Foresight
Capital Management Advisors, Inc.

NAPFA-REGISTERED FINANCIAL ADVISOR

AIF® | Accredited Investment Fiduciary®

Newsletter 4Q 2020 & Market Summary

Since the Covid 19 pandemic began in March 2020 the U.S. has come full circle through the shortest-lived recession to enter the next recovery period of the economy. We are cautiously optimistic but the upcoming election, stalled stimulus, and spiking Covid across America are the current risks. We expect increased volatility due to all of these issues. In preparation of this volatility, Foresight has raised about 10% cash across the portfolios and will re-invest this as opportunity arises. The Foresight Mutual Fund Models have turned the corner to positive returns and as of September 30, 2020 are as follows: Conservative +2.41%, Moderate +2.12%, and Aggressive +3.92. The markets are rebounding nicely after bottoming in March at -33% and we believe once the election is over the markets will calm down and settle into a growth recovery period for many years. The S&P 500 is +5.57 and foreign investments are -6.73% at September 30, 2020.

Foresight employees have earned the following new licenses and Foresight is now offering full service business exit planning as a new service for small businesses.

Welcome our newest accomplishments and employees at Foresight

Justin Littleton, AAMS ®
Manager of Compliance and Operations a New Accredited Asset Management Specialist= AAMS® designation

Laurie S. Stegenga CPA, PFS, CFP®, AIF®, CEPA
President
A New Certified Exit Planning Advisor= CEPA designation

Deanna Mouat, FPQP™
Lead Para Planner/Assistant Financial Analyst
A New Financial Paraplanner Qualified Professional= FPQP designation

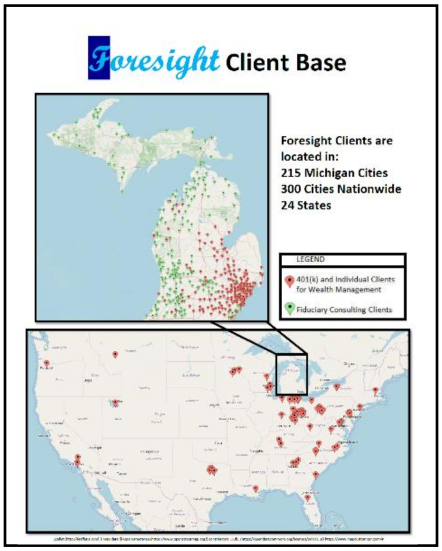
Dillon Schroeder
College Intern
Eastern Michigan University

Foresight is MOVING our office!

Beginning November 1st our new address will be:

Foresight Capital Management Advisors, Inc.
1205 Industrial Drive
Saline, MI 48176

We are just moving around the corner in the same industrial park In Saline, Michigan! See our new building entrance to the right. Please update your records with our new address.



FCMA Mutual Fund Model Returns
Sept 30, 2020

Conservative Model	+	2.41%
Moderate Model	+	2.12%
Aggressive Model	+	3.92%

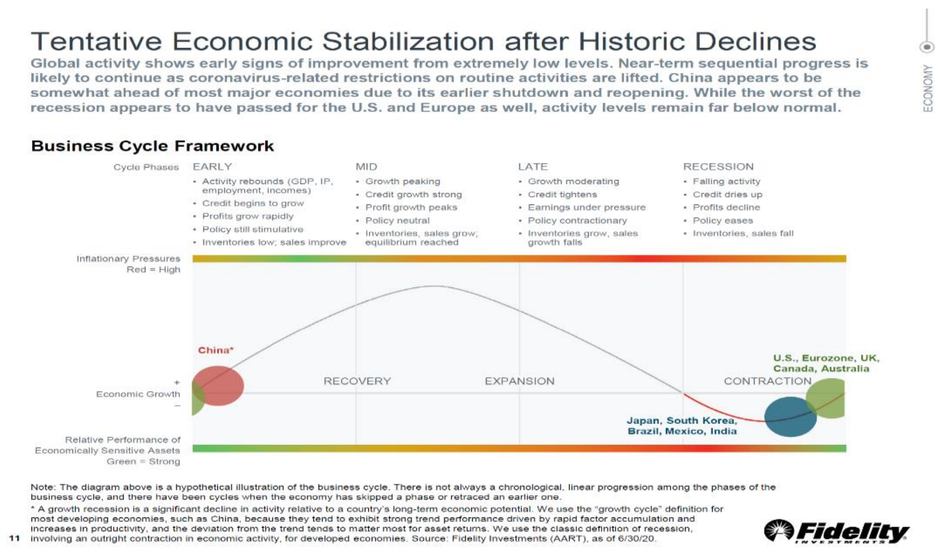
Indexes:

