

# SPARTAN JOURNAL

## MSU WEALTH MANAGEMENT ASSOCIATION WEEKLY NEWS UPDATE

### U.S. Household Spending Rose 1.4% in September

VINCENT PUCILLO  
NOVEMBER 2<sup>ND</sup>, 2020

Despite the ongoing uncertainty of the economy due to coronavirus, U.S. households increased their spending in September by 1.4%. This is due to the higher pay and remaining pandemic aid which therefore helped to boost incomes. Additionally, personal-consumption expenditures also rose in September, according to the Commerce Department. This rise in personal income also reflected an increase in employee compensation. Companies like Mattel Inc. and Chipotle posted strong quarterly sales figures, which reflects the increased interest of American households for food that can be ordered online as well as in-home entertainment.

After a sharp decline in August, personal income increased 0.9% from last month.

After being surveyed from The Wall Street Journal, economists expected a 1% increase in spending and 0.5% increase in personal income.

U.S. GDP rose to a record 7.4% in the third quarter



PHOTO: ADAM ROBISON/ASSOCIATED PRESS

<https://www.wsj.com/articles/consumer-spending-personal-income-coronavirus-september-2020-11604012444>

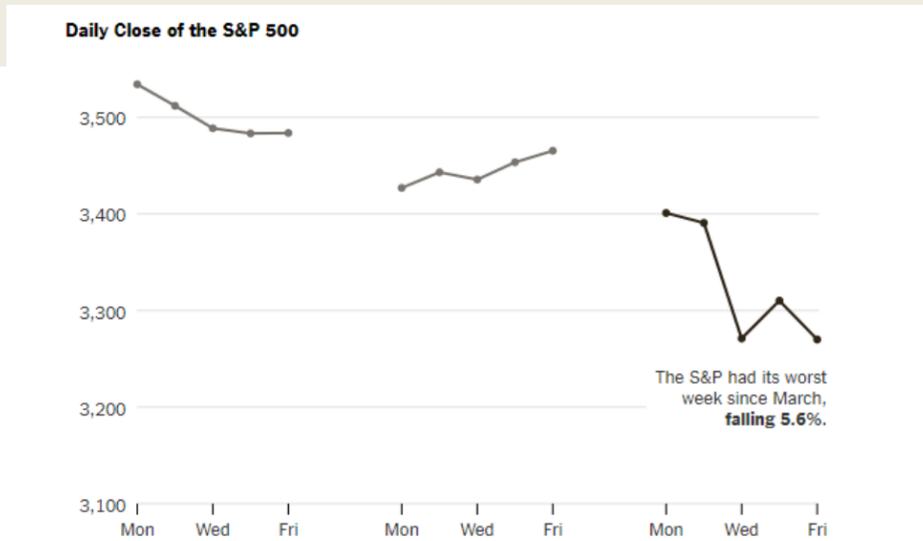


PHOTO: Refinitiv • By The New York Times

### Stock Market Tumbles, Global Coronavirus Cases Reach New Climax

OSCAR GARNER III  
NOVEMBER 2<sup>ND</sup>, 2020

History’s greatest stories have all had an entertaining climax, where every plot piece comes to a head and the entire story unfolds. The legend of 2020 is one of those stories. For US citizens, the stage was set in March, with major domestic outbreaks of coronavirus leading to nationwide shutdowns and a halt to life as we know it. With the coronavirus as the antagonist and President Trump as the leading male, the script was leading to events of epic proportions. Here in November, a day for the election, a yearlong pandemic is finally giving us the climax we deserve.

As of Halloween, the US sits at 9 million confirmed cases, leading the world in infections. Unfortunately, a slowly approaching presidential election has kept the government from taking any considerable action. Any shutdowns could interfere with an already controversial voting system and would create serious losses in an already volatile stock market. Stimulus hopes kept stock prices at an inflated state for much longer than many thought possible, but that goodwill has since faded.

Last week, the S&P 500 and Dow Jones fell 5.6% and 6.5% respectively, their greatest loss since March. Large tech stocks led the tumble although reporting outstanding Q3 earnings. Investors are left with little options as risk and volatility become commonplace, even in foreign markets.

In Europe, increased daily cases have led to another session of shutdowns. While Europe only has 10% of the global population, as a continent it accounts for over 20% of confirmed cases. Although their death rate has been marginal in comparison to the summer months, the recent uptick just before winter is a major cause for concern. Officials are concerned that as the weather gets colder, flu season will coincide with a rampant virus creating the perfect storm for infection. Additionally, as more people will gather indoors, restaurants, travel, and entertainment industries will struggle to facilitate business with limited outdoor resources. All conditions considered, European officials have begun to shut down businesses and work-related travel and have urged other world leaders to follow suit.

