



Basis Points – September 14, 2021

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Above the Fold

Why Our Long-Term Energy Solution Must Be Diversified

The world's energy trajectory is certainly one of the more polarizing topics discussed. On one side, you have those who believe fossil fuels should continue to power the globe's industrial and commercial machines, while others see wind, solar or ocean waves as a solution to our power needs and to deliver a reduction in pollution. But as we continue to learn, there does not seem to be a singular panacea for our energy thirst — the fix is probably a smart blend of energy sources, but also massive improvements in the way we transport and store it (think Tesla powerwalls, smart grid technology, etc.).

Millions witnessed firsthand the weaknesses in America's energy grids when an abnormal cold, winter storm brought the grid to its knees earlier this year in Texas and several other states. The chilly weather also sent electric bills skyrocketing to inconceivable levels. It was a wake-up call for consumers, regulators and entrepreneurs who are finding opportunities in our energy ecosystem.

The U.K. is now experiencing its own crisis as the country has shifted heavily toward wind production to reduce carbon emissions. But when the wind recently stopped blowing in the typically stormy North Sea, the region's energy prices hit an astronomical record. The dearth of wind triggered a snowball of problems for an area already dealing with pandemic-related imbalances. When the wind slowed, prices for other sources like coal and natural gas soared, along with production. And while these events may be temporary, energy prices are likely to continue to be a driver of global inflation (and investment) as the system is still extremely inefficient in many areas.

Three Things

1. *Apple Is About to Drop the Latest iPhone, and More* – For its first all-digital fall event this afternoon, Apple is expected to release its latest lineup of iPhones. Experts don't anticipate dramatic changes for the iPhone "13," but are looking for higher refresh rates for screens, up to 1TB of storage, and some serious camera and processing improvements that could include improved night vision, augmented reality processing and even astrophotography. Expect some new design elements in the Apple Watch, as well as the MacBook Pro lineups.
2. *The Beeple NFT "Sitch" Continues* – We talked last week about the [Beeple NFT](#) (non-fungible token) that sold for over \$69 million earlier this year. And even though the digital image is all over the internet, and can be downloaded and printed by anyone, Dreamverse New York is throwing a party where people can publicly view the "authorized" image IRL (in real life) for \$475.
3. *Unrated Debt Luring Some Investors* – The Wall Street Journal recently reported a significant rise in speculative debt interest as investment managers seek yield anywhere possible. In this ultra-low interest rate environment, where yield spreads between even the lowest-rated debt and investment grade bonds are at historical lows, some managers are exploring bonds issued by companies too small or obscure to have any rating (at all) by the three major debt grading firms.

Did You Know?

The Numbers on Wind Energy in the United States

There are more than 67,000 wind turbines installed across 44 states. According to the U.S. Geological Survey, America builds 3,000 turbines a year (remember that many are also taken offline). Newer turbines, produced in the last few years, generate enough energy in just over 90

minutes to power the average home for a month. Turbine efficiency has also seen an average improvement of 8% per year for the last three years and there are currently 530 wind-related manufacturing facilities in 43 states.

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