

Sun City Summerlin Computer Club

\$ Internet Investing SIG \$

Tom Burt

June 20, 2024

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+subscribe)
 - *Post:* [SCSCCInvestingSIG@groups.io](https://groups.io/g/SCSCCInvestingSIG)
- The upcoming session dates will be:

July 18, 2024
August 15, 2024
September 19, 2024
October 17, 2024
November 21, 2024
December 19, 2024

January 16, 2025
February 20, 2025
March 20, 2025
April 17, 2025
May 15, 2025
June 19, 2025

Fundamentals Review – June 19, 2024

- Dollar slightly weaker against foreign currencies / commodities.
 - Oil (WTI) – still priced in dollars – is around **\$81.50** / barrel.
 - Stock indexes have rebounded from recent dips and are at or near all-time highs.
 - Dow 30: **38835** S&P 500: **5,487**, Nasdaq: **17,862**, Russell 2000: **2,025**, Gold: **\$2,345**, Silver: **\$29.79**, Bitcoin: **\$64,902**, EUR/USD: **\$1.075**
 - S&P PE ratio is **24.8** vs 16.1 long term average (<https://www.multpl.com/s-p-500-pe-ratio>).
- Key interest rates have risen; short-term inversion is still present
 - 1-year Treasury – about **5.07%**; 10-year Treasury - about **4.22%**; 30-year Treasury - about **4.34%**.
 - 30-year fixed mortgage – **7.17% Apr**; 15-year fixed mortgage – **6.71% Apr.** ; Prime – **8.5%**
- Federal Reserve held Fed Funds rate steady at about 5.33% (5.25% – 5.50% range).
Next meeting is 07-30-24; Fed unlikely to make rate cuts before 2024 election.
- Gov't BLS Claims May US Job Unemployment was **4.0%**.
 - <https://www.bls.gov/news.release/pdf/empst.pdf>
 - This number has been improving, but many workers are still on government payments.
- Official 2024 Inflation Rates (YoY) for May were: Core CPI **3.4%**, PPI **-.2%**
 - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
 - LV Regular Gasoline (**\$3.51(.9)** at Costco, **\$4.16(.9)** at Chevron).

Fundamentals Review – May 15, 2024

- Dollar slightly weaker against foreign currencies / commodities.
 - Oil (WTI) – still priced in dollars – is around **\$78.87** / barrel.
 - Stock indexes have rebounded from recent dips and are at or near all-time highs.
 - Dow 30: **39,908** S&P 500: **5,308**, Nasdaq: **16,742**, Russell 2000: **2,109**, Gold: **\$2,392**, Silver: **\$29.92**, Bitcoin: **\$66,114**, EUR/USD: **\$1.088**
 - S&P PE ratio is **24.8** vs 16.1 long term average (<https://www.multpl.com/s-p-500-pe-ratio>).
- Key interest rates have risen; short-term inversion is still present
 - 1-year Treasury – about **5.16%**; 10-year Treasury - about **4.36%**; 30-year Treasury - about **4.64%**.
 - 30-year fixed mortgage – **7.033% Apr**; 15-year fixed mortgage – **6.15% Apr.** ; Prime – **8.5%**
- Federal Reserve held Fed Funds rate steady at 5.5% (5.25% – 5.50% range).
Next meeting is 06-11-24; Fed may no longer make rate cuts before 2024 election.
- Gov't BLS Claims April US Job Unemployment was **3.9%**.
 - <https://www.bls.gov/news.release/pdf/empst.pdf>
 - This number has been improving, but many workers are still on government payments.
- Official 2024 Inflation Rates (YoY) for April were: CPI **3.4%**, PPI **2.2%**
 - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
 - LV Regular Gasoline (**\$3.99(.9)** at Costco, **\$4.50(.9)** at Chevron).

Fundamentals Review – April 16, 2024

- Dollar slightly stronger against foreign currencies / commodities.
 - Oil (WTI) – still priced in dollars – is around **\$82.88** / barrel.
 - Stock indexes have been easing and are down a few percent from recent all-time highs.
 - Dow 30: **37,753** S&P 500: **5,022**, Nasdaq: **15,683**, Russell 2000: **1,948**, Gold: **\$2,388**, Silver: **\$28.36**, Bitcoin: **\$61,294**, EUR/USD: **\$1.067**
 - S&P PE ratio is **27.3** vs 16.1 long term average (<https://www.multpl.com/s-p-500-pe-ratio>).
- Key interest rates have risen; short-term inversion is still present
 - 1-year Treasury – about **5.18%**; 10-year Treasury - about **4.59%**; 30-year Treasury - about **4.70%**.
 - 30-year fixed mortgage – **7.43% Apr**; 15-year fixed mortgage – **6.48% Apr.** ; Prime – **8.5%**
- Federal Reserve held Fed Funds rate steady at 5.5% (5.25% – 5.50% range).
Next meeting is 04-30-24; Fed hints at 3 rate cuts in 2024.
- Gov't BLS Claims March US Job Unemployment was **3.8%**.
 - <https://www.bls.gov/news.release/pdf/empst.pdf>
 - This number has been improving, but many workers are still on government payments.
- Official 2024 Inflation Rates (YoY) for March were: CPI **3.5%**, PPI **2.0%**
 - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
 - LV Regular Gasoline (**\$4.29** at Costco, **\$4.86** at Chevron).

