

RADIO SHOW #2022-6, PODCAST #38

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UKRAINE

Well David...I got the timing right. Putin invaded Ukraine the day after the Beijing Olympics ended.

Name for me at least 2 people outside of the United States who embrace Joe Biden's, AOC's and Bernie Sanders' Green New Deal. Vladimir Putin and the Head ayatollah in Iran absolutely LOVE the U.S. Green New Deal as it restricts U.S. oil and natural gas production and distribution.

Without the Green New Deal, we would be able to produce more oil and gas ...and sell it to Europe. Keep in mind that Joe Biden has eliminated all new drilling on federal land, while Russia is selling US some 500,000 Bbls of oil/day. Also remember that Biden has shuttered 3 U.S. pipelines while simultaneously lifting sanctions on Russia's Nord Stream 2 pipeline.

We have PURPOSEFULLY driven European energy supply from the USA... to Russia. This was a strategic blunder of monumental proportions.

Now David, can you explain the Budapest Agreement? Who could?

The Budapest Memorandum on Security Assurances refers to three identical political agreements signed at the OSCE conference in Budapest, Hungary on

December 5, 1994, providing security assurances by its signatories relating to the accession of Belarus, Kazakhstan and Ukraine to the Treaty on the Non-Proliferation of Nuclear Weapons. Essentially, Britain, the United States and Russia all agreed that if Ukraine relinquished its 175 long range missiles and 1,800 nuclear warheads, that we and Great Britain, along with Russia would guarantee their security against invasion. Yeah! How did that work out?

FT PORTFOLIOS:

Data from Realtor.com indicates that the median sales price of U.S. homes in need of renovation (fixer-uppers) has surged nearly 53% since 2016, according to Bloomberg. Fixer-upper sales jumped 13.4% year-over-year in 2021. They tend to cost around 13% less, on average, than their move-in ready counterparts, or around \$40,000 below the typical U.S. home value, according to Zillow.

Factoid of the Day Monday, February 14, 2022

Worldwide sales of semiconductors totaled \$50.9 billion in December 2021, up 1.5% from the prior month and up 28.3% from December 2020, according to the Semiconductor Industry Association (SIA). In 2021, sales totaled \$555.9 billion, a record high for a calendar year

Factoid of the Day Wednesday, February 16, 2022

Moody's reported that its global speculative-grade default rate stood at 1.8% in January, according to its own release. Moody's puts the historical average default rate at 4.1%. Its baseline scenario sees the default rate increasing to 2.5% by December 2022

WEED:

Senate Majority Leader Chuckles Schumer announced on feb 3, that he is supporting an effort by Democrats to bring a marijuana initiative to the floor that would legalize it and set banking rules for its sale for the first time.

The Democrats are pushing to introduce legislation by April that could be considered for votes during the mid-term elections.

HMMM, the primary weed ETF I watch is down 73% from it's post election high. Call me at 927-6400 if you want to learn more!

INFLATION AND YOUR CAR:

Once-depreciating vehicles are rising in value, and some recently purchased ones are worth more now than their original price.

With car companies still trying to resume normal levels of factory output, dealers have been left with a scarcity of new vehicles to sell at stores, pushing many buyers into the used-car market where they are also encountering limited options.

Used-car prices rose 40.5% in January from a year ago, according to data released Thursday by the Labor Department, a jump that helped accelerate U.S. inflation to an annual rate of 7.5% last month, a new four-decade high.

SOCIAL SECURITY:

Retirees can start Taking Social Security benefits any time between ages 62 and 70, but for every month of delay, the payment increases. Benefits are also adjusted annually to reflect increases in the Labor Department's CPI-W, a measure of inflation affecting blue-collar workers.

For example, someone born after Jan. 1, 1960, who is entitled to \$2,025 a month at age 62 would receive \$3,587 before cost-of-living adjustments by holding off on claiming until age 70. With a 5% inflation adjustment, the benefit available at age 70 would be about \$5,300.

TIPS

When inflation exceeds expectations, prices of ordinary bonds typically get hammered. That is when Treasury inflation-protected securities, or TIPS, tend to do well.

Backed by the U.S. government, TIPS are bonds with principal and coupon payments that adjust to keep pace with the consumer-price index.

The bond market currently expects inflation over the next decade to average about 2.46%. That is the difference between the minus 0.51% inflation-adjusted yield on the 10-year TIPS and the 1.95% nominal yield on a regular 10-year Treasury note. If the CPI averages more than 2.46% over that time, TIPS will deliver a higher total return than Treasuries. If inflation is below 2.46%, the conventional Treasury will outperform.

Stocks and Commodities

In a 2021 study that looked at eight periods over the past century in which U.S. inflation was 5% or higher for at least six months and found that the inflation-adjusted return on stocks averaged minus 7% annualized.

You might consider shifting money from the worst-performing sectors during inflation, which include consumer durable stocks such as auto makers, and into the energy and natural-resource stocks that tend to fare best.

Historical data in the study suggests that real-estate investment trusts, or REITs, may do well since landlords in the past have often been able to raise rents to keep pace with inflation.

IRS WOES:

The backlog of both returns and correspondence owed to taxpayers by the IRS stands at 23 million pieces.

A decade of budget cuts have thinned the agency's ranks. At the end of 2021, the IRS had 83,265 employees, down from 94,000 in 2011. Among them, only 7,177 are younger than 30, and 2,384 under 25. With retirements in coming years, promotion opportunities will abound, but hiring has been difficult.

The IRS recently advertised 5,000 openings for return processors and other jobs, and has filled only 179. Last month, the Office of Personnel Management raised the minimum pay for IRS and other federal employees to \$15 an hour.

FAIR TAX:

For the first time in decades, American workers would get to keep every dime they earn; including what would have been paid in federal income taxes and payroll taxes. You will get an instant raise in your pay!

Social Security & Medicare benefits would not change. The FairTax actually puts these programs on a more solid funding foundation. Instead of being funded by taxes on workers' wages, which is a small pool, they'll be funded by taxes on overall consumption by all residents.

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