

**Sun City Summerlin Computer Club**

**\$ Internet Investing SIG \$**

**Tom Burt**  
**June 15, 2023**

# SIG Meeting Schedule

- The Internet Investing SIG meets every month on the third Thursday morning at **10 AM**.
- Investing SIG Chat Line
  - *Subscribe:* [SCSCCInvestingSIG+subscribe@groups.io](mailto:SCSCCInvestingSIG+subscribe@groups.io)
  - *Post:* [SCSCCInvestingSIG@groups.io](mailto:SCSCCInvestingSIG@groups.io)
- The upcoming session dates will be:

July 20, 2023  
August 17, 2023  
September 21, 2023  
October 19, 2023  
November 16, 2023  
December 21, 2023

January 18, 2024  
February 15, 2024  
March 21, 2024  
April 18, 2024  
May 16, 2023  
June 20, 2023

# Fundamentals Review – June 14, 2023

- Dollar weakening against foreign currencies.
  - Oil (WTI) – still priced in dollars – has resurged to around **\$68.53** / barrel.
  - Stock indexes have been choppy; but remain far off recent all-time highs.
  - Dow 30: **33,979** S&P 500: **4,373**, Nasdaq: **13,626**, Russell 2000: **1,874**, Gold: **\$1,957**, Silver: **\$23.96**, Bitcoin: **\$25,119**, EUR/USD: **1.084**
  - S&P PE ratio is **24.1** vs 16.0 long term historical average.
- Key interest Rates have moderated a bit; strong inversion is still present
  - 1-year Treasury – about **5.279%**; 10-year Treasury - about **3.796%**; 30-year Treasury - about **3.881%**.
  - 30-year fixed mortgage – **7.05% Apr**; 15-year fixed mortgage – **6.53% Apr**.
- Federal Reserve June Fed Funds rate unchanged at 5.00% – 5.25%.  
Future rate hikes are uncertain; Fed will likely pause for a few months.
- Gov't BLS Claims May US Job Unemployment was **3.7%**.
  - This number has been improving, but many workers staying on government payments.
- Official 2023 Inflation Rates (YoY) were May CPI **4.0%**, May PPI **2.85%**
  - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
  - LV Gasoline (**\$3.79** at Costco, **\$4.36** at Chevron).
  - Federal Reserve has totally abandoned its 2% cap on inflation.

# Fundamentals Review – May 17, 2023

- Dollar weakening against foreign currencies.
  - Oil (WTI) – still priced in dollars – has resurged to around **\$72.67** / barrel.
  - Stock indexes have been choppy; but are now far off recent all-time highs.
  - Dow 30: **33,421** S&P 500: **4,159**, Nasdaq: **12,501**, Russell 2000: **1,775**, Gold: **\$1,986**, Silver: **\$23.93**, Bitcoin: **\$27,402**, EUR/USD: **1.084**
  - S&P PE ratio is **24.1** vs 16.0 long term historical average.
- Key interest Rates have moderated a bit; strong inversion is still present
  - 1-year Treasury – about **4.915%**; 10-year Treasury - about **3.581%**; 30-year Treasury - about **3.878%**.
  - 30-year fixed mortgage – **5.695% Apr**; 15-year fixed mortgage – **4.750% Apr**.
- Federal Reserve May Fed Funds rate raised .25% to 5.00% – 5.25%.  
Future rate hikes are uncertain; Fed will likely pause for a few months.
- Gov't BLS Claims April US Job Unemployment was **3.4%**.
  - This number has been improving, but many workers staying on government payments.
- Official 2023 Inflation Rates (YoY) were April CPI **4.9%**, April PPI **2.3%**
  - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
  - LV Gasoline (**\$3.79** at Costco, **\$4.36** at Chevron).
  - Federal Reserve has totally abandoned its 2% cap on inflation.

