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| |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | MAY 2020 | [[Midwest Money Management Inc.](http://email.midwestmoneymanagement.com/c/eJxNUMtqxDAM_Jr1zcFvxwcftmUX9tD-g2LLiWGdhNgl7N_XpVAKQqBBoxlN9I6lAIqkfNT2CQX9NUIhAcoOeV4f0Quu-SgkyV4wwdjPwJhReuDDeGVaaWnk3b7f5O3toljJ8cTayrbiq8AKMxZc2xC2QhZvtJuUSFoJy-KoXO9RgWFamMSCcX-yH1hrpz5i5-aU8fBORGU0t1RJ5ygC5xRc0nQEg6OyNjmD5OmX1vaLvF7Evdd5nkMq84lTzQ3rj4mOgg6Jcz5SEFOgCrmgk1ZAlQVuNECSMvQ1sh_bfEDpCUhNDg89lgWO9rXO_c1nnpc2PaG2YcVGwrY2CO2fX4wmRceQSiUkRffrV9DE0HY5ZqSxZO_3Xl2A8x7tN1xJeKI)](http://email.midwestmoneymanagement.com/c/eJxNUMtqxDAM_Jr1zcFvxwcftmUX9tD-g2LLiWGdhNgl7N_XpVAKQqBBoxlN9I6lAIqkfNT2CQX9NUIhAcoOeV4f0Quu-SgkyV4wwdjPwJhReuDDeGVaaWnk3b7f5O3toljJ8cTayrbiq8AKMxZc2xC2QhZvtJuUSFoJy-KoXO9RgWFamMSCcX-yH1hrpz5i5-aU8fBORGU0t1RJ5ygC5xRc0nQEg6OyNjmD5OmX1vaLvF7Evdd5nkMq84lTzQ3rj4mOgg6Jcz5SEFOgCrmgk1ZAlQVuNECSMvQ1sh_bfEDpCUhNDg89lgWO9rXO_c1nnpc2PaG2YcVGwrY2CO2fX4wmRceQSiUkRffrV9DE0HY5ZqSxZO_3Xl2A8x7tN1xJeKI) | | | |  |  |  |  | | --- | --- | --- | --- | |  | |  | | --- | | 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.    **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*  \* These views are those of Carson Coaching, and not the presenting Representative, the Representative’s Broker/Dealer, or Registered Investment Advisor, and should not be construed as investment advice. \* This newsletter was prepared by Carson Coaching. Carson Coaching is not affiliated with the named firm. \* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate. \* 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. The volatility of indexes could be materially different from that of a client’s portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index. \* 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. \* The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal. \* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system. \* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets. \* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods. \* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance. \* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful. \* Past performance does not guarantee future results. Investing involves risk, including loss of principal. \* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete. \* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk. \* Asset allocation does not ensure a profit or protect against a loss. \* Consult your financial professional before making any investment decision.  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