



Basis Points – July 7, 2022

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Above the Fold

Why Now Might Be the Time to Demand That Raise...

Inflation keeps rising, and the job market remains tight, leaving workers in a unique position to seek higher wages from their employers. But with many employers uncertain about the future state of the economy, employees may have to start those conversations sooner than later. Asking for a raise each year is a good practice to get into. It shows the company you are valuable and you are aware of your own importance. Knowing how much to ask for is the tricky part. Before ever starting a conversation about a raise, workers need to be well researched and have a clear idea of what their position is worth in the industry. Right now, workers have plenty of leverage. Employees today are leaving jobs much faster than ever before, staying in a position for a single year on average compared to the four-year average employment in 2019.

Hiring a new employee is an expensive pursuit, and with many staying for just one year, employers are far more receptive to wage increases than they have been in the past. Retaining key positions is quickly becoming a major priority in many industries across the country. While wages have increased, climbing 5.2% in May compared to the year before, inflation has outpaced them, climbing to 8.6% in the same timeframe. This is why the time is now for workers to start researching exactly how much they can ask for in a raise. Professor of economics at Carnegie Mellon University, Linda Babcock, made a point to highlight the difference in bargaining power based on what positions different people hold. “If you look at the market and say, ‘Wow, that would be difficult for me to get another job,’ then that lessens your bargaining power,” she said.

Taking time to research what other companies are paying for your position is the first step to knowing the salary you need to ask for without lowballing yourself. Keeping an eye on prominent job search sites will give you some valuable insight into the wages you can base your negotiations on. Professor Babcock also recommends presenting your desired raise in a range rather than a hard number. This allows you to work with employers to find an amount that works for both parties and opens the door to getting a bigger raise than you originally thought possible. Preparation is the key. Make sure you know what you're going for and how you are going to present that number before going into the discussion. But you'd better hurry. Employers are feeling the heat of rising interest rates and a looming recession. So, get on your research and go get paid!

Three Things

Germany Takes a Page From America's Great Recession Handbook

The cutoff of Russia's gas supply to Germany is something many economists believe could trigger a severe recession in the coming winter. This has caused Germany to take a page out of America's Great Recession handbook by injecting billions of tax dollars into energy suppliers. This is a bit of a deviation from the American strategy of bailing out banks during our financial crisis, but the idea remains the same. Bailing out critical infrastructure is a proven method of minimizing the impact of massive recessionary fallout. Germany's Economy Minister Robert Habeck said, "We must prepare for the situation to get worse ... and do everything to maintain the basic supply and help the energy markets operate as long as possible in the coming winter, despite high prices and growing risks."

Cloud Oligopoly Grows Stronger

Amazon, Google and Microsoft account for more than 65% of the \$53 billion in global cloud service spending. Even though these companies have been atop the tech world for a while, their cloud units have been growing by more than 30% year over year in recent quarters. This is coming on the backs of smaller cloud providers as their market share drops steadily. The trend also suggests that investors are less willing to take a chance on smaller companies who can't seem to escape the shadow of the big three running the show. An even bigger factor may be that larger server farms lower the costs of running them, giving a major advantage to the big three.

Ford Logs Strong Sales, but Its Stock Didn't Get the Memo

The newest line of Ford vehicles — most notably the Bronco — has contributed to a 1.8% sales increase in the second quarter compared to last year (nearly all its competitors experienced sales declines). Ford Bronco sales alone saw a 3,803.7% increase from Q1. The Mach-E, Ford's newest electric vehicle, saw a 72% increase as well. Despite the good news, Ford shares hit a 52-week low of \$10.61 on Tuesday. Supply constraints and chip shortages are still plaguing the industry and investors don't seem willing to take a chance on car manufacturers just yet.

In the Know

Construction on Hoover Dam Begins

July 7, 1930, was the day that construction began on the Hoover Dam. It took 21,000 workers five years to build the biggest dam of its time and one of the largest manmade structures in the world. President Herbert Hoover spearheaded the construction by utilizing the plans of engineer Arthur Powell Davis. The plans were initially drawn up in 1902 to help provide much-needed flood relief for farming communities along the Colorado River. It would also allow for farming to reach into the desert regions and provide more water for California cities like Los Angeles. Hoover had to make several attempts to get the bill passed before Congress finally made it happen in 1928.

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