



Basis Points – November 10, 2020

 westwoodgroup.com/weeklyblog/basis-points-november-10-2020/

Above the Fold

What Does This New Administration Really Mean for Markets?

While the Trump administration has not yet conceded and legal challenges around the election process remain, it's been projected that Joe Biden will become the 46th President of the United States (so long as states' results are certified). Conservatives are still hoping to retain control of the Senate, which would help keep the Biden administration on a more moderate path for the next couple years, but that race may not be known until a January run-off election in Georgia. Regardless, the Senate will remain narrowly divided, which will mean more cross-party cooperation if significant legislation is to move forward.

From an economic standpoint, there's been talk of a coming "growth bomb" that could stem from consumers' large cash hoards of [savings](#), but unless a vaccine for COVID-19 is produced quickly and fears of a less-favorable corporate landscape dissipate, Americans may be a little less likely to part with their fiscal safety nets. One of Biden's campaign promises was to raise [taxes](#) on corporations and the wealthy, but with republicans keeping control of the senate and even adding seats in Congress, the new administration may not find the path to higher taxes an easy one. In other words, there's less of a chance of a dramatic shift in the tax code in the near term.

Bond yields actually dropped last week as traders seem to take a less-optimistic stance on another round of deep fiscal stimulus. The action also supports the theory of a GOP-controlled Senate. For now, markets seem to be pricing in a "less-dramatic" transfer of power and policy, along with growing momentum in a COVID-19 vaccine — both should provide near-term equity support.

Three Things

1. *Apple Insources Chips; Intel May Now Be Outsourcing Them* – Apple is expected to announce new Macs powered by its own Arm-based chips, replacing those made for years by Intel. Ironically, America's largest chip-maker (by revenue) is floating the idea of outsourcing production of some of its most advanced chips. As a Silicon Valley pioneer, Intel has kept domestic production a priority, but is now facing challenges and may move production overseas as it struggles to keep up with the latest production processes.
2. *Pfizer's Great News, With Caveats* – Pfizer announced yesterday that their coronavirus vaccine, developed in conjunction with German drugmaker BioNTech, was more than 90% effective in preventing the disease in volunteers who had NO evidence of prior infection. The company plans to request an emergency authorization from the Food and Drug Administration as data show no serious safety concerns thus far. Longer-term effects (good and bad) have yet to be known.
3. *SpaceX Now Gets 5-Sided Respect* – Formally known as Space Exploration Technologies Corp., Elon Musk's brainchild wasn't taken seriously by the Pentagon until recently. The aeronautical technology company is now garnering big contracts from America's military for everything from satellites to rockets and spacecraft. Some see SpaceX joining the ranks of Boeing and Lockheed Martin as top military suppliers.

Did You Know?

A Hairy November?

Noticing more mustaches, beards and facial hair this month? "Movember" or "No-Shave November" started back in 2003 in Australia to raise awareness about prostate and testicular cancers. In 2008, an online movement took hold, spreading the word to the states and beyond.

The campaign has now grown to include more than 21 countries with added focus on men's mental and physical health, in general. Orchestrators suggest giving up one of your hair-grooming products or practices and donate that money to a related charity.

The information contained herein represents the views of Westwood Wealth Management at a specific point in time and is based on information believed to be reliable. No representation or warranty is made concerning the accuracy or completeness of any data compiled herein. Any statements non-factual in nature constitute only current opinion, which is subject to change. Any statements concerning financial market trends are based on current market conditions, which will fluctuate. Past performance is not indicative of future results. All information provided herein is for informational purposes only and is not intended to be, and should not be interpreted as, an offer, solicitation, or recommendation to buy or sell or otherwise invest in any of the securities/sectors/countries that may be mentioned.