



Basis Points – March 24, 2020

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Above the Fold

Economic Vaccine: Fed Pulls Out More Stops

In addition to its already hyper-accommodative policy and in concert with legislative and fiscal stimulus in place and (hopefully) upcoming, the Federal Reserve (Fed) further expanded its lending programs yesterday across an array of targets. The central bank vocalized “aggressive efforts” to promote a swift recovery, stating its purchases of Treasury and mortgage securities were “essentially unlimited.” New efforts will include support (purchases of) commercial mortgage-backed securities issued by government-supported entities, primarily focused on debt for apartment buildings.

Three new lending facilities will also be created, including the Term Asset-Backed Securities Lending Facility, or TALF, used in 2008 to directly support credit markets for businesses and consumers. The two additional lending facilities will bolster corporate credit. One will lend to investment-grade companies and offer bridge-loans up to four years and the other will directly purchase corporate bonds issued by top-rated companies and even listed ETFs (exchange traded funds) that hold investment-grade corporate bonds. The three new facilities are structured to inject \$300 billion in financing, as well as absorb \$30 billion in losses.

Lastly, the Fed, acting in concert with the U.S. Treasury, is expected to roll out a Main Street Business Lending Program directly supporting small- and medium-sized businesses. Details of that program are yet to be released. At the end of the day, the Fed is rolling out much more aggressive programs at a faster rate than during the Great Recession to combat the inevitable economic strain.

Three Things

1. *Petaflops to the Rescue?* – In order to expedite the hunt for a coronavirus (COVID-19) vaccine, the government and a group of tech titans including Google, IBM and others, will grant increased access to their mega computers. Dubbed the [COVID-19 High Performance Computing Consortium](#), this new partnership allows researchers to submit COVID-19-related projects for potential loading into the ultra-powerful system that has 775,000 computer processing cores. These supercomputers can simulate the positive and negative effects of drugs on populations (and many other functions) in a fraction of the time normally needed.
2. *How Exactly Do You Re-Mote?* – With millions of Americans now forced to work from their homes, the remote revolution may trigger more than just the purchase of laptops, desks and internet connections. Even when the COVID-19 panic abates, experts believe a large number of us will either continue or at least be expected to work from home. Interactions with coworkers, information security and document handling are just some challenges that will need to be addressed by software and/or online liaisons.
3. *“Infodemic” Making Us Sicker?* – The [Wall Street Journal](#) highlighted an underlying ailment that many of us don’t realize we’re fighting — misinformation. The World Health Organization coined the term “infodemic” as much of the world, especially young people, are getting bombarded with COVID-19 “updates” through an unchecked data firehose. They and other agencies suggest readers “triple-check” facts before heeding or reposing any instructions or news that comes across social media platforms. Always verify the source...

Did You Know?

COVID-19 Positives

Rapid tests for COVID-19 were [approved](#) by the FDA over the weekend, allowing medical personnel to get results within 45 minutes. The new tests, combined with an increased number of tests in general are likely to result in a short-term spike in confirmed cases.

Several different research firms across the globe are said to be nearing breakthroughs in at least 20 [vaccines](#) and/or cures. And while testing, approval and production of new treatments could take time, they at least will help societies see light at the end of the tunnel. Several existing drugs are already showing promise for treatment as well.

In an effort to keep our health care professionals and citizens safe, some manufacturing companies are retooling to add supplies. Just one textile mill in North Carolina is gearing up to produce 10 million face masks on a weekly basis.

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