

**Sun City Summerlin Computer Club**

**\$ Internet Investing SIG \$**

**Tom Burt**

**July 20, 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](https://groups.io/join/SCSCCInvestingSIG)
  - *Post:* [SCSCCInvestingSIG@groups.io](mailto:SCSCCInvestingSIG@groups.io)
- The upcoming session dates will be:

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, 2024  
June 20, 2024  
July 18, 2024



**"I don't want to worry you, but the guy  
who delivered the pizza was your  
financial planner."**

# Fundamentals Review – July 19, 2023

- Dollar weakening against foreign currencies.
  - Oil (WTI) – still priced in dollars – has resurged to around **\$75.35** / barrel.
  - Stock indexes have been rising; but remain well below all-time highs.
  - Dow 30: **35,061** S&P 500: **4,566**, Nasdaq: **14,358**, Russell 2000: **1,985**, Gold: **\$1,981**, Silver: **\$25.35**, Bitcoin: **\$29,907**, EUR/USD: **\$1.120**
  - S&P PE ratio is **23.5** vs 16.0 long term historical average.
- Key interest Rates have risen a bit; strong inversion is still present
  - 1-year Treasury – about **5.32%**; 10-year Treasury - about **3.74%**; 30-year Treasury - about **3.94%**.
  - 30-year fixed mortgage – **7.16% Apr**; 15-year fixed mortgage – **6.57% Apr**.
- Federal Reserve June Fed Funds rate unchanged at 5.00% – 5.25%.  
Future rate hikes are uncertain; Fed may pause for a few months.
- Gov't BLS Claims June US Job Unemployment was **3.6%**.
  - <https://www.bls.gov/news.release/pdf/empst.pdf>
  - This number has been improving, but many workers staying on government payments.
- Official 2023 Inflation Rates (YoY) for June were: CPI **3.0%**, PPI **0.1%**
  - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
  - LV Gasoline (**\$3.72** at Costco, **\$4.30** at Chevron).

# 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 **5.41%**; 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.

# News Bits & Bytes

- **Dr. Allen Sinai Forecast for Rest of 2023 / 2024**
  - <https://www.bottomlineinc.com/money/economy/dr-allen-sinais-prediction-for-the-rest-of-2023>
- **H&R Block & Others Shared Taxpayer Data With Meta**
  - <https://nypost.com/2023/07/12/hr-block-shared-taxpayers-data-with-meta-lawmakers/>
- **Covered Call ETFs Article**
  - <https://www.bottomlineinc.com/money/mutual-funds-etfs/covered-call-etfs>
- **Shrinkflation: Paying More, Getting Less**
  - <https://www.zerohedge.com/personal-finance/shrinkflation-youre-paying-more-and-getting-less>

# Rent vs Own Your Retirement Home (1)

- **Article:**
  - <https://www.bottomlineinc.com/life/retirement-living/to-rent-or-buy-in-retirement>
- **Renting:**
  - *Simplifies estate planning. No house to sell after you pass.*
  - *Proceeds of sale of house can be invested to generate income to pay rent of apartment, condo or home. Example: \$500,000 at 5% generates \$25,000 / year or \$2,083 / month. \$500,000 at 8% generates \$40,000 / year or \$3,333 / month.*
  - *No property taxes; No maintenance; No HOA fees.*
  - *Caution: need a good landlord who will keep the property up.*
  - *Risk of eviction for non-payment or for lease cancellation (owner wants to live in it).*
  - *Risk the neighborhood quality goes bad (crime, blight, bad neighbors).*



# Rent vs Own Your Retirement Home (2)

- **Owning:**
  - *You have the right to modify the house to suit.*
  - *No monthly rent payment; no rent increases.*
  - *No risk of eviction.*
  - *You may find it advantageous to set up a reverse mortgage to draw out equity.*
  - *Your heirs or trust inherit the property when you pass on.  
Your trust can sell the property or perhaps rent it out.*
  - *You are responsible for property taxes, maintenance, HOA fees, utilities.*
  - *Risk the neighborhood quality goes bad (crime, blight, bad neighbors).  
This risk is low in Sun City Summerlin.*

## Tom's Recent (and Future) Financial Moves

- ***Disclaimer: These are not recommendations! Your financial situation and market circumstances are likely different.***
- ***Bought 200 Duke Energy (DUK) to put some cash to work. 4.5% dividend yield. May buy more if price drops.***
- ***Bought 500 PFF (Preferred ETF) to put cash to work. 6.75% dividend yield.***
- ***Bought \$50,000 of Schwab Value Advantage MMF (SWVXX) 5% interest.***
- ***Still looking at selling holdings in SPIP & TIP (dividends have resumed).***
- ***Longer term bond yields have suddenly fallen (i.e. prices have been rising) Foreign flight to U.S. bonds is amplifying this trend. 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**