

Sun City Summerlin Computer Club

\$ Internet Investing SIG \$

Tom Burt

November 17, 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:

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, 2023
November 16, 2023

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 3.75% – 4.00%. Expect .75% more in late Dec.
- 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.

Fundamentals Review – November 16, 2022

- Dollar very strong against foreign currencies.
 - Oil (WTI) – still priced in dollars – has faded to around **\$85.26** / barrel.
 - Stock indexes have been choppy; but are now far off recent all-time highs.
 - Dow 30: **33,554** S&P 500: **3,959**, Nasdaq: **11,184**, Russell 2K: **1,853**, Gold: **\$1,778**, Silver: **\$21.53**, Bitcoin: **\$16,562**, EUR/USD: **1.039**
 - S&P PE ratio is **19.7** vs 15.97 long term historical average.
- Key interest Rates have been rising sharply:
 - 2-year Treasury – about **4.37%**; 10-year Treasury - about **3.692%**; 30-year Treasury - about **3.860%**.
 - 30-year fixed mortgage – **6.93% Apr**; 15-year fixed mortgage - **6.17% Apr**.
- Federal Reserve Fed Funds raised to 3.75% – 4.00%. Expect .75% more in Dec.
- Gov't BLS Claims October US Job Unemployment was **3.7%**.
 - This number has been improving, but many workers staying on government payments.
- Official October 2022 Inflation Rates (YoY) were CPI **7.75%**, PPI **7.97%**
 - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
 - LV Gasoline (**\$4.33** at Costco, **\$5.20** at Chevron).
 - Federal Reserve has totally abandoned its 2% cap on inflation.

Post-Election Review

- <https://www.foxnews.com/>
- **Currently Senate is 50 Dem to 49 Rep with Georgia seat in runoff**
 - *If Herschel Walker wins in Georgia, senate is 50 – 50 and Dem VP Kamala Harris again breaks ties, meaning Democrats run the Senate.*
 - *If Walker loses, Senate is 51 Dem to 49 Rep.*
- **Republicans *likely* to have a narrow majority in House**
 - *Will control legislative agenda, committees*
 - *“Power of the purse”*
 - *No undesired legislation getting passed via “reconciliation”*
 - *Challenge – Republican members can hold legislation hostage*
 - *Republicans may waste time on fruitless investigations (Attorney General won’t prosecute)*
- **Expect legislative gridlock to prevail most of next two years**
 - *But ... Republicans like to spend your money too*
 - *The U.S. Congress has the best politicians money can buy.*

FTX – A Case Study

- **FTX Crypto Exchange Bankruptcy**
 - <https://finance.yahoo.com/news/ftx-crash-investors-know-220242752.html?.tsrc=fin-srch>
 - <https://www.investopedia.com/what-went-wrong-with-ftx-6828447>
 - <https://www.zerohedge.com/news/2022-11-14/ftx-grand-visions-and-grander-delusions>
- **CEO Sam Bankman-Fried (SBF) used customer funds on deposit to invest in other companies and ventures.**
- **SBF also was a major donor to Democrat party (second only to George Soros).**
- **Multiple billions potentially lost.**
- **May take 5 years for Investors / Clients to get any money back.**
- **Effects rippling to other cryptocurrency exchanges, tokens.**
- **Lawsuits now naming FTX execs, plus many celebs who touted FTX.**

News Bits & Bytes

- **Meta (Facebook) Tanks**
 - <https://finance.yahoo.com/news/how-meta-went-from-a-trillion-dollar-company-to-mass-layoffs-211332657.html>
- **Amazon Layoffs**
 - <https://www.cnn.com/2022/11/16/tech/amazon-layoffs>
- **Inflation – October Grocery Prices Up 12.4% YoY**
 - <https://finance.yahoo.com/news/inflation-grocery-prices-jumped-124-compared-to-october-last-year-171652410.html>
- **Signs of Recession**
 - <https://www.zerohedge.com/economics/us-industrial-production-unexpectedly-contracts-october-capacity-utilization-slows>
 - <https://www.zerohedge.com/personal-finance/us-homebuilder-confidence-collapses-october-future-sales-hope-hits-decade-lows-0>
 - <https://www.zerohedge.com/markets/target-tumbles-after-cutting-guidance-warns-consumers-are-pulling-back-spending>

Tom's Recent (and Future) Financial Moves

- ***Disclaimer: These are not recommendations! Your financial situation and market circumstances are likely different.***
- ***Bought \$20,000 in 15-month U.S. Treasuries (about 4.7% yields) – Putting cash to work***
- ***Bought 200 shares of Devon Energy (DVN) – Adding to holdings***
- ***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