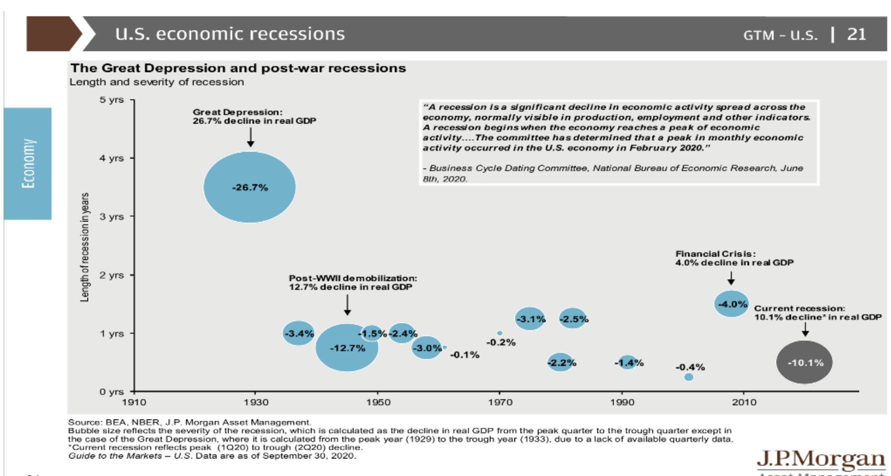
S&P 500 Index	+	5.57%
MSCI EAFE Foreign	-	6.73%
10Yr T-Bond Index	+	6.79%

Future performance is not guaranteed; above returns are total return with reinvestment of dividends, interest, capital gains, and shown net of fees.

Foresight's Outlook and Portfolio Strategies

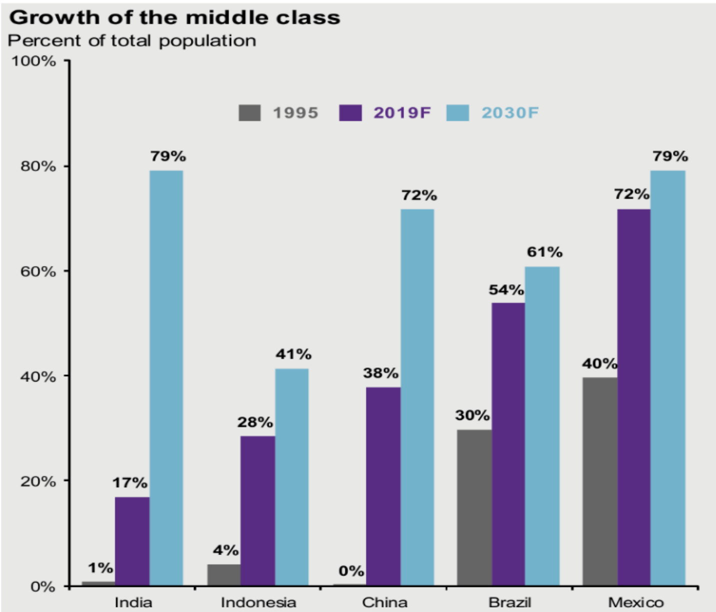
Although the Recession of 2020 is believed to have come and gone as the shortest-lived recession in history! The U.S. is now entering the beginnings of an economic recovery. The Fidelity chart to the right, shows the U.S. which is the green dot through the recession contraction period on the right side of the chart. Then notice on the left of the chart the tip of the green dot is beginning the ascent of the recovery phase just behind China. However, according to Factset the S&P 500 stocks have posted better than expected with 81% beating or meeting their revenue targets however the blended earnings of the S&P 500 declined -16.5% through 3Q 2020. So this was a mixed results at best.





Although short in duration, the Covid-19 recession has gone down as the third deepest recession in history in terms of GDP contraction, only trailing the post-WWII decline and the Great Depression. The U.S. GDP contracted over -10% this year, and is expected to finish the year negative before rebounding in

2021. Unemployment has dropped to 7.9% and inflation has fallen to 1.4% as of September. Interest rates are expected to stay near 0% for the foreseeable future as Federal Reserve Chairman Jerome Powell was recently quoted saying "We're not thinking about raising rates, we're not even thinking about thinking about raising rates".



Foresight sees opportunity due to the huge growth of the middle class in foreign emerging markets over the next 10 years. Countries like India and China are expected to double their middle class over the next 10 years, after already growing at an expediential rate over the last 15 years. This will lead to more opportunity from an investment perspective as these countries grow their economy and work force. Foresight has added to Emerging Markets and Foreign and will continue to add to this investment as this unfolds.

Covid 19 has sent the globe into a pandemic beyond imagine and has economists and global leaders all seeking the best way to navigate the ever-changing landscape economically. Health officials seem to change guidance as well because Covid 19 is said to be a very tricky virus. Some hospitals are able to save 95% of the Covid victims now so the odds are in your favor. It is expected 70% of the world population will get Covid 19 before the vaccination is found. So, we are all in this together and need to be as safe as possible about our loved ones and our lives, until safer days abound.

