fixed mortgage - **3.87%**; 15-year fixed mortgage - **3.20%**
- Federal Reserve cut Fed Funds in Oct. by .25% to 1.5 – 1.75%.
  - Fed not cutting Fed Funds rate further this year or in 2020.
  - Fed is again buying U.S. Treasury debt (\$60 Billion / month – QE4)
  - Foreign corporations & money managers again buying U.S. Debt (safety).
- Gov't Claims Nov 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 Nov. was **2.1%** / year
  - LV Gasoline (**\$2.75** at Costco)
  - <http://www.in2013dollars.com>

# Fundamentals Review – February 19, 2020

- Dollar has strengthened a bit against foreign currencies.
  - Oil still priced in dollars – up from lows to around **\$53.31** / barrel.
  - Stock indexes have been choppy, near or above all-time highs
  - Dow 30: **29,348**, S&P 500: **3386**, Nasdaq: **9817**, Gold: **\$1615**, Bitcoin: **\$10,113**
  - S&P PE ratio is **24.1** vs 15.8 long term historical average
- Key interest Rates Down Significantly:
  - 10-year Treasury note - about **1.57%**; 30-year Treasury note - about **2.02%**.
  - 30-year fixed mortgage – **3.73%**; 15-year fixed mortgage - **3.02%**
- Federal Reserve held Fed Funds steady at 1.5 – 1.75%.
  - Fed says not cutting Fed Funds rate further in 2020.
  - Fed is again buying U.S. Treasury debt (\$75 Billion / month – QE4)
  - Foreign corporations & money managers again buying U.S. Debt (safety).
- Gov't Claims Jan US Job Unemployment near 50-Year Low **3.6%**.
  - BLS just makes up (estimates) numbers, so can't really know.
- Official CPI Inflation Rate as of Jan, 2020 was **2.5%** / year
  - LV Gasoline (**\$2.67** at Costco)
  - <http://www.in2013dollars.com>

# Recent Interesting News Hyperlinks

- **Corona Virus Outbreak**
  - <https://nypost.com/2020/02/12/cruises-air-travel-expected-to-take-financial-hit-from-coronavirus/>
- **China Trade Deal Phase 1 Signed (but see above)**
  - <https://www.politico.com/news/2020/01/15/what-is-in-us-china-trade-deal-099399>
- **Fed Repo & QE Continues**
  - <https://www.seeitmarket.com/why-not-qe-is-qe-my-thoughts-on-current-monetary-policy/>
- **T-Mobile / Sprint Merger**
  - <https://www.businessinsider.com/sprint-tmobile-merger-deutsche-telekom-renegotiate-growth-softbank-2020-2>
- **Oil Major Stock Price Plunges**
  - <https://oilprice.com/Energy/Energy-General/Energy-Stocks-Rout-On-Poor-Earnings.html#>

# Tom's Recent / Planned Financial Moves

- ***Disclaimer: These are not recommendations! Your financial situation and market circumstances are likely different.***
- **Bought 300 RDS-B @ \$56.67 in Roth**
  - *Dividend play – currently under water; may buy more*
- **Bought 300 MMP @ \$61.67 in Taxable account**
  - *Dividend play – currently under water*
- **Considering converting ~\$30K from IRAs to Roths**
  - *Reduce future RMDs, more assets earning dividends tax free*
  - *Plan is to move equities, rather than cash*
- **Considering selling Altria (MO) in IRA**
  - *Suffering from anti-vaping actions against JUUL*

# SECURE Act Provisions

- **Setting Every Community Up for Retirement Enhancement Act**
  - *Signed into law on December 20, 2019.*
  - <https://www.investopedia.com/what-is-secure-act-how-affect-retirement-4692743>
- **RMD start age for IRAs increased to 72 (not retroactive).**
- **Workers can contribute to IRAs beyond age 70½.**
- **Easier for small businesses to set up retirement plans.**
- **Non-spousal beneficiaries of IRAs & 401Ks must draw down all proceeds within 10 years of owner's passing.**
  - *No specific schedule for drawdowns – up to recipient.*
  - *May create large tax liability for working beneficiaries.*

# **Open Discussion**

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