News Bits & Bytes

- **Rising Commodity Prices Will Keep Bond Yields High**
 - <https://www.zerohedge.com/markets/yields-will-stay-higher-longer-commodities>
- **California \$20 Minimum Wage Kills 10,000 Fast Food Jobs**
 - <https://www.zerohedge.com/markets/10000-california-fast-food-workers-mcfired-thanks-20-minimum-wage-report>
- **T-Mobile Buys US Cellular for \$4.4 B**
 - <https://www.lightreading.com/5g/t-mobile-goes-for-uscellular-s-spectrum-customers-with-4-4b-deal>
- **Chinese BYD Offers Ultra Long-Range Hybrid Sedan at \$13,800**
 - <https://www.zerohedge.com/markets/byds-new-ultra-long-range-hybrid-can-go-1250-miles-without-recharging-or-refueling>
- **Op-Ed: Is the U.S. Market Overvalued and About to Crumble?**
 - <https://www.zerohedge.com/news/2024-05-29/us-market-about-crumble>
- **AI CPU Chips from Intel and Others – 48 Trillion Ops per Second**
 - <https://www.techrepublic.com/article/intel-lunar-lake-npu/>
- **June Jobs Report (May data) – Many Anomalies**
 - <https://www.zerohedge.com/markets/inside-most-ridiculous-jobs-report-years>
- **Maximum Contribution to a Roth IRA / “Backdoor Roths”**
 - <https://www.bottomlineinc.com/money/retirement-accounts/maximum-contribution-to-a-roth-ira>

Real Estate Investment Trusts (1)

- <https://www.reit.com/> - Good site for information
- REITs pass through 90% of profits to shareholders and avoid Federal income tax
- Public REITs trade like stocks
- Equity REITs own a portfolio of properties
- Mortgage REITs buy portfolios of loans
- Many REITs are Equity/Mortgage hybrids
- Can also buy Mutual funds and ETFs that track REIT indexes or are actively managed
- REITs may specialize in sectors such as residential, retail, commercial, medical
- Advantages of REITs – especially for seniors:
 - *Diversification across many properties – reduces risk*
 - *REIT handles all property maintenance and management issues – no calls from tenants*
 - *No personal liability – You're behind the corporate wall; REIT's lawyers handle everything*
 - *Investment is highly liquid – you can sell your shares at any time, price is well-defined*
 - *Can be a good source of ongoing income, plus appreciation*
 - *Can be a good hedge against inflation*
- Let's look at some REITs and REIT ETFs from Tom's REIT Watch List ...

Real Estate Investment Trusts (2)

- **Starwood Property Trust (STWD)**
 - *Blend of Equity and Finance*
 - *9.97% yield*
- **Sabra Health Care REIT (SBRA)**
 - *Equity (Medical, Nursing facilities) + some Finance*
 - *8.4% yield*
- **Simon Property Group (SPG)**
 - *Equity – mainly commercial*
 - *5.38% yield*
- **UDR, Inc. (UDR)**
 - *Equity – mainly Residential*
 - *4.22% yield*
- **Vanguard Real Estate Index Fund ETF (VNQ)**
 - *Tracks a broad index of various REITs*
 - *4.15% Yield*

Tom's Recent (and Future) Financial Moves

- ***Disclaimer: These are not recommendations! Your financial situation and market circumstances are likely different.***
- **Trades**
 - *Bot 1000 PFXF (7.58% yield) in Roth (6/10/24) – Putting cash to work; expect cap gains*
 - *Bot 500 URNM (1.5% yield) in Trust account (6/10/24) – Putting cash to work; expect cap gains*
- ***Bond yields have been fluctuating (i.e. bond prices rising & falling)***
Yields on preferred stock ETFs, bank CDs, money market funds have rebounded.
Fixed income assets prices likely steady until after 2024 election. May want to lock in yields.
- ***EV car makers' problems are apparent, but government mandates will continue.***
Hybrids are likely a better bet for consumers for next few years.
- ***Still Looking at Utilities, Uranium miners, Copper, Robotics / Automation / AI***
 - *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, rare earth metals, lithium.*
- **Let's look at Tom's "Hot List"**

Open Discussion