



Basis Points – February 18, 2020

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Above the Fold

The Future of Electric Cars

With the national average cost of fuel around [\\$2.40](#), and likely to stay relatively cheap for the foreseeable future, many Americans seem happy driving cars with engines that burn fossil fuels. And even though piston-powered vehicles are likely to stick around, it seems that most carmakers are betting on the future of e-vehicles, powered by electricity.

Audi, Ford, Jaguar, GM, Kia, Nissan, Volvo, Volkswagen and others are all either producing or plan to produce new, exciting and now affordable EVs (electric vehicles) in 2020. As car sales slow globally, manufacturers need ways to motivate consumers and keep up with the 800-pound EV gorilla, Tesla (who many believe is hitting its stride and will capture increasing market share).

Competition isn't the only reason why EVs may experience a growth spurt. The confluence of several determining factors such as range, price and infrastructure are likely to propel EVs from novel to commonplace. The top EVs now have a range approaching 250 miles per charge, while costs have dropped down into the \$30k range (the average new car now costs a whopping [\\$37,000](#)). Experts believe that the price of a lithium-ion battery pack must drop to \$100 per kilowatt hour for EVs to sell at parity (or cheaper) with their combustion cousins. A recent forecast from [BloombergNEF](#) expects those levels to be attained by 2023.

Three Things

1. *Not-So-G'Day for GM* – GM will dramatically cut operations in Australia and New Zealand, and will stop producing its iconic Holden brand in the region as well. The company also announced that Chevys will no longer be sold in Thailand and its Thai Rayong manufacturing plant will be sold off to Chinese automaker Great Wall Motor Co.
2. *Got Traffic? It Could Be Rideshares* – Ride-hailing companies Lyft and Uber promised their services would help relieve congestion in major urban centers; unfortunately, they've done the opposite. Several studies concluded that ridesharing has exponentially increased traffic and reduced mass-transit use. Transportation consultant Bruce Shaller estimates that for every mile of personal-car driving these companies remove from the roads, they add 2.5 miles in a ride-hailing vehicle.
3. *Sales Tax Bites Japan Hard* – Japan's gross domestic product tumbled at an annualized rate of -6.3% during the last quarter of 2019. The drop was nearly -2.5% greater than economists' forecast and was fueled largely by a drop in personal consumption after the national sales tax was increased from 8% to 10% on Oct. 1. Forecasters now expect Japan to dip back into recession as coronavirus effects add to the weakness.

Did You Know?

A Record Year for Guns in Airports

The Transportation Security Administration reported an all-time record of 4,432 guns seized at airport checkpoints last year. The number of confiscations was an all-time record for the 18-year-old agency, which also revealed that 87% of those guns (nearly 3,900) were loaded. Weapons were taken from nearly 280 airports and even included a [missile launcher](#) tucked away in a checked bag at Baltimore/Washington International Thurgood Marshall Airport.

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