

# MML Investors Services

## Weekly Market Review

June 15, 2020

Alan Greenspan was faced with the largest one-day drop in the history of the U.S. stock market just 10 weeks after taking control as Fed Chairman in 1987. Ben Bernanke navigated the American financial system through the 2008 global real estate crisis, utilizing monetary tools never imagined before his time. Now Jerome Powell is the nation's top banker during the unthinkable – a global pandemic that has killed more than 115,000 Americans since early February 2020. His syntax last Wednesday (6/10/20) is up for debate, but his message was clear: "We are not even thinking *about thinking about* raising rates." The Fed has pledged to keep short-term interest rates near zero for at least the next 2 ½ years (source: Federal Reserve).

The U.S.A. officially fell into a recession on 2/29/20, its sixth recession in the last 40 years, i.e., since 1980. The announcement confirming the start of this economic downturn was released on 6/08/20, exactly 100 days after the recession started. The next most recent recession in the country began at the end of December 2007 and lasted 18 months through June 2009. The announcement of the 2007 recession was released on 12/01/08, 336 days after the recession started (source: National Bureau of Economic Research).

The number of job openings in the U.S.A. has fallen by 2 million in just the last two months. There were 7.0 million job openings nationwide as of 2/29/20, a total that has dropped to 5.0 million as of 4/30/20. During the country's last recession, job openings nationwide fell to just 2.1 million in July 2009 (source: Department of Labor).

Notable Numbers for the Week:

1. **NOT INFLATION, BUT DEFLATION** - The Consumer Price Index (CPI) **fell 0.1%** on a month-over-month basis in May 2020, the third consecutive month of "**negative inflation.**" The **last calendar year** in which inflation was negative, i.e., **deflation**, was 1954 or **66 years ago** (source: Bureau of Labor Statistics).
2. **BIG DECLINE** - The state of Texas received **\$2.61 billion in sales tax revenue** in May 2020, down **\$400 million** from the **\$3.01 billion of sales tax revenue** collected in May 2019 (source: State of Texas Comptroller Glenn Hegar).
3. **WE WANT OUT TOO** - **42% of Italians** surveyed in late April 2020 would vote in a referendum to **leave the European Union**, following a similar exit made by the **United Kingdom** on 1/31/20 (source: Tecne survey).
4. **NO DISCOUNT** - The **University of Southern California** has announced its **2020-21 tuition** will **increase by +3.5%** from the prior year regardless of whether classes are to be **held in person or online** (source: Los Angeles Times)

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