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MSU WEALTH MANAGEMENT ASSOCATION WEEKLY NEWS UPDATE

Pfizer Seeks Authorization of Covid-19 Vaccine

VINCENT PUCILLO
NOVEMEBER 24TH, 2020

PHOTO: *Ken Stephens/ Market Review*

After lots of speculation and anticipation for a coronavirus vaccine, Pfizer is planning to ask U.S. health regulators on Friday to approve use of it and its partner, BioNTech SE's Covid-19 vaccine. This is after months of research and effort to find a solution to mitigate and reduce the coronavirus pandemic. Dr. Albert Bourla, Pfizer chairman and CEO, said, "Our work to deliver a safe and effective vaccine has never been more urgent, as we continue to see an alarming rise in the number of cases of COVID-19 globally…"

Moderna, another drug maker developing a vaccine, is also expected to file for emergency use within the next few weeks. Due to the urgency of the situation, the FDA is expected to act quickly. The filing of the vaccine approval is in line with government projections, with Pfizer saying the filing could allow for distribution to begin by the middle to end of December. Going from laboratory to authorization in less than a year if approved, this will be the fastest vaccine development program in the West, representing unprecedented advancement in medical technology.

https://www.msn.com/en-us/health/medical/pfizer-to-apply-for-emergency-use-for-its-covid-19-vaccine/ar-BB1bcvAI?ocid=msedgntp

https://www.wsj.com/articles/pfizer-to-seek-authorization-of-covid-19-vaccine-friday-11605872700?mod=hp_lead_pos1

Are Interest Rates the "Cure" to a Covid-19 Recovery?

OSCAR GARNER III
NOVEMEBER 24TH, 2020

In short, the answer to this question is unclear. The conditions surrounding the coronavirus-recession are unprecedented and the symptoms of those conditions created an "economic-illness" for which we have no diagnoses. High levels of permanent unemployment, low consumer demand, stagnant inflation, and political deadlock have made it impossible for officials to use conventional methods of attack on an unknown pathogen. Although most leaders have no answer, the Federal Reserve seems to think 'zero-percent' interest rates could be our economy's vaccine. While it may seem simple, one might agree with the Fed's tactic given what they have been able to do since March.

Before continuing, it's important to note that the stock market and the economy are two separate entities that are related but not particularly in-step with one another. Although the economy has not seen much of a recovery since this summer, the stock market has been booming hitting a new record high approaching 2021. Companies that have been able to drive market growth have benefited from having huge amounts of cash-on-hand. Thanks to the Feds interest rate strategy, companies who could not survive can borrow money for free and hoard cash throughout the recession. These cash deposits have increased cash flow from operations, maintained or raised stock prices, and allowed a considerable amount of faith to remain in the market.

PHOTO: *Aly Yate / Forbes*

While corporate earnings have fallen by 31% since March, the S&P 500 paid more dividends than it earned. Stock dividends were expected to fall by 20% but somehow, they have moved less than 1%. One must ask, how do earnings fall, and how does the economy tank while dividends are still being paid? Is this temporary 'free' cash going to run out and expose an even larger issue? How will companies who aren't meeting earnings expectations pay off these massive debts? The answers to these questions, again, are unclear. While low rates will influence immediate demand amongst consumers and firms, how will it combat unemployment, poor earnings, and massive contraction in middle-class spending? From this perspective, it looks like a short-term solution to what could be a long-term issue.

https://www.financial-planning.com/news/wealth-managements-multimillion-dollar-interest-rate-problem

https://www.nytimes.com/2020/11/20/business/dividends-coronavirus-economy-stocks.html

https://www.cnbc.com/2020/11/05/fed-holds-rates-near-zero-heres-what-that-means-to-you.html

Upcoming Events: Intro to ETFs and Mutual Funds

Mutual Fund: *pool of money collected from many investors and operated by professional managers*
ETF: *represents a basket of securities traded on an exchange, just like a stock*

Trump Administration May Privatize Fannie Mae and Freddie Mac

JAKE HERONEMA **NOVEMBER 24TH, 2020**

Fannie Mae and Freddie Mac have been kept in conservatorship limbo for over a decade now. But the Trump administration may move to end that before leaving office in January.

In the wake of the government bailouts of Fannie Mae and Freddie Mac, the housing-finance giants were placed into conservatorship. The Federal Housing Finance Agency, a new regulator, was created to oversee the two companies' operations as the companies recovered from the subprime-mortgage crisis and repaid the federal government.
In that time, Fannie and Freddie's shareholders — other than the federal government — have gone without even a single dividend payment. For most of this time, Fannie and Freddie's profits have been swept to the Treasury Department.

Conservatorship was not intended to be a permanent thing. In April 2019, Vice President Mike Pence's former chief economist, Mark Calabria, was confirmed as the director of the Federal Housing Finance Agency, the main regulator overseeing Fannie Mae and Freddie Mac. Since assuming that post, Calabria has moved to lay the groundwork needed to get the two companies out of conservatorship.

But with President Trump's loss in the elections earlier this month, a wrench was thrown in those plans. Former Vice President Joe Biden is unlikely to be in any hurry to move Fannie Mae and Freddie Mac out of their current arrangement.

Faced with that reality, Calabria appears to be considering a plan to move Fannie and Freddie out of conservatorship before the inauguration, according to a report from The Wall Street Journal. Depending on how the exit is orchestrated, it could have a major impact on the housing finance ecosystem. Fannie Mae and Freddie Mac are not mortgage lenders — they buy and securitize mortgage loans, providing a crucial inflow of capital. All told, nearly half of all mortgages created in the first quarter of 2020 (47%) were backed by Fannie and Freddie, according to data from Inside Mortgage Finance and the Urban Institute.
https://www.marketwatch.com/story/the-trump-administration-may-privatize-fannie-mae-and-freddie-mac-and-it-could-disrupt-the-nations-housing-finance-system-11606208076

Photo: Jacob Passy / Market Watch

SAVERS VS SPENDERS

Photo: David Smyth / Family Financial Partners

JAKE HERONEMA **NOVEMBER 24TH**

Money management philosophies are not something that is with us inherently from birth. Our feelings around money are often shaped at a young age when we start to have an understanding of the value of money and our perception of whether it is plentiful or scarce. Money and financial planning are logical topics that are known to have often very deep and emotional roots that can significantly impact relationships, even all those years later.

A saver is, in short, a person who thinks ahead to the future. While they can live and enjoy the moment, when it comes to money, they're always thinking about how they can stretch it to last as long as possible. An excellent way to describe them is that they're always looking towards the horizon.

On the opposite end of the spectrum, we have spenders. Unlike savers, they are more concerned about living in the moment, not necessarily planning for the future. While most spenders are not out of control with their habits, they value what's happening now over what's going to happen tomorrow.

https://www.psychologytoday.com/us/blog/fixing-families/201901/relationships-and-money-savers-vs-spenders

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