



Basis Points – September 17, 2020

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Above the Fold

Checking the Pulse of the Recovery

The Commerce Department reported a 0.6% rise in consumer spending in August. While the increase marked the fourth monthly increase in a row, the pace of growth continued to slow as consumers' stimulus income and additional unemployment benefits wound down. The additional \$600 per week enhanced unemployment benefit ended in July, with President Trump issuing an executive order to provide \$300 in federally funded weekly benefits to help fill that gap.

The popular back-to-school month was also less impactful as many students started back to partial or completely digital virtual classrooms, requiring less of the material goods that typically see a boost. Clothing, electronics and furniture were the hot items, while sporting goods and grocery spending fell. The good news is that the jobless rate seems to be falling at a quicker pace than expected and lawmakers still seem somewhat committed to getting additional stimulus into the pockets of Americans. House Speaker Nancy Pelosi vowed to keep the House in session until a relief deal is done, but there's still a long road ahead. Rhetorical promises are often different from actual results, yet we remain hopeful.

Economic data is also likely to remain lumpy and inconsistent as the pandemic is dramatically reshaping how Americans earn, spend and socialize. Impact from government stimulus and shifts in normal seasonal trends may make historical trends and comparisons harder to rely on.

Three Things

1. ***Shawshank Redemption, Drone Style*** – A new report from the Department of Justice revealed concerns that drones, currently used to smuggle contraband into many prisons, could eventually be used to airlift prisoners to freedom. The BOP (Federal Bureau of Prisons) only just began tracking drone intrusions in 2018 and is also worried the devices could be used for even more sinister operations that include explosives or toxins.
2. ***General Motors Takes the Ultium Drive Public*** – The automaker revealed a new, modular battery, drive unit and multiple-motor combination called Ultium Drive. As it transitions to an “all-electric” future, the company’s executives believe that this new combination of technology will be used across several of its vehicle lines and by other makers, like Honda, who has already partnered with GM for two upcoming electric vehicles.
3. ***Apple’s Event Underwhelms, Adds Pricing Complexity*** – Apple’s Sept. 15 event dropped a bunch of new products like the Apple Watch Series 6 and SE, the eighth generation iPad and a new iPad Air, among others. The iPhone refresh was notably missing, but Apple watchers expect its release sometime next month. And while the new products add to the company’s lineup, many experts think all the different options, price points and data plan subscriptions make buying an Apple device less simple and more frustrating — something that would likely infuriate the late Steve Jobs who believed in simplicity.

Did You Know?

The Greatest Dividend in History

When you think of dividend stocks, companies like Procter & Gamble, Exxon-Mobil or Johnson & Johnson might come to mind, but the greatest dividend stock of all-time is likely one you’ve never heard of. The Loughborough Canal in England was completed in 1780 and the Loughborough Canal Navigation Co. that built it issued just 70 shares at a value of about £150. The company never split its stock and by 1824, it was trading at nearly £5,000 a share, which would have made every investor extremely wealthy. That same year, the company also paid a £200 dividend, 33% more than the original offering price. Keep in mind that per capita gross domestic product (GDP) was about £30 per year, and that dividend, on one share alone, could have easily supported a large family for 12 months.

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