<https://www.nytimes.com/2020/10/31/world/great-britain-coronavirus-lockdown.html>  
<https://www.nytimes.com/live/2020/11/01/world/covid-19-coronavirus-updates>  
<https://www.nytimes.com/live/2020/10/30/business/us-economy-coronavirus>

#### UPCOMING EVENTS

**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

**ARCHER HUNTLEY FINANCIAL**  
November 16<sup>th</sup> from 6:30-7:30 PM

# BOOMING BUSINESS OF RECYCLING CRUISE SHIPS

JAKE HERONEMA

NOVEMBER 2ND, 2020

A demolition yard in Aliaga, Turkey where old cargo ships, tankers, research vessels and now, cruise ships retired during the Covid-19 pandemic get torn apart and broken into pieces. In this case, they're not being broken in half to get upgraded and stitched back together. Instead, circling the Fantasy's partially deconstructed innards are buyers from all sorts of industries, looking for rock bottom deals on everything from artwork and kitchenware's to electrical wires and stainless-steel sinks.

For the cruise company, it's an opportunity to recoup at least some value from an asset that's currently acting as dead weight; while its value has declined with age, the Fantasy was originally built for about \$225 million. For the recycling companies that buy the vessel for cash and take on the hazardous task of emptying its valuables. If, for instance, the Carnival Fantasy superstructure contains 15,000 tons of steel, the scrap may sell for upward of \$4.7 million, based on current global market prices though other factors also come into play, such as local prices and demand. Along with the risk of market fluctuation, the buyer also takes on the uncertainty of just how much metal can be salvaged. Pre-1990s ships tend to have more steel in their hulls and underwater plating; those built in the '90s and thereafter can contain lighter, stronger alloys. Either way, steel and metal scraps will travel to a smelter to make rebar for construction projects around the world. Steel from some other dismantled ships can find its way to Turkey's large car-manufacturing industry, where it might contribute to parts for Toyotas or Fords.

Aluminum, copper, and stainless steel are also salvaged and resold, along with valuable commodities that mostly remain in Turkey. The ripped-out teak decks on Fantasy may end up in local shops, restaurants, and homes. Theater scenery and lighting may find its way into show productions. Even the tackiest artwork has some value and can end up in restaurants throughout the country. "The longer the pandemic rages on in the world, the more cruise ships will end up in scrapyards and my guess is at an increasingly younger age," says ManWo Ng, a maritime management professor at Virginia's Old Dominion University. "Even if a vaccine becomes available, how many of us will be comfortable jumping right back on cruise ships?"

Old cargo ships, tankers, research vessels and now, cruise ships are being sailed to Aliaga, Turkey, the ship breaking capital of the world.

Buyers from all sorts of industries, looking for rock bottom deals for artwork and kitchenware to electrical wires and stainless-steel sinks.

Opportunity for cruise companies to recoup at least some value from an asset currently acting as dead weight

Carnival Corp. said it plans to sell 18 ships in 2020. 12% reduction

<https://www.bloomberg.com/news/articles/2020-10-29/the-messy-booming-business-of-recycling-cruise-ships-in-turkey>

# THE IMPORTANCE OF BUDGETING



PHOTO: <https://blog.mint.com/budgeting/budgeting-101/>

VINCENT PUCILLO

NOVEMBER 2ND, 2020

Being in control of your finances is crucial to having financial freedom. Some of the simple ways that we can do this is to avoid taking on unnecessary debt and spending money on things we cannot afford. However, the foundation of this is having a budget.

A budget allows you to keep track of every dollar that you spend and every dollar that you make. There are lots of tools and apps you can use (such as Mint or EveryDollar) to help you create and stick to a budget and track all your spending to ensure you do not overspend. While there are several types of budgeting techniques, the budgeting technique I use is called the zero-based budget.

This involves writing down how much you make in a month (monthly income) and your expenses (rent, groceries, gas, books, utilities, miscellaneous costs, money being saved/invested, etc.) Your goal is to make sure that your expenses subtracted by your income equals zero. This ensures every dollar you make and spend is accounted for.

## More information:

Zero-balanced budget: <https://www.daveramsey.com/budgeting/how-to-budget>

4 budgeting methods:

<https://corporatefinanceinstitute.com/resources/knowledge/accounting/types-of-budgets-budgeting-methods/>

## Job Postings

Positions Available

Apply [here](#)



## Meet the 2020 WMA News Team!



**Oscar Garner III**  
Weekly News Contributor  
Standing: Senior  
Major: Finance



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



**Vincent Pucillo**  
Weekly News Contributor  
Standing: Junior  
Major: Marketing