Most economists believe the recession has ended and we are in the start of a recovery phase so Foresight has begun to move the portfolios into their normal post-recession risk level allocations to seize the opportunities. We see opportunities in technology, foreign and emerging markets, U.S. small and mid cap stocks, U.S large growth stocks, convertible bonds, TIPS, and gold. For Individuals who have personal portfolios with Foresight we continue to monitor the stock portfolios weekly and have stop-losses on most double-digit gains within the stock portfolios. We are also harvesting some long-term capital gains this year as we believe the capital gains tax rates are likely to be the lowest they will ever be. Please contact us if you have any questions about your portfolios. Next week America will have our 2020 election, Foresight will be focused on portfolio safety during this time, keeping in mind that historically election years are positive and 6-8 months following a recession markets are historically positive. The upcoming elections, no matter which party is elected, it is believed there is one thing that can be counted on to happen, which is taxes are likely to increase. Therefore, it is very important to consider Roth conversions and saving into Roth IRA and Roth 401(k)/403(b)'s over the next couple of years before the tax rates are hiked. Those individuals who have savings outside of their 401(k) and retirement savings should also consider harvesting some of the long-term capital gains that might be in their portfolios. This could be the lowest tax rates in history and it might be wise to pay some of the low capital gains taxes over the next few years before the tax rates rise. Please contact Foresight if you have any questions regarding the Roth savings or harvesting of capital gains ideas and we can help you determine what makes sense for your situation.

Lastly, we encourage all clients and plan participants to vote in the upcoming election on Tuesday, November 3rd. There's expected to be a record turnout with over 60 million Americans already casting their votes through the early voting period. This election is set to have generational ramifications for important social, economic, and political issues. Happy Voting!

Foresight Planning Ideas

IRS Contribution Limits few Increases for 2021: *The IRS just release their new 401(k),403(b), and 457 savings limits for 2021 and will remain the same at $19,500 deferral max and for 50+ $26,000 deferral. Total Savings limits for deferral, match and profit sharing will rise by $1k up to $58,000. IRA limits remain the same at $6,000 and if age 50+ $7,000. HSA limits rise for single $50 up to $3,600 and for family up $100 to $7,200 and if 55+ up to $8,200.*

Michigan No-Fault Auto Insurance Law Changed: On July 1, 2020 the no- fault auto law changed in Michigan. Law makers in an effort to lower auto insurance costs, now require drivers to choose at what level of PIP-Personal Injury Protection their auto insurance will cover them and passengers for medical bills should an accident occur. A few highlights are auto insurance in Michigan now only covers people living in your residence. Guest riders and out of state students no longer are covered. If negligent occurs in an accident, increased lawsuits will occur because more drivers will be reducing their auto insurance PIP coverage. It is now highly recommended that drivers purchase an additional personal liability insurance policy in addition to their auto insurance to protect them should their auto insurance coverage fall short. We strongly encourage you to understand this law before renewing your auto insurance.

SECURE ACT 2019: The recently passed SECURE Act has led to many changes in the retirement landscape. Most noticeably, the RMD required beginning date age for individuals turning 70 ½ after 12/31/2019 has changed to 72 years old. In addition to the later required RMD beginning date, individuals can now continue to contribute to an IRA passed 70 1/2 if they have working wages. However, a trade-off of the SECURE Act is that non-spouse beneficiaries of IRA's (inherited IRA's) must now distribute the entire account balance by the end of the 10-year period preceding the passing of the individual they are inheriting the IRA from. Another addition from the SECURE Act is that part-time employees now have easier access to participating in their company's retirement plan by working either 1,000 hours a year or by working at least 500 hours for three consecutive years. Please visit https://www.congress.gov/bill/116th-congress/house-bill/1994 for more information.

CEPA- Certified Exit Planning Analysis Services: Foresight is now certified to provide exiting planning valuations for businesses and owners. We are offering a series of GoToMeetings this fall to learn more about the steps necessary to see what your business is worth before pursuing an exit or discussions with potential buyers. Our firm is also prepared to assist with implementing business improvements to assist with increasing the value of your business prior to an exit or retirement. If you are interested, or know of someone who is interested, in pursuing services in this area please reach out to Foresight at 877-429-4690.

Elder Fraud Prevention:

Elder fraud has been on the rise throughout the Covid-19 pandemic. With most elderly people staying safe and sheltering in the comfort of their own home, attempted fraud has increased. Some common scams include lottery phone scams where the caller pretends that the elderly person has won the lottery and asks for their personal information such as their social security number. Grandparent scams are also on the rise with callers targeting elderly people with large families, pretending to be their grandchildren and asking for money. Investment scams are also on the rise with callers pretending to sell elderly investors the next big penny stock related to the Covid-19 vaccine, and collecting their personal information. As the old saying goes, "If it's too good to be true, it probably isn't true". If you suspect yourself or any loved ones may be affected by elder fraud, please make sure to use the resources listed below:

ELDER FRAUD PREVENTION RESOURCES FOR SENIORS & CAREGIVERS

Seniors have the right to live free of abuse and neglect and be able to participate fully in society as they age.

