



Basis Points – October 21, 2021

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Above the Fold

Facebook May Cease to Exist

Obviously, the world's largest social network isn't closing its doors, but several sources have indicated there are dramatic changes coming for the company. Perhaps the most profound will be a name change. CEO Mark Zuckerberg is expected to discuss the changes during the company's annual Connect conference on Oct. 28, or sooner. More likely will be a move similar to Google/Alphabet, where the hyper-popular Facebook brand is retained under a parent company.

Zuckerberg has telegraphed some of his visions for the company's future and has said he wants to "transition from people seeing us as primarily being a social media company to being a metaverse company." Facebook has been focusing heavily on technology offerings around

augmented and virtual reality (AR and VR, respectively), with thousands of employees solely focused on those projects.

The bigger challenge may be defining and conveying Zuckerberg's "metaverse" goals. The word was first used in Neal Stephenson's 1992 sci-fi novel "Snow Crash," and essentially describes the convergence of augmented, virtual and physical realities in a shared online space. It's certainly not the easiest concept to convey to the masses. We will be watching to see how this all plays out, especially as the company draws increased scrutiny from regulators.

Three Things

1. *Nestlé Finds Sweet Spots Outside of Chocolate* – The Swiss food giant reported a 6.5% increase in year-over-year sales last quarter. The world's largest packaged food company attributed a large part of the revenue jump to a rise in demand for pet food, vitamins and consumers' need for high-quality coffee at home. E-commerce sales were up 17% in the first nine months of the year, while traditional (out-of-home) sales have increased 23% in the same period.
2. *Google (Really) Wants Your Smartphone Business* – Even though Google dominates search and builds a phone perfectly optimized for its operating system, Android, the company controls less than a 2% smartphone market in North America. The company hopes that its latest product lineup, the Pixel 6, will finally attract buyers. From a feature standpoint, it has everything and more than its competitors, including screens that rival the latest iPhone Pros and even a screen-embedded fingerprint sensor. Google is even offering \$45- and \$55-per-month bundles that allow consumers to finance the phones and get all sorts of added perks and features, like YouTube Premium, device protection and tons of cloud storage.
3. *High Energy Bills Slow Metals Production* – Higher prices of oil, natural gas and coal are increasing input costs for smelters who are already struggling to meet increasing demands to reduce carbon emissions. As a result, several metal producers are slashing output. China is also reducing its aluminum production to help reduce its emissions and ease power grid stress. All these forces are sending the prices of zinc, aluminum — and even copper — higher.

Did You Know?

Heinz Has Been Shortchanging Itself ... on Purpose

Back in 1896, H.J. Heinz coined the famous "57 Varieties" slogan that still exists on the labels of several products today. Ironically, the company had more than 60 unique products back then. Mr. Heinz selected that number because he thought it sounded "lucky." Today, Kraft Heinz Co. is a food behemoth with more than 200 unique brands offering hundreds of different food items across the globe. But pick up a ketchup bottle (in most countries) and it still proclaims just "57 Varieties."

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