

# SPARTAN JOURNAL

MSU WEALTH MANAGEMENT ASSOCIATION WEEKLY NEWS UPDATE

## U.S. Economic Activity Picks Up While Europe’s Stalls

VINCENT PUCILLO  
OCTOBER 27TH, 2020

A surge and recovery in United States economy is becoming more evident. It grew at the “fastest pace in more than a year and a half as businesses anticipated greater demand...” However, as the United States continues to show signs of recovery, Europe is experiencing the opposite effect. A surge in coronavirus cases (the U.S. is also seeing new waves of infections but has not yet passed the record set in July) and new business restrictions are roadblocks that are slowing down their economic recovery. Economists also expected the economy in the U.S. grew at a 28.5% annualized rate in the third quarter. Additionally, third quarter growth figures will be released this Thursday.

Sales of homes rose 9.4% in September (14-year high)

Jobless benefits fell to the lowest level since the start of COVID-19

Purchasing Managers Index (declined in Europe) and service firms both rose in October from September in the U.S., according to IHS Markit



PHOTO: BALINT PORNECZI/BLOOMBERG NEWS

<https://www.wsj.com/articles/second-coronavirus-wave-destabilizes-european-recovery-11603443406>



PHOTO: RICHARD VOGEL/ASSOCIATED PRESS

## Uber and Lyft Must Classify Drivers as Employees

JAKE HERONEMA  
OCTOBER 27TH, 2020

Ridesharing services such as Uber and Lyft must comply with an order that requires them to reclassify their drivers as employees, a California appeals court said Thursday, siding with a lower court ruling from August that threatened to topple the companies’ business models. Uber and Lyft would need to comply with the reclassification within 30 days of a formal ruling, which could take several weeks. The companies, along with DoorDash Inc., Postmates Inc. and Instacart Inc. have raised more than \$189 million for a ballot initiative on Nov. 3, asking that voters exempt them from such a reclassification. That result would supersede any court rulings.

“Today’s ruling means that if the voters don’t say Yes on Proposition 22, rideshare drivers will be prevented from continuing to work as independent contractors, putting hundreds of thousands of Californians out of work and likely shutting down ridesharing throughout much of the state,” an Uber spokesman said. A Lyft spokeswoman said: “This ruling makes it more urgent than ever for voters to stand with drivers and vote yes on Prop. 22.”

If Proposition 22 succeeds, the companies say they will guarantee new protections to workers such as giving drivers 30 cents a mile driven to account for gas and other vehicle costs, health-care subsidies for drivers who work 15 hours or more a week and occupational-accident insurance coverage while on the job. But critics say those protections fall short compared with the benefits awarded to employees.

California court rules Uber and Lyft to comply order that reclassifies drivers as employees, putting hundreds of thousands of Californians out of work.

Companies raised more than \$189 million for a ballot initiative on Nov. 3, asking voters to vote exempt them reclassification which would overturn the courts rulings.

If Prop 22 passes, the companies say they will guarantee new protections – 30 cent per mile driven, health care and accident insurance.

<https://www.wsj.com/articles/uber-and-lyft-must-classify-drivers-as-employees-appeals-court-says-11603416727>

### UPCOMING EVENTS

**SECURIAN FINANCIAL**  
October 27<sup>th</sup> from 6:30 -7:30 PM

**MORGAN STANLEY**  
November 3<sup>rd</sup> from 6:30 -7:30 PM

**MERRILL LYNCH**  
November 9<sup>th</sup> from 6:30-7:30 PM

# GM HAMTRAMCK ASSEMBLY WILL GO ALL-ELECTRIC

OSCAR GARNER III      OCTOBER 27TH, 2020

The winds of change are gusting through the manufacturing industry. A growing global need for clean energy and a reduction in carbon footprints has inspired a new era of innovation. Just this year California Governor, Gavin Newsom, has passed legislation that will move the state away from its reliance on fossil fuels. Starting in 2035, all new cars and trucks sold must be zero-emission vehicles. Companies like Tesla have already embraced this impending economic shift with their strong line of lithium-battery, electric vehicles. For those who have not yet started considered this change, there is an important decision to make; adapt, or die.