Educational Resources

- **An Age for Justice: Confronting Elder Abuse in America** – 16-min documentary that shows the families and individuals whose lives have been turned upside down by elder abuse.
- **Federal Trade Commission** – videos and media to keep you up-to-date on the latest consumer scams and schemes
- **Investor.gov** – protect yourself against investment fraud by understanding common scams
- **Department of Justice – Neighborhood Map** – shows all elder fraud & abuse resources available by state
- **AARP Scams & Fraud website** – has information about the latest scams affecting seniors, a map showing scams in your area, and access to a weekly podcast, *The Perfect Scam*. Be sure to sign up for their fraud alerts!
- AARP – **13 Ways Con Artists Steal Your Money**

Resources for Caregivers

- **Consumer Financial Protection Bureau – Managing Someone Else's Money** is designed to help educate financial caregivers on their role in preventing elder fraud.
- **ServeOurSeniors.org** – resources for caregivers about current issues & services
- **Eldercare.gov** – community resources for seniors & caregivers

Tools for Seniors

Federal Trade Commission – How to Freeze Your Credit

Eversafe.com – account and credit data monitoring for seniors and their families

TrueLink Financial – prepaid credit cards for seniors, guardians, & fiduciaries

Nomorobo – Winner of the FTC Robocall Challenge – blocks robocalls & telemarketers on landlines and mobiles

Hotlines

National Elder Fraud Hotline – 1-833-372-8311 (M-F, 6am–11pm Eastern Time)

FINRA Securities Helpline for Seniors – 1-844-574-3577 (M-F, 9am-5pm Eastern Time)

Eldercare Locator Helpline - 1-800-677-1116

SYNERGY WEALTHCARE SOLUTIONS

Millennials: are turning 40 this year. Millennials are now the largest % of the population, the most educated, and the most diverse group. This group will continue to drive the market and economy for years to come as they enter their highest earning years. Foresight has expanded our Speculative Portfolio which invests in future growth areas of the market. This portfolio is not for everyone, but especially millennials who have many years to let a portfolio grow, may find this a great opportunity. If you are interested in learning more about this please email us at consultant@fcmadvisors.net.

Alert on Writing Dates: *The year 2020 should always be written out in its entirety because if you only write 20 then someone could back date your document by simply writing any number after the 20 and it becomes back dated!*

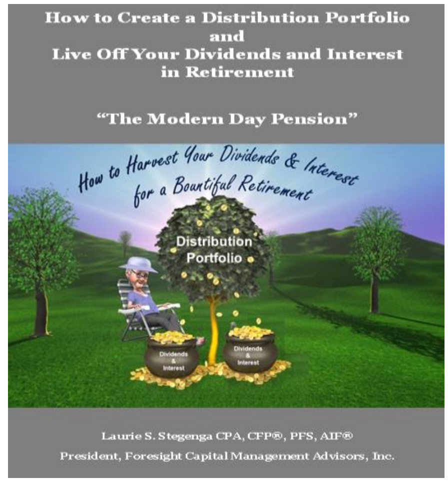
Estates Risk that Needs to Be Addressed regarding Passwords: With Covid 19 risks we are recommending everyone review their trusts, wills, and estate plan to be sure everything is in order. Many of you have wills and trusts, however there is a very important list of your Passwords and Logins that need to be added to your documents. More and more elderly are leaving without this documented and loved ones have a big mess to resolve! Even though the trust is in place if you do not have a list of what the estate has because everything is an electronic statement and passwords are needed to locate these statements then it is very hard for a trustee to move forward. My recommendation is to make a very accurate list, and update this yearly, of all your passwords, user-ids, and logins to everything, even your cell phone password and attach this list to your trust documents. At least this way your loved ones have a starting point. It would be a shame to leave something behind in the cyber electronic world because there was no password to unlock the assets.

New Fiduciary Vetted Annuities are now available at Foresight: The NAPFA organization has worked to create a series of annuities that Foresight, a fee only registered investment advisory firm, can continuously rebalance quarterly in no-load mutual funds. Additionally, these annuities can be used over joint lives of the spouses and any remainder funds can be inherited by the estate heirs. Annuities are not for all investors, but if you are interested in learning more please contact Foresight because some of these annuities grow between

6%-7% over the next 10 years, which will double the investment during this time. Contact us at 877-429-4680 for more information.

The New Foresight Whitepaper released January 2020!

Foresight is pleased to announce our newest published piece which details the key steps of how to invest your portfolios for retirement! Most people work all their lives saving money in their employers' 401(k), 403(b), and 457 plans. When they are nearing retirement, they do not realize it is best to transform these portfolios from mutual fund portfolios into distribution portfolios! The reason for doing this is the key message of our latest white paper titled, "The Modern Day Pension – How to Create a Distribution Portfolio and Harvest Your Dividends and Interest for a Bountiful Retirement".



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HSAs with Foresight: Foresight now offers HSA accounts for your Company or Individual HSA savings. An HSA with Foresight will allow you to choose the same 3 Model portfolios of risk either Conservative, Moderate, or Aggressive. If you have a High Deductible Health Plan then you can consider opening an HSA = Health Savings Account with Foresight. The HSA savings are not subject to Federal Tax and will grow, much like a Roth IRA, with no tax due if used for all qualifying health expenses, note cannot be used to pay health insurance premiums. If you are interested in more information on this strategic investment idea for your healthcare savings please contact us.

