

Sun City Summerlin Computer Club

\$ Internet Investing SIG \$

Tom Burt

January 20, 2022

SIG Meeting Schedule

- The Internet Investing SIG meets every month on the third Thursday morning at **9:30 AM**.
 - *2022 looks to be a very volatile year. Suggest we 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:
 - *February 17, 2022 – via Zoom – Guest speaker Daniel Beheshti of UBS (tentative)*
 - *March 17, 2022 – via Zoom*
 - *April 21, 2022*
 - *June 16, 2022*
 - *August 18, 2022*
 - *October 20, 2022*
 - *December 15, 2022*
 - *January 19, 2023*

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.*

Fundamentals Review – January 20, 2022

- Dollar weakening against foreign currencies.
 - Oil (WTI) – still priced in dollars –around **\$86.14** / barrel.
 - Stock indexes have been rising steadily; but are now well off recent all-time highs.
 - Dow 30: **35,029**, S&P 500: **4,533**, Nasdaq: **14,340**, Russell 2K: **2063**, Gold: **\$1,840**, Silver: **\$24.17**, Bitcoin: **\$42352**, EUR/USD: **1.135**
 - S&P PE ratio is **25.85** vs 15.96 long term historical average.
- Key interest Rates have been slowly rebounding:
 - 10-year Treasury note - about **1.827%**; 30-year Treasury note - about **2.138%**.
 - Nevada 30-year fixed mortgage – **3.174% Apr**; 15-year fixed mortgage - **2.438% Apr**.
- Federal Reserve Fed Funds remains at 0.0 – 0.25% but look for rate hikes soon.
- Gov't BLS Claims December US Job Unemployment was **3.9%**.
 - This number has been improving, but many workers staying on government payments.
- Official December 2021 Inflation Rates (YoY) were CPI **7.0%**, PPI **9.7%**
 - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
 - LV Gasoline (**\$3.39** at Costco).
 - Federal Reserve has totally 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).*
 - *Booster shots proving ineffective against the Omicron variant.*
 - <https://www.healthdata.org/covid/covid-19-vaccine-efficacy-summary>
 - *COVID-19 is mutating; “breakthrough infections” occurring; could require regular vaccine boosters.*
 - *Definition of “fully vaccinated” fast moving 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. T-Mobile, Verizon and AT&T rolling out 5G.*
- **Watch out for big federal and state tax hikes effective in 2022 (could still happen)**
 - *\$5 Trillion or more (bills pending) deficit potential for 2022 and beyond (could still happen).*
 - *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 H2/2022 (but labor shortage may impact that)**
 - *Housing demand & prices high, especially suburban & small-town. Builders can’t get construction materials. Mortgage rates rising.*
- **Inflation Surging – Supply chains disrupted, Fed money pumping**
 - <https://thehill.com/opinion/finance/589775-heres-why-inflation-numbers-are-about-to-get-worse>

Let's Look at Stocks

- ***Disclaimer: These are not recommendations! Your financial situation and market circumstances are likely different.***
- ***Tom's Hot List (Any Suggestions?)***
- ***Tech Watch Portfolio***

News and Educational Bits

- **Cryptocurrency Extreme Energy Usage**
 - [*Mozilla stops accepting cryptocurrency, Wikipedia may be next: Are dominos falling? – TechRepublic*](#)
- **Gold / TIPS / Inflation Analysis**
 - [*https://thegoldobserver.substack.com/p/what-drives-the-price-of-gold-part*](https://thegoldobserver.substack.com/p/what-drives-the-price-of-gold-part)
 - [*https://www.zerohedge.com/markets/what-drives-price-gold-part-2*](https://www.zerohedge.com/markets/what-drives-price-gold-part-2)
- **Starlink Expanding, but Speeds Dropping**
 - [*https://www.forbes.com/sites/ajdellinger/2021/12/23/elon-musks-starlink-is-quietly-expanding-but-speeds-are-getting-worse/?sh=476b87462419*](https://www.forbes.com/sites/ajdellinger/2021/12/23/elon-musks-starlink-is-quietly-expanding-but-speeds-are-getting-worse/?sh=476b87462419)
- **Soaring Energy Prices**
 - [*https://www.wsj.com/articles/soaring-energy-prices-only-the-beginning-climate-change-net-zero-renewable-wind-electricity-11641417084*](https://www.wsj.com/articles/soaring-energy-prices-only-the-beginning-climate-change-net-zero-renewable-wind-electricity-11641417084)
- **Inflation Hedges Comprehensive Article**
 - [*https://www.optimizedportfolio.com/inflation/*](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.***
- ***Assessing Blackrock Capital (BKCC) – 9.7% yield, but iffy history, prospects***
- ***Considering adding to holdings in AAAU and SLV (Inflation protection)***
- ***Bond yields are rising (i.e. prices are falling) – may add to bond ETF holdings***
- ***Looking at Utilities, Uranium miners, Copper, Robotics / Automation / AI***
 - ***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