

Sun City Summerlin Computer Club

\$ Internet Investing SIG \$

Tom Burt

December 19, 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:

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
November 20, 2025
December 18, 2025

Fundamentals Review – December 18, 2024

- Dollar slightly weaker against foreign currencies / commodities.
 - Oil (WTI) – still priced in dollars – is around **\$70.00** / barrel.
 - Stock indexes have slid from recent all-time highs.
 - Dow 30: **42,327** S&P 500: **5,872**, Nasdaq: **19,393**, Russell 2000: **2,232**, Gold: **\$2,603**, Silver: **\$29.84**, Bitcoin: **\$100,857**, EUR/USD: **\$1.036**
 - S&P PE ratio is **27.9** vs 17.1 long term median, 19.4 average
aver(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 **4.24%**; 10-year Treasury - about **4.49%**; 30-year Treasury - about **4.66%**.
 - 30-year fixed mortgage – **6.87% Apr**; 15-year fixed mortgage – **6.11% Apr.** ; Prime – **7.75%**
- Federal Reserve cut Fed Funds rate 12/18/24 by .25% to 4.5% (4.25% – 4.75% range).
Next meeting is 01-28-24.
- Gov't BLS Claims November 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 November were: Core CPI **3.3%**, PPI **3.1%**
 - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
 - LV Regular Gasoline (**\$3.29(.9)** at Costco, **\$3.76(.9)** at Chevron).

Fundamentals Review – November 20, 2024

- Dollar slightly weaker against foreign currencies / commodities.
 - Oil (WTI) – still priced in dollars – is around **\$68.95** / barrel.
 - Stock indexes have rebounded from recent dips and are at or near all-time highs.
 - Dow 30: **43,408** S&P 500: **5,917**, Nasdaq: **18,966**, Russell 2000: **2,287**, Gold: **\$2,653**, Silver: **\$30.97**, Bitcoin: **\$94,154**, EUR/USD: **\$1.055**
 - S&P PE ratio is **27.9** vs 17.1 long term median, 19.4 average
aver(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 **4.34%**; 10-year Treasury - about **4.06%**; 30-year Treasury - about **4.59%**.
 - 30-year fixed mortgage – **6.99% Apr**; 15-year fixed mortgage – **6.09% Apr.** ; Prime – **7.75%**
- Federal Reserve cut Fed Funds rate by .25% to 4.75% (4.5% – 5.0% range).
Next meeting is 12-17-24.
- Gov't BLS Claims October 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 October were: Core CPI **3.3%**, PPI **3.1%**
 - <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>
 - LV Regular Gasoline (**\$3.31(.9)** at Costco, **\$3.86(.9)** at Chevron).

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).

News Bits & Bytes

- Zero Hedge: Home-based Battery Storage Facts and Figures
 - <https://www.zerohedge.com/markets/home-based-battery-storage-fantasy>
- Bottom Line: Hard Truths About Investing
 - <https://www.bottomlineinc.com/money/investing/the-hard-truths-about-investing>
- Zero Hedge: Stocks to Drop 50+% in 2025?
 - <https://www.zerohedge.com/news/2024-12-02/stocks-poised-plunge-55-or-worse-soon-henrik-zeberg>
- Zero Hedge: Diamond Price Cuts
 - <https://www.zerohedge.com/commodities/de-beers-pulls-last-resort-price-cut-diamond-price-floor-crumbles>
- Zero Hedge: Credit Card Debt Explodes
 - <https://www.zerohedge.com/economics/last-hurrah-credit-card-debt-explodes-higher-despite-record-high-aprs-savings-rate>
- Tech Republic: Google Launches Gemini 2.0 Multi-modal AI
 - <https://www.techrepublic.com/article/google-gemini-two-generative-ai-agent/>
- Zero Hedge: Contrarian View – Come Hell or Hyperinflation
 - <https://www.zerohedge.com/markets/come-hell-or-hyperinflation>

Planning (Guessing?) Ahead 2025

- **Paradigm Shift to Online Shopping & Telecommuting Advancing**
 - *Amazon, Walmart, UPS & Fedex will continue to benefit.*
 - *Many businesses will stay with “work at home” / web collaboration.*
 - *Demand for higher Internet performance will grow.*
- **AI Adoption Will Continue – Both at Home and in Business**
 - *New data centers needed to support AI.*
 - *Much more power generation needed.*
- **Federal Fiscal Responsibility May Improve (But ... Talk is Cheap)**
 - *National Debt just hit \$36 Trillion!*
 - *Expect 2017 Tax Cuts to be Made Permanent in 2025.*
 - *May see some additional tax cuts (e.g. No tax on Social Security, tips).*
 - *Higher Federal & State property (wealth) taxes are probably dead for now.*
 - *Some risk from debt bomb / bubble.*
- **Probably See an Economic Recovery about Q3/2025**
 - *Reduced regulation.*
 - *Reduced energy prices (Drill baby, Drill!).*
 - *Lower interest rates (mid-term & long-term bond prices rise, stocks rise).*
 - *Likely increase in housing demand, especially suburban & small-town.*

“Start the New Year Right” (1)

- **Clean up financial records & documentation**
 - *Assets & Basis documentation*
 - *Income & expenses (for tax filing)*
- **Rebalance and clean up your portfolio**
 - *Dump your losers & harvest tax losses to offset gains, other income*
 - *Possibly sell & rebuy appreciated assets to reset basis (depends on tax situation)*
 - *May be a good time to move some cash into mid-term & long-term bonds*
- **Update digital legacy documentation**
 - *List of financial accounts w IDs, PINs & passwords*
 - *List of online accounts w IDs & passwords*
 - *List of credit & debit cards & where they are (may want to scan or photograph them)*
- **Review living trusts, wills & POAs – update as needed**
 - *May need to see lawyer, financial advisor*
- **Review and update your financial plan**
 - *3-bucket strategy (1 yr, 5 yr, 10 yr)*
 - *Short-term goals & plan*
 - *Intermediate-term goals & plan*

“Start the New Year Right” (2)

- **Fixed income ideas (40% of portfolio)**
 - *Immediate income, relatively liquid*
 - *Looking for safety, income stream, some growth as interest rates fall*
 - *Mix of government & corporate bond ETFs, money market fund, bank CDs*
 - *Short & medium term*
 - *Let's look at my “Bond ETFs” portfolio*
- **Balanced growth / income ideas (40% - 50%) of portfolio**
 - *1-year to 2-year time frame*
 - *Modest risk, income stream, some growth*
 - *Mix of large cap stocks, preferred stock ETFs, utilities, real estate ETFs*
 - *Check fundamentals, make sure dividends & earnings are solid*
- **Strong growth ideas (10% - 20%) of portfolio**
 - *5-year to 10-year time frame*
 - *Provides inflation protection*
 - *Replenishes assets spent on living expenses*
 - *Best to stay with assets that have positive earnings & cash flow*

Tom's Recent (and Future) Financial Moves

- ***Disclaimer: These are not recommendations! Your financial situation and market circumstances are likely different.***
- **Trades**
 - *Bought 500 AAR. Putting cash to work.*
 - *Bought 500 EOI. Putting cash to work.*
 - *Did annual IRA to Roth Conversion ~\$30,000 in cash and stocks/ETFs*
- ***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 inauguration. May want to lock in yields.
- ***EV car makers' problems are apparent. Batteries & range improving. Profits hard to earn.***
 - *May see the Federal EV subsidies discontinued in 2025.*
- ***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**

Open Discussion