Foresight's Web Portal Reporting: The Web Portal is for your protection and information security. We want our communication to be timely and beneficial to you. Go to https://fp.morningstar.com. If you have any access issues, please call or email us at 1-877-429-4690 or mgallagher@fcmadvisors.net.

Roth 401(k)'s should be rolled to an IRA before age 72: it is wise to roll these funds to a Roth IRA before you turn 72 because if the Roth funds are left inside a 401(k) they must take RMD (required minimum distributions) just like the pre-tax funds which defeats the purpose of letting the Roth grow! However, if you roll it over into a Roth IRA before 72 then you do not need to take the RMD from the Roth IRA. This is a very important hint to remember!

Roth IRA Ideas: If interested in additional savings ideas consider opening a Non-deductible IRA. This will allow you to save the maximum in your 401(k) and also save an additional $6k in a Non-deductible IRA, and $7k if age 50+. Then convert the Non-deductible IRA to a Roth IRA! It is a way to obtain a backdoor Roth IRA funding even if you are not able to save directly into a Roth IRA. Additionally, ask if your 401(k) allows for additional after-tax contributions. If so then you can add to the after-tax contributions and consider rolling them out to an IRA where you can do a conversion to a Roth IRA. This is another form of backdoor Roth!

On-line Access: Each year we encourage everyone to test your on-line access to your account(s) at the custodian or third-party administrator for your plan. Please visit Journeyrps.com, Noblepension.com, or Sentinelgroup.com retirement participant. For individual clients at TD Ameritrade access Advisorclient.com for Schwab Institutional Clients access Schwaballiance.com. To access your web portal for individual accounts, go to https://fp.morningstar.com. If you have any difficulty accessing your account, please email or contact us.

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Capital Management Advisors, Inc.

October 2020

Market Update
(all values as of 09.30.2020)

Stock Indices:

Dow Jones	27,781
S&P 500	3,363
Nasdaq	11,167

Bond Sector Yields:

2 Yr Treasury	0.13%
10 Yr Treasury	0.69%
10 Yr Municipal	0.84%
High Yield	5.77%

YTD Market Returns:

Dow Jones	-2.65%
S&P 500	4.09%
Nasdaq	24.46%
MSCI-EAFE	-8.92%
MSCI-Europe	-10.53%
MSCI-Pacific	-6.19%
MSCI-Emg Mkt	-2.93%
US Agg Bond	6.79%
US Corp Bond	6.64%
US Gov't Bond	8.04%

Commodity Prices:

Gold	1,892
Silver	23.37
Oil (WTI)	39.88

Currencies:

Dollar / Euro	1.17
Dollar / Pound	1.28
Yen / Dollar	105.60
Dollar / Canadian	0.74

Macro Overview

Worries regarding a second wave of infections heading into the fall, election uncertainties, and wavering economic indicators contributed to a dubious September.

Equities paused from their upward trajectory in September, with technology stocks repelling from their highs. Uncertainty surrounding vaccine deployment and the election are expected to influence market momentum and investor confidence. Election results will help determine the direction of fiscal policy and social program funding.

A growing number of pharmaceutical companies, universities, and biotech firms are introducing and testing various forms of vaccines to combat COVID-19. According to the Regulatory Affairs Professional Society (RAPS), there are currently over 40 COVID-19 vaccines in trial phases worldwide.

California became the first state to require that all new autos sold be zero-emission by 2035. The executive order issued by the state's governor is expected to reverberate throughout the country, possibly leading other states to follow suit.

The Centers for Disease Control and Prevention (CDC) issued detailed guidance for this Halloween season. Among them, not to substitute a costume mask for a cloth mask, not to attend crowded costume parties, avoid visiting indoor haunted houses, and refrain from traditional door to door trick-or-treating.

With some schools resuming across the country, the CDC reported that COVID-19 cases in 19 year olds and younger have risen three-fold since May. The large increase may suggest that younger people may play an increasingly important role in community transmission, even if their risk of serious illness is low relative to the older population. The threat of a second wave of infections brought about by COVID-19 are reminiscent of the fall of 1918, when the second wave of the Spanish flu pandemic was more severe than the first.

Comments by Fed Chairman Jerome Powell indicated that additional aid to small businesses and unemployed individuals was critical for economic expansion during the pandemic. The Fed Chair urged for the passage of a second stimulus package, which has been delayed due to a Congressional impasse.

Banks and finance companies have been imposing more stringent standards for consumer and business borrowers, as noted by the Fed's Senior Loan Officer Survey. The survey identified reductions in credit card limits, as well as tougher qualifications for auto and home loans. (Sources: www.cdc.gov/coronavirus/2019/html#halloween, CDC, Federal Reserve, World Bank, www.gov.ca.gov/2020/09/23/governor-newsom)

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THE FED PURCHASES $120 BILLION OF TREASURY AND MORTGAGE BONDS EACH MONTH

Equities Taper Off In September – Domestic Equity Overview

Despite a pullback in September, equities managed to end the third quarter with gains. The technology sector was the primary contributor to the S&P 500 Index, which was up 8.93% for the third quarter. Consumer discretionary and industrial stocks also performed well during the quarter, exemplifying some economic recovery characteristics.

