



## Basis Points – April 29, 2021

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### Above the Fold

*Fed Still in the Cheap Money Game, but Acknowledges Widespread Improvements*

As expected, the Federal Reserve (Fed) stuck to its ultra-accommodative policy, leaving key short-term interest rates near zero, along with a continuation of its \$120 billion in monthly U.S. Treasury bonds and mortgage-backed securities. Fed chairman Jerome Powell did say that he and other voting members of the central bank will only begin to taper stimulative actions once “substantial further progress” is observed between its dual goals of full employment and stable, 2% inflation. Tapering would begin not with a rate change, but first in the amount of securities purchased by the Fed on the open market.

Powell went on to acknowledge the housing market, fueled mainly by its cheap-money policies, has more than recovered pre-pandemic levels. And despite a noted rise in prices, the Fed believes those inflationary pressures are transitory and will normalize once supply chains and other pandemic-related adverse factors return to normal. Investors seemed to mostly welcome the comments, and many pundits believe it will be at least six months before we see any change in action by the Federal Reserve.

## Three Things

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1. *Digital Ad Explosion* – Big tech advertising platforms are seeing record revenues in what's become a digital ad boom. Google recently shattered sales records for the quarter as companies blitz consumers who are spending more time online and at the same time, looking for ideas as the economy continues to reopen. Snap Inc., Pinterest and Facebook all reported big jumps in revenue as ad sales and in-app purchases rose.
2. *Uranium Could Be Making a Comeback* – Market activity, along with prices for uranium used in nuclear power, have been in a slump since the Fukushima Daiichi catastrophe in 2011. But as world leaders are once again embracing nuclear energy as part of their plans to reduce carbon emissions, investors are snapping up shares of uranium mining companies. The recent increased interest and price appreciation is actually triggering some miners to buy futures in uranium they will eventually mine from the ground later.
3. *Uber Getting in on the Vaccine Action* – Hoping to fuel a return to normal life, and in turn its bottom line, ride-share giant Uber will now allow users to book a vaccine (and a roundtrip ride to get it) directly on its app. The new feature is part of its new “*go anywhere, get anything*” mantra and marketing campaign. Direct bookings for vaccines will be executed through its previously announced partnership with Walgreens. The company is also teaming up with several rental car companies to offer in-app direct booking of rental vehicles.

## Did You Know?

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### *Tax Hikes Are Coming, but They Were Much Higher Not So Long Ago*

Ironically, the American Revolution was sparked by British taxation policies in 1760, and yet modern-day taxes here in the states, imposed by our government(s), have been outright stifling at times.

Income tax, as we know it today, was formally created in 1913 and capital gains were taxed using that same rate. By 1918, the highest income tax rates had skyrocketed to 77% until conservatives were able to successfully lobby to reduce them to 58% in 1922, with capital gains taxes then separated at a 12.5% rate. Low income tax rates wouldn't last and the highest marginal rate once again ballooned to 79% in 1936 and was even as high as 94% during World War II. Rates actually remained extremely high (70% to 94%) until the Reagan era, which freed up Americans' retained earnings.

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