



Basis Points – January 20, 2022

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Above the Fold

Was December's Retail Surprise an Anomaly?

Omicron's spread like wildfire through dry grass may be having more of an impact than initially thought. Though the symptoms tend to be less severe and the mortality rate lower than the Delta variant, some studies show the virus spreads four times easier (or more) than earlier strains.

It seems that Omicron's effects, both directly and indirectly, severely impacted the final month of the holiday season as retail store sales, online and restaurant revenues **dropped by 1.9%**, according to the Commerce Department. This followed a strong start to the season, with record month-over-month gains of 1.8% in October. That said, consumers still managed to best December 2021 retail sales by nearly 17%.

But there are signs that consumer spending could be under pressure. Industrial production fell late in the year, with manufacturing output falling 0.3% in December, which is likely a reflection of continued supply-chain struggles. But there's also the fact that consumers got an early jump on holiday spending and are becoming increasingly concerned with the future of the economy. The University of Michigan consumer sentiment survey also recorded a decline Friday and many Americans believe inflation is likely to stick around longer. This may trigger a bit more saving and less spending. And with interest rates on the rise and a still lofty and low-inventory housing market, we may see less dollars flowing from Americans' pockets over the next few months.

Three Things

1. *Hamsters Apparently Another COVID-19 Coal Mine Canary* – Given its strong policies against COVID-19 transmission, Hong Kong recently made the decision to cull a couple thousand pet hamsters and other small animals after several of the rodents tested positive for the Delta variant. The controversial move triggered outrage among animal rights activists, but does raise questions around what roles our favorite companions are playing in the pandemic. The CDC (Centers for Disease Control and Prevention) does [acknowledge](#) pets and people can exchange the virus between one another.
2. *Walmart Rolling Out Its Own Crypto and More* – As interest in the Metaverse grows, mega-retailer Walmart wants in on the action. The company is taking steps to not only create its own cryptocurrency, but also will begin offering a collation of non-fungible tokens and more — all this likely in preparation to begin populating the metaverse with its stores and offering virtual goods to customers. The activity was first reported by CNBC and will fall under its “Walmart Connect” digital advertising arm.
3. *New Cell Service Is Grounding Planes* – AT&T and Verizon are working with the Federal Aviation Administration to not only halt the rollout of their 5G services around airports, but also create even bigger buffer zones. The actions could affect mobile coverage in areas near major airports. Airlines such as Emirates, Air India and others have already [canceled](#) flights or had to switch aircraft due to interference from the new 5G networks and their guidance systems. Unfortunately for Boeing, the problems seem to be heavily centered around their 777 aircraft.

Did You Know?

A Little Inauguration Day History

In most nations, new leaders take office within a day or even a couple weeks after being newly elected. Here in America, it can take up to 11 weeks from election to inauguration. This time frame, known as the lame-duck period, allows the incoming leader to select their cabinet and strategize for the momentous role they are about to undertake. Ironically, the lame-duck stretch

used to be longer, up to four months. George Washington was not sworn in until March 4. It was the 20th Amendment, ratified on Jan. 23, 1933, which moved inauguration day to Jan. 20, and the first meeting of the new Congress to Jan. 3.

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