



Good morning!

It was 14 years ago (8/29/05) when the deadliest hurricane in US history made landfall in Louisiana. Hurricane Katrina caused \$75 billion of damages and killed more than 1,300 people, devastation that is felt all these years later. Last week's Hurricane Dorian was at one point a Category 5 hurricane with maximum sustained winds of 185 mph. If the slow-moving storm strikes Florida, it could be the 3rd consecutive year that the state has been hit by at least a Category 4 hurricane, following Irma (Category 4) in September 2017 and Michael (Category 5) in October 2018. Before that, the state had not suffered a Category 4 hurricane or greater since Charley in August 2004 (source: BTN Research).

Our nation's 18-month old trade dispute with China continues on. Most recently, the United States reacted to new tariffs from China by raising existing tariffs from 10% to 15% on \$300 billion of Chinese goods effective 9/01/19, i.e., just 2 days ago. An estimated 60% of the \$300 billion (\$180 billion) consists of finished consumer products, suggesting that American buyers may feel the impact of the increased levies in the coming weeks. Stocks however shrugged off the conflict and rose last week, breaking a 4-week downward slide (source: BTN Research).

Congress returns from its August recess this week. While they were on break, the CBO forecasted that over the next 10 fiscal years (2020-2029), the US government will collect \$45.6 trillion of taxes versus \$57.8 trillion of outlays, resulting in a \$12.2 trillion deficit, or an average annual deficit of \$1.22 trillion. The USA has produced annual deficits of at least \$1.22 trillion just 3 times in our nation's history – 2009-10-11 (source: CBO).

Notable Numbers for the Week:

1. **MAINTAINING PURCHASING POWER** - A 65-year old spending **\$100,000 per year** (after-tax) would need **\$128,008 per year** (after-tax) by age 75 and **\$163,862 per year** (after-tax) by age 85 if his/her **cost of living** was increasing by **+2.5% per year** due to inflation (source: BTN Research).
2. **UNEXPECTED** - The average interest rate nationwide on a **30-year fixed rate mortgage** has dropped from **4.51%** on 1/03/19 to **3.58%** on Thursday 8/29/19 (source: Freddie Mac).
3. **HOME VALUES RISING** - Between 6/30/18 and 6/30/19, **average home prices** increased in **all 50 US states**. Idaho's +11.4% average home price gain **led the nation** over the last year while Delaware's +1.2% growth rate was the **nation's smallest** (source: Federal Housing Finance Agency).
4. **A SINGLE PERCENT** - Total **foreign aid spending** by the USA in fiscal year 2019 (i.e., the 12 months that will end 9/30/19) is projected to be **\$39.2 billion** or less than 1% of our **government's projected spending** of \$4.529 trillion for the 2019 fiscal year **that ends** later this month (source: Office of Management and Budget).

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Town Center, 29 South Main St. | West Hartford, CT 06107
Phone 860.561.1162 | Fax 860.561.1018 | Toll free 877.561.1162
www.pcgct.com



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Phone 860.561.1162 | Fax 860.561.1018 | Toll free 877.561.1162
www.pcgct.com