

Sun City Summerlin Computer Club

\$ Internet Investing SIG \$

Tom Burt

October 21, 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:
 - *December 16, 2021 – via Zoom*
 - *February 17, 2022*
 - *April 21, 2022*
 - *June 16, 2022*
 - *August 18, 2022*
 - *October 20, 2021*

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.*

Fundamentals Review – August 19, 2021

- **Dollar weakening against foreign currencies.**
 - *Oil (WTI) – still priced in dollars – off at around **\$64.39** / barrel.*
 - *Stock indexes have been rising steadily; slightly off from all-time highs.*
 - *Dow 30: **34,961**, S&P 500: **4,400**, Nasdaq: **14,526**, Gold: **\$1,790**, Silver: **\$23.49**, Bitcoin: **\$44,622**, EUR/USD: **1.171***
 - *S&P PE ratio is **35.9** vs 15.9 long term historical average.*
- **Key interest Rates have been slowly rebounding:**
 - *10-year Treasury note - about **1.273%**; 30-year Treasury note - about **1.95%**.*
 - *30-year fixed mortgage – **3.06 Apr**; 15-year fixed mortgage - **2.25% 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 July US Job Unemployment was **5.4%**.**
 - *This number has been improving, but many workers staying on government payments.*
- **Official CPI Inflation Rate (YoY) for July 2021 was **5.4%** / year**
 - *<https://www.usinflationcalculator.com/inflation/current-inflation-rates/>*
 - *LV Gasoline (**\$3.49** at Costco).*
 - *Federal Reserve has abandoned its 2% cap on inflation.*

Fundamentals Review – October 20, 2021

- **Dollar weakening against foreign currencies.**
 - *Oil (WTI) – still priced in dollars – way up at around **\$84.25** / barrel.*
 - *Stock indexes have been rising steadily; at or near all-time highs.*
 - *Dow 30: **35,609**, S&P 500: **4,536**, Nasdaq: **15,122**, Russell 2K: **2290**, Gold: **\$1,782**, Silver: **\$24.38**, Bitcoin: **\$65,835**, EUR/USD: **1.165***
 - *S&P PE ratio is **28.58** vs 15.95 long term historical average.*
- **Key interest Rates have been slowly rebounding:**
 - *10-year Treasury note - about **1.636%**; 30-year Treasury note - about **2.11%**.*
 - *Nevada 30-year fixed mortgage – **3.17% Apr**; 15-year fixed mortgage - **2.41% Apr**.*
- **Federal Reserve Fed Funds remains at 0.0 – 0.25%.**
 - *Fed is massively buying U.S. Treasury debt; may be covertly buying stock ETFs*
 - *Investors having to sell gold and bonds to raise cash for margin calls.*
- **Gov't BLS Claims September US Job Unemployment was **4.8%**.**
 - *This number has been improving, but many workers staying on government payments.*
- **Official CPI Inflation Rate (YoY) for September 2021 was **5.4%** / year**
 - *<https://www.usinflationcalculator.com/inflation/current-inflation-rates/>*
 - *LV Gasoline (**\$3.54** at Costco).*
 - *Federal Reserve has abandoned its 2% cap on inflation.*

Planning (Guessing?) Ahead

- **Corona Virus (Delta) starting to succumb to vaccines – watch out for other new strains.**
 - *Vaccines still rolling out. Long term effectiveness & side effects unknown (concerns growing).*
 - <https://www.reuters.com/business/healthcare-pharmaceuticals/pfizerbiontech-covid-19-vaccine-effectiveness-drops-after-6-months-study-2021-10-04/>
 - *COVID-19 is mutating; “breakthrough infections” occurring; could require a yearly vaccine booster.*
 - *Will the definition of “fully vaccinated” be revised to require a booster shot?*
- **Paradigm Shift to Online Shopping, Telecommuting, Telemeetings and Telemedicine**
 - *Amazon, Walmart, UPS, Fedex, Microsoft, Google & Zoom & will continue to benefit.*
 - *Many businesses will stay with “work at home” / web collaboration. If not, workers will leave.*
 - *Demand for higher Internet performance will grow.*
- **Watch out for big federal and state tax hikes effective in 2022 (maybe 2021).**
 - *\$5 Trillion or more (bills pending) deficit potential for FY 2021; more in 2022 and beyond.*
 - *Federal Reserve can’t print money forever to pump the economy (but still pumping now).*
 - *Watch out for higher Federal & State property (wealth) taxes.*
- **On track to see a business recovery in H2/2021 (but labor shortage may impact that)**
 - *Housing demand & prices very high, especially suburban & small-town.*
- **Inflation Surging – Supply chains disrupted, Fed money pumping**
 - <https://www.marketwatch.com/story/americans-will-have-to-get-used-to-high-inflation-at-least-until-the-end-of-2021-11632511300>