# Fundamentals Review – April 19, 2023

- Dollar weakening against foreign currencies.
  - Oil (WTI) – still priced in dollars – has resurged to around **\$82.68** / barrel.
  - Stock indexes have been choppy; but are now far off recent all-time highs.
  - Dow 30: **33,897** S&P 500: **4,155**, Nasdaq: **12,157**, Russell 2000: **1,799**, Gold: **\$2,006**, Silver: **\$25.33**, Bitcoin: **\$28,719**, EUR/USD: **1.095**
  - S&P PE ratio is **20.7** vs 16.0 long term historical average.
- Key interest Rates have moderated a bit:
  - 1-year Treasury – about **4.818%**; 10-year Treasury - about **3.602%**; 30-year Treasury - about **3.789%**.
  - 30-year fixed mortgage – **6.525% Apr**; 15-year fixed mortgage - **5.783% Apr**.
- Federal Reserve March Fed Funds rate raised .25% to 4.75% – 5.00%.  
Expect a .25% hike in May. After that, uncertain.
- Gov't BLS Claims March US Job Unemployment was **3.5%**.
  - This number has been improving, but many workers staying on government payments.
- Official 2023 Inflation Rates (YoY) were March core CPI **6.0%**, March PPI **7.1%**
  - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
  - LV Gasoline (**\$3.79** at Costco, **\$4.50** at Chevron).
  - Federal Reserve has totally abandoned its 2% cap on inflation.

# News Bits & Bytes

- **AI Financial Scams Getting Very Difficult to Detect**
  - <https://finance.yahoo.com/news/ai-is-making-financial-scams-harder-to-detect-164246411.html>
- **Re-Fracking Technology Can Revive Old Wells**
  - <https://www.zerohedge.com/markets/exxon-new-fracking-technology-can-double-oil-output>
- **Ways to Keep Your Cash Safe**
  - <https://www.bottomlineinc.com/money/financial-planning/ways-to-keep-your-cash-safe>
- **How to Invest in AI**
  - <https://www.investopedia.com/how-to-invest-in-ai-7504987>
  - <https://www.thestreet.com/investing/stocks/how-to-invest-in-artificial-intelligence-ai-technology>

# Put Options for Hedging (1)

- What is a listed Put Option?
  - *Confers to the buyer the right to SELL 100 shares of a specified security at a specified price for a specified amount of time.*
  - *Example: JNJ January 19, 2024 \$160 PUT Last: \$6.69 (/shr)  
So, for \$669, the buyer acquires the right to sell 100 shares of JNJ to a willing party at a price of \$160 any time up to January 19<sup>th</sup>, 2024. Most brokerages also charge a sales commission on options trades.*
  - *If the price of JNJ drops, the Put option becomes more valuable. However, the option exists only for 6 months, after which it becomes worthless. If the price of JNJ rises above the strike price, the Put option is “Out of the Money” and will decrease in value and may expire worthless.*
  - *“In the Money” Put options (where the strike price is higher than the market price) can be sold for a profit. This is called closing the option.*

# Put Options for Hedging (2)

- **How to Use Puts as a Hedge on a specific stock or ETF ...**
  - *Buy a Put with strike price near the current price of the security and an expiration 3 to 6 months out (you could go longer, but you pay more for the added time).*
  - If the market price of the security drops, you can either:*
    - 1. Exercise the option and sell the security to a buyer at the option's strike price.*
    - 2. Sell the option and pocket the gain between what you paid and its current price.*
  - If the market price of the security stays the same or goes up, your option likely becomes worthless, but you now have a paper gain on the actual security that you can realize. The option was cheap insurance against a large loss.*
- **Tax Implications of Put and Call Options**
  - <https://www.investopedia.com/articles/active-trading/053115/tax-treatment-call-put-options.asp>
  - *Profits on most options trades are short-term capital gains.*
  - *Options that expire worthless are treated as capital losses.*



# Tom's Recent (and Future) Financial Moves

- ***Disclaimer: These are not recommendations! Your financial situation and market circumstances are likely different.***
- ***No buys or sells in past month; need to put some more cash to work.***
- ***Still looking at selling holdings in SPIP & TIP (recurring missed dividends).***
- ***Longer term bond yields have suddenly fallen (i.e. prices have been rising)  
Foreign flight to U.S. bonds is amplifying this trend.  
Looking at Treasury and Corporate bond ETFs and short-term treasury bonds.***
- ***Preferred stock ETF yields have rebounded.***
- ***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**

Internet Investing SIG