



Basis Points – October 28, 2021

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Above the Fold

Why the Trillion-Dollar Coin Is More Than a Gimmick

While the Senate recently passed a bill to once again raise the debt ceiling into early December, the latest wrangling over America's growing debt brought one novel solution to light: minting a trillion-dollar coin. In all fairness, the idea of producing a \$1 trillion coin was first mentioned a decade ago during a similar debt-ceiling debate.

As it stands now, Congress is spending way more (roughly \$2.77 trillion) this year than it collects. To pay for these debts, the country borrows money by selling bonds. Lopsided budget arguments aside, lawmakers must periodically agree to either reduce spending or continue to raise the debt ceiling in order to keep the lights on in Washington and all government-run entities operating.

During this last round of debate, the theoretical idea of minting a platinum coin with a stated value of \$1 trillion to cover our debts was meant to demonstrate America's ability to pay its debts and cleverly avert a recession. Sure, the creation of such a coin would undermine the perceived stability of our monetary system and would most certainly create an inflationary response. But, in a sense, our country, and many others, have been doing it for years ... just in a much more clever and methodical way. This 60-year [chart](#) of the M2 Money Supply shows just how much cash and equivalents have been injected into the U.S. economy.

Three Things

1. *Tesla Gets Boost From Rental, Rideshare Space* – Hertz Global Holdings is going all-in when it comes to electric vehicles (EVs). The company just entered an agreement with Uber Technologies to add up to 50,000 Tesla vehicles to Uber's network for drivers to rent. Separately, Hertz also announced an initial order for 100,000 Teslas for delivery by the end of 2022 to add to its traditional rental fleet and through partnerships like the one with Uber.
2. *Advertising Revenues Supercharge Google's Earnings* – With the meteoric shift in consumer purchases to digital platforms, Google is reaping some serious rewards. The company reported its highest revenue growth (41%) in 14 years, while its third quarter profit nearly doubled year over year. Global spending in the digital-ad marketplace is now projected to grow at a rate of 26% in 2021 alone. Since Google controls the lion's share of global search, it's able to capture a great deal of this massive increase.
3. *McPrice Increases Fuel Earnings for the King of Fast Food* – McDonald's reported a 14.6% jump in quarterly same-store domestic sales compared to the same quarter in pre-pandemic 2019. The company also saw global same-store sales increase 10.2% over the same period. Aside from the success of its new crispy chicken sandwich, U.S. sales were bolstered by price increases across its menu, while international sales benefited from loosening COVID-19 restrictions and larger average order size.

Did You Know?

America's Highest Denomination Bill

Our country's mint did produce a \$100,000 bill featuring Woodrow Wilson. The note was actually a gold-backed certificate that was used exclusively for official transactions between Federal Reserve banks. And though 42,000 of these bills were created, they were never circulated or allowed to be used publicly. In fact, it is illegal for a collector to even own the bill.

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