



## Basis Points – October 10, 2019

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### Above the Fold

#### *Trading Up*

It's safe to say that the ongoing trade dispute/war/negotiation between the U.S. and China is one of the top three factors influencing markets today, with geopolitical wranglings and economic health occupying the other top spots. The on-again, off-again deal negotiations continue to dominate news outlets, pundit commentary and social media influencers, stoking unnecessary volatility.

While both sides continue to exchange light provocations, there seems to be some progress being made as China reportedly offered a 50% increase in the purchase of agricultural products and other concessions ahead of today's meeting between high-level U.S. and Chinese officials,

including China's Vice President Liu He. While a "partial deal" seemed unlikely before, both sides are reportedly warming up to the idea. China surely wants to avert the next round of import duty hikes on \$250 billion worth of Chinese goods, set to increase to 30% from 25% on Oct. 15. A partial deal would also likely quell market volatility and help to boost global economic confidence, a move that the current administration should welcome as we approach the next election year.

## Three Things

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1. *PG&E Cuts Service for Fire Prevention* – The California electric utility company began shutting off power to nearly 800,000 customers to prevent sparking forest fires as windy conditions swept through the area. Outages were spread through dozens of counties, including Napa, Sonoma, Alameda and Santa Clara. PG&E's equipment was responsible for 19 major wildfires in 2017 and 2018, killing more than 100 people.
2. *Apple Approval Upsets China* – The tech giant evoked a heated response from Chinese state media and consumers after approving an app that allows Hong Kong protestors to record and track police movements. [HKMap.live](#) uses emojis of dogs, a popular insult directed at officers, to indicate a police presence.
3. *YouTube's New Political Tool* – Alphabet's popular streaming platform just released a tool that allows political ad buyers (and others) to reserve and purchase specific time slots months in advance. As the Democratic and Presidential races heat up, nominees can now lock in strategic ads to most effectively attract (or deter) voters. YouTube is expected to rake in roughly \$11.38 billion in ad revenue this year, a 20% jump over 2018.

## Did You Know?

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### *Our Latest Spending Habits*

Americans are known to spend a lot. We love our big houses, shiny cars and gadgets — but just how much money does the average person have left after living expenses?

[Latest data](#) show the average consumer unit (families and single person households) spent \$61,224 of an average of \$78,635 in annual income in 2018 (a huge 7% jump over the prior year). Housing was the number one expense, soaking up \$20,100 of our dollars. Transportation and food were two and three on the list, costing an average of \$9,800 and close to \$8,000, respectively. Education, personal care, apparel, insurance and entertainment accounted for the balance of what we earn.

After expenditures, roughly 22% or \$17,400 of our earnings are left for taxes and savings, but for a single person earning between \$38,701 and \$82,500, 22% goes straight to Uncle Sam, leaving little or nothing for savings and/or frills. Perhaps this explains why a separate National Financial

Capability Study found that 19% of Americans spend more than they earn and 38% lived paycheck to paycheck. What's more, that same study revealed that only 39% of Americans could come up with \$2,000 in an emergency.

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