

Sun City Summerlin Computer Club

\$ Internet Investing SIG \$

Tom Burt

August 20, 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 session dates will be:
 - *August 20, 2020 – probably via webcast*
 - *October 15, 2020 – probably via webcast*
 - *December 17, 2020 – probably via webcast*
 - *February 18, 2021 – hopefully live in classroom*
 - *April 15, 2021*
 - *June 17, 2021*

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>*

Fundamentals Review – August 20, 2020

- **Dollar strong against foreign currencies.**
 - *Oil still priced in dollars – still low at around **\$42.79** / barrel.*
 - *Stock indexes have been rising steadily; Nasdaq near/ at all time highs.*
 - *Dow 30: **27,693**, S&P 500: **3375**, Nasdaq: **1146**, Gold: **\$1934**, Silver: **26.74**, Bitcoin: **\$11762**.*
 - *S&P PE ratio is **29.0** vs 15.8 long term historical average.*
- **Key interest Rates Plunged then have rebounded:**
 - *10-year Treasury note - about **0.68%**; 30-year Treasury note - about **1.22%**.*
 - *30-year fixed mortgage – **2.91%**; 15-year fixed mortgage - **2.38%**.*
- **Federal Reserve Fed Funds remains at 0.0 – 0.25%.**
 - *Fed is massively buying U.S. Treasury debt; may be covertly buying stocks*
 - *Investors having to sell gold and bonds to raise cash for margin calls.*
- **Gov't Claims July US Job Unemployment was **10.2%**.**
 - *Despite the Coronavirus closures, this number has been improving.*
- **Official CPI Inflation Rate for July, 2020 was **1.0%** / year**
 - *LV Gasoline (**\$2.29** at Costco).*
 - *Federal Reserve has abandoned its 2% cap on inflation.*

Life in Corona-Ville

- **Corona Virus Shutdowns / Layoffs / Re-openings**
 - *In 7 months has taken the world by storm, causing massive shutdowns of economic activity.*
 - *Most major cities are reopening slowly, after major shutdowns.*
 - *S&P 500 dropped 34% from all time high of 3386 to 2237. It has now risen back to 3339, a gain of 49%. Stock indexes are now “toppy”.*
 - *U.S. Government and Fed are continuing massive bailouts to small businesses, displaced workers and some major corporations.*
- **Few paying their bills (except us Seniors)**
 - *Small & medium-sized businesses defaulting on rent, utilities.*
 - *Laid off workers not paying rent and utilities; mortgage forbearance ending.*
 - *Consumers not paying off credit card debt.*
- **Live Entertainment, Bars, Restaurants, Theaters, Sports [Not So Open]**
 - *State of Nevada Restrictions.*
 - *Few want to risk going into crowds, even with masks.*
 - *Many small businesses likely to declare bankruptcy & close.*
 - *Sales, entertainment tax receipts way down.*
- **Rise of Tele-conferencing**
 - *Video chats, meetings & classes.*
 - *Video visits to doctors, other health providers supported by in-home meters.*
 - *Boom in sales of webcam/microphone devices.*

Business & Markets in Corona-Ville

- **Market valuations – Stock Market in a bubble?**
 - <https://www.zerohedge.com/markets/valuation-inflation>
- **Oil Price War – seems to be over after major production cuts**
 - *Air, bus & train travel still extremely light.*
 - *Cruise traffic all but non-existent.*
 - *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.*
 - *May be time to take profits and move into “value” (low PE) stocks.*
- **Widespread Civil Unrest & Looting Causing Fear & Economic Losses**
 - *Affecting many cities, businesses.*
 - *Investors moving to gold, silver, bitcoin, U.S. Treasuries.*
 - *People are leaving states that won’t protect their citizens.*

Looking (Guessing?) Ahead

- **Corona Virus Will be Around for a Long Time**
 - *Vaccine likely a year away. Effectiveness & side effects unknown.*
 - *Will need masks, gloves, hand sanitizer and wipes for seniors, others at risk.*
 - *COVID-19 could mutate, require a new vaccine yearly.*
- **Paradigm Shift to Online Shopping & Telecommuting**
 - *Amazon, Walmart, UPS & Fedex will benefit.*
 - *Many businesses will stay with “work at home” / web collaboration.*
 - *Microsoft, Google & Zoom will benefit.*
 - *Demand for higher Internet performance will grow.*
- **Watch out for big tax hikes in 2021 no matter who wins the election.**
 - *<https://www.zerohedge.com/markets/california-set-pass-nations-first-wealth-tax-targeting-ultra-rich>*
 - *\$5 to \$7 Trillion deficit potential for FY 2020; more in 2021.*
 - *Federal Reserve can't print money forever to pump the economy.*
 - *Watch out for Federal & State property (wealth) taxes.*
- **Probably see a recovery about Q3/2021**
 - *Look for a modest baby boom in early 2021.*
 - *Will spike housing demand.*
 - *Suburban & small-town real estate will be in high demand.*

Wiser Retire - Online Advisory Tool

- <https://www.wiserretire.com/wiser-retire-account-signup>
- New Company set up by Ken Himmler.
- Similar to E-Money – For People Who Want to Do It Themselves.
- Helpful tool for assessing how well your current plan and situation will meet your retirement needs.
- Sign up is free. If you *want* help, you can pay a setup fee.
 - *Himmler is offering a \$199 setup discount to our group (net cost \$100).*
- Log in, set up and link to your various financial accounts
 - *Wiser Retire will automatically download balances and transactions from your linked accounts.*
 - *The Dashboard screens show your current financial position.*
 - *You can also do some “What If” analyses. For example, “What if I do an IRA to Roth conversion of \$25,000?”*
- Ken Himmler Weekly Market Review & Forecast
 - https://www.youtube.com/channel/UCx43Ft2SU58o2_1YEF55E1A/videos

Tom's Recent Financial Moves

- ***Disclaimer: These are not recommendations! Your financial situation and market circumstances are likely different.***
- **Bought 181 AGZ on 3-25 (*rebalancing*)**
- **Bought 500 MMP on 6-23 (*too early*)**
- **Sold 522 BKLN on 6-23 (*no longer performing*)**
- **Bought 800 PPL on 6-30**
- **Sold 1000 SPTS on 7-10 (*no longer performing*)**
- **Bought 1000 UNM on 8-6**

Open Discussion