



Basis Points – June 3, 2021

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Above the Fold

The Rise of the Meme Stock

Since trading first began, investors have found themselves smitten and sometimes bitten by hyper trends, bubbles and crazes. From Tulip Bulb Mania during the Dutch Golden Age to the roaring twenties and dot-com bubble, stock and commodity bubbles are often followed by dramatic reversions (crashes) that “reset” the collective manic state and trigger a more conservative approach. But the latest frenzy could be (slightly) different.

Meme stocks are slang for publicly traded companies whose stock prices are being manipulated (up or down) by social media trends. Typically, these retail traders or investors are less concerned with traditional fundamental merits and act solely on the actions and recommendations of their

peers; and are often led by a smaller group of superiors who control the messaging and offer reasoning for buying, holding or selling (but these leaders are often elusive and typically fade or change as the security moves). As we've seen in stocks like GameStop, AMC Entertainment, BlackBerry, Dogecoin and others, the hoards of generally smaller investors can have a great impact.

The Securities and Exchange Commission has yet to enact rules against meme stocks as it's truly a grey area (that's not to say they're not [investigating](#)). So long as traders aren't acting on inside information, their dramatic market influence can be chalked up to a large mass of people simply reacting to publicly known news or data. So, as it stands now, these digital raiders may continue to influence "normal" market behaviors.

Three Things

1. *Tech Bandits Target Global Meat Production* – Over the weekend, the world's largest meat supplier was hit by a cyberattack, triggering a production shutdown. The Brazil-based company was forced to cease operations at 13 U.S. meat processing plants, but recent reports show that the majority of its plants are back online. NPR reported that because of the quick response, U.S. food supplies should not be affected.
2. *Are Wearables Creating Worriers?* – A new [study](#) revealed that people with irregular heartbeats, who also wear devices like Fitbits and Apple Watch, are more likely to be treated with a heart procedure called an ablation. Findings also showed an increased rate of general health care services for wearable users compared to those without.
3. *Amazon to the World: Go Ahead and Sue Us* – The tech giant is taking a different approach when it comes to customer complaints. After receiving more than 75,000 individual arbitration demands around its Echo product alone, the company is changing its legal terms of service by removing arbitration requirements and allowing customers to file lawsuits. Arbitration filings often trigger automatic initial filing fees for companies like Amazon as they offer to cover smaller front-end arbitration costs in the hope of smaller settlements compared to traditional lawsuits.

Did You Know?

President John Adams Lived in a Bar

It was on this day in 1800 that John Adams, the second president of the United States, took up a temporary residence at the Union Tavern in Washington, D.C. The city of Washington had just been formed less than 10 years prior, and the White House wouldn't be completed until November of that same year. Ironically, the White House John Adams would eventually move into was actually burned to the ground during the War of 1812.

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