



## Basis Points – August 12, 2021

 [westwoodgroup.com/weeklyblog/basis-points-august-12-2021/](https://westwoodgroup.com/weeklyblog/basis-points-august-12-2021/)

### Above the Fold

#### *Consumer Prices Rose Again in July, but the Pace is Slowing*

Just as we saw in June, the Labor Department reported a 5.4% annual increase in the Consumer Price Index (CPI) compared to the same period last year; the jump in prices was the highest since 2008. On a month-to-month basis, prices increased at a slower pace of 0.5% between June and July, compared with 0.9% the month before. The core price index, which strips out more volatile food and energy prices, increased 4.3% annually.

Essentially, all these numbers mean that the prices for everything from goods and services to cars and even rent continue to rise at a faster than usual pace. But, remember that unusual forces are still at work (think ongoing pandemic, lockdowns, reopenings, remote work trends). Many

Americans also have more money now than they've had in a long time, in savings, earnings and via government stimulus. Logistical struggles and labor shortages continue to create imbalances, while extraordinary changes in the way we live, work and shop affect global commerce and pricing trends. These transitory events will gradually settle and likely moderate inflationary pressures. At Westwood, we expect inflation to remain a bit stubborn for the rest of the year, but slowly dissipate into 2022.

## Three Things

---

1. *Google is Augmenting Its Algorithm to Improve Your Experience* – The global search giant will roll out its new “page experience” update to users by the end of the month. Slower loading sites, or those with complex moving elements or pop-ups while loading, will be lowered in search rank when compared to more streamlined, but equally relevant sites. The change is likely to affect sites who depend on organic search and may result in the simplification of many home pages in order to gain favor from Google’s virtual search monopoly.
2. *Traditional Cinema Gets a Win* – Theater operator AMC and Warner Bros. studios penned a deal to end the simultaneous release of (most) movies to streaming platforms and theaters. The new agreement will allow theaters 45-day exclusivity before titles are released. This deal isn’t the first, as Universal Studios agreed to 14-day exclusivity, while Disney and Paramount will offer a 45-day exclusive window. While the trends seem favorable to brick and mortar movie houses, the agreements are a far cry from the 75- to 90-day exclusivity windows of the past.
3. *Natural Gas is on Fire* – The price of the power-producing gas has been below \$3 (per million British thermal unit) since early 2019. During the pandemic, the commodity dropped to \$1.50. But with hotter temperatures, record exports and producers less-willing to turn on the taps, natural gas prices have soared 37% since April alone, and more than doubled in value over the last year. Since American gas can be produced so cheaply, export demand is likely to remain strong.

## Did You Know?

---

### *Who Really Invented the Record Player?*

On this day in 1877, Thomas Alva Edison created one of his most iconic (and perhaps most original) inventions called the phonograph. His original design was that of a rotating cylinder wrapped in tinfoil, and a vibrating stylus that etched the recordings into the metal. Ten years later,

a lesser-known inventor, Emil Berliner, patented an improved version using a flat disk that could be easily reproduced. These “records,” similar to what we use today, were played on another one of his inventions called the Gramophone ... it was truly the original “record player.”

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.