



## Basis Points – May 21, 2019

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### Above the Fold

Fallout related to the U.S.-China trade dispute continues to deepen as the effects of the Trump administration's recent ban of phone maker Huawei took hold. Alphabet, the parent of Google, cut access to certain services on its Android operating system while German chip maker Infineon Technologies said it would also terminate some components for Huawei that originated in the U.S.

The news has weighed on American telecom and chip companies as traders try to form outcomes in this very complex situation as our administration moves to restrict U.S. technology sales to specific foreign-owned entities. Huawei reportedly purchases \$20 billion worth of semiconductors annually. Experts now expect that Huawei, which recently surpassed Apple as the world's second-largest smartphone maker, will be unlikely to eclipse the top spot currently occupied by Samsung.

China's currency has also struggled as the Yuan fell roughly 3% in May alone, with billions of currency value being wiped away weekly. Domestically, the U.S. Dollar has been creeping higher as a report Friday showed consumer sentiment rose to a 15-year high.

#### *What's Ahead*

We will hear testimonies from several Federal Open Market Committee (FOMC) members this week, including the latest release of Federal Reserve (Fed) meeting minutes with details of last month's interest rate decision.

### Three Things

1. *T-Sprint Coming?* – The Chair of the Federal Communications Commission agreed to back the \$26 billion merger between T-Mobile and Sprint Corp after the two

to back the \$26 billion merger between T-Mobile and Sprint Corp after the two companies made several concessions. The deal still has to clear hurdles at the Justice Department, which may want to see more changes to the deal before approval.

2. *China Makes GoT Fans Bend the Knee* – One of the most watched finales in TV history, Game of Thrones (GOT), was blocked by Chinese internet behemoth Tencent Holdings. An HBO spokesman reported the popular show was restricted due to trade disputes with the U.S.
3. *Fiat Pickups Please* – Fiat Chrysler is gaining market share in the popular domestic pickup business. The Ram truck overtook its primary competitor, the Chevy Silverado, for the first time ever, adding 7% more sales in 2018 to more than 537,000 units. Striking new designs and rebates helped push Ram, but it still has a ways to go to overtake Ford.

## Did You Know?

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The first ever text message was sent in 1992 when engineer Neil Papworth typed “Merry Christmas” as an SMS (short message service) message to the cellphone of Vodafone director Richard Jarvis. As of late 2017, SMS was the most widely used data service globally with 8.2 trillion SMS messages sent that year alone — and those data do not include iMessage or other messaging services like WhatsApp, Instagram or Facebook Messenger.

But these numbers are even harder to fully quantify as there are nearly 9 billion mobile connections globally, about 20% more connections than people on the earth — and it’s near impossible to track all that activity.

Statistically, roughly 67% of all humans on earth own a cellphone.

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