



By the Numbers

1. **WASHINGTON AND WALL STREET** – 2019 will have a Republican in the White House while control of Congress will be split - Republicans still control the Senate and Democrats will now have a majority in the House. Over the last 80 years (1938-2017), the S&P 500 has gained +11.1% per year (total return) when control in Congress was split, regardless of the party in the White House. The S&P 500 consists of 500 stocks chosen for market size, liquidity and industry group representation. It is a market value weighted index with each stock's weight in the index proportionate to its market value (source: BTN Research).
2. **OVER THE NEXT YEAR** - The S&P 500 stock index has gained an average of +15.3% in the 1-year following the last 17 midterm elections, i.e., change of the index's value not counting reinvested dividends for the 1-year period following the midterm elections from 1950 through 2014. Each one of the 17 "1-year periods," i.e., 100% of them, resulted in a stock market gain for the S&P 500 (source: BTN Research).
3. **CHANGE OF SCENERY** - Last Tuesday's midterm elections (11/06/18) were the 4th consecutive midterms where at least 1 chamber of Congress (either the House or the Senate or both) flipped the controlling party. Voting in 2006 (House and the Senate changed), 2010 (House changed), 2014 (Senate changed) and now 2018 (House changed) has altered the balance of power in Washington (source: BTN Research).
4. **GOVERNOR** - Prior to last Tuesday's elections (11/06/18), there were 33 Republican governors nationwide, 16 Democrats and 1 independent. Following last Tuesday's nationwide voting, the split is now 26 Republicans and 23 Democrats with the Georgia governor race still undecided (source: BTN Research).
5. **NEW PAPER** - The US issued \$19 billion of new 30-year debt last week. The bond carries a 3.375% coupon with an 11/15/2048 maturity. 30-year Treasury debt has been traded since 1977 (source: Treasury Department).
6. **BONDS, NOT STOCKS** - 73% of the investment portfolios of US life and health insurance companies at the end of 2017 were invested in bonds while just 3% of their assets were invested in stocks (source: NAIC).
7. **THAT WOULD HURT** - Individual income taxes paid by American taxpayers would have to increase by +46% in order to eliminate our \$779 billion deficit from fiscal year 2018 (source: Treasury Department).
8. **COMPLETE CYCLE** - The jobless rate in the USA was 4.1% in October 1999, then more than doubled over the next decade to reach 10.0% by October 2009, and now has fallen to 3.7% in October 2018. The last time we had an unemployment rate that was lower than 3.7% was in December 1969 (source: Department of Labor).
9. **PRODUCING MORE, IMPORTING LESS** - As of the end of October 2016, the USA was producing 8.5 million barrels of crude oil per day while we were importing 9.0 million barrels. As of the end of October 2018, the USA was producing 11.2 million barrels of crude oil per day while we were importing 7.3 million barrels. Thus, in the last 2 years, our nation's production of crude oil has increased +2.7 million barrels a day while our importing of crude oil has declined by 1.7 million barrels a day (source: Department of Energy).
10. **EVERY DAY** - An estimated 10,400 Americans will turn 65 years old each day next year (2019). This group represents the 9th year of 19 years of "Baby Boomers" turning age 65. An estimated 11,500 Americans will turn 65 years old each day in the year 2029 (source: Government Accountability Office).
11. **YOU PROMISED** - The Western Pennsylvania Teamsters and Employers Pension Fund filed in early November 2018 for an approval from the Treasury Department to reduce pension benefits by up to 30% to more than 21,000 current retirees. The pension fund, with more than \$700 million of assets, is forecasted to be insolvent by 2029 without the reductions. The pension cuts would begin 8/01/19 (source: Pittsburgh Post-Gazette).
12. **STRONG BANKS** - No US bank has failed and required a bailout in the 329 days through Friday 11/09/18, the longest stretch without a US bank failure since 2/02/07 (source: Federal Deposit Insurance Corporation).
13. **ON BORROWED TIME** - The total of global debt, i.e., both private sector debt and public sector debt, was equal to a record 213% of world GDP in 2009 at the beginning of the global real estate crisis. The total of global debt in 2016 is even higher on a relative basis, equal to 225% of world GDP (source: International Monetary Fund).
14. **STAYING PUT** - Between 2016 and 2017, 6 out of every 7 Americans (86%) lived in the same house or apartment on a year-over-year basis, i.e., they did not move (source: Census Bureau).
15. **HE'S BACK** - As of 11/04/18, Tiger Woods is ranked as the # 13 golfer in the world. In December 2017, Woods was ranked # 1,199 in the world (source: PGA).

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