



Basis Points – August 27, 2019

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Above the Fold

Trade headlines have dominated the markets' volatile action over the last several weeks. And while it might seem like stocks are behaving wildly, the S&P 500 is actually remaining within a tight technical 100-point pattern between about 2,840 and 2,940. Chartists call this consolidation ... and while it might not feel like it, this type of activity is relatively benign and can often precede another leg higher. The good news is that we are still more than 14% year-to-date, nearly double the 7.96% average return since the index was formally adopted in 1957.

With back to school in full swing and the holiday season upon us, retailers are evolving their business to better capture our dollars. Look for growth and changes in loyalty programs, as well as bonuses for shopping with a smart device like Alexa or Siri. And while online shopping will continue to dominate, some retailers like Nike, Casper, Ikea, CVS and others are opening "small and specific" boutique locations. These intimate, hyper-specialized brick and mortar stores will try to fill the gaps that shoppers miss online. You should also look for growth in private labels and multi-company product collaborations as retailers work to get you hooked on their specific products.

Three Things

1. *Disney's on Target* – As part of a new "collab" with Disney, Target will open 25 Disney-branded "stores within stores" starting Oct. 4, with 40 more locations expected by October 2020. The mini wonderlands will average 750 square feet and will feature exclusive products, including merchandise from the upcoming movies, "Frozen 2" and "Star Wars: The Rise of Skywalker," slated for release later this year.

2. *Student Loan Scammers* – The Wall Street Journal recently reported on potentially shady websites promising consolidation for Americans' rising student debt, now a record \$1.48 trillion. One company, Financial Preparation Services, may have used similar testimonials across 26 different corporate sites that are supposedly unrelated. The Federal Trade Commission notes that the federal debt relief companies cannot charge up-front for their services and that there's nothing (debt consolidation related) *any* company can offer that a borrower can't get for free.
3. *The World's Sugar Low* – Sugar prices are nearing 10-year lows as Indian government subsidies encourage sugar production in an already saturated market. Coupled with a slowing global economic landscape and a still strong U.S. Dollar, cheap sugar is likely to remain. India overtook Brazil as the world's No. 1 sugar grower over the last growing season as the South American country struggles with drought, low prices and rising demand for corn used in ethanol production.

Did You Know?

We Americans love fast internet, and providers like Comcast, AT&T and Spectrum are now offering us 250, 500 and even 1,000 mbps (megabits per second) internet speeds. And while a gigabit of speed sounds impressive, experts say that you probably can cancel those high-priced speed plans, as anything over 100 megabits is likely a waste (for your home). According to research firm Kagan, more than 61% of U.S. households paid for internet speeds of 100 mbps or higher as of December 2018.

A recent series of tests conducted by the Wall Street Journal showed that even heavy streamers of videos, on several devices, were using only a fraction of their internet capacity. One study revealed that an average of just 7.1 megabits per second were used while seven high-definition movies were being streamed all at once. The study also found that those with even faster plans didn't get more bandwidth when streaming, they simply used a smaller percentage of their plan, adding to the wasted speed.

And while the need for bandwidth can spike for a very short period of time when you first begin a download or a stream, experts suggest that a plan with 100 to 150 mbps is usually more than enough to support a family and a small home office. If your streams are still spotty, jumpy or low quality, check your hardware settings, location and distance, as these are common culprits for internet slowness. Large houses may demand multiple access points, but most cable providers will just install the basics.



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