



Basis Points – May 25, 2021

 westwoodgroup.com/weeklyblog/basis-points-may-25-2021/

Above the Fold

Will Big Oil Become “Big Green”?

Some of the world’s largest oil companies are beginning a massive segue into renewable energy production and direct distribution. Driven by global policy shifts, increasing awareness and consumer demand, big oil firms like BP PLC, Royal Dutch Shell PLC and others are inking deals directly with corporate juggernauts like Microsoft, Verizon and Amazon to directly supply all their power needs. According to the Wall Street Journal, these long-term (often 10- to 20-year) electric power-purchase agreements offer a more consistent income stream and allow these fossil-fuel titans to gradually shift to producing their own renewable sources from wind farms and solar power banks as the world seeks to lower its carbon footprint.

These deals, which have begun to take shape in Europe, could threaten some of local utilities' business, but several U.S. oil companies like Exxon Mobil Corp. and Chevron are not yet utilizing this strategy. At present, the global energy supply is quite fragmented, with renewable assets scattered geographically under a myriad of owners and operators. The large, legacy energy companies, however, offer global expertise, infrastructure and much deeper pockets than many competitors.

Three Things

1. *Check Your Latest Insurance Bill (Your Premiums May Be Rising)* – Just as the price of homes, fuel, new cars and used autos are rising, so are insurance premiums. After more than a year of declines in automotive premiums during the pandemic, April rates spiked more than 6% higher on average. Higher build and replacement costs for homes and car parts (remember the chip shortage) are also driving rates higher.
2. *First Apple, Now Tesla ... Battery Throttling Complaints* – Norwegian courts have ordered Tesla to pay roughly \$16,000 per vehicle to thousands of owners. According to the suit, a 2019 software update purposely slowed the charging rate of cars produced between 2013 and 2015. Similar complaints, also related to older vehicles, have been made domestically, but Tesla has yet to publicly address them. Norway is one of the largest EV (electric vehicle) markets globally, and Volkswagen recently overtook Tesla as the top-selling brand.
3. *Vaccinated Americans Still Haven't Upped Their Spending* – Recent data from Cardify.ai show that states with lower vaccination percentages are actually experiencing a quicker economic turnaround. Cardify CEO Derrick Fung explained that unvaccinated consumers are more risk tolerant and quickly took to the country's reopened businesses while those already vaccinated are still not fully comfortable around larger crowds that could still be contagious. Analysts believe that we should experience a second wave of consumer spending and foot traffic once a larger portion of the population is vaccinated and public-health guidance becomes more optimistic.

Did You Know?

Why Do We Say "Bless You" After a Sneeze?

In modern times, the polite response to anyone's sneeze is to say, "bless you." You may have heard that your heart stops beating during a sneeze and a blessing is in order since you survived the ordeal. That's simply not true. Although your heartbeat may be slightly altered, the electrical activity in your heart does not stop during a sneeze.

One of the more likely reasons for the now knee-jerk response was that it originated during the Middle Ages in Europe as bubonic plague (also known as the Black Death) was sweeping the continent. Since a cough or sneeze was often one of the first signs of the disease, the highly religious population of the day used the phrase, "God bless you," after it was suggested by Pope Gregory as a small prayer to stave off the plague.

The information contained herein represents the views of Westwood Wealth Management at a specific point in time and is based on information believed to be reliable. No representation or warranty is made concerning the accuracy or completeness of any data compiled herein. Any statements non-factual in nature constitute only current opinion, which is subject to change. Any statements concerning financial market trends are based on current market conditions, which will fluctuate. Past performance is not indicative of future results. All information provided herein is for informational purposes only and is not intended to be, and should not be interpreted as, an offer, solicitation, or recommendation to buy or sell or otherwise invest in any of the securities/sectors/countries that may be mentioned.