



Basis Points – January 16, 2019

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Above the Fold

Consumers and Corporate Execs at Odds Over Economy

Two recent surveys revealed some polarizing opinions on the economic future of America. The Conference Board's CEO Challenge survey, released a couple weeks ago, put recession risk at the top of concerns, above trade and political woes. The data showed consensus sentiment dipping to a 7-year low. A separate CFO survey from consulting giant Deloitte painted an equally pessimistic forecast as nearly all respondents believed the economy was likely to slow in 2020.

Consumers, on the other hand, see things a bit differently. Most still see a myriad of positives, from 50-year lows in unemployment, records in the stock and housing markets, and healthy commerce in most metropolitan areas. Average Americans, it seems, are feeling pretty good

about the coming year.

The differences in opinion are likely influenced by the fact that most consumers tend to focus on their immediate surroundings. If things look good in the neighborhood and the local papers aren't reporting too much negative domestic news, most of us tend to feel OK (even if we have our internal concerns). Corporate leadership is forced to not only take a more global view, but also a much more forward perspective. Leaders of American companies, especially those impacted by foreign affairs, need to make decisions that could impact their business down the road. Simply put, it's best to be cautious when the livelihoods of many depend on your actions.

Let's just hope C-suite execs get some positive surprises to their increasingly gloomy outlooks.

Three Things

1. *U.S.-China Trade Deal 1.0 Inked* – After rescinding China's "currency manipulator" designation, the Trump administration signed a landmark trade agreement that will suspend new tariffs and include the purchase of roughly \$200 billion worth of American goods over the next 2 years. While this action pauses the crippling, "tit-for-tat" trade war, there's still work to be done as both sides work toward next steps.
2. *Putin to Change Constitution* – In a bid to keep control after he's left the Russian presidency, Vladimir Putin, who has been in power since 2000, proposed sweeping changes to Russia's constitution. The move triggered resignations by Prime Minister Dmitry Medvedev and his ministers as powers would shift from the president to prime ministers and cabinet members.
3. *FedEx Gets Some Relief* – Former partners Amazon and FedEx are at least "frenemies" once again. After banning FedEx's ground service just before the holiday rush, Amazon is now allowing third-party sellers to use its services again, so long as FedEx meets Amazon's strict delivery time demands.

Did You Know?

Thank the Civil War for Your Cash

Prior to the Civil War, the paper money in circulation was not standardized and typically issued by individual banks, who in turn were regulated by individual states. By 1861, people were hoarding gold and early in 1862, the Treasury was said to be "empty." In an effort to provide emergency finance, and perceived as a war measure, the Legal Tender Act was narrowly passed in 1862, which allowed for the federal printing of "greenbacks." The new currency was legal tender for all debts, except custom duties and interest on government bonds.

And though The National Banking Acts of 1863 and 1864 consolidated and expanded on these changes to the financial system, greenbacks produced after 1862 are still considered legal tender. Of course, a lightly circulated \$1 bill from 1862 is now worth around \$750 for its collectability alone.

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