

Sun City Summerlin Computer Club

\$ Internet Investing SIG \$

Tom Burt
August 18, 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](https://groups.io/g/SCSCCInvestingSIG)*
- The upcoming session dates will be:

September 15, 2022
October 20, 2022
November 17, 2022
December 15, 2022
January 19, 2023
February 16, 2023

March 16, 2023
April 20, 2023
May 18, 2023
June 15, 2023
July 20, 2023
August 17, 2023

Fundamentals Review – June 16, 2022

- Dollar very strong against foreign currencies.
 - Oil (WTI) – still priced in dollars –around **\$115.83** / barrel.
 - Stock indexes have been choppy; but are now far off recent all-time highs.
 - Dow 30: **30,669**, S&P 500: **3,790**, Nasdaq: **11,099**, Russell 2K: **1,731**, Gold: **\$1,836**, Silver: **\$21.69**, Bitcoin: **\$21,877**, EUR/USD: **1.044**
 - S&P PE ratio is **24.6** vs 15.97 long term historical average.
- Key interest Rates have been rising sharply:
 - 2-year Treasury – about **3.21%**; 10-year Treasury - about **3.40%**; 30-year Treasury - about **3.33%**.
 - 30-year fixed mortgage – **5.89% Apr**; 15-year fixed mortgage - **4.99% Apr**.
- Federal Reserve Fed Funds raised to 1.00% – 1.25%. Expect more rate hikes soon.
- Gov't BLS Claims May US Job Unemployment was **3.6%**.
 - This number has been improving, but many workers staying on government payments.
- Official May 2022 Inflation Rates (YoY) were CPI **8.6%**, PPI **10.8%**
 - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
 - LV Gasoline (**\$5.09** at Costco).
 - Federal Reserve has totally abandoned its 2% cap on inflation.

Fundamentals Review – July 20, 2022

- Dollar very strong against foreign currencies.
 - Oil (WTI) – still priced in dollars – has faded to around **\$102.61** / barrel.
 - Stock indexes have been choppy; but are now far off recent all-time highs.
 - Dow 30: **31,875**, S&P 500: **3,960**, Nasdaq: **11,898**, Russell 2K: **1,828**, Gold: **\$1,694**, Silver: **\$18.59**, Bitcoin: **\$23,317**, EUR/USD: **1.018**
 - S&P PE ratio is **20.0** vs 15.97 long term historical average.
- Key interest Rates have been rising sharply:
 - 2-year Treasury – about **3.23%**; 10-year Treasury - about **3.04%**; 30-year Treasury - about **3.16%**.
 - 30-year fixed mortgage – **5.74% Apr**; 15-year fixed mortgage - **4.88% Apr**.
- Federal Reserve Fed Funds raised to 1.00% – 1.25%. Expect .75% more in late July.
- Gov't BLS Claims June US Job Unemployment was **3.6%**.
 - This number has been improving, but many workers staying on government payments.
- Official June 2022 Inflation Rates (YoY) were CPI **9.1%**, PPI **11.3%**
 - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
 - LV Gasoline (**\$4.59** at Costco, **\$5.28** at Chevron).
 - Federal Reserve has totally abandoned its 2% cap on inflation.

Fundamentals Review – August 17, 2022

- Dollar very strong against foreign currencies.
 - Oil (WTI) – priced in dollars – has faded to around **\$87.56** / barrel.
 - Stock indexes have been choppy; but have rallied from recent lows.
 - Dow 30: **33,980** S&P 500: **4,274**, Nasdaq: **12,938**, Russell 2K: **1,987**, Gold: **\$1,777**, Silver: **\$19.75**, Bitcoin: **\$23,404**, EUR/USD: **1.018**
 - S&P PE ratio is **21.6** vs 15.97 long term historical average.
- Key interest Rates have been rising sharply:
 - 2-year Treasury – about **3.29%**; 10-year Treasury - about **2.89%**; 30-year Treasury - about **3.16%**.
 - 30-year fixed mortgage – **5.57% Apr**; 15-year fixed mortgage - **4.84% Apr**.
- Federal Reserve Fed Funds raised to 1.75% – 2.00%. Expect .75% more in Sept.
- Gov't BLS Claims July US Job Unemployment was **3.5%**.
 - This number has been improving, but many workers staying on government payments.
- Official July 2022 Inflation Rates (YoY) were CPI **8.5%**, PPI **9.8%**
 - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
 - LV Gasoline (**\$4.35** at Costco, **\$5.07** at Chevron).
 - Federal Reserve has totally abandoned its 2% cap on inflation.

Looking (Guessing?) Ahead

- **Corona Virus (Omicron) latest new strains – contagious, but not virulent.**
 - *Long term effectiveness of vaccines seems very weak. Concerns about side effects. Booster shots ineffective against the Omicron variant. CDC drops quarantine requirement. May be new boosters later in 2022.*
- **Paradigm Shift to Online Shopping, Telecommuting, Tele-meetings and Tele-medicine continues**
 - *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 2023 (Depends on Fall election)**
 - *\$4 Trillion or more (bills pending) deficit potential for 2022 and beyond (Chips bill, Inflation Reduction bill).*
 - *Federal Reserve beginning selling off Federal debt portfolio.*
 - *Watch out for higher Federal & State personal property (wealth) taxes.*
- **Economy Falling into Recession as Fed Rate Hikes Flow Through.**
 - *Housing demand & prices falling. Mortgage rates rising.*
- **Inflation Surging – Supply chains better, but still disrupted**
 - *<https://thehill.com/opinion/finance/589775-heres-why-inflation-numbers-are-about-to-get-worse>*
 - *Consumers now borrowing to pay for necessities (food, gasoline, utilities)*



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- E*TRADE offers Power E*TRADE.
- Fidelity offers Active Trader Pro, which runs as a Desktop program.

News Bits & Bytes

- **Bank 2-Year CD Rates**
 - <https://www.bankrate.com/banking/cds/best-2-year-cd-rates/>
- **Inflation Reduction Act...**
 - https://www.democrats.senate.gov/imo/media/doc/inflation_reduction_act_one_page_summary.pdf
 - <https://www.investopedia.com/inflation-reduction-act-of-2022-6362263>
 - <https://taxfoundation.org/inflation-reduction-act/>
- **Rental Housing Rates Surging**
 - <https://www.zerohedge.com/markets/rent-becoming-crisis-us>
- **Homes Sales Decline**
 - <https://www.zerohedge.com/markets/record-number-homebuyers-walk-away-contracts-housing-market-implodes>

Tom's Recent (and Future) Financial Moves

- ***Disclaimer: These are not recommendations! Your financial situation and market circumstances are likely different.***
- ***Bought 500 SPDR TIPS ETF (SPIP). TTM yield 7.07%.***
- ***Sold 60 Kyndryl (KD). Tax loss harvesting.***
- ***Considering adding to holdings in AAAU and SLV (Inflation protection?)***
- ***Bond yields have been rising (i.e. prices have been falling)
Foreign flight to U.S. bonds is offsetting this trend. Looking at Treasury ETFs.***
- ***Still 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 should see a resurgence.***
 - ***Flight from high-tax northern blue states to the south will increase demand for power there.***
 - ***Electric vehicles and utility transmission lines require lots of copper.***

Open Discussion