

Sun City Summerlin Computer Club

\$ Internet Investing SIG \$

Tom Burt

October 17, 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
 - **Post:** SCSCCInvestingSIG@groups.io
- The upcoming session dates will be:

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
August 21, 2025
September 18, 2025
October 16, 2025

Fundamentals Review – October 16, 2024

- Dollar slightly weaker against foreign currencies / commodities.
 - Oil (WTI) – still priced in dollars – is around **\$70.69** / barrel.
 - Stock indexes have rebounded from recent dips and are at or near all-time highs.
 - Dow 30: **43,078** S&P 500: **5,842**, Nasdaq: **18,367**, Russell 2000: **2,287**, Gold: **\$2,689**, Silver: **\$31.90**, Bitcoin: **\$67,729**, EUR/USD: **\$1.086**
 - S&P PE ratio is **28.6** vs 17.9 long term median
(https://www.gurufocus.com/economic_indicators/57/pe-ratio-ttm-for-the-sp-500).
- Key interest rates have risen; short-term inversion (1 yr vs 10 yr) is still present
 - 1-year Treasury – about **4.30%**; 10-year Treasury - about **4.07%**; 30-year Treasury - about **4.30%**.
 - 30-year fixed mortgage – **6.50% Apr**; 15-year fixed mortgage – **5.75% Apr.** ; Prime – **8.0%**
- Federal Reserve cut Fed Funds rate by .5% to 4.87% (4.75% – 5.0% range).
Next meeting is 11-07-24.
- Gov't BLS Claims September US Job Unemployment was **4.1%**.
 - <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 September were: Headline CPI **2.4%**, PPI **1.8%**
 - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
 - LV Regular Gasoline (**\$3.41(.9)** at Costco, **\$4.06(.9)** at Chevron).

Fundamentals Review – September 18, 2024

- Dollar slightly weaker against foreign currencies / commodities.
 - Oil (WTI) – still priced in dollars – is around **\$70.23** / barrel.
 - Stock indexes have rebounded from recent dips and are at or near all-time highs.
 - Dow 30: **41,503** S&P 500: **5,618**, Nasdaq: **17,573**, Russell 2000: **2,206**, Gold: **\$2,582**, Silver: **\$30.41**, Bitcoin: **\$60,614**, EUR/USD: **\$1.112**
 - S&P PE ratio is **28.6** vs 17.9 long term median
(https://www.gurufocus.com/economic_indicators/57/pe-ratio-ttm-for-the-sp-500).
- Key interest rates have risen; short-term inversion (1 yr vs 10 yr) is still present
 - 1-year Treasury – about **3.96%**; 10-year Treasury - about **3.69%**; 30-year Treasury - about **4.01%**.
 - 30-year fixed mortgage – **6.50% Apr**; 15-year fixed mortgage – **5.63% Apr.** ; Prime – **8.5%**
- Federal Reserve cut Fed Funds rate by .5% to 4.87% (4.75% – 5.0% range).
Next meeting is 11-07-24.
- Gov't BLS Claims August US Job Unemployment was **4.2%**.
 - <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 August were: Headline CPI **2.5%**, PPI **1.7%**
 - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
 - LV Regular Gasoline (**\$3.57(.9)** at Costco, **\$4.10(.9)** at Chevron).

Fundamentals Review – August 14, 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).
- 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 July US Job Unemployment was **4.1%**.
 - <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 July 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).

News Bits & Bytes

- Zero Hedge: Analysis of the October 4th Employment Report
 - <https://www.zerohedge.com/economics/behind-todays-stunning-jobs-report-record-surge-government-workers>
- Bottom Line: Best AI Stocks to Buy
 - <https://www.bottomlineinc.com/money/investing/best-ai-stocks-to-buy?>
- Zero Hedge: Major Short Squeeze on Oil
 - <https://www.zerohedge.com/markets/historic-short-squeeze-oil-has-only-begun>
- Tech Republic: AI May Cause Global Chip Shortage by 2026
 - <https://www.techrepublic.com/article/ai-chip-shortage-global-supply-crisis/>
- Tech Republic: What Does a Cashless Society Look Like?
 - <https://www.techrepublic.com/article/cashless-society/>
- Amazon & Google Investing in Nuclear Reactors to Power Data Centers
 - <https://finance.yahoo.com/news/amazon-google-dueling-nuclear-investments-124923523.html>

Year-end Tax Moves (1)