Following an upward surge during this summer, September witnessed a tapering of equity momentum, leading to lower valuations. The three major equity indices, Dow Jones Industrial, S&P 500 Index, and the Nasdaq were off in September, but positive for the third quarter ending September 30th. (Sources: S&P, Bloomberg, Dow Jones, Nasdaq)

Rates Vacillate As Stimulus Efforts Unresolved – Fixed Income Overview

The Federal Reserve continues to purchase $120 billion of Treasury and mortgage agency bonds each month, expanding its balance sheet to over $7 trillion as of the end of September. The monumental buying is meant to facilitate bond market activity while maintaining a relatively low-rate environment.

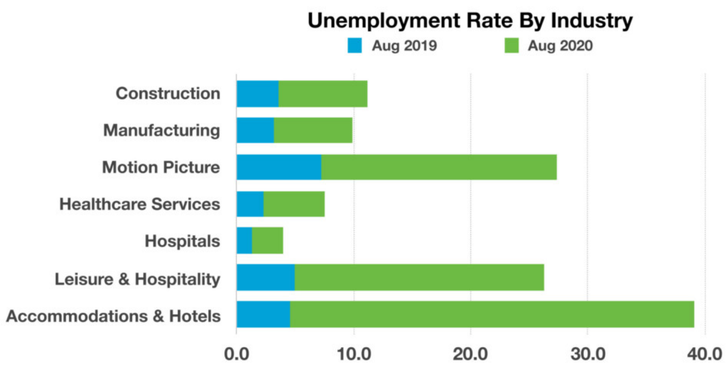
Yields on government and corporate bonds vacillated in September as uncertainty surrounding additional stimulus efforts influenced rates. Analysts and economists expect higher long-term rates to result from the incremental debt issuance to pay for the next stimulus package. (Sources: U.S. Treasury, Federal Reserve, Bloomberg)

Industries That Are Experiencing Higher Unemployment Due To The Pandemic – Labor Market Overview

The most recent labor statistics made available by the U.S. Department of Labor is identifying more impactful increases in unemployment in certain industries than others. Economists and analysts believe that the year-over-year increases in unemployment are attributable to the pandemic, where mandatory closures and restrictions are continuing to hinder businesses and workers nationwide.

Unemployment is affecting various occupations differently, as the impact of the pandemic displaces certain workers more than others. Economists believe that the disparity enhances the negative affects on lower

income workers versus higher earnings, creating even more inequality among the nation's workforce.



Industries such as construction, motion pictures, hotel & leisure, and restaurants saw the most dramatic increases in unemployment relative to a year prior. Hospitals and health services saw the least amount of increases in unemployment, showing resistance to the current pandemic environment.

Source: U.S. Department of Labor

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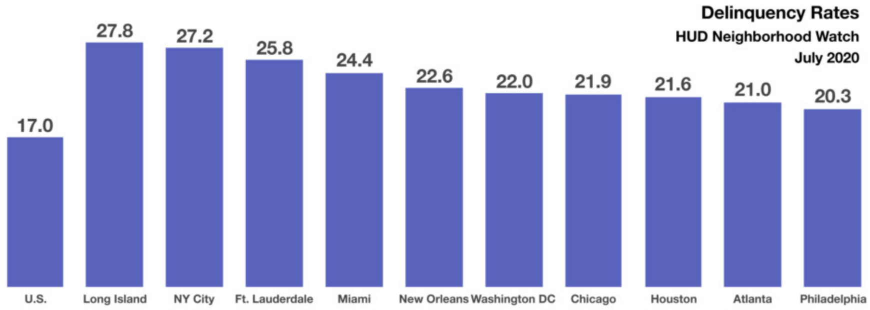
17% OF ALL FHA-INSURED LOANS WERE DELINQUENT IN JULY OF THIS YEAR

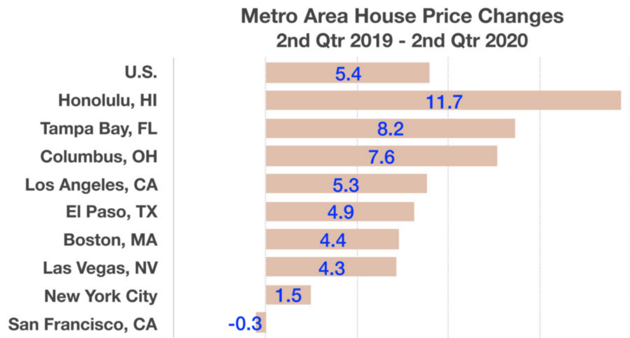
What's In Store For The Housing Market – Housing Market Update

Euphoric media reports about the housing market are starting to come into question, as the fragility of the housing market is gradually being exposed. The FHFA House Price Index revealed that housing prices nationwide rose a paltry 5.4% in the past year, with some regions seeing much slower growth.



