

Sun City Summerlin Computer Club

Internet Investing SIG

Tom Burt

March 19, 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 - CANCELED*
 - *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>

Fundamentals Review – March 18, 2020

- Dollar has strengthened a lot against foreign currencies.
 - Oil still priced in dollars – crashed to around **\$22.36** / barrel.
 - Stock indexes have all crashed, losing about 1/3 from recent all-time highs
 - Dow 30: **19,899**, S&P 500: **2398**, Nasdaq: **6990**, Gold: **\$1486**, Bitcoin: **\$5238**
 - S&P PE ratio is **18.1** vs 15.8 long term historical average
- Key interest Rates Plunged then have rebounded:
 - 10-year Treasury note - about **1.27%**; 30-year Treasury note - about **1.90%**.
 - 30-year fixed mortgage – **4.14%**; 15-year fixed mortgage - **3.18%**
- Federal Reserve has cut Fed Funds to 0.0 – 0.25%.
 - Fed is massively buying U.S. Treasury debt
 - Investors having to sell gold and bonds to raise cash for margin calls.
- Gov't Claims Feb US Job Unemployment was **3.5%**.
 - With all the Coronavirus closures, this number will be way up in March.
- Official CPI Inflation Rate as of Jan, 2020 was **2.3%** / year
 - LV Gasoline (**\$2.49** at Costco)
 - <http://www.in2013dollars.com>

Tom's Recent / Planned Financial Moves

- ***Disclaimer: These are not recommendations! Your financial situation and market circumstances are likely different.***
- **Bought 100 IBM at \$119.25 on 3-9-2020**
 - *Was nibbling, but in this crazy market, bought too soon.*
- **Bought 400 SLV at \$13.60 on 3-13-2020**
 - *Was nibbling, but in this crazy market, bought too soon.*
 - *Silver, gold and bonds are selling off because stock investors have to raise cash to cover margin calls.*
- **Still 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 some selling to harvest tax losses**
 - *Wishing I had unloaded all my energy stocks about a month ago.*
 - *So far, they're still paying dividends, but that may not last if oil prices stay down.*

Amazing New World

- **Corona Virus**
 - *In 3 months has taken the world by storm, causing massive shutdowns of economic activity.*
 - *Most major cities are all but shut down to prevent spread of the virus.*
 - *U.S. Government is now engaging in massive bailouts to small businesses, displaced workers and some major corporations.*
 - *At this point, too little is known about the course of the pandemic to know when the virus will die down in the U.S. and the rest of the world.*
- **Oil Price War**
 - *Saudis and Russians are flooding the market to try to damage each other and the U.S. fracking industry.*
 - *Gasoline, jet fuel and diesel oil demand is way down because of the virus.*
 - *Crude prices have crashed along with the profits and stock prices of producers and refiners.*
- **All this has created a “Perfect Storm” for the stock and bond markets.**
 - *Probably still too soon to be buying, but there are some tremendous deals.*
 - **** **Caution** *** Some high-yield stocks may cut dividends due to no profits and need to raise cash.*

Open Discussion

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