

Sun City Summerlin Computer Club

Internet Investing SIG

Tom Burt
April 16, 2020

SIG Meeting Schedule

- The Internet Investing SIG meets every other “even” month on the third Thursday morning at **9:30 AM**.
- Investing SIG Chat Line
 - *Subscribe:* SCSCCInvestingSIG+subscribe@groups.io
 - *Post:* SCSCCInvestingSIG@groups.io
- The next six meeting dates will be:
 - *June 18, 2020 – probably via teleconference*
 - *August 20, 2020 – probably via teleconference*
 - *October 15, 2020 – hopefully live in classroom*
 - *December 17, 2020*
 - *February 18, 2021*
 - *April 15, 2021*

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>

Fundamentals Review – April 16, 2020

- Dollar has strengthened a lot against foreign currencies.
 - Oil still priced in dollars – still low at around **\$20.38** / barrel. OPEC says cutting 20 Million bpd on May 1, but everyone cheats.
 - Stock indexes have bounced back from lows.
 - Dow 30: **23,504**, S&P 500: **2783**, Nasdaq: **8393**, Gold: **\$1747**, Bitcoin: **\$6739**
 - S&P PE ratio is **20.9** vs 15.8 long term historical average
- Key interest Rates Plunged then have rebounded:
 - 10-year Treasury note - about **.64%**; 30-year Treasury note - about **1.28%**.
 - 30-year fixed mortgage – **3.82%**; 15-year fixed mortgage - **3.31%**
- 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 on 4/3/20 was **4.4%**.
 - With all the Coronavirus closures, this number will be way up for April.
- Official CPI Inflation Rate as of Jan, 2020 was **1.5%** / year
 - LV Gasoline (**\$1.95** at Costco)
 - <http://www.in2013dollars.com>

Amazing New World (1)

- **Corona Virus Shutdowns / Layoffs**
 - *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 and Fed are now engaging in massive bailouts to small businesses, displaced workers and some major corporations.*
 - *At this point, still 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 – May be over as of May 1, cutting 20M bbl/day**
 - *Saudis and Russians were 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.*

Amazing New World (2)

- **Nobody's Paying Bills (Except us seniors)**
 - *Businesses defaulting on rent, utilities*
 - *Laid off workers not paying rent and utilities*
 - *Consumers not paying off credit card debt*
- **Live Entertainment, Bars, Restaurants, Theaters, Sports Closed**
 - *No one wants to risk going into crowds, even with masks*
 - *Many small businesses likely to declare bankruptcy & close*
- **Air, bus & train travel extremely light.**
- **Rise of Tele-conferencing**
 - *Video chats, meetings & classes*
 - *Video visits to doctors, other health providers w in-home meters*
 - *Boom in sales of webcam/microphone devices*
- **Corona Virus Will be Around for a Long Time**
 - *Vaccine likely a year away.*
 - *Will need masks, gloves, hand sanitizer and wipes for seniors, others at risk.*
 - *COVID-19 could mutate, require a new vaccine yearly.*

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.*
- **Converted ~\$47K from IRAs to Roths**
 - *Reduce future RMDs, more assets earning dividends tax free*
 - *Moved low-priced equities, rather than cash.*
- **Sold 2000 SDIV to harvest tax losses on 3-25**
 - *Wishing I had unloaded all my energy stocks about 6 weeks ago.*
 - *So far, they're still paying dividends, but that may not last if oil prices stay down.*

Open Discussion