



Basis Points – May 27, 2021

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Above the Fold

Investors Struggle to Insulate From Inflation

For decades, there were tried and true portfolio solutions to counteract inflationary pressures. But with the typical hedges at or near record prices, investors are having to rethink the typical. High-quality government assets have been scooped up at a record pace, driving yields lower, while nearly all precious and industrial metals are trading close to all-time highs due to demand and a weakening U.S. Dollar. In short, there aren't many VIP parking spaces for your hard-earned savings.

In fact, a weaker dollar tends to have a bullish effect on dollar-denominated commodities like crude oil, which again makes for an increasingly complex strategy if there are concerns around the fundamentals of oil (for example), combined with fear of inflation. The rise in cryptocurrencies' popularity and price are a testament to just how far the average investor will go to capture alpha, yield or an inflationary hedge.

The good news is that there are vehicles out there that can compensate for inflationary pressures and a great number of experts (including the Federal Reserve) believe that the recent price hikes we've seen in all sorts of goods and services are transitory. Regardless, now is probably a good time to turn to a professional such as your Westwood private wealth advisor, who can review your entire portfolio.

Three Things

1. *Amazon Stepping Up Its Entertainment Game* – Amid growing competition in the media/entertainment space, Amazon is acquiring Hollywood studio MGM Holdings for \$8.45 billion, with debt. The deal would be Amazon's second-largest acquisition behind Whole Foods and will hopefully drive more subscriptions to its Prime Video segment. MGM's history can be traced back to the silent film era, and has produced hits like "Rocky," "The Pink Panther" and the James Bond franchise.
2. *Ford Projecting Major EV Shift* – With the initial success (70,000 pre-orders in a week) of its F-150 Lightning electric vehicle (EV), Ford plans to increase EV development spending by billions of dollars over previous plans. The nation's number 2 automaker has earmarked \$30 billion by 2025 to expand its EV offerings and sees 40% of its global sales to be all-electric by 2030. Ford's sharp shift to electric seems to be a growing trend among peers.
3. *Yet Another Reason You Might Not Get a Shot at Your Dream Home* – An already tight housing market has made it extremely difficult for many would-be buyers to successfully bid on a home. But with so many Americans thirsty for a deal with cash in hand, there's been a rise in the number of whisper (aka pocket) listings that never make it to market. Prior to a new home being posted across the typical digital selling channels, agents are increasingly marketing homes to a private suite of known buyers in hopes of getting a quick deal and increased commissions. This growing trend is further reducing the amount of homes that get "listed" nationally, which, in turn, makes the market look even more favorable to sellers.

Did You Know?

The Dow Turns 125

Yesterday marked the 125th anniversary of the Dow Jones Industrial Average (DJIA). Back in 1896, the index of 12 highly industrial companies closed its first day of trading at just under \$41. The well-known, but limited benchmark closed above 100 for the first time by 1906. Since its creation, the Dow Jones Industrial Average has weathered 25 recessions and changed its

holdings numerous times. General Electric, removed from the index in 2019, was the longest-lasting stock included in the Dow. The DJIA has averaged just under 7.7% in annual returns since inception.

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