



Basis Points – January 23, 2020

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Above the Fold

America's Got Gas

Aside from the hot air that many believe emanates from Washington, DC, the U.S. is flush with a more productive volatile substance in the form of natural gas. What's ironic is that this time of year is typically bullish for the abundant byproduct of oil production, but a plethora of supply, relatively mild temperatures and demand concerns have all contributed to a market glut. The confluence of factors have pushed gas prices to absolute lows not seen in nearly 4 years, and a near 30-year seasonal low. And if you're looking for a rebound, a near-term turnaround is unlikely, according to experts.

Fuel prices have followed suit as the average price per gallon dropped to around \$2.54, a near 1-year low. The coronavirus outbreak in China and now six other countries, is also likely to temper travel during the Lunar New Year.

And let's not forget that these products are derivatives of crude oil, which has also been coming back down to earth after prices spiked early in the year on rising Middle East tensions. The drop in oil prices comes even as active fighting in Libya triggered a force majeure declaration for two major oilfields. Experts see even further price weakness as recent production cuts by OPEC (Organization of the Petroleum Exporting Countries) are unlikely to be sustained past March and spring's even milder temperatures will further lighten consumption. Consumers around the world should welcome reprieve from what was a much different landscape in all three commodities just a couple months ago.

Three Things

1. *Foreigners Really Love "You"* – Netflix, the creator of "You" and other popular original series, reported a third quarter of domestic subscriber growth that missed analysts' expectations — adding just 423,000 new subscribers. The popular streaming service, amidst rising competition, still managed to gain a whopping 8.3 million subscribers in overseas markets, outpacing analyst estimates for 7 million subscribers.
2. *Getting Gouged in Cali* – With the passage of California Assembly Bill 5, which requires companies to treat contractors like employees, Uber is now giving drivers the right to raise fares as they see fit. Cali is already the only state where drivers know where a passenger wants to go and can then refuse the ride. So, while the bill was intended to help workers, it could turn out to be another consumer fleece.
3. *Oops, Boeing Did It Again* – After missing several deadlines to return the problematic 737 Max to service, Boeing's new CEO David Calhoun decided to once again push back its expected return date from February to June or July. Those close to the matter insist that the setback isn't due to any new negative developments, but simply a safety cushion so no more target dates are missed while the company works with regulators to get the plane flying again.

Did You Know?

Where Does Mutilated Money Go (and What Are the Rules for Redeeming It)?

If you've handled cash for any amount of time, chances are you've come across some bills that may have been on their "last leg." Over time, and depending on the environment, U.S. currency can become mutilated. Of all paper tender, \$10 bills have the shortest average lifespan of just 4.5

years, with \$100 bills lasting more than three times as long. The good news is that the torn \$20 bill or half-burnt C-note in your pocket could still be worth something so long as it meets the following criteria (notes can be redeemed at most banks for new currency):

- The note is more than 50% identifiable as United States currency
- Has enough remnants of security features (like serial numbers)
- More than half the original note remains

Some bills are considered unfit to be redeemed:

- A bill with holes totaling more than 19 square millimeters, or the size of an aspirin
- Dirty and worn out bills that are indiscernible (sensors are used to check)
- Fives, 10s and 20-dollar bills printed before 1996

The Federal Reserve shreds more than 7,000 tons of retired money per year, of which most is turned into 2 by 5 inch pellets that are used for mulch, compost, fuel pellets and even home insulation.

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