

Good morning!

When the Federal Reserve cut short-term interest rates to near zero on 12/16/08 during the mortgage crisis, it set the table for ultimately what was 7 years before the central bank raised rates. Longer-term interest rates followed the Fed's lead, as yields on all durations of corporate and government debt fell to historic lows that have continued well into 2020. The global pandemic forced the Fed to cut rates again to near zero (on 3/15/20), leading to last week's announcement that they expect rates to remain near zero "at least through 2023 to help support our (economic) recovery" (source: Federal Reserve).

The number of Americans receiving state unemployment benefits has almost been cut in half over the last 4 months. From 22.8 million on 5/09/20 to 12.3 million on 9/05/20, the number of jobless individuals receiving weekly benefits has dropped 46% since May. Congress continues to argue whether another bailout bill is warranted and how large it should be. The key difference of opinion between lawmakers: Democrats want to include cash for financially strapped state and local governments in addition to unemployment benefits while Republicans want the bill to focus only on individuals (source: Congress).

More Washington theatrics will play out over the next 1 ½ weeks as the political parties work to prevent a government shutdown at midnight on Wednesday 9/30/20. Lawmakers will most likely sign off on a "continuing resolution" to maintain fiscal year 2020 funding levels into fiscal year 2021 until after the 11/03/20 elections. A government shutdown would be our 4<sup>th</sup> in just the last 3 years (source: Congress).

### **Notable Numbers for the Week:**

1. **BACK IN BUSINESS** - US ports received ships carrying 2.06 million containers loaded with cargo during the month of August 2020. That's the largest number ever recorded in a monthly survey compiled since 2002 (source: National Retail Federation Global Port Tracker).
2. **A NEW HIGH** - After adjusting numerical data from the past for the impact of inflation, the median household income in 2019 (\$68,703) is the highest ever recorded in the USA and is the 4th consecutive year (2016-2019) that produced an all-time inflation-adjusted record. Before 2016, the peak for median household income was \$62,641 set in 1999 (source: Federal Reserve Bank of St. Louis).
3. **SHOULD WE GET A BITE TO EAT?** - 12% of the "sit-down" restaurant chains, i.e., not "fast food," that were in business before the COVID-19 pandemic hit the United States in February 2020, are now out of business and have closed for good (source: Black Box Intelligence).
4. **ON FIRE** - Of the 10 largest wildfires in the last 10 years in California, 5 of them are taking place right now. The biggest of the 5 is the August Complex fire, the largest in state history (source: Los Angeles Times).

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09/21/20 Monday