- <https://www.fidelity.com/learning-center/personal-finance/tax-moves>
- **Take Required Minimum Distributions From IRA Accounts**
 - <https://www.bottomlineinc.com/money/retirement-planning/when-do-rmds-start-10-rmd-strategies?>
 - *May want to take more than minimum while tax rates are low.*
 - *Can satisfy total RMD from any mix of IRA accounts*
- **Arrange Qualified Charitable Donations from IRA (Lowers your Adjusted Gross Income)**
 - *Have broker issue checks payable to the charities (or write directly if set up)*
 - *QCD counts toward satisfying your RMD*
- **Convert All or Part of a Regular IRA to a Roth IRA**
 - *Conversions may be restricted or completely banned in future tax laws*
 - ***All RMDs must be satisfied before making a conversion***
 - *“Back door” tax-free conversions (after-tax IRA contributions) may be banned in future*
- **Contribute to a Roth IRA**
 - *Funds must come from earned income (wages or self employment); can contribute up to \$8,000*
- **Standard Deduction in 2024 is \$14,600 (SF), \$29,200 (MFJ)**
 - *If over 65, add \$1,950 (SF, HH) or \$1,550 each (MFJ)*

Year-end Tax Moves (2)

- **Harvest Capital Losses (Sell a losing position to realize the loss)**
 - *Capital losses offset capital gains one for one*
 - *Can also offset \$3,000 of ordinary income (losses over \$3,000 can carry over to future years)*
 - *Watch out for wash sale rule – can't buy back for 30 days after sale*
- **Consider Realizing Capital Gains While Rates are Low**
 - *Can sell an appreciated stock, pay the capital gains tax and buy back to reset the cost basis*
 - *Step up in basis rules may change in future tax laws*
- **Look at Opportunities for Shifting Income and Expenses**
 - *Try to realize income before tax rates rise*
 - *Try to push off deductible expenses to a year with lower income so you can itemize deductions*
- **May Want to Make Gifts to Children, Grandchildren**
 - <https://www.bottomlineinc.com/money/taxes/gift-tax-rules-how-to-gift-money-to-family>
 - *Estate tax exemption for 2024 is \$13.61 million (single) / \$27.22 million (couple)*
 - *Can gift up to \$18,000 (2024), \$19,000 (2025) per donor per recipient tax free*

2024 Tax Brackets

- 2024 Tax Brackets for Single Filers, Married Couples Filing Jointly, and Heads of Households
Source: Internal Revenue Service
 - <https://taxfoundation.org/data/all/federal/2024-tax-brackets/>
- For 2024, so far there are few material changes in rates / deductions:
 - *Tax brackets, standard deduction and various credits adjusted for inflation:*
 - *Note the marriage penalty beginning at 35%*

Rate	For Single Filers	Married Filing Jointly	Head of Household
10%	\$0 to \$11,600	\$0 to \$23,200	\$0 to \$16,550
12%	\$11,601 to \$47,150	\$23,201 to \$94,300	\$16,551 to \$63,100
22%	\$47,151 to \$100,525	\$94,301 to \$201,050	\$63,101 to \$100,500
24%	\$100,526 to \$191,950	\$201,051 to \$383,900	\$100,501 to \$191,950
32%	\$191,951 to \$243,725	\$383,901 to \$487,450	\$191,951 to \$243,700
35%	\$243,726 to \$609,350	\$487,451 to \$731,200	\$243,701 to \$609,350
37%	\$609,351 or more	\$731,201 or more	\$609,351 or more
SD	\$14,600	\$29,200	\$21,900
65+	\$1,950	\$1,550	\$1,950
Blind	\$1,950	\$1,550	\$1,950

Tom's Recent (and Future) Financial Moves

- ***Disclaimer: These are not recommendations! Your financial situation and market circumstances are likely different.***
- **Trades**
 - *Sold 100 JNJ 9/27/24 @ \$162.41 ~3.07% yield – Raise cash for annual QCDs.*
 - *Took IRA distributions as QCDs to various charities (satisfy RMDs, deductible from AGI).*
- ***Bond yields have been rising (i.e. bond prices 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. Batteries & range improving. Profits hard to earn.***
- ***Still Looking at Utilities, Uranium miners, Copper, Robotics / Automation / AI***
 - *No way to meet future power demand with renewables (wind, solar); nuclear seeing a resurgence.*
 - *Flight from high-tax northern blue states to the south will increase demand for power there. Recent hurricanes may dissuade some from moving.*
 - *Electric vehicles and utility transmission lines require lots of copper, rare earth metals, lithium.*
- **Boomers are Getting Older – Need More Health Care**
- **Let's look at Tom's "Hot List"**

Open Discussion