



Basis Points – February 9, 2021

 westwoodgroup.com/weeklyblog/basis-points-february-9-2021/

Above the Fold

The Theory Behind Tesla's Bitcoin Investment

Tesla's latest annual report revealed a \$1.5 billion investment in the popular cryptocurrency, bitcoin. News of the purchase sent the price of the virtual currency soaring to new highs of more than \$44,000, and experts are now wondering what this means both for the currency and for Tesla's balance sheet.

To coincide with the purchase, Tesla's board audit committee modified its investment policy, noting that their newly approved alternative investment choices like digital assets, gold bullion, gold ETFs and other assets will "provide [Tesla] with more flexibility to further diversify and maximize returns

on our cash that is not required to maintain adequate operating liquidity.” The company also said it would begin accepting bitcoin as payment for its products (the first major automaker to do so).

And while the very public announcement has boosted bitcoin’s value and arguably added to its legitimacy, the digital asset remains highly volatile and could have potentially negative effects on Tesla’s net cash position. Some have also raised questions around Chief Executive Elon Musk’s direct effects on the prices of cryptocurrencies in general, through his Twitter messaging. Ironically, Musk [labeled bitcoin](#) as “BS” as recently as Dec. 20, 2020.

Three Things

1. *One Reunion Amazon May Not Want* – Thousands of Amazon warehouse workers in Alabama are expected to begin voting on whether to unionize. The group has aligned with the Retail, Wholesale and Department Store Union for potential representation. The formation of a union would allow employees to collectively bargain with the retail giant for a myriad of benefits. Amazon currently employs more than 800,000 people domestically; mostly warehouse workers. In 2018, the company [raised its minimum wage](#) to \$15, but cut other incentive programs at the same time. A previous unionization attempt by workers at Amazon-owned Whole Foods faltered in 2018.

2. *Five Seconds of Fame for Reddit* – Digital community Reddit, home of the recently infamous r/WallStreetBets, bought a five-second [spot](#) during Super Bowl LV. While the ad was easy to miss, the company banked on its novelty turning into another viral trend (which it did). Using just a splash screen of text, the company again touted its “little guy” community and also introduced the word “tendies” (a mature trader slang for profits or money) to the masses.

3. *Pulp Has Gone Parabolic!* – The takeout business is booming in China and more people around the globe are ordering and dining in. The surge in demand for premium napkins, paper box products and high-end toilet paper are all driving wood-pulp prices to record highs. China alone accounts for more than one-third of all global pulp consumption. The global pulp benchmark, Bleached Softwood Kraft pulp, trades on the Shanghai exchange. Prices for the pulp are up nearly 50% since Dec. 1 alone, triggering a bit of an industry shakeup. Experts are unclear how much of the rally is true, sustainable demand or simply speculation.

Did You Know?

Some Things You Might Not Know About Sunday’s Big Game

The Tampa Bay Buccaneers were the first team in history to play a Super Bowl at their home stadium, even if it was limited to just 30% capacity. The day also marks the second-highest food consumption day after Thanksgiving, where nearly 1.5 billion chicken wings are consumed in the

U.S. alone. Topping out at more than \$5.6 million per 30-second ad, the commercials are the most expensive, and most watched annually — but halftime performers are not paid a penny for their appearances.

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.