



## CAPITAL BENEFITS, LLC

### BY THE NUMBERS 07/25/2022 Edition

1. **TIME IN THE STOCK MARKET** - If you selected **any single month** at random to invest in the S&P 500 during the **30-years ending 6/30/2022**, you achieved a **positive total return** 67% of the time. If you extend your investment **time horizon** to just **1 year**, you achieved a positive total return 83% of the time. If your **time horizon** was **5 years**, you achieved a positive total return 84% of the time. 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. **NEXT TWO MONTHS** - The next 2 months (**August and September**) have been the **2 worst performing months** for the S&P 500 over the **last 30 years**, i.e., 1992-2021. August and September are **the only months** that have a **negative average total return** over the **last 3 decades**, losing 0.15% and 0.30% on average since 1992 (source: BTN Research).

3. **BACK IN BUSINESS** - The number of active **oil and natural gas drilling rigs** in the USA was **792** as of Friday 3/13/2020, the day **President Trump** declared a **national emergency** due to COVID-19. That number fell to a pandemic-low of **244 operating rigs** just 5 months later (8/14/2020) but has rebounded to **758 operating rigs** as of last Friday 7/22/2022 (source: Baker Hughes).

4. **STRONG BANKS** – As of 7/20/2022, the **last bank** in the United States to **require a bailout** from the Federal Deposit Insurance Corporation (FDIC) was the Almena State Bank of Almena, KS on 10/23/20 or **21 months ago**. That's the **2nd longest stretch** without a **bank failure** in the country in the **last 20 years** (source: FDIC).

5. **ZOMBIES** - An estimated **1 out of every 6 companies** (17%) domiciled in **industrialized economies** worldwide have been able to **stay in business** throughout the pandemic (and **avoid**

**bankruptcy**) to a great degree because of **low interest rate debt** that was made available to them (source: Committee on the Global Financial System).

6. **BIG BUMP** - The bond market was priced on 7/22/2022 to reflect a **78.7% chance** that the Fed will raise short-term interest rates **by 0.75 percentage points** on 7/27/2022 following its upcoming 2-day meeting (source: CME Group).

7. **ANNUAL INCREASE** - The "**cost of living adjustment**" (COLA) made to Social Security benefits is calculated based upon the **year-over-year increase** in prices from the **3rd quarter of subsequent years**. The COLA that will be applied to benefits **paid in January 2023** will be based on the change of prices from the end of the 3rd quarter 2021 to the end of the 3rd quarter 2022. The COLA increase implemented **at the start of 2022** was **+5.9%**, Social Security's largest increase **since 1982**(source: Social Security).

8. **WORKERS NEEDED** – The Social Security Administration estimates it needs a "**worker-to-beneficiary**" **ratio of 2.8** for the system to function on a "**pay-as-you-go**" basis. The **ratio was 3.3** in 2005 but has **slipped to 2.8** in 2021 and is forecasted to be just **2.1 workers per beneficiary** by the year 2040 (source: Social Security).

9. **YOU TOO?** - Inflation in the Eurozone, i.e., the **19 countries** that use the **Euro as their common currency**, is forecasted to be **+7.6% in 2022**, up from a spring 2022 prediction of +6.1% (source: European Commission).

10. **CHINA** - The **2 worst quarters** for **China's economy** in the **last 30 years** have occurred **since the pandemic began**: a decline of 6.8% in the **1Q 2020** and a gain of +0.4% in the **2Q 2022** (source: Nat'l Bureau of Statistics).

11. **TOP SPOT** - China and India are 1-2 in terms of **population** today, a ranking that is projected to **flip-flop** next year (2023) when **India becomes the world's most populous nation** with nearly **1.5 billion people** (source: UN).

12. **MORE IN THAN OUT** - The USA's **\$845 billion trade deficit** in 2021, i.e., **\$3.40 trillion of imports** in excess of **\$2.56 trillion of exports**, was our country's **46th consecutive year of trade deficits** (1976-2021). Between 1960 and 1970, the US **ran a trade surplus every year** (source: Department of Commerce).

13. **TIME TO BUY MAY BE NOW** - Of the **10 major US cities** where the **housing market** is “cooling off” the quickest, **6 cities are in California**. The **San Jose market** tops this analysis based on **price drops** and the **length of time** that a listing is **staying on the market**. Sacramento and Oakland are ranked # 2 and # 3 (source: Redfin).

14. **PAY YOUR MORTGAGE** - Lenders **repossessed 20,750 properties** during the first 6 months of 2022, up +113% from **9,739 repossessions** in the first half of 2021. Just 5 years ago (2017), **169,124 properties** were repossessed in the first half of the year (source: ATTOM Data Solutions).

15. **SON OF MATT** - Jackson Holliday, the **# 1 pick in the MLB Draft** on 7/17/2022, is the son of former big leaguer **Matt Holliday**. Matt played 15 years for 4 teams, **earning \$159.9 million in salary** (source: Baseball