



## Basis Points – February 4, 2021

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### Above the Fold

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#### *Is It the Right Time to Double the Federal Minimum Wage?*

The Biden administration has renewed a push to more than double the current minimum wage from \$7.25 to \$15. While economists are divided on the potential impact of such a hike, most agree that such a jump may spur job losses, further contributing to an already depressed market due to the pandemic.

Because America's workforce and business ecosystem is so diverse, the effects are extremely difficult to model. Businesses in rural areas, along with cities and towns that have seen residents flee to larger metros to find bigger and better jobs, could get a one-two punch if forced to pay employees \$15 per hour. The shift could also drive employers to move workers from full time to part time or even re-status them as independent contractors, where many could lose critical benefits. Others could shift staff to "under the table" wages that are not taxed and not traceable; the worker would also have the least amount of rights and benefits in this scenario. On the flip side, some argue that an hourly windfall for workers would not only lift many out of poverty, but also stimulate the economy through increased consumer spending.

In 2019, more than 37% of workers earning the federal minimum wage were employed in restaurants, hotels and other parts of the hospitality sector. Some experts are suggesting a much slower ramp up to \$15, noting that the states should set the final pay floor based on cost of living. Several higher cost-of-living states like California, Florida and Massachusetts, have already started on their own paths to get workers to a minimum of \$15, and more than 60% of states have minimums above the federal level.

### Three Things

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1. *Bezos Says Sayonara (Sort of)* – Jeff Bezos, who founded Amazon in 1994, will step down as CEO later this year to focus on his other passions and ventures. Mr. Bezos was clear that this is not a retirement and that he will remain highly engaged with the business as executive chairman. Andy Jassy, a 24-year veteran and current president of Amazon's cloud business, will assume Bezos' former role.
2. *What Do Apple, Korea and Electric Vehicles Have in Common?* – According to Bloomberg, Apple is set to invest \$3.6 billion in Korean automaker Kia Motors to build its first electric vehicle (EV). Apple reportedly plans to launch its EV in 2024 with an initial production target of 100,000 vehicles per year. The car is expected to offer more than 300 miles of range, and should get 60 miles of range on a five-minute charge. It will also travel 0-60 mph in less than 3.5 seconds.
3. *Big Tech Has a New Target* – Google parent Alphabet's cloud business lost a whopping \$5.6 billion in 2020, but experienced a near 50% jump in revenue. It was also the first time in history the tech titan specifically broke out its cloud business' financial details. In other words, it wants the world to see that data and is obviously looking for continued growth. With the executive shuffling by competitors Microsoft and Amazon, which moved their respective former cloud execs into CEO positions, the focus of these tech titans seems to be shifting squarely toward cloud computing.

## Did You Know?

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### *Vaccine Update*

At present, vaccines are being allocated and delivered to states, who in turn, distribute those vaccines to clinics, vaccine sites, doctors and pharmacies. In an effort to expedite vaccine distribution, the Biden administration will begin shipping vaccines directly to pharmacies like Walgreens and CVS. The new program will ship 1 million doses per week to about 6,500 pharmacies at first, then scale from there. The direct shipments will be in addition to the weekly state vaccine allocation, which was roughly 10.5 million as of Feb. 1. CVS and Walgreens will continue to provide vaccines for long-term care residents under a separate program.

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