Year-end Tax Moves (1)

- **Take Required Minimum Distributions From IRA Accounts**
 - *May want to take more than minimum while rates are low.*
 - *Can satisfy RMD total from any mix of IRA accounts*
- **Make Deductible Charitable Contributions (up to \$400 for MFJ – even if using Std Deduction)**
- **Arrange Qualified Charitable Donations From IRA (Lowers your Adjusted Gross Income)**
 - *Have broker issue checks payable to the charities*
 - *Counts toward your RMD*
- **Convert All or Part of a Regular IRA to a Roth IRA**
 - *Conversions may be restricted or completely banned in new tax law*
 - *All RMDs must be satisfied before making conversion*
 - *“Back door” tax-free conversions (after-tax IRA contributions) very likely to be banned.*
- **Contribute to a Roth IRA**
 - *Funds must come from earned income (wages or self employment)*

Year-end Tax Moves (2)

- **Harvest Capital Losses**
 - *Capital losses offset capital gains one for one*
 - *Watch for wash sale rule – can't buy back for 30 days in same account*
- **Consider Realizing Capital Gains While Rates are Low**
 - *Can sell an appreciated stock, pay the capital gains tax and buy back to reset the cost basis*
 - *Step up in basis is likely gone after new tax bill gets passed*
- **Look at Opportunities for Shifting Income and Expenses**
 - *Try to realize income before tax rates rise*
 - *Try to push off deductible expenses to a year with lower income so you can itemize deductions*
- **May Want to Make Gifts to Children, Grandchildren**
 - *New tax law likely to lower estate tax exclusion for couple from \$22 million back to \$5 million*
 - *Can gift up to \$15,000 per donor per recipient tax free*

News and Educational Bits

- Treasury Inflation-Protected Securities (TIPS) - Updated
 - <https://www.investopedia.com/articles/investing/092215/top-5-tips-etfs.asp>
- Chinese Hypersonic Missile Test
 - <https://www.ft.com/content/ba0a3cde-719b-4040-93cb-a486e1f843fb>
- New Bitcoin Futures Tracking ETF Launched
 - <https://www.washingtonpost.com/business/2021/10/19/bitcoin-etf-launches/>
- Shipping Congestion in Los Angeles
 - <https://www.bbc.com/news/58926842>
- Update on Starlink Satellite Internet (Includes video of a dish installation)
 - [*Is Satellite Internet Dangerous? How Safe Is Satellite Internet? \(makeuseof.com\)*](#)
- Inflation Hedges
 - <https://money.usnews.com/investing/stock-market-news/articles/how-to-beat-inflation/>

Tom's Recent (and Future) Financial Moves

- ***Disclaimer: These are not recommendations! Your financial situation and market circumstances are likely different.***
- ***IRA to Roth conversions – started (wife's RMDs done)***
- ***Bought 1000 more SPIP (TIPS) – 2.69% yield – putting cash to work***
- ***Looking at adding more Altria (MO) – 7.1% yield, rising earnings, diversification***
- ***Looking at adding more Verizon (V) – 4.9% yield, rising earnings, 5G Internet***
- ***Assessing Blackrock Capital (BKCC) – 9.7% yield, but iffy history***
- ***Looking at Utilities, Uranium miners, Copper, Robotics / Automation***
 - ***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.***
 - ***Electric vehicles and utility transmission lines require lots of copper.***

Open Discussion

Internet Investing SIG