



Basis Points – April 14, 2022

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Above the Fold

Inflation Steepens, Fed Acts, Global Bread Basket Stressed

With inflation rates at 8.5%, experts are searching for signs that the continued rise is coming to an end. Mostly propelled by skyrocketing energy and food costs, supply chain limitations and consumer demand, the Fed must find a way to balance their monetary tightening without grinding the growth rate to a halt. The core price index – essentially the Consumer Price Index without accounting for the food and energy categories – is a source of hope for some analysts as they started to see rates slow their growth in March. Those hopes were slightly dashed yesterday as the Producer Price Index, a measure of wholesale costs, rose at 11.2% year-over-year, its highest rate ever.

What can we expect from the markets in the coming months? What's the future of food and housing prices? We've put together a quick video update on how Westwood sees things shaking out over the next few quarters. Click [HERE](#) to watch.

Three Things

What Will Mr. Musk Really Do at Twitter?

After turning down a board seat offered to him last weekend, Elon Musk remains both Twitter's largest shareholder and outside the constraints of the board itself. Twitter's board limits its members to owning less than 14.9% of Twitter's shares (Musk owns 9.2% already) and requires board members to act in the best interest of its shareholders at all times; obviously, Elon didn't like this restriction. With Musk turning down a board position, he has no limitations on his potential future ownership and can continue posting any meme he wants, while the board can keep pushing to meet its goals without Musk criticizing the platform from within the boardroom.

To the Moon, Russia!

The Space Race, round 2 may be underway as Vladimir Putin promises to send Russian Cosmonauts back to the moon regardless of Western sanctions. The plan to launch their lunar probe, Luna-25, is set to take place at the end of the year. The last successful Russian moonshot was the Luna-24 launch in 1976, bringing lunar soil back to Russia. Space program cooperation with Western countries has been cut off due to the invasion of Ukraine, but Putin remains defiant, citing their first successful space mission in 1961 happened during a time of, "...complete technological isolation."

Why It Might Be Time to Look at "Old School" U.S. Savings Bonds

U.S. Treasury Series I Bonds, or I-Bonds, are set to reach an interest rate of nearly 10% in May. With the recent surge in inflation rates, these "inflation-protected" bonds are a safe high-yield investment option. This means that these bonds are paying out nearly 150 times more than the average annual interest for a savings account, and almost triple what the I-Bonds were paying just a year ago. Unfortunately, investors are limited in just how many I-Bonds they can purchase.

Did You Know?

Where Does the Word "Inflation" Come From?

The term “inflation” comes from the Latin term *inflare*, meaning to “blow up or inflate.” It was originally used in economics in 1838 to describe “an increase in the amount of [money](#).” Today, the definition of inflation is not fully agreed upon by experts, but it is generally accepted to mean a continued rise in prices while the value of money declines. The inflation rate is the percentage increase in the price of goods per year. For example, if the inflation rate is 2%, then a \$1 candy will cost \$1.02 in a year.

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