

**Sun City Summerlin Computer Club**

**\$ Internet Investing SIG \$**

**Tom Burt**

**October 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](https://groups.io/g/SCSCCInvestingSIG)*
- The upcoming session dates will be:

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  
September 21, 2023  
October 19, 2022

# 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.

# Fundamentals Review – September 14, 2022

- Dollar very strong against foreign currencies.
  - Oil (WTI) – still priced in dollars – has faded to around **\$88.77** / barrel.
  - Stock indexes have been choppy; but are now far off recent all-time highs.
  - Dow 30: **31,135** S&P 500: **3,946**, Nasdaq: **11,720**, Russell 2K: **1,838**, Gold: **\$1,706**, Silver: **\$19.47**, Bitcoin: **\$19,968**, EUR/USD: **.9979**
  - S&P PE ratio is **26.1** vs 15.97 long term historical average.
- Key interest Rates have been rising sharply:
  - 2-year Treasury – about **3.75%**; 10-year Treasury - about **3.41%**; 30-year Treasury - about **3.47%**.
  - 30-year fixed mortgage – **6.21% Apr**; 15-year fixed mortgage - **5.39% Apr**.
- Federal Reserve Fed Funds raised to 1.75% – 2.00%. Expect .75% more in late Sept.
- Gov't BLS Claims September US Job Unemployment was **3.7%**.
  - This number has been improving, but many workers staying on government payments.
- Official August 2022 Inflation Rates (YoY) were CPI **8.3%**, PPI **8.7%**
  - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
  - LV Gasoline (**\$4.29** at Costco, **\$5.10** at Chevron).
  - Federal Reserve has totally abandoned its 2% cap on inflation.

# Fundamentals Review – October 19, 2022

- Dollar very strong against foreign currencies.
  - Oil (WTI) – still priced in dollars – has faded to around **\$86.00** / barrel.
  - Stock indexes have been choppy; but are now far off recent all-time highs.
  - Dow 30: **30,424** S&P 500: **3,695**, Nasdaq: **10,681**, Russell 2K: **1,726**, Gold: **\$1,634**, Silver: **\$18.41**, Bitcoin: **\$19,203**, EUR/USD: **.9773**
  - S&P PE ratio is **19.9** vs 15.97 long term historical average.
- Key interest Rates have been rising sharply:
  - 2-year Treasury – about **4.43%**; 10-year Treasury - about **4.13%**; 30-year Treasury - about **4.13%**.
  - 30-year fixed mortgage – **7.20% Apr**; 15-year fixed mortgage - **6.32% Apr**.
- Federal Reserve Fed Funds raised to 3.0% – 3.25%. Expect .75% more in late Oct.
- Gov't BLS Claims September US Job Unemployment was **3.5%**.
  - This number has been improving, but many workers staying on government payments.
- Official September 2022 Inflation Rates (YoY) were CPI **8.2%**, PPI **8.5%**
  - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
  - LV Gasoline (**\$4.59** at Costco, **\$5.30** 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. New Omicron boosters now available, but effectiveness may be as short as 3 months.*
- **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. AT&T, Cox, Lumen & Google rolling out more fiber.*
- **Watch out for big federal and state tax hikes effective in 2023 (Depends on Fall election)**
  - *\$5 Trillion or more (bills pending) deficit potential for 2022/2023 and beyond - Chips bill, Inflation Reduction bill, Student debt forgiveness, other giveaways.*
  - *Federal Reserve beginning to sell 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://www.theguardian.com/business/2022/oct/16/us-inflation-federal-reserve-interest-rate-hikes>*
  - *Consumers now borrowing to pay for necessities (food, gasoline, utilities)*

# Intro to Technical Analysis (1)

- <https://www.investopedia.com/terms/t/technicalanalysis.asp>
- <https://www.investopedia.com/top-7-technical-analysis-tools-4773275>
- **Technical Analysis** assumes all information is already priced in
  - *Various indicators look at price and volume history*
  - *Assumes trends will continue (until they don't)*
  - *Unexpected major events (wars, disasters, political deaths) can disrupt trends*
  - *Assumes you can “time” the market; many experts say you can't.*
  - *May be more useful for short-term traders than buy-and-hold investors.*
- **Computers** have made all this easier
  - *Most brokerages' online and desktop trading tools can calculate and superimpose indicators*
  - *Can look at indicators for a stock, ETF, commodity or average.*
- **Let's look at the 7 indicators from the Investopedia article above ...**

# Intro to Technical Analysis (2)

- **On-balance volume (OBV)**
- **Accumulation/distribution line**
- **Average directional index**
- **Aroon oscillator**
- **Moving average convergence divergence (MACD)**
- **Relative strength index (RSI)**
- **Stochastic oscillator**



# News Bits & Bytes

- **Estate Planning**
  - [\*Make an Estate Plan: 4 Assets Your Kids May Not Want to Inherit \(aarp.org\)\*](#)
  - [\*Legal Document Storage Tips for Caregivers \(aarp.org\)\*](#)
- **Barbell Investing – Possible Better Returns When Interest Rates are Rising**
  - [\*Pump Up Returns with a Barbell | Bottom Line Inc\*](#)
- **Homeowners Insurance Cautions**
  - [\*Homeowners Coverage Gaps Could Leave You in Hot Water | Bottom Line Inc\*](#)
- **Nevada State Bank Fall Market Update**
  - [\*Fall 2022 Market Update \(nsbank.com\)\*](#)
- **Home Asking Prices Decline – Buyers Backing Out**
  - [\*https://finance.yahoo.com/m/5d12dc82-44bf-3dcc-9261-0f9d0bb4dc4b/%E2%80%98we%E2%80%99re-seeing-buyers-backing.html\*](https://finance.yahoo.com/m/5d12dc82-44bf-3dcc-9261-0f9d0bb4dc4b/%E2%80%98we%E2%80%99re-seeing-buyers-backing.html)

# Tom's Recent (and Future) Financial Moves

- ***Disclaimer: These are not recommendations! Your financial situation and market circumstances are likely different.***
- ***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**