



Basis Points – February 11, 2021

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Above the Fold

National Debt Jumped in 2020, but Not at the Consumer Level

By the end of September 2020, the federal debt leapt to nearly \$27 trillion, up from \$4.2 trillion at the end of the prior year, according to the U.S. Government Accountability Office. Debt held by the public during fiscal 2020 increased by \$4.21 trillion, the largest annual dollar increase in history. But the data is misleading as “debt held by the public” is more of a direct consequence of the federal deficit, rather than deepening individual debt. In other words, the jump in debt doesn’t mean that Americans are taking out loans and credit cards at breakneck speed. In fact, credit card balances have dropped more than 6% in 2020 and banks saw their loan books shrink last year for the first time in a decade. The booming housing and mortgage markets don’t typically impact loan holdings as most mortgages are packaged as securities and sold off to investors.

Ironically, lending institutions are flush with cash and stand at the ready to provide, but consumers and small businesses are not likely to tap that leverage until they are confident in our economic trajectory. Tighter lending standards and increasingly frugal lifestyles during the pandemic are also restricting borrowing activity at the consumer level.

Three Things

1. *Finding a Data Babysitter for Tiktok* – President Biden is reviewing the Trump administration’s initiatives to ensure Tiktok data is not nefariously used by the Chinese government. With the reassessment, the planned sale of the company to a U.S. investor

group that included Oracle and Walmart has been shelved. The forced sale had already been delayed due to successful legal challenges by TikTok owner ByteDance Ltd. One of the latest solutions to the data security issue would be to have a neutral party manage the swaths of data collected by TikTok.

2. *Apple May Be Gearing Up for Its Latest “One More Thing” (Maybe Two)* – Apple is already touting itself as the world’s largest AR (augmented reality) platform, but things could be getting more interesting. Tech watchers now believe that both a VR (virtual reality) headset and AR glasses (aka wearables) may be on the docket for release in the near future. On that topic, Nikkei Asia is reporting that Apple is working closely with Taiwan Semiconductor Manufacturing Co. to develop ultra-thin and highly advanced display technologies that would drive both.

3. *The 9-to-5 Workday Is Dead* – Silicon Valley has been the birthplace of many game-changing trends. The latest, fueled by several tech giants, including enterprise cloud specialist Salesforce, signals the end of work as we know it. And while the pandemic has quickly accelerated the growing trend of remote work and flexible schedules, recent technological innovations and bold action by mega companies are likely to make the changes permanent. Salesforce has formally published its theory of the future of work, including three different work options for employees moving forward.

Did You Know?

It’s been one year since the World Health Organization officially named the then-budding illness “coronavirus disease 2019,” or COVID-19. At the time, few realized the impact it would have. By February 2021, more than 105 million global cases have been reported, along with 2.3 million related deaths, including more than 455,000 deaths in the U.S. alone. Health professionals are noticing positive trends in the global infection and illness rate that could indicate a turning point in the pandemic’s trajectory. That said, increasing variants of the virus also suggest that the pandemic may be here to stay a while (though with potentially less-severe effects).

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