

# Newsletter



**APRIL 2020**

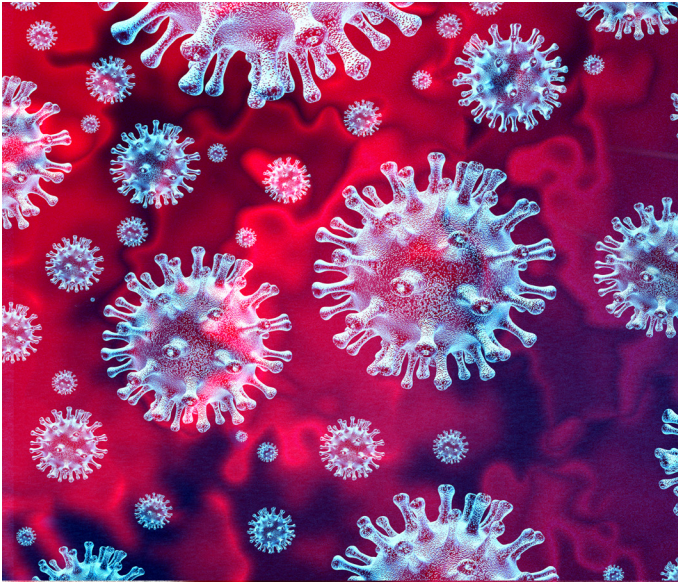


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# GLOBAL HEALTH & ECONOMIC CRISIS

## Economic Impact of COVID-19 on Wage Earners and Minorities



Six weeks ago before the novel coronavirus came to the U.S., its economic picture was very bright with unemployment at a 50-year low, strong wage growth, and record optimism among small businesses.

Now that COVID-19 is widespread causing the central bank to adjust its target range for the federal funds rate to 0% - 0.25% to support the economy.

This move disproportionately impact low-income wage earners and minorities bearing the brunt of the impact of the upcoming recession.

### **Low-income wage earners & minorities will bear the brunt impact of the upcoming recession.**

Let's break this down further; as we all ride this COVID-19 rollercoaster together, families are losing income and businesses of all sizes are suffering from the financial crisis currently taking place. Sadly, as of March 30, 2020 over 2,500 people have died from this disease showing the overall negative impact it has on human life and the economy.

Even with a drop in the federal funds rate (a short-term interest rate banks lend money to one another when their reserves fall short), it typically lowers interest rates on various types of loans, including mortgages and credit card debt.

However, this only helps people and businesses who can get access to these loans and lines of credit; unfortunately, **low interest funds won't be easy to come by for minorities with limited access to money and very few assets.**

In 2016, Pew Research found the U.S. median wealth for African Americans was 10 times lower than their white counterparts, at roughly \$17,100. Even worse, on a national level across all races; during the last recession, the top 1% captured 85% of post-recession income growth from 2009 to 2013.

During the last recession minorities also suffered the most when the economic downturn caused the unemployment rate to soar. By October 2009, the unemployment rate for Blacks was 13.1%. Currently, the unemployment rate for African Americans is 5.5%, a number that's likely to rise.

With several major cities across the country closing down businesses due to COVID-19, low-wage workers will feel the most pressure. According to the Bureau of Labor Statistics, only a third of the workforce in the country is able to work from home.

Roughly 8% of Black and Hispanic workers earn wages below poverty level, compared to just 4% of white workers. Even more alarming is that 10% of Black women and 9% of Hispanic women are classified as the working poor.

## Hopeless Housing

Beyond the employment issues, the economic impact of COVID-19 will extend to housing as well, even as minorities still try to climb out of the last bubble. Homeownership rates for Blacks have continued to decline through the years with a rate under 41%, lower than during the Great Recession.

If history were to repeat itself, minorities will struggle the most and be hardest hit during a recession, thanks to its impact on housing and the job market. Despite the gains made in the economy over the last decade, Blacks and Latinos have not made the same strides during this period of economic recovery. Basically, minorities haven't made enough gains to weather a new impending storm.

# THE FUTURE OF WORK

Millions of people in the US are likely to lose their jobs during the next few months; however, the pain won't be spread out evenly. People of color and younger workers are the most at risk of becoming unemployed.

