



Basis Points – November 8, 2022

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Above the Fold

Will Layoffs Finally Impact Unemployment Data?

As the economy slows, many companies have announced layoff plans. And while some have already begun, many of these soon-to-be-unemployed workers have yet to be counted in the Bureau of Labor Statistics (BLS) calculations for its labor force data. The tech sector, which was a major driving force for a strong labor market in 2021, is expected to suffer some serious occupational casualties in 2022 and beyond. According to Crunchbase's layoff tracker, the industry has already seen 52,000 workers laid off year to date, and experts see that trend accelerating going into 2023. Crunchbase noted that the sector has averaged around 1,000 layoffs per week, but saw a huge jump in the first week of November with 23 companies giving more than 7,000 people their walking papers.

Twitter's new leadership announced its plans to drop a substantial number of workers from its roster and Facebook parent Meta is now preparing to notify employees of large-scale layoffs this week. Meta employs over 87,000 people and, according to sources, could be the biggest tech mass dismissal to date. CEO Mark Zuckerberg certainly "hinted" at a massive cut in staff during a meeting at the end of June when he said, "Realistically, there are probably a bunch of people at the company who shouldn't be here." The losses in tech jobs, along with those in the auto, finance and other sectors, may finally begin to show in BLS data in the coming months. And this, along with a slowdown in overall hiring, could aid in slowing the Federal Reserve's hasty rate increase regime.

Three Things

Why There Could Be Fewer iPhones This Holiday Season

The venerable iPhone, which accounts for more than 50% of Apple's revenue, may experience a significant impact in the coming months. On the supply side, Apple just warned investors that shipments of its higher-end phones could be impacted by China's lockdown of Apple-supplier Foxconn Technology Corp. According to Counterpoint Research, the Foxconn facility in Zhengzhou normally produces more than 80% of the iPhone 14 base models and 85% of the high-end Pro models. And according to Bloomberg, Apple is also telling its suppliers to scale back production of its lower-end models as consumers rein in their spending. Some estimates see manufacturing cuts of more than 10% overall.

Twitter's New Blue Plan Will Launch After Elections

As Elon Musk works feverishly to reinvent Twitter (without upsetting too many people), his latest and greatest plan is to offer "Twitter Blue" for \$8 per month. The subscription places the almighty "blue checkmark" next to one's username and gives them search priority, fewer ads and the ability to post longer videos. It also enables anyone to pay their way to verification — a status once reserved for notable personalities who were also "authentic" and "active," among a myriad of other nuanced requirements. But with election day upon us, the rollout was delayed to prevent shady operators from posing as credible sources that could sway voters. While the delay may be a smart move for the midterms, experts are concerned that the low bar to being "verified" could lead to bigger problems for the platform down the road. Roughly 425,000 of Twitter's reported 240 million monetizable users are currently verified.

China's Lack of Demand Fuels Iron Slump

Communist leaders in China are doing little to stimulate the country's quickly slowing housing market. Their lack of action has helped drive iron ore prices down 17% in the month of October alone and more than 50% lower than the highs made in March of this year. The Chinese property

market accounts for roughly 33% of global iron demand alone, and the country buys seven out of every 10 tons traded. The price pressure is expected to help global steelmakers as their raw material costs drop, improving margins, but China's iron market is considered a bellwether of the economy and could spell deeper economic trouble for the Asian nation.

In the Know

America's Strange Election History

The current political climate is certainly polarized, full of aggressive rhetoric, name-calling and tension, but America has seen even more bizarre behavior and censorship. In the 19th and early 20th centuries, women had limited voting rights and were restricted from voting on certain issues. Polling locations had two "voting tins" where ballots were separated by sex, and if any "illegal" ballots were found in the women's tin, they were often discarded at will. In terms of mudslinging, our founding fathers may have taken the prize. The election of 1800, which pitted then-President John Adams against Vice President Thomas Jefferson was notoriously vicious. While campaigning, a "reputable" journalist said that Adams was a "repulsive pedant" and "gross hypocrite" who "behaved neither like a man nor like a woman but instead possessed a hideous hermaphroditical character," while the President of Yale University, a John Adams supporter, publicly suggested "we would see our wives and daughters the victims of legal prostitution" were Jefferson to become president.

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