GM has chosen to adapt. ‘Factory ZERO’, formerly the “Detroit-Hamtramck Assembly” plant, was in the works to be shut down as vehicle sales have been declining year-over-year and the pandemic has hurt distribution. Renamed for its focus on zero-emission vehicles, the factory has found new life and will be key for the future of Detroit, GM, and the auto industry. This factory will be the first of many to adapt their workload and transition towards non-combustion vehicles. Not only will this help GM’s longevity, but it will also reaffirm the position as an industry leader in passenger transportation.

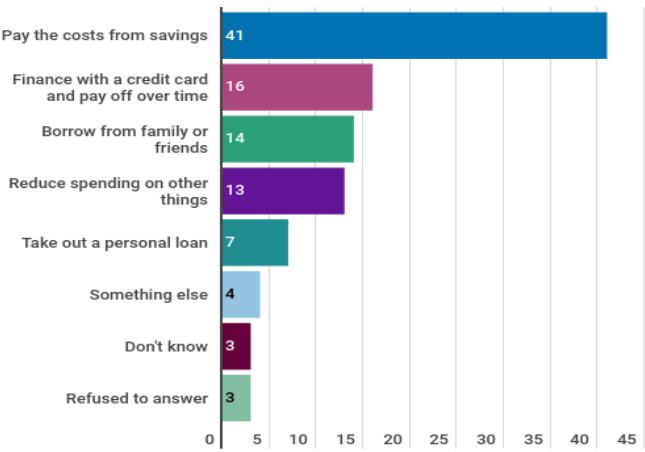
Factory Zero will be at the forefront of many innovations for GM as they look to reduce their carbon footprint significantly. While electric vehicles will be the main focus, the facility will also use all renewable energy in its production process by 2030 and in all global facilities by 2040. They will also use treated stormwater for plumbing, fire safety, and a manufacturing byproduct removal. All these moves are a strong indicator that GM is built to adapt and will be an industry leader for many generations.

<https://www.freep.com/story/money/cars/general-motors/2020/10/16/gm-detroit-hamtramck-assembly-plant-renamed-factory-zero/3665925001/>  
<https://www.gov.ca.gov/2020/09/23/governor-newsom-announces-california-will-phase-out-gasoline-powered-cars-dramatically-reduce-demand-for-fossil-fuel-in-californias-fight-against-climate-change/>



## How Americans would pay for \$1,000 emergency

Which of the following best describes how you would deal with a major unexpected expense, such as \$1,000 for an emergency room visit or car repair...



Data based on Bankrate survey of over 1,000 U.S. adults fielded in late December through Jan. 5, 2020.

Made with infogram

Jake Heronema      October 27th, 2020

Most financial experts recommend that you have somewhere between three months and six months of basic living expenses in your emergency fund. The three month guideline is generally recommended for those who are in salaried positions and have more secure employment. This amount can seem daunting at first, but the idea is to put a small amount away each week or two to build up to that goal.

Emergency savings are best placed in an interest-earning bank account, such as a money market or interest-earning savings account, that can be accessed easily without taxes or penalties. Emergency savings should be placed in an account that is easily available, so you do not incur early withdrawal penalties as you would with an account such as a CD or IRA.

59% of adults can’t pay for a \$1,000 emergency through savings.

Illness/accident, unexpected job loss, home/car repair

<https://www.cnbc.com/2020/01/21/41-percent-of-americans-would-be-able-to-cover-1000-dollar-emergency-with-savings.html>

<https://www.wellsfargo.com/financial-education/basic-finances/manage-money/cashflow-savings/emergencies/>

## Job Postings

Positions Available  
Apply [here](#)



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## Meet the 2020 WMA News Team!



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Major: Finance



**Jake Heronema**  
Weekly News Contributor  
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Major: Finance



**Vincent Pucillo**  
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Standing: Junior  
Major: Marketing

## MSU WMA Podcast

A [show](#) with Costa Gianiodis, Justin Halvorson and Justin Jackson, three undergraduate finance students from Michigan State University who interview financial advisors currently working in wealth management to discover what a career as an advisor can look like.