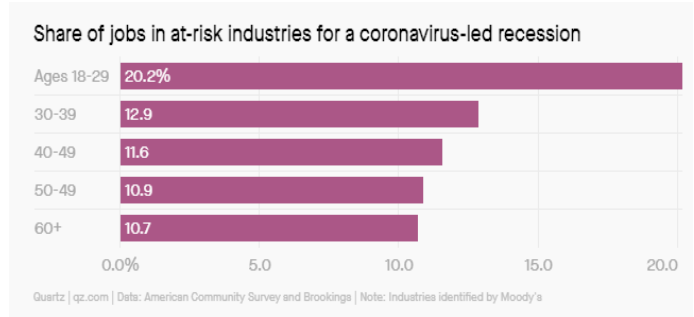
As swaths of the US economy are shut down to stop the spread of the new coronavirus, predictions of unemployment could hit 30% in the next few months before economic activity bounces back later in the year. Moody's Analytics chief economist Mark Zandi has identified five industries employing more than 27 million people, with the most jobs at risk - these industries include;

- 1. Leisure & hospitality (16.9 million)**
- 2. Transportation (5.7 million)**
- 3. Employment services (3.7 million)**
- 4. Mining (662,000)**
- 5. Travel arrangements (222,000)**

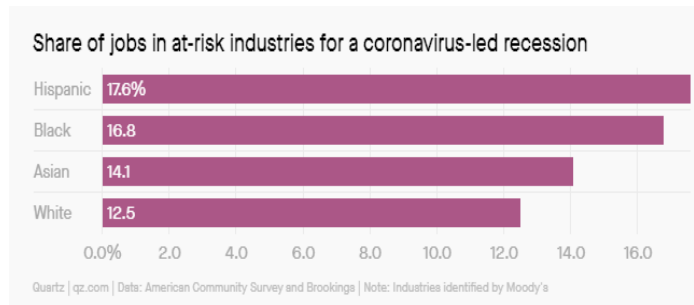


Quartz dug into the industry data and worker demographics, using US Census data, to see who is likely to be hardest hit by a coronavirus-led recession. Using these same industries to examine which geographical areas are most vulnerable, researchers found that Las Vegas, Nevada and Orlando, Florida are particularly exposed.

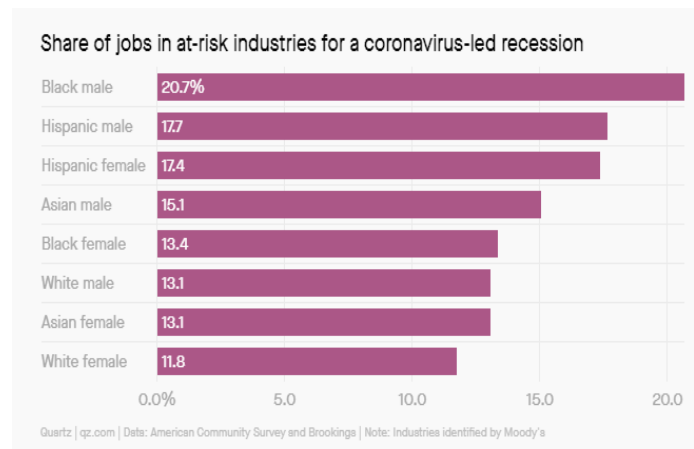
The analysis signals that this recession will be particularly challenging for people of color; while about 12.5% of white Americans work in the most affected industries, this is true for 17.6% of Hispanic workers and 16.8% of blacks. Hispanics make up a large share of employment in the leisure and hospitality industry, and black workers make up a bigger proportion of the transportation sector.



The analysis also suggests young workers are more likely to work in these industries; in fact, more than 20% of workers age 18-29 are in one of the five sectors, compared with less than 12% of those in their 40s. More than two-fifths of leisure industry workers are 18-29.



Men are slightly more likely to be in at-risk job sectors than women, at 15% versus 13.2%. This is because 77% of all workers in the transportation industry are men. It is a particularly common job for black men, who are twice as likely to work in that industry as non-black men.



As noted, people of color suffered disproportionately during the 2008 recession and the data shows this downturn is likely also to weigh excessively on these workers and their families in the coming months.

# THERE IS GOOD NEWS

These findings are a glim reminder that inequality remains embedded in today's financial markets leaving out many segments of the world's population. More importantly, it is a blunt reminder that we must be more prepared for uncertainty; due to the COVID-19 virus, communities across America are expected to face a great deal of economic and social challenges; however, **there is good news.**

Using present day strategic planning, preparation and implementation, *Northeast Capital Fund II is prepared to address and fix these economic and social problems.* As the world rapidly evolves around us; more than ever, NCF II is committed to providing a new financial legacy gateway to financial freedom.

*More importantly, we are committed to;*

- Building the next generation global asset-based lending structure to accelerate a new sharing economy.
- Helping those left out of traditional banking opportunities pursue a better quality of life in an equality-based environment.

**We are truly in this together!**



## Quote of the Month

**“We must accept finite disappointment, but never lose infinite hope”**

*Martin Luther King Jr.*

## Company Updates

### INVESTMENT DEALS OPEN

Currently negotiating several multi-million dollar deals, more details coming May and June 2020.



*We encourage you to get involved in our asset building movement; tell family, friends and associates to join & follow us on social media*