

Sun City Summerlin Computer Club

\$ Internet Investing SIG \$

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December 16, 2021

SIG Meeting Schedule

- The Internet Investing SIG meets every other “even” month on the third Thursday morning at **9:30 AM**.
- Question ... Interest in going to meeting monthly?
 - *2022 looks to be a very volatile year. Might alternate a month of free form Q&A / discussion or a guest speaker with my current format with topical material.*
- Investing SIG Chat Line
 - *Subscribe: [SCSCCInvestingSIG+subscribe@groups.io](https://groups.io/join/SCSCCInvestingSIG)*
 - *Post: SCSCCInvestingSIG@groups.io*
- The upcoming session dates will be:
 - *January 20, 2022 – via Zoom – Guest speaker Daniel Beheshti of UBS*
 - *February 17, 2022 – via Zoom*
 - *April 21, 2022*
 - *June 16, 2022*
 - *August 18, 2022*
 - *October 20, 2022*
 - *December 15, 2022*

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.*

Fundamentals Review – December 15, 2021

- **Dollar weakening against foreign currencies.**
 - *Oil (WTI) – still priced in dollars –around **\$71.45** / barrel.*
 - *Stock indexes have been rising steadily; at or near all-time highs.*
 - *Dow 30: **35,927**, S&P 500: **4,710**, Nasdaq: **15,566**, Russell 2K: **2195**, Gold: **\$1,777**, Silver: **\$22.08**, Bitcoin: **\$49129**, EUR/USD: **1.130***
 - *S&P PE ratio is **29.11** vs 15.96 long term historical average.*
- **Key interest Rates have been slowly rebounding:**
 - *10-year Treasury note - about **1.463%**; 30-year Treasury note - about **1.855%**.*
 - *Nevada 30-year fixed mortgage – **2.75% Apr**; 15-year fixed mortgage - **2.05% Apr**.*
- **Federal Reserve Fed Funds remains at 0.0 – 0.25%.**
- **Gov't BLS Claims November US Job Unemployment was **4.2%**.**
 - *This number has been improving, but many workers staying on government payments.*
- **Official CPI Inflation Rate (YoY) for November 2021 was **6.8%** / year**
 - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
 - *LV Gasoline (**\$3.45** at Costco).*
 - *Federal Reserve has abandoned its 2% cap on inflation.*

Planning (Guessing?) Ahead

- **Corona Virus (Omicron) latest new strain – contagious, but not virulent.**
 - *Vaccines and treatments 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 regular vaccine boosters.*
 - *Definition of “fully vaccinated” now likely to require a booster shot (maybe two).*
- **Paradigm Shift to Online Shopping, Telecommuting, Tele-meetings and Tele-medicine**
 - *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 retro to 2021).**
 - *\$5 Trillion or more (bills pending) deficit potential for 2022 and beyond.*
 - *Federal Reserve just announced faster rate of tapering off buying Federal debt.*
 - *Watch out for higher Federal & State property (wealth) taxes.*
- **Business recovery occurring now into H1/2022 (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.zerohedge.com/economics/five-inflation-myths>

2022 Tax Brackets

- <https://taxfoundation.org/2022-tax-brackets/>
- 2022 Tax Brackets for Single Filers, Married Couples Filing Jointly, and Heads of Households
Source: Internal Revenue Service

Rate	For Single Filers	Married Filing Jointly	Head of Household
10%	\$0 to \$10,275	\$0 to \$20,550	\$0 to \$14,650
12%	\$10,276 to \$41,775	\$20,551 to \$83,550	\$14,651 to \$55,900
22%	\$41,776 to \$89,075	\$83,551 to \$178,150	\$55,901 to \$89,050
24%	\$89,076 to \$170,050	\$178,151 to \$340,100	\$89,051 to \$170,050
32%	\$170,051 to \$215,950	\$340,101 to \$431,900	\$170,051 to \$215,950
35%	\$215,951 to \$539,900	\$431,901 to \$647,850	\$215,951 to \$539,900
37%	\$539,901 or more	\$647,851 or more	\$539,901 or more

Real Estate Investment Trusts

- <https://www.reit.com/> - Good site for information
- REITs pass through 90% of profits to shareholders and avoid Federal income tax
- Public REITs trade like stocks
- Equity REITs own a portfolio of properties
- Mortgage REITs buy portfolios of loans
- Many REITs are Equity/Mortgage hybrids
- Can also buy Mutual funds and ETFs that track REIT indexes or are actively managed
- REITs may specialize in sectors such as residential, retail, commercial, medical
- Advantages of REITs – especially for seniors:
 - *Diversification across many properties – reduces risk*
 - *REIT handles all property maintenance and management issues*
 - *No personal liability*
 - *Investment is highly liquid – you can sell your shares at any time, price is well-defined*
 - *Can be a good source of ongoing income, plus appreciation*
 - *Can be a good hedge against inflation*
- Let's look at some REITs and REIT ETFs

News and Educational Bits

- Treasury Inflation-Protected Securities (TIPS) - Updated for 2022
 - <https://www.investopedia.com/articles/investing/092215/top-5-tips-etfs.asp>
- Insider Selling / Corporate Buybacks
 - <https://www.zerohedge.com/markets/ponzi-insiders-dump-stocks-own-companies-record-pace>
- Proshares Bitcoin Strategy ETF (BITO) Launched
 - <https://www.bitoetf.com/>
- Supply Chain issues Easing?
 - <https://www.wsj.com/articles/supply-chain-problems-show-signs-of-easing-11637496002>
- Why the Consumer Price Index is Controversial
 - <https://www.investopedia.com/articles/07/consumerpriceindex.asp>
- Inflation Hedges Comprehensive Article
 - <https://www.optimizedportfolio.com/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 – All done; QCDs – All done***
- ***Bought 300 SO – 4.2% yield – putting cash to work***
- ***Bought 100 IBM – 5.54% yield – putting cash to work, bargain hunting***
- ***Bought 200 MMP – 8.95% yield – putting cash to work, bargain hunting***
- ***Bought 500 STWD – 7.82% yield – putting cash to work***
- ***Assessing Blackrock Capital (BKCC) – 9.7% yield, but iffy history, prospects***
- ***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