

**Sun City Summerlin Computer Club**

**\$ Internet Investing SIG \$**

**Tom Burt**

**July 18, 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:

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  
July 17, 2025

# Fundamentals Review – July 16, 2024

- Dollar slightly weaker against foreign currencies / commodities.
  - Oil (WTI) – still priced in dollars – is around **\$83.10** / barrel.
  - Stock indexes have rebounded from recent dips and are at or near all-time highs.
  - Dow 30: **41,198** S&P 500: **5,588**, Nasdaq: **17,9997**, Russell 2000: **2,240**, Gold: **\$2,463**, Silver: **\$30.52**, Bitcoin: **\$64,188**, EUR/USD: **\$1.094**
  - S&P PE ratio is **29.6** vs 17.9 long term median  
([https://www.gurufocus.com/economic\\_indicators/57/pe-ratio-ttm-for-the-sp-500](https://www.gurufocus.com/economic_indicators/57/pe-ratio-ttm-for-the-sp-500)).
- Key interest rates have risen; short-term inversion is still present
  - 1-year Treasury – about **4.85%**; 10-year Treasury - about **4.17%**; 30-year Treasury - about **4.36%**.
  - 30-year fixed mortgage – **6.78% Apr**; 15-year fixed mortgage – **6.28% 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 *might* make rate cuts in September.
- Gov't BLS Claims June US Job Unemployment was **4.1%**.
  - <https://www.bls.gov/news.release/pdf/empsit.pdf>
  - *This number has been improving, but many workers are still on government payments.*
- Official 2024 Inflation Rates (YoY) for June were: All Items CPI **3.0%**, PPI **2.65%**
  - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
  - LV Regular Gasoline (**\$3.47(.9)** at Costco, **\$4.14(.9)** at Chevron).

# 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/empsit.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).

# News Bits & Bytes

- **Paying the U.S. \$35 Trillion National Debt**
  - <https://finance.yahoo.com/news/heres-who-will-pay-to-fix-the-nations-mushrooming-debt-170139454.html>
- **Taxes on Trusts**
  - <https://www.zerohedge.com/personal-finance/what-taxes-must-be-paid-when-you-have-trust>
- **California Home Costs Soaring**
  - <https://www.zerohedge.com/personal-finance/homes-californias-big-cities-cost-10-times-more-average-income>
- **EV Charger Network – Doing the Math**
  - <https://www.zerohedge.com/political/nationwide-500000-ev-charger-charade>
- **More EV Math (Warning – some political comments, but good, hard data also)**
  - <https://www.wnd.com/2024/07/math-is-where-ev-boosters-fail/>
- **Auto Repos Up 23% YoY – New Car Loan Rate 8%**
  - <https://www.zerohedge.com/markets/auto-insider-warns-more-americans-fall-behind-auto-payments-repos-soar-23>
- **Market Technicals 07/16/2024 – Indexes up on “massive short squeeze”**
  - <https://www.zerohedge.com/markets/gold-soars-record-high-stocks-do-something-not-seen-oct-1987>
- **Tech Stocks Drubbed 07/17/2024 – Chance to buy the dip**
  - <https://finance.yahoo.com/news/stock-market-news-today-tech-stocks-drubbed-as-nasdaq-sinks-27-worst-day-since-2022-152223807.html>

# Investing for Dividends (1)

- <https://www.nerdwallet.com/article/investing/how-to-invest-dividend-stocks>
- **Dividends**
  - *Payout to shareholders from company's free cash flow (usually also from profits)*
  - *Dividends receive special tax treatment; rates 0% to 20%*
- **Two main classes of stock: Common and Preferred**
- **Common Stock**
  - *Has voting rights*
  - *Higher risk due to price movement, possible dividend cuts if profits fall*
  - *Less senior in event company is liquidated*
- **Preferred Stock**
  - *No voting rights,*
  - *More senior if company is liquidated*
  - *Less likelihood of a dividend cut, so less risk*
  - *Sometime Preferred shares are convertible to Common*
- **Either common or preferred stocks may be indirectly bought through Mutual Funds or ETFs.**
  - *Provides diversity and convenience*

# Investing for Dividends (2)

- Let's look at some Stocks and ETFs from Tom's High Yield Stocks Watch List ...
- Things to watch out for besides just the yield% ...
  - Do the **earnings** cover the dividend? If not, is that because of depreciation?
  - Does the **free cash flow** cover the dividend? If not, is the company borrowing to pay?
  - Is the yield high because the **stock's price is way down**?  
May imply poor future earnings and possible dividend cuts.
  - Are projected **future earnings lower than current earnings**? May force a dividend cut.
  - Does the company have a long history of paying and growing dividends? Check charts.
  - Long term prospects ...  
Is the company in a growing sector of the economy?  
Does the company have pricing power? What will happen in a recession?  
Does the company face competition?
  - Dividends are usually **paid out** from company's **after-tax profits**, so can be double-taxed.  
But **partnerships, REITs** can pay out **90% of profits tax free**. Tax rules can get complex.



# Tom's Recent (and Future) Financial Moves

- ***Disclaimer: These are not recommendations! Your financial situation and market circumstances are likely different.***
- **Trades**
  - *Nothing in the last four weeks. Markets have been too topy.*
- **Bond yields have been fluctuating (i.e. bond prices rising & falling)**  
**Yields on preferred stock ETFs, bank CDs, money market funds still good.**  
**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); 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**