

**Sun City Summerlin Computer Club**

# **Internet Investing SIG**

**Tom Burt**

**June 18, 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](mailto:SCSCCInvestingSIG+subscribe@groups.io)
  - *Post:* [SCSCCInvestingSIG@groups.io](mailto:SCSCCInvestingSIG@groups.io)
- The next six session dates will be:
  - *August 20, 2020 – probably via teleconference*
  - *October 15, 2020 – hopefully live in classroom*
  - *December 17, 2020*
  - *February 18, 2021*
  - *April 15, 2021*
  - *June 17, 2021*

# 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>

# Fundamentals Review – June 18, 2020

- **Dollar strong against foreign currencies.**
  - *Oil still priced in dollars – still low at around **\$37.70** / barrel.*
  - *Stock indexes have bounced back from lows.*
  - *Dow 30: **26,120**, S&P 500: **3113**, Nasdaq: **9911**, Gold: **\$1735**, Bitcoin: **\$9426***
  - *S&P PE ratio is **22.32** vs 15.8 long term historical average*
- **Key interest Rates Plunged then have rebounded:**
  - *10-year Treasury note - about **0.73%**; 30-year Treasury note - about **1.52%**.*
  - *30-year fixed mortgage – **3.36%**; 15-year fixed mortgage - **2.86%***
- **Federal Reserve Fed Funds remains at 0.0 – 0.25%.**
  - *Fed is massively buying U.S. Treasury debt; may buy stocks*
  - *Investors having to sell gold and bonds to raise cash for margin calls.*
- **Gov't Claims May US Job Unemployment was **13.3%**.**
  - *With all the Coronavirus closures, this number will be way up for April.*
- **Official CPI Inflation Rate for May, 2020 was **0.3%** / year**
  - *LV Gasoline (**\$2.15** at Costco)*
  - *<http://www.in2013dollars.com>*

# Still Amazing New World (1)

- **Corona Virus Shutdowns / Layoffs / Re-openings**
  - *In 5 months has taken the world by storm, causing massive shutdowns of economic activity.*
  - *Most major cities are reopening slowly, after major shutdowns.*
  - *Stock indexes had recovered about 50% from lows, but have dipped again.*
  - *U.S. Government and Fed are continuing massive bailouts to small businesses, displaced workers and some major corporations.*
- **Oil Price War – seems to be over after major production cuts**
  - *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 had crashed along with the profits and stock prices of producers and refiners. Some oil companies cut dividends.*
- **All this created a “Perfect Storm” for the stock and bond markets.**
  - *There were / are some tremendous deals for the daring or the clairvoyant.*
  - *\*\*\* **Caution** \*\*\* Some high-yield stocks may still cut dividends due to no profits and need to raise cash.*

# Still Amazing New World (2)

- **Many Not Paying Bills (Except us seniors)**
  - *Small & medium-sized 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 Open**
  - *Few want to risk going into crowds, even with masks*
  - *Many small businesses likely to declare bankruptcy & close*
- **Air, bus & train travel still 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.*
- **Widespread Civil Unrest & Looting Causing Fear**
  - *Affecting many cities, businesses*
  - *Investors moving to gold, silver, bitcoin, U.S. Treasuries*
  - *People are leaving states that won't protect their citizens*

# Tom's Recent 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 regular IRAs to Roth IRAs**
  - *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**

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