

Good morning!

Congressional lawmakers spent 2 days last week asking Fed Chairman Jerome Powell during his Capitol Hill testimony how the Federal Reserve was prepared to respond if/when the coronavirus impacts the US economy. Chairman Powell delivered the expected “we’ll do whatever it takes” speech without going into the mind-numbing details of exactly what that means. Powell then turned the tables on committee members who were questioning him, scolding the Washington lawmakers for the US government’s projected \$1 trillion annual deficits over the next decade (source: Congress).

The death toll from the coronavirus, officially called Covid-19, reached nearly 1,800 by yesterday afternoon (2/17/20). Estimates from the Center for Disease Control warn that the virus could linger for at least all of calendar year 2020. Only 15 positive cases have been reported in the USA, remarkable given that more than 71,000 people have been infected globally. The most lethal health epidemic in the last 500 years was the worldwide flu outbreak that occurred in the fall of 1918 that killed 50 million people, including 675,000 Americans. A staggering 195,000 Americans died in October 1918, the deadliest month in our nation’s history (source: Center for Disease Control).

Americans have added to their household debt load for 22 consecutive quarters through 12/31/19. The debt total nationally is \$14.15 trillion today, dominated by mortgage debt (68% of the overall total), student loans (11%) and auto loans (9%) (source: Federal Reserve Bank of New York).

Notable Numbers for the Week:

1. **E.U. AND USA** - The 27-nations that comprise the European Union (post-Brexit) have a population of 446 million and a combined economy of \$18 trillion. The United States has a population of 329 million and an economy of \$22 trillion (source: Census Bureau).
2. **CORONAVIRUS IMPACT** - China is forecasted to use 25% less oil per day in February 2020 when compared to its actual usage in February 2019, a drop of 3.2 million barrels a day, i.e., from a consumption of 12.9 million barrels a day to 9.7 million barrels a day (source: International Energy Agency).
3. **HOMES** - The construction of 888,100 new single-family homes began in 2019, the 8th consecutive year of increasing home building. In the decade of the 2010s, 6.8 million new homes began construction, down 44% from the 12.3 million new homes that were started in the decade of the 2000s (source: Census Bureau).
4. **HARD TO ENJOY RETIREMENT** - More than half of American workers (54%) have not started a defined contribution retirement plan at work (e.g., a 401(k) plan) or have access to a defined benefit pension plan funded exclusively by their employer (source: Center for Retirement Research at Boston College).

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