



## Basis Points – October 26, 2021

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### Above the Fold

*The Fed, Jack Dorsey Both Feeling a Little Less “Transitory”*

Over the weekend, Twitter CEO Jack Dorsey used his platform of 5.8 million followers to deliver an ominous tweet: “Hyperinflation is going to change everything. It’s happening.” The tech guru’s comments are at least partially self-serving as he’s been very vocal about his crypto investments, and his other company, Square, is also directly linked to the success of digital currency (and increased spending/transactions, in general). And obviously, devaluations of fiat currencies would have a positive effect on digital currencies which are not directly linked to the actions of global central banks. But Mr. Dorsey may simply be announcing the obvious using a bit of hyperbole to get his point across.

Last Friday, Federal Reserve (Fed) Chairman Jerome Powell and other Federal Open Market Committee (FOMC) members seemed to shift to a less dovish stance as stubbornly high inflation data continues to flow in. The Fed now sees its bond-buying taper beginning in November, and a likely reassessment of the expediency of rising interest rates. Some Fed members have gone so far as to question the need for additional stimulus/spending from Washington. Richmond Fed President Tom Barkin was very vocal about additional government spending, noting on Friday, “I don’t think we need more demand stimulus right now.”

Given the current trajectory we are on, and its momentum, the definition of “transitory,” as it pertains to inflation, may need to be extended. The Federal Reserve meets again on Nov. 2 — investors should expect a firm announcement on taper timing then.

## Three Things

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1. *One Middle Eastern Country Bets Big on a Different Kind of Oil Rig* – Saudi Arabia may have just won the award for the ultimate in repurposing. The oil-producing country is **converting** an offshore, abandoned oil rig into a 150,000 square meter amusement park. The “extreme park” will feature amusements, helipads, adventurous activities and play host to extreme sports. Three hotels, with over 800 rooms and 11 restaurants, are being built to house guests, and one dining experience will be completely underwater.
2. *The 4680 Could Be a Game-Changer for Tesla* – Tesla battery supplier Panasonic believes it has mostly solved the challenges around lithium-ion batteries, deriving the most energy at the lowest cost from this type of energy source (which Elon Musk believes is the most cost-effective). The new 4680 battery cell is the latest development from Panasonic, and is able to offer more energy capacity, quicker charging rates and an improved lifespan. While the battery is still in its prototype phase, executives believe it will be able to move to commercial production by March 2022.
3. *Oats and Propane Join List of High-Priced Commodities* – Oats, which are used in cereals and as a milk-alternative, are double the price they were last year due to a severe drought that has stricken the largest growing regions in the U.S. and Canada. Farmers also planted fewer oats to take advantage of higher prices in corn and wheat. As for propane, the popular heating and cooking gas is being stockpiled by consumers and businesses for fear of natural gas shortages and higher prices. Propane prices are triple what they’ve averaged the last two years around this time.

## Did You Know?

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*A Little Oat History*

Oats have a 9,000-year history as a cereal grain harvested by man. With roots tracing back as early as 7,000 B.C. in China, the ancient Greeks were the first to use oats to make oatmeal or porridge of sorts by adding hot water and spices. The lion's share of global oat consumption is used to feed livestock, while just 5% of the world's crop is eaten by humans. After cereal, the two most popular uses of oats are for making oatmeal cookies and meatloaf. And by the way, Oct. 29 is National Oatmeal Day.

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