

SPARTAN JOURNAL

MSU WEALTH MANAGEMENT ASSOCIATION WEEKLY NEWS UPDATE

Rising Virus Cases Could Challenge Economic Recovery

VINCENT PUCILLO
NOVEMBER 17TH, 2020

- **Main risk of continuing recovery is further spread of disease in the U.S.**
- **Pfizer and BioNTech announced their vaccine in development proved better than expected – a major reason for record levels of the stock market**
- **U.S. recovery faster and stronger than anticipated, but the rebound is also uneven and incomplete**

After weeks of optimism for the recovery of the U.S. economy, continuously rising coronavirus cases may impact and challenge all this progress. Federal Reserve Chairman, Jerome Powell, said that it is too soon to say how progress in the global hunt for a coronavirus vaccine will influence the U.S. economy. This is made more challenging due to the increase in coronavirus infections that could make the recent economic recovery more difficult. When speaking on the implications of a vaccine, Mr. Powell went on to say, “From our standpoint, it’s just too soon to assess with any confidence the implications of the news for the path of the economy, especially in the near term.” Despite this, Mr. Powell has described that the U.S. economy is growing faster and stronger than officials expected, even though it has slowed in recent months.



PHOTO: NICK TIRIRAO / THE WALL STREET JOURNAL
https://m.wsj.net/video/20200907/090720vaccinemoney/090720vaccinemoney_960x540.jpg

Long-Term Scarring Evident in the US Labor Market

OSCAR GARNER III
NOVEMBER 17TH, 2020

November 8 marked the release of the October labor report, a document that has consistently reminded us of our current predicament. The report is sending mixed signals. The short-term results are showing positive signs of growth while the data says there may be negative long-term implications. Unfortunately, it is the long-term damage that is beginning to make itself known and uncertainty is beginning to set in. Considering this is all happening amidst the backdrop of a health pandemic, potential labor risk is skewed very far into the red.

On a positive note, jobs are being added back into the economy. As of October, 6380,00 jobs have been inserted into the labor market while the labor force itself grew by .3% and unemployment falling to 6.9%. This month-over-month improvement provides a positive indication that the labor market is healing its flesh wounds. The US economy will need consistent incremental improvement to be able to keep up with its recovery.

While some improvements have been made, not all signs point north. Unemployed workers who self-classify as ‘permanently unemployed’ has eclipsed the number of temporary unemployed workers, a bad sign for a growing labor force. Last October, the US recorded 1.26 million permanently unemployed workers compared to this year’s 3.7 million. In addition to that, the permanently unemployed group makes up 33% of the unemployed population, its highest since February 2013. These, of course, are the most difficult people to reemploy and as that number grows, our recovery is lengthened. With these numbers, economists, government officials, and Wall Street analysts are certain that a V-shaped labor recovery has been long passed by and hopes for a U-shape are dwindling. This most recent job report will help us understand what needs to be done to move forward.



PHOTO: Miles Udland / Markets Reporter/ Yahoo Finance

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<https://ca.finance.yahoo.com/news/longterm-scars-in-us-labor-market-morning-brief-105529993.html>



November 17, 2020

UPCOMING EVENTS

Gov. Whitmer announces New Lockdown for Michigan

JAKE HERONEMA NOVEMBER 17TH, 2020

Gov. Gretchen Whitmer on Sunday announced a new series of limitations on indoor gatherings and other activities that will last for three weeks starting Wednesday.

- **High school and college classes must move online**
- **Bars and restaurants must close indoor service**
- **Gyms must enforce distance, group exercise classes must cease**
- **Movie theaters and casinos must close**
- **Organized youth sports are suspended for three weeks**

The order which runs through Dec. 9 will also close schools, shutter indoor dining at bars and restaurants and mandate people work from home unless it's impossible to do so. The order targets indoor social gatherings that health officials say contribute to the spread of COVID-19.

The recent explosion in number of COVID-19 cases across the state required a stay-at-home order to mitigate the continued spread of the virus, Whitmer said. But the new orders do allow certain activities, including individual exercise classes, salons and barbershops, kindergarten through 8th grade in-person instruction and professional or college sports without spectators.

The new orders quickly drew criticism Sunday night. Laura Cox, chairperson of the Michigan Republican Party, decried Whitmer's announcement for failing to include the Legislature in her decision, and portended further economic hardship for businesses because of the orders.

"Instead of working with our elected representatives at the state and local level, she is trying a one-size-fits-all approach that will only exacerbate the issues our state and its economy are facing," Cox said in a statement. "Small businesses, particularly restaurants, cannot sustain themselves through another lock-down, and these new orders will certainly spell doom for the livelihood of many."

<https://www.lansingstatejournal.com/story/news/local/michigan/2020/11/15/michigan-shutdown-gov-whitmer-3-week-lockdown-covid-restrictions/6304540002/>



Michigan Gov. orders 3-week virus lockdown

DIVERSIFYING YOUR INVESTMENT PORTFOLIO



<https://www.m1finance.com/articles-1/investment-portfolio/>

VINCENT PUCILLO NOVEMBER 17TH

Investing is a necessary step to growing your wealth. There are several strategies people may take, but certainly one of the most important is diversification. “Don’t put all your eggs in one basket” is a great way to describe diversification. Diversification means spreading the risk of your investments among many different securities, with the main goal of reducing risk and increasing your investment success.

The market can be volatile and unpredictable, so having your investments spread across many different risk levels, especially when the market is not doing well, will reduce your risk and be more efficient when investing. For example, if your portfolio is made up purely of stocks, then your entire portfolio will be subject to market related risk.

There are several ways in which to diversify your portfolio. This can all depend on how much risk you are willing and able to take on. If you are not sure where to start, speaking to a financial advisor is a great step to take to assess the amount of risk you are willing to take on, while having your money spread out over several types of investments and common asset classes such as mutual funds, single stocks, bonds, ETFs, index funds, and real estate.

<https://money.usnews.com/investing/investing-101/articles/why-diversification-is-important-in-investing>

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