

MML Investors Services

Weekly Market Review

August 3, 2020

It was the last thing that out-of-work Americans wanted to hear from their Washington lawmakers at the end of last week – “we’re miles apart.” Congress had hoped that the signing of the \$2.3 trillion CARES Act on 3/27/20 would be sufficient to get businesses, states and individuals back on their feet financially. At the end of the first quarter 2020, it seemed that 4 months of \$600 a week in additional jobless benefits (to 7/31/20) and nationwide eviction moratoriums would be enough to get America back to “normal.” Even though 5.3 million jobs have been added back nationwide in just the last 2 months, 17.8 million Americans are still without work (source: Department of Labor).

Congress has just one week left this summer to compromise on another stimulus package as both the House and the Senate are scheduled to leave Washington on Friday 8/07/20 for its month-long August recess. Americans who are looking for action from their politicians are nervous – the job approval rating for Congress in July was only 18%, down from 31% just 2 months earlier (source: Gallup).

The 2020 presidential election will take place on Tuesday 11/03/20 or 3 months from today. 138 million Americans voted in the 2016 presidential election, equal to 58.1% of the nation's voting-eligible population, i.e., 100 million voting-eligible Americans did not vote in the 2016 race (source: United States Elections Project).

Notable Numbers for the Week:

1. **SPENDING SPREE** - Since **cutting short-term interest rates** to near zero on 3/15/20, the Fed has **purchased \$1.7 trillion of Treasuries** through Wednesday 7/29/20. The Fed now **owns \$4.3 trillion** of US government debt or **25% of the total Treasury securities outstanding** (source: Treasury Department).
2. **IT'S FOR YOUR OWN GOOD** - Effective 7/14/20, **Colorado** became the **9th US state** to offer a pre-tax retirement plan to private sector workers **who do not have access to an employer-sponsored plan**. Colorado companies lacking a retirement plan are now required to **“auto-enroll”** its employees in the **state-run retirement plan**, but workers may **“opt-out.”** An estimated **40% of Colorado’s workers** are employed by companies with **no retirement plan** (source: Nat'l Conference on Public Employee Retirement Systems).
3. **THEY WILL HAVE TO CUT BACK** - An estimated **55% of working-age households today** are not saving enough money before retirement to **allow them to maintain their current standard of living** into their retirement years (source: Center for Retirement Research).
4. **ANOTHER FIVE MONTHS TO GO** - Our **national debt** has **increased \$3.3 trillion YTD** through Thursday 7/30/20 to reach **\$26.5 trillion**. Before this year, the **largest calendar year addition** to the **national debt** was the **\$1.7 trillion debt increase** that occurred **during calendar year 2010** (source: Treasury Department).

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