



## Basis Points – November 21, 2019

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### Above the Fold

#### *Hong Kong's Future*

After more than eight months of strain and more than four of violent demonstrations and civil unrest, the Special Administrative Region of Hong Kong (which essentially fell under the control of China in a 1997 “Handover” from Britain) showed little progress toward peace and a resolution to the continued strife. Thousands of student protesters took over the Hong Kong Polytechnic University last week, ransacking the campus and allegedly used the facility and other universities

as “weapons factories” and training facilities. Dissidents have left several schools in [ruin](#). They’ve destroyed train stations, businesses, as well as other municipal and private property, [driving away](#) visitors, expats, business owners and even locals en masse.

What started as a protest against extradition to China and increased autonomy for the region may likely end in the mainland playing a much larger role in Hong Kong’s future. According to the Wall Street Journal, Beijing’s recent move to declare sole authority to determine whether Hong Kong laws are unconstitutional, shows an increasingly forceful position. As these events play out, it’s becoming apparent that the Chinese government’s patience is wearing thin and the risk of increased force from the mainland becomes ever more probable. The U.S. Senate recently passed legislation focused on human rights protections, further convoluting the complex relationship that we have with both Hong Kong and China.

Hong Kong’s quasi-independence and favorable business/social climate has long fostered a healthy, stable environment for wealth and commerce, but as fear and panic grips the region and clouds form over its future, local and foreign consumers and investors are rethinking its dominance in Asia.

## Three Things

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1. *Did Emirates Shortchange Boeing?* – The Middle East’s largest carrier, Emirates, just inked a new purchase order with Boeing worth nearly \$9 billion at list price. But the order for 30 Boeing 787 Dreamliners was a 10-plane reduction from the commitment it made two years ago. Emirates also dropped its order of 777X airplanes to just 126 from 156, noting tougher business conditions forced the reductions.
2. *Legere Leaving, Altering Future of T-Mobile/WeWork?* – After seven years as the outspoken, eccentric leader of T-Mobile, John Legere will step down at the end of his contract on May 1, 2020. Mike Sievert, T-Mobile’s president and chief operating officer, will replace him. A week ago, Legere denied rumors of leaving to CNBC, where he also refused related gossip that he would be heading the embattled WeWork. Only time will tell if the second rumor turns out to be as true as the first.
3. *Minutes Show a Concerned Fed* – The Federal Reserve meeting minutes from the October 29-30 policy meeting revealed a growing concern within the committee around weakness in manufacturing and business investment. Weakening global economic growth forecasts and continued trade issues also supported the decision. That said, it seems that the trajectory of rate cuts is likely to slow as we move into 2020 unless there’s a deeper material slowdown.

## Did You Know?

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*Insurance Facts*

Insurance is an absolute necessity for most of us. For autos, it's required in most states if you drive on public roads and if you've borrowed money to buy a home, the lender is likely to ensure you have coverage on at least the structure and fixtures (your personal items usually do not have to be insured).

But there are a few insurance nuances that might help save you money:

1. Your credit score has a direct impact on your insurance costs – Nearly all insurers use credit reporting to help determine your “risk.” Consumers with poor credit can pay more than double what strong borrowers might pay for the same coverage.
2. Homeowners' policies often prohibit certain dog breeds – You might remember getting asked if you have any pets on your insurance application. If you answer yes, most carriers want to know what breed and what size the animal is, as they could reject coverage or require additional premium. If you fail to disclose your pet, you could be denied coverage if an incident occurs.
3. Home improvements aren't automatically covered – If you remodel your kitchen, add a porch or deck, or even a new addition, be sure you update your policy to reflect the changes. It's a good idea to let your insurer know beforehand just in case additional coverage is needed while construction is underway. Without the updates, your hard work and capital may not be protected and your insurer may even drop coverage altogether.

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