



EVERETT FINANCIAL GROUP

## Weekly Commentary

May 18, 2020



### Kidnapped

In the fading days of the Roman Empire, a sixteen-year-old boy was abducted into slavery by savages outside the border of the civilized world. They took him to remote land beyond the sea, where he labored under the harshest conditions.

The boy had never been very religious, but in desperation he began to pray to God every day that he might survive his horrible ordeal. After more than five years in bondage, he was able to escape. He walked two hundred miles to a seaport, where he found passage on a ship that carried him away. Eventually he returned home to joyous parents who begged him never to leave again.

But night after night he was tormented by dreams and visions. Voices beckoned. They told him he must return to the land of his kidnappers and bring the word of Christ into this savage land.

And that's exactly what he did.

The boy lived in what is now England. His kidnappers were Celtic tribesmen from across the water- Ireland. And that's how a young Briton named Patricius grew into an old Irishman named Patrick. Saint Patrick, to be exact.

The patron saint of Ireland: an Englishman by birth.

**"WE BEG YOU TO COME AND WALK AMONG US ONCE MORE."**

The Greatest Stories Never Told By Rick Beyer

## Weekly Market Commentary May 18, 2020

### The Markets

America is reopening, state by state.

That's welcome news for many businesses, but we're far from business as usual. Last week's economic news included unemployment hitting an 80-year high, a record drop in retail sales (-16.4 percent), and an unprecedented decline in industrial production (-11.2 percent).

Weak consumer demand is also a concern, according to Matthew Klein of *Barron's*. "...The pandemic has lowered consumer demand much more than it has damaged productive capacity. It's much easier to bring factories back online than it is to get customers back into shops and auto dealerships...Unless consumption rebounds quickly, the world will soon be faced with an unprecedented glut of goods that can't be sold."

Some households may be able to sustain or increase consumption because of generous unemployment benefits. The Coronavirus Aid, Relief, and Economic Security (CARES) Act increased unemployment benefits by \$600 per week. The intent was to provide Americans, who were out of work because of the pandemic, with income equal to the national average salary of \$970 per week, reported Amelia Thomson-DeVeaux of *FiveThirtyEight*.

As it turns out, about 68 percent of those filing for unemployment - teachers, construction workers, medical assistants, food service workers, and others - are receiving more money through unemployment than they did from employers.

An analysis conducted by economists at the University of Chicago, and cited by *FiveThirtyEight*, found, "...the estimated median replacement rate - the share of a worker's original weekly salary that is being replaced by unemployment benefits - is 134 percent, or more than one-third above their original wage."

In recent weeks, the number of unemployed workers has grown to about 36 million, according to *CBS News*. Unusually high unemployment combined with unusually high unemployment benefits may mean some Americans may have more money to spend than they might have had otherwise. The combination could improve demand for goods. It also could make it more difficult for employers to persuade employees to return to work.

Last week, major U.S. stock indices finished lower.

Data as of 5/15/20	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-2.3%	-11.4%	0.5%	6.0%	6.2%	9.7%
Dow Jones Global ex-U.S.	-2.6	-20.7	-12.9	-4.5	-3.2	1.3
10-year Treasury Note (Yield Only)	0.6	NA	2.4	2.3	2.1	3.5
Gold (per ounce)	1.8	13.9	33.6	12.1	7.3	3.5
Bloomberg Commodity Index	-1.1	-23.8	-22.6	-9.6	-10.2	-6.8

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, MarketWatch, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

**ÖFFNUNGSDISKUSSIONSORGIEN.** The German language boasts many unique words with oddly specific meanings. You may be familiar with some German words that have become part of the English language such as *schadenfreude* (finding joy in other people's trouble), *wanderlust* (an impulse to travel the world), and *weltschmerz* (sadness about the state of the world).

Amanda Sloat of *ForeignPolicy (FP)* reported the Germans have invented a new word to describe debates about when and how to reopen the world: *Öffnungsdiskussionsorgien*.

The goal of many leaders around the world is to minimize infection, minimize death, and minimize economic hardship. It's a tall order and there is no 'right' answer. One thing is clear, though. People who have been on lockdown, no matter which country they reside in, have cabin fever. *FP* reported:

"An American expat in Spain promised her teary tween that for her 12th birthday she could help take the trash 50 yards to a communal receptacle across the courtyard; that special gift was scrapped after a police car parked nearby. To take advantage of exemptions allowing owners to walk their pets, one person in Romania took his fish on a walk, while a young woman put her cat in a bag to justify a trip to the mall."

In the United States, *Buzzfeed* and *BoredPanda* have reported on an abundance of pandemic jokes and memes. Americans have watched Michigan's Father Tim Pelc use a squirt gun of holy water to bless Easter baskets from a socially safe distance. We've also been alerted to the possibility of a baby boom that will yield Quaranteens in 2033 and endless rounds of toilet paper jokes.

## Weekly Focus - Think About It

"The future belongs to those who believe in the beauty of their dreams."  
--Eleanor Roosevelt, Former First Lady, diplomat, and activist

Best Regards,



Brian Everett  
Certified Financial Planner™  
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\* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

\* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

\* All indexes referenced are unmanaged. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.

\* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

\* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

\* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.

\* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

\* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

\* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

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