



Basis Points – August 17, 2021

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Above the Fold

Delta-Variant Resurgence Weighing on Consumers

There are certainly a plethora of forces at play when it comes to how markets digest and rationalize information. Perhaps one of the largest “tail risks” of the global economic rebound would be a major resurgence of COVID-19, triggering lockdowns and another dip into forced recession. Since many governments, particularly in the U.S., have already exhausted extreme stimulative measures, some are concerned that a fall back into recession would leave policy makers with little ammo to reignite what’s been a strong comeback.

In response to the recent increase in new Delta variant case trends, and growing fears around the lesser-known Lambda variant, some states and locales have reinstated mask requirements and are even requiring some businesses to limit occupancy and output. Though the constraints and fear vary from place to place, there’s no doubt that consumers are feeling the pressure and concerned that the aforementioned rare risk is becoming more probable. The University of Michigan’s consumer sentiment tumbled to 70.2 (a relatively pessimistic reading) in its preliminary August reading, the lowest since 2011; economists expected a reading of nearly 82. The irony in the massive decline is that it doesn’t come attached to a recession or sharp rise in unemployment, which has almost always been the case. We believe that the recent dent in consumer confidence should be short-lived as the added precautions meet an increasing amount of vaccinations. Roughly 70% of Americans have received at least one dose of the coronavirus vaccine as of yesterday.

Three Things

1. *Hackers Target U.S. T-Mobile Customers* – Originally reported by [Vice Motherboard](#), T-Mobile has confirmed that it is investigating claims that a hacker is attempting to sell private information from all its U.S. customers (just under 105 million) on the dark web. The anonymous seller is reportedly seeking 6 bitcoin for the critical data, which equates to just over \$270,000. This incident is one of a number of recent critical security breaches for the telecom company, but, if confirmed, would dwarf past data intrusions.
2. *Tesla's Autopilot Under Serious Scrutiny* – The U.S. National Highway Traffic Safety Administration (NHTSA) launched a formal investigation into the automaker's software after numerous collisions with stationary emergency vehicles. Tesla is not alone in its technology's ability to identify and avoid non-moving vehicles. A [Wired report](#) from 2018 explained that these algorithmic issues are likely to be widespread as many of these systems couldn't function if they reacted to all stopped vehicles or objects in or close to a driving lane.
3. *Facebook, Alphabet and Others Are Dropping Some Serious Cable* – As part of a partnership called The 2Africa, Facebook will join several international telecom operators to add four branches of underwater cable to connect 26 countries at 35 different connection points. The company will also join Google parent Alphabet to install a 7,500-mile-long underwater fiber optic cable system called Apricot that will connect Japan, Taiwan, Guam, Indonesia, Singapore and the Philippines. The project is expected to lower costs, while improving speed and reliability in both regions.

Did You Know?

Underwater Cables Have Come a LONG Way

The first “successful” transatlantic cable was laid by the Atlantic Telegraph Company between 1954 and 1958. The rudimentary cable could barely transmit the faint sound of a beep. It functioned for only three weeks after Edward Wildman Whitehouse applied excessive voltage in an effort to improve the quality of transmissions. Today, there are more than 380 underwater cables operating worldwide, spanning a total distance of nearly 750,000 miles. Some carry data at speeds up to 160 terabytes per second, about 16 million times faster than the average home internet connection.

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