



Basis Points – August 6, 2020

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Above the Fold

How the Pandemic Affects Coffee Drinkers and Traders Alike

Investors use the news and catalysts like the COVID-19 pandemic to capitalize on shifting trends, cultural evolution and game-changing technological innovations, among other things. As the masses transition to remote work and more home-prepared meals, certain industries, such as hardware makers and online retailers, have benefited. One segment that might not be on your radar is coffee, or more specifically, how consumers' coffee drinking habits have changed during the pandemic.

Most coffee beans consumed in the west are broken up into two major varieties: robusta and arabica; the latter being sweeter, lighter and popular in restaurants and cafes. Robusta, on the other hand, is largely used in freeze-dried coffees and for pods used in all types of at-home brewing machines. Despite massive drops in demand and record supply this year, robusta bean prices are outpacing arabica and are now positive for the year.

And since Brazil, the world's largest coffee producer, is experiencing bountiful harvests of a mostly arabica crop, it might be hard for both bean types to see any major recovery from what's been a tough year for coffee as analysts say the drop in "outside home" coffee drinking has far outpaced the rise in at-home brewing.

Three Things

1. *Robo-Soother for Kids' Pandemic Stress* – With many schools still closed and kids forced to limit social interactions, parents and educators are turning to socially assistive robots to reduce stress, loneliness and even anxiety. These often furry and synthetically smart companions don't require the care of a live animal, but cost anywhere from \$50 for an entry-level "Purrble" to the \$1,500 "Moxie," which also requires a \$60 per month subscription. Studies do show the devices work, but can also become addictive.
2. *The NSA Issues Guidance on Smartphone Privacy Settings* – While the warning was directed at military and intelligence personnel, it's probably not bad advice. The National Security Agency issued updated guidance on the risks of cell phone tracking and data collection through apps, networks and even bluetooth. The report warned of "Stingray" cell towers and Wi-Fi "sniffers," and encouraged disabling location-sharing services on mobile devices, granting apps, including browsers, as few permissions as possible and turning off advertising permissions. They also recommended switching off the settings that help locate lost or stolen phones.
3. *Troubled Virgin* – Following the bankruptcy (administration) of Virgin Australia earlier this year, Virgin Atlantic, also controlled by Richard Branson, has filed for bankruptcy protection for its U.S. business. The company is seeking a \$1.6 billion rescue plan that reportedly has the support from a "substantial proportion of stakeholders." Another of Branson's airlines, Virgin America, was sold to Alaska Airlines in 2017.

Did You Know?

The History of Dow and Jones

The popular Dow Jones Industrial Average is named for two of the three founders of Dow Jones & Company, Charles Henry Dow and Edward Jones. The two reporters (Jones was also a statistician) met in Providence, Rhode Island, in the late 1800s, and in 1882 launched their

namesake venture in the basement of a candy store, initially publishing the “Customers’ Afternoon Letter,” which was a short summary of the day’s financial news. The Dow Jones Industrial Index was launched on Feb. 16, 1885.

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