

# MML Investors Services

## Weekly Market Review

September 14, 2020

On the day that the first American died of the COVID-19 virus (2/06/20), the price of oil was trading at \$50.95 a barrel. The economic impact of the pandemic on global business has been historic, driving oil prices down as the demand for energy disappeared overnight. Domestic oil producers are counting on a recovering economy to bring oil prices back up, but as of the close of last week (Friday 9/11/20), oil was trading at \$37.33 a barrel, down 27% in seven months (source: NYMEX).

Fiscal year 2020 ends in just over two weeks (on 9/30/20), painfully finishing what will be the largest budget deficit in our nation's history. Through 8/31/20, the government's budget deficit had reached \$3.0 trillion, already more than double the previous red-ink record of \$1.413 trillion from fiscal year 2009. Our low interest rate environment is helping however – Uncle Sam can borrow 30% more money today than it could five years ago and still have the same out-of-pocket interest expense (source: Treasury Department).

The record budget deficit for fiscal year 2020 may force whoever is sitting in the White House in 2021 to consider levying higher taxes on some individuals and corporations. Budget deficits are not unusual for the United States – 55 of the last 60 fiscal years in our country have resulted in "outlays" exceeding "revenues." There never seems to be a good time to raise taxes or to cut government spending, but someday, that's exactly what Washington lawmakers may have to do (source: BTN Research).

Notable Numbers for the Week:

1. **THE DAY THE WORLD CHANGED** - The **World Health Organization (WHO)** declared the **COVID-19 outbreak a pandemic** on 3/11/20. In the **six months** from 3/11/20 through last Friday 9/11/20, the S&P 500 has **gained +23.0%** (total return) (source: BTN Research).
2. **BUT THE LARGEST IS OURS** - Three of the four largest companies in the world are **Chinese corporations**. The rankings are based upon **annual revenues**. Each of the top four companies generate **more than \$1 billion a day** in revenue (source: Fortune).
3. **FEWER CHOICES TO PICK FROM** - There were **400,000 fewer existing homes for sale** nationwide at the end of **July 2020** (1.5 million) than there were at the end of **July 2019** (1.9 million), a **drop of 21%** on a year-over-year basis (source: National Association of Realtors).
4. **YOU WANT A DISCOUNT?** - The schools with the **four largest college endowments** in the United States – Harvard, University of Texas, Yale and Stanford – **increased the cost of tuition** for their undergraduates for the 2020-21 school year (source: MarketWatch).

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