

# MML Investors Services

## Weekly Market Review

August 10, 2020

History will write that 2020 was the year of the COVID-19 pandemic, but financial history will write that 2020 was the year of an incredible bounce back in U.S. stocks coupled with historically low interest rates. The S&P 500 suffered through a 34% bear market drop (total return) from 2/19/20 to 3/23/20 but has since rallied +51% (total return) through the close of stock trading last Friday (8/07/20). The yields on almost all durations of Treasury debt are at record lows or just above them, e.g., the yield on the U.S. 10-year Treasury note closed at 0.514% last Tuesday 8/04/20, within 0.013 percentage points of its all-time record low close of 0.501%. The demand for U.S. Treasuries has never been greater, fortuitous for the United States as we anticipate issuing \$4.5 trillion of Treasury debt during fiscal year 2020 (source: Treasury Department).

The federal eviction moratorium that went into effect on 3/27/20 protected rental tenants for 120 days, i.e., through 7/25/20. Unless the executive orders from the White House hold up, landlords that own rental properties backed by federally backed mortgages (impacting 12 million households and 30 million people) may give delinquent tenants a 30-day notice to vacate, then followed by an eviction notice (source: CARES Act).

The mainstays of summer activity in America – hotels and restaurants – have been devastated by the COVID-19 pandemic. However, a comeback in these industries is taking place. The number of American workers in the “leisure and hospitality” business was 16.9 million as of 2/29/20, dropped to 8.5 million as of 4/30/20, and now has rebounded to 12.5 million as of 7/31/20 (source: Department of Labor).

Notable Numbers for the Week:

1. **COUNTING ALL OF THEM** - After peaking at **\$36.1 trillion** on 2/19/20, the **total market capitalization** of all U.S. equities **fell \$12.7 trillion** to **\$23.4 trillion** as of 3/23/20 but has since **added back \$12.4 trillion** to close last Friday 8/07/20 at **\$35.8 trillion** (source: Wilshire).
2. **REDUCING YOUR MONTHLY COST** - 64% of **mortgage applications** filed during the week ending Friday 7/31/20 were current homeowners **refinancing existing mortgage debt** as opposed to **new home purchases** (source: Mortgage Bankers Association).
3. **GET IT AND SPEND IT** - 74% of Americans spent their **\$1,200 per person stimulus payment** from the 3/27/20 CARES Act **within four weeks of receipt**. **159 million Americans** received the one-time nontaxable cash payment (source: Money/Morning Consult survey).
4. **MIGHT AS WELL STAY** - Only 7% of workers “**auto-enrolled**” in an employer’s 401(k) plan elect to “**opt-out**” of the plan, i.e., 93% of all employees **remain in the plan** (source: Vanguard Research).

Please see important disclosures on the next page.

This material does not constitute a recommendation to engage in or refrain from a particular course of action. The information within has not been tailored for any individual. The opinions expressed herein are those of Michael A. Higley as of the date of writing and are subject to change. MML Investors Services, LLC (MMLIS) provides this article for informational purposes, and does not make any representations as to the accuracy or effectiveness of its content or recommendations. Mr. Higley is not an employee of MMLIS and any comments, opinions or facts listed are those of Mr. Higley.

This commentary is brought to you courtesy of MML Investors Services, LLC (Member [FINRA](#), Member [SIPC](#)). Past performance isn't indicative of future performance. An index is unmanaged and one cannot invest directly in an index. Material discussed is meant for informational purposes only and it is not to be construed as specific tax, legal, or investment advice. Although the information has been gathered from sources believed to be reliable, it is not guaranteed. Please note that individual situations can vary, therefore, the information should be relied upon when coordinated with individual professional advice. Clients must rely upon his or her own professional advisor before making decisions with respect to these matters.

This e-mail may include forward-looking statements that are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied. CRN202208-269565