The onset of the pandemic in March brought about a flurry of stimulus efforts meant to ease the financial burden for millions of Americans. Housing was a primary concern as the unemployment rate spiked and paychecks dwindled. In response, the Federal Housing Finance Administration (FHFA) announced a moratorium for both evictions and foreclosures through August 31, 2020. That moratorium has since been extended to the end of the year to allow homeowners additional time to sort out and catch up on their rent and mortgage payments.

Any federally backed loans, such as FHA-insured loans, have allowed homeowners to skip their mortgage payments by means of forbearance. According to the Mortgage Bankers Association, roughly 3.5 million home loans were in forbearance as of September 6th, representing 7.01% of all FHA insured loans. In addition to homeowners in forbearance, there are those homeowners that are delinquent on the loans. It is expected that millions of homeowners on forbearance will become delinquent on those loans by the end of 2020, including many who have not made a payment since March of this year. Another government housing entity, the U.S. Department of Housing and Urban Development (HUD) tracks loans in delinquency via its Neighborhood Watch list. The data reported that 17% of all FHA-insured loans were delinquent in July of this year. The figure includes mortgages in forbearance as well as those not in forbearance.

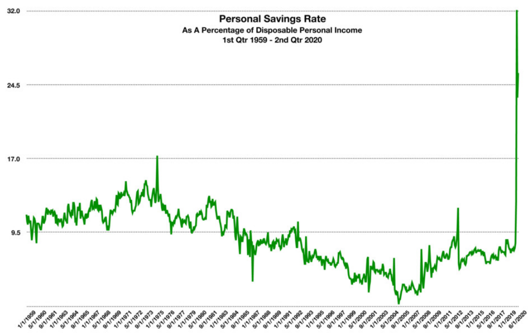


Sources: Federal Housing Finance Administration, Mortgage Bankers Association, U.S. Department of Housing and Urban Development

CURRENT SAVINGS RATE OF 25.7% IS NEARLY TRIPLE OF THE 60-YEAR AVERAGE

Americans Saving More Amid Pandemic – Consumer Behavior

Store and restaurant closures have prompted consumers nationwide to stay home, spend less, and save more. Dwindling consumer confidence along with uncertainty surrounding the job market, has shifted many from a spending mode to a saving mode. The average savings rate for the past 60 years since 1959, has been 8.9%. The savings rate jumped from 8.4% in February this year to 32.2% in April as the pandemic took hold of the U.S. economy. The most recent data release shows the savings rate at 25.7% for the quarter ending June, nearly triple of the 60-year average.



Economists view the heightened level of savings as restrictive to a sustained economic expansion.
Since nearly 70% of GDP is represented by consumer expenditures, higher savings tend to take away from spending throughout the economy. Consumer confidence is also a factor as a lack of confidence tends to increase savings while minimizing spending. (Source: https://fred.stlouisfed.org)

California To Become First
State To Require Zero-Emission Vehicles – Auto Industry Overview

The governor of California issued an executive order in September requiring that all automobiles sold in the state would be zero-emission by 2035. The announcement gives auto manufacturers 15 years to transition from gasoline and diesel engines to zero-emission engines. The state order did not specify what form of zero-emission engines would be required, such as battery or hydrogen powered. Sales of used gasoline powered vehicles, however, would still be allowed. California has become the first state to require a transition from gasoline to zero-emission vehicle sales, essentially outlawing new non zero-emission vehicle sales. The new requirement may eventually affect other states as California has traditionally set trends with environmental regulations nationwide. Auto manufacturers will have to convert and expand production to produce the demand expected for zero-emission vehicles over the next 15 years. As of this past August, there were only 543,610 registrations nationwide for electric automobiles, representing less than one percent of the 273.6 million vehicles currently registered in the United States. California has historically been the largest zero-emission auto market in the country, with Oregon and Washington states a distant second and third.
In response to California's executive order, the Environmental Protection Agency (EPA) argued that the mandate is impractical and possibly illegal under current Federal legislation. The EPA noted that California, like some other states, is already suffering from rolling blackouts, affecting residences and businesses statewide. The additional electric automobiles would impose additional strain on the electric grid further crippling its ability to efficiently distribute energy. (Sources: www.library.ca.gov, U.S. Department of Energy)

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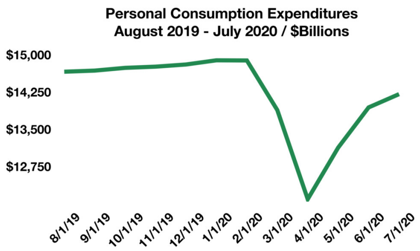
OVER $1 TRILLION OF MORTGAGE BONDS HAVE BEEN PURCHASED BY THE FED SINCE MARCH

Pandemic Driven Spending May Not Be Consistent – Pandemic Effects



Spending soared in May to a record 8.2%, reported by the Commerce Department, accompanied by an increase in personal income which rose 10.5% in April.

Many analysts and economists believe that spending among U.S. consumers following the onset of the stimulus payments may be misleading, with any increase in spending merely temporary, as the benefits of the payments fade. Income figures may also be skewed as stimulus payments and generous unemployment benefits have artificially increased incomes for some lower income families.

