

Sun City Summerlin Computer Club

\$ Internet Investing SIG \$

Tom Burt
June 17, 2021

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 19, 2021 – possibly live in the classroom*
 - *October 21, 2021*
 - *December 16, 2021*
 - *February 17, 2022*
 - *April 21, 2022*
 - *June 16, 2022*

Fundamentals Review – February 17, 2021

- **Dollar weakening against foreign currencies.**
 - *Oil still priced in dollars – still low at around **\$61.43** / barrel.*
 - *Stock indexes have been rising steadily; all close to time highs.*
 - *Dow 30: **31,613**, S&P 500: **3,931**, Nasdaq: **13,966**, Gold: **\$1,775**, Silver: **\$27.41**, Bitcoin: **\$52,477**, EUR/USD: **1.204***
 - *S&P PE ratio is **31.2** vs 15.8 long term historical average.*
- **Key interest Rates have been slowly rebounding:**
 - *10-year Treasury note - about **1.30%**; 30-year Treasury note - about **2.06%**.*
 - *30-year fixed mortgage – **3.193% Apr**; 15-year fixed mortgage - **2.623% Apr**.*
- **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 January US Job Unemployment was **6.3%**.**
 - *Despite the Coronavirus closures, this number has been improving.*
- **Official CPI Inflation Rate for January 2020 was **1.4%** / year**
 - *LV Gasoline (**\$2.55** at Costco).*
 - *Federal Reserve has abandoned its 2% cap on inflation.*
- <https://www.zerohedge.com/markets/exposing-robinhood-scam-heres-how-much-citadel-paid-robinhood-buy-your-orders>

Fundamentals Review – April 14, 2021

- **Dollar weakening against foreign currencies.**
 - *Oil still priced in dollars – moderate at around **\$62.75** / barrel.*
 - *Stock indexes have been rising steadily; near all-time highs.*
 - *Dow 30: **33,731**, S&P 500: **4,125**, Nasdaq: **13,858**, Gold: **\$1,737**, Silver: **\$25.48**, Bitcoin: **\$62,911**, EUR/USD: **1.198***
 - *S&P PE ratio is **34.2** vs 15.8 long term historical average.*
- **Key interest Rates have been slowly rebounding:**
 - *10-year Treasury note - about **1.64%**; 30-year Treasury note - about **2.33%**.*
 - *30-year fixed mortgage – **3.07% Apr**; 15-year fixed mortgage - **2.37% Apr**.*
- **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 April 2 US Job Unemployment was **6.0%**.**
 - *Despite the Coronavirus closures, this number has been improving.*
- **Official CPI Inflation Rate for April 2020 was **2.6%** / year**
 - *LV Gasoline (**\$3.05** at Costco).*
 - *Federal Reserve has abandoned its 2% cap on inflation.*

Fundamentals Review – June 16, 2021

- **Dollar weakening against foreign currencies.**
 - *Oil (WTI) – still priced in dollars – up at around **\$71.66** / barrel.*
 - *Stock indexes have been rising steadily; near all-time highs.*
 - *Dow 30: **34,034**, S&P 500: **4,224**, Nasdaq: **14,040**, Gold: **\$1,813**, Silver: **\$27.05**, Bitcoin: **\$38,722**, EUR/USD: **1.199***
 - *S&P PE ratio is **45.0** vs 15.9 long term historical average.*
- **Key interest Rates have been slowly rebounding:**
 - *10-year Treasury note - about **1.569%**; 30-year Treasury note - about **2.209%**.*
 - *30-year fixed mortgage – **3.05 Apr**; 15-year fixed mortgage - **2.29% Apr**.*
- **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 BLS Claims May US Job Unemployment was **5.8%**.**
 - *This number has been improving, but many workers staying on government payments.*
- **Official CPI Inflation Rate (YoY) for May 2021 was **5.0%** / year**
 - *<https://www.usinflationcalculator.com/inflation/current-inflation-rates/>*
 - *LV Gasoline (**\$3.29** at Costco).*
 - *Federal Reserve has abandoned its 2% cap on inflation.*

Planning (Guessing?) Ahead

- **Corona Virus starting to succumb to vaccines**
 - *Vaccines rolling out. Long term effectiveness & side effects unknown.*
 - *COVID-19 is mutating; could require a yearly vaccine booster.*
 - *Nevada and rest of country gradually opening up (June 1 100%).*
- **Paradigm Shift to Online Shopping & Telecommuting**
 - *Amazon, Walmart, UPS & Fedex will continue to benefit.*
 - *Many businesses will stay with “work at home” / web collaboration.*
 - *Microsoft, Google & Zoom will continue to benefit.*
 - *Demand for higher Internet performance will grow.*
- **Watch out for big federal and state tax hikes effective in 2022 (maybe 2021).**
 - *\$3 Trillion or more (bills pending) deficit potential for FY 2021; more in 2022.*
 - *Federal Reserve can't print money forever to pump the economy.*
 - *Watch out for higher Federal & State property (wealth) taxes.*
- **On track to see a recovery about Q3/2021**
 - *Housing demand & prices very high, especially suburban & small-town.*
- **Inflation Surging**
 - <https://www.wsj.com/articles/us-inflation-consumer-price-index-may-2021-11623288303>
 - <https://www.zerohedge.com/economics/its-permanent-not-temporary-dollars-purchasing-power-plunged-fastest-pace-1982>

News and Educational Bits

- Quantum Computing Implications for Encryption & Internet Security
 - <https://www.zerohedge.com/crypto/google-aims-commercial-quantum-computer-2029-what-would-do-bitcoin>
- Lithium, Cobalt & Rare Earths - Scarcity
 - <https://www.zerohedge.com/commodities/lithium-cobalt-rare-earths-post-petroleum-resource-race>
- Wealth Accumulation – The Three Bucket Strategy
 - [*The Bucket Strategy – YouTube \(Ken Himmler Video Seminar\)*](#)
- Paradigm Shift
 - <https://www.zerohedge.com/markets/post-pandemic-metamorphosis-never-going-back>
- Inflation Hedges
 - <https://www.investopedia.com/articles/investing/081315/9-top-assets-protection-against-inflation.asp>
 - <https://www.forbes.com/sites/baldwin/2021/05/02/from-lumber-to-tips-to-bitcoin-12-inflation-hedging-investment-moves/?sh=e33204c593fb>
- Tom's Excel Macros to Compute 2021 Federal Estimated Tax (free on request)

Tom's Recent (and Future) Financial Moves

- ***Disclaimer: These are not recommendations! Your financial situation and market circumstances are likely different.***
- ***Sold all AT&T (T) after spin-off announcement – projected big dividend cut***
- ***Bought Verizon (VZ) 200 shrs – 5G Home Internet rollout (4.4% yield)***
- ***Bought Preferred Stock ETF (PGX) 302 shrs – putting cash to work (4.9% yield)***
- ***Looking at Altria (MO) – 7.1% yield, rising earnings, diversification***
- ***Looking at Utilities, Uranium miners***
 - ***Move to electric vehicles will increase demand for electric power everywhere.***
 - ***No way to meet demand with renewables (wind, solar), so nuclear will see a resurgence.***
 - ***Flight from high-tax blue states to the south will increase demand for power there.***

Open Discussion