



Good morning!

If Americans thought the noise emanating from Washington was loud during the last two years, the results from the 2018 midterm elections will likely amplify partisan sounds from lawmakers. Last Tuesday's voting (11/06/18) was the 4th consecutive midterms where at least one chamber of Congress (either the House or the Senate or both) flipped the controlling party. Voting in 2006 (House and the Senate changed), 2010 (House changed), 2014 (Senate changed) and now 2018 (House changed) has altered the balance of power in Washington. Wall Street must now pivot from campaign rhetoric to critical financial issues: trade tensions between the US and China and a Federal Reserve committed to higher interest rates (source: BTN Research).

Republican Donald Trump will occupy the White House for at least 2 more years, but control of Congress will now be split. Republicans retain control of the Senate and Democrats now have a majority in the House. Over the last 80 years (1938-2017), the S&P 500 has gained +11.1% per year (total return) when control in Congress was split, regardless of the party in the White House. The stock index also has gained an average of +15.3% in the 1-year following the last 17 midterm elections (1950 – 2014), returning a positive gain during each of the 17 "1-year periods" (source: BTN Research).

An estimated 10,400 Americans will turn 65 years old each day in 2019. This group represents the 9th year of 19 years of "Baby Boomers" turning age 65. An estimated 11,500 Americans will turn 65 years old each day in the year 2029 (source: Government Accountability Office).

#### Notable Numbers for the Week:

1. **BONDS, NOT STOCKS** - 73% of the investment portfolios of **US life and health insurance companies** at the end of 2017 **were invested in bonds** while just 3% of their assets were invested in stocks (source: NAIC).
2. **THAT WOULD HURT** - Individual income taxes paid by American taxpayers would have to **increase by +46%** in order to **eliminate our \$779 billion deficit** from fiscal year 2018 (source: Treasury Department).
3. **YOU PROMISED** - The Western Pennsylvania Teamsters and Employers Pension Fund filed in early November 2018 for an approval from the Treasury Department **to reduce pension benefits** by up to 30% to more than 21,000 **current retirees**. The pension fund, with more than \$700 million of assets, is **forecasted to be insolvent** by 2029 without the reductions. The pension cuts would **begin 8/01/19** (source: Pittsburgh Post-Gazette).

**STAYING PUT** - Between 2016 and 2017, 6 out of every 7 Americans (86%) **lived in the same house or apartment** on a year-over-year basis, i.e., they did not move (source: Census Bureau).

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