Source: U.S. Commerce Department

Less Choices Are Here To Stay – Consumer Behavior

In response to the COVID-19 pandemic, American consumer choices have changed in the realm of diet, food preparation, and lifestyle habits. The transition into at-home cooking as a means of financial saving and risk reduction has expanded through American society and is projected to leave both short-term and long-term effects on consumer choices.

In addition to consumer impact, retailers are also experiencing drastic changes in food choices as a result of the pandemic; grocery stores have begun to reduce food options while large corporate retailers have also transitioned into limited offerings. Consumer choice reductions by American retailers have resulted from stressed supply chains and market preferences leaning towards familiar brands.

The short-term effects of the pandemic on consumer choices across industries are projected to shift long-term as some companies plan to commit to fewer choices post pandemic. The desire for retailers to limit product variety stems from efforts to manage demand increase by simplifying. In-house dining is another realm of industry that has adjusted on the basis of the pandemic as more employees face job security threats. Restaurants have begun reducing menu options in order to mitigate extensive labor or supply costs that would often be needed in a growing and expanding food industry. The automotive industry is also feeling the effects of the pandemic and many automakers have begun the transition to limited supply and variety in hopes to salvage extraneous costs within the supply chain and decreased sales.

Uncertainty regarding the long-term effects of consumer choices remains, though some retailers have approached the transition with permanence and voiced limited desires to return to broadened product choices. The immediacy and simplicity created by fewer choices for both the retailers and consumers lends the debate towards the permanence or temporary incentives behind retailers' consumer choice reductions long term.

Sources: U.S. Department of Agriculture; Economic Research Service

Foresight

Capital Management Advisors, Inc.

IRS COLLECTED $28 BILLION IN 2010 FROM AUDITS & ONLY $11 BILLION FROM AUDITS IN 2019

COVID Is Making It Difficult For The IRS To Audit & Collect Taxes Owed – Fiscal Policy

As the pandemic has taken a toll on income for individual businesses, companies, and families across the country, it has also taken a toll on U.S. government income. The IRS releases a disclosure annually of the sources of income collected from taxes. Part of the revenue generated by the IRS is the enforcement of tax collections primarily via audits. The IRS report revealed that the number of audits in 2019 was among the lowest in decades for individual returns, the single largest source of income for the IRS.

Fewer audits means less revenue for the U.S. government, which has this year already issued over $3 trillion in debt since March of this year. The IRS collected roughly $28 billion in 2010 from audits, versus $11 billion that was collected in 2019.

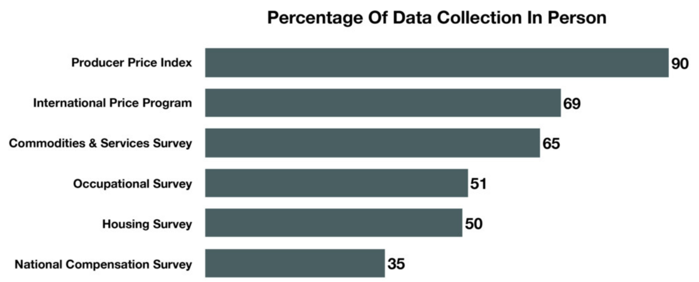
This year has become that much more challenging, as IRS employees and agents have been removed from the field due to pandemic restrictions. The inability to perform face to face audits has made it that more difficult for the IRS to collect on taxes owed.

Source: IRS Annual Disclosure Report, IRS Data Book 2019 Release)

Government Data Collection Hindered By The Pandemic – Economic Dynamics

Among the many disruptions caused by the pandemic, government data collection has been hindered considerably. Various agencies and departments of the federal government have relied on personal collection of data for decades as a reliable and validated process of gathering data.

Numerous economic indicators and indices are vital for economists and government officials to decipher what the economic condition of the country might be. The pandemic has now raised the question as to whether data collection has been flawed and if certain government provided reports are truly accurate.



Natural disasters such as hurricanes and fires have affected data collection efforts in the past as face to face surveys have been delayed if not limited in scope. The significance of the current pandemic though, has created data collection challenges that have never occurred before.

The Bureau of Labor Statistics has acclimated to the new environment by instituting surveys by telephone and by examining publicly available data. Inflation has been difficult to gauge, as random price spikes over the past few months have misled economist and the Federal Reserve. The Consumer Price Index (CPI) not only is the leading indicator for inflation, but it is also used to modify and establish tax rates, Social Security benefits, poverty thresholds, and eligibility requirements for food stamps.

This year, the Census of 2020 has been delayed and jeopardized, as in-person surveys have been essentially canceled. Instead the U.S. Census is relying on self-response rates, where U.S. citizens effectively count themselves via the Census 2020 internet portal. The Census, which only occurs every 10 years, helps determine the number of seats in the House of Representatives for each state, voting districts, and the allocation of federal funds nationwide.

Sources: BLS, U.S. Census, Dept of Labor, Federal Reserve