



Basis Points – August 18, 2022

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Above the Fold

Retail Spending Comes in Flat — What Does It Mean?

The latest Census Bureau readings for retail activity in July showed no monthly gain over June's reading of 0.8%, which was revised lower from its original 1%. The precipitous drop in fuel prices over the last couple of months triggered a 1.8% decline in gas station sales, while motor vehicle and parts dealer sales also fell 1.6% in the month. That industry is still plagued by chip shortages, but experts believe there is still pent-up demand for autos and parts, despite an overall slowdown in economic growth and spending. The data also revealed weakness in department stores and clothing retailers, but those data can be volatile and subject to revision. Food sales rose just 0.2%, but sales at bars and restaurants also struggled, rising just 0.1%. Shoppers did shift to

ecommerce more as online sales saw a 2.7% boost in the month, likely as Americans wanted to save on fuel and increase convenience as kids head back to school. Miscellaneous stores also saw a 1.5% gain in business, helping offset declines elsewhere.

From a thousand feet up, it seems that consumers are still relatively healthy and spending as they are shifting the savings from energy and fuel costs to other needs and wants. The flat reading is also further supportive of the inflation peak narrative that seems to be growing among the consensus. But make no mistake, the average consumer is still struggling with higher prices in food, energy and more. Even though fuel spending fell in the month, it's still nearly 40% higher than this time last year, with the Bureau of Labor Statistics food index up roughly 12% year over year (and some real prices likely much higher).

Three Things

What the Heck is “Quiet Quitting”?

The latest workplace trend that's going viral on social media platforms like TikTok is quiet quitting. Despite the name, it isn't part of the Great Resignation, but an increased focus on work-life balance, with less time spent on surpassing expectations at work. With the labor force tight, many American workers are being forced to take on duties outside of their core job description and/or work harder to help fill gaps, adding unnecessary stress to workers. The quiet quitting movement is more popular among younger people, and experts say that proper communication from management, about expectations specifically, can help keep employees engaged and productive.

Problems With EV Charging Stations? It's Not Just You

President Biden is hoping to accelerate America's adoption of electric vehicles (EVs), but there's a critical component of this ecosystem that's an absolute mess — charging stations. A recent J.D. Power survey revealed that most EV owners say the public charging system “sucks.” From outright broken chargers and screens to glitchy software, a fair number of the 41,000 public charging stations in the U.S. were unusable. Tesla stations ranked among the best and tended to have the least charger failures. For the EV market to truly flourish, there must be major improvements, standardization and expansion of charger infrastructure; the Inflation Reduction Act does allocate \$5 billion toward that task.

Social Security on Track for Biggest Boost in 40 Years

Each year, the Social Security Administration determines a cost-of-living adjustment, or COLA, for recipients using an average of July, August and September Consumer Price Index data. With inflation soaring, the roughly 70 million Social Security check recipients are on track to receive a 9.6% bump in 2023. The increase would be the biggest since 1981, when recipients' benefits rose 11.2%. An average monthly check would increase by about \$160 next year to \$1,829 starting in January, from \$1,669 this year.

In the Know

American Wealth Facts

Every three years, the Federal Reserve conducts a survey of consumer finances. The last study was conducted in 2019, but the results of this year's study will not be published until late 2023. According to 2019 data, the average American family has a net worth of close to \$750,000. But statistics can be deceiving as the median (middle) net worth was a mere \$121,700. On average, our wealth peaks between age 65 and 74, but typically begins declining as health care needs increase and earnings potential slows. The average net worth for a college graduate was \$1,519,900, while those with a high school education accumulated just \$305,200 (certainly a case for finishing school). Another dramatic statistic was related to real estate, where homeowners' average net worth was \$1,102,100, whereas non-homeowners' worth stood at just \$95,600.

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