



Basis Points – October 15, 2020

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Above the Fold

Will the Rise in Oil Prices Be Short-Lived?

After falling from more than \$63 a barrel early in the year to a near \$11.50 low in April, West Texas Crude has bounced back to a current level around \$41, but some experts believe the rally could come under pressure. A supply glut, coupled with a pandemic-related drop in demand triggered the rout early in the year. As global economies get back to work and as trade and travel limitations are lifted, global demand is soaking up all that excess supply. But with Europe overtaking the U.S. in new cases of COVID-19, and several countries experiencing second-waves of infection, fears of ever-tightening social and economic restrictions could affect the slow and fragile return of demand. A recent strike in Norway ended and Libya's largest oilfield also came back online earlier in the week, adding to supply.

Goldman Sachs still remains moderately bullish on oil and notes that a Biden win, which would likely increase costs and regulations for producers, could act as a “positive catalyst” for black gold prices.

Three Things

1. **Facebook Increasing Its Censoring Around Vaccines** – Working in concert with global health authorities, the social media giant will fully ban any ads that discourage the use of vaccines. While Facebook started blocking vaccine misinformation ads last year, this new initiative is expected to completely eliminate anti-immunization advertising across all its platforms, including Instagram. In a related action, Facebook will also remove any content denying the Holocaust.
2. **Google’s Digital Assistant Can Now Book Haircuts (Yes, It’s a Big Deal)** – Google first launched its Duplex restaurant reservation system two years ago; now that same system can book haircuts for you. And while this might not sound impressive, you should know that the assistant is a fully autonomous, computer-generated, human-sounding algorithm that calls real human-run businesses to complete a task. It even uses subtle voice inflections and conversation nuances like “umm,” “uh-hmm” and “ahh” to sound more natural — and most people can’t tell that they are talking to a robot.
3. **When Encryption Really Isn’t Encrypted** – The U.S. Department of Justice (DOJ) just joined six other nations fighting for access to your encrypted information. In its statement, the DOJ denounced the use of total encryption and made the argument for courts and law-enforcement to gain back-door access to information deemed private. The seven nations all seek access to both information in transit as well as information stored on a local device or hard drive.

Did You Know?

America Has a Canned Corn Problem

As the pandemic continues to drag on, many areas are experiencing shortages of canned corn. Ironically, the price of corn had plummeted during the first half of the year, but has since seen a rebound — but it wasn’t price that created the shortage.

Sweet corn, the type that we eat off the cob, in cans or frozen in bags represents less than 1% of total corn production in the United States. The vast majority of corn is used for feed, seed and industrial use, and tastes pretty darn nasty. Corn is also only harvested once a year and demand for sweet corn tends to be fairly predictable. Of course, no one could have predicted the meteoric rise in pandemic-driven canned corn demand, and now the industry is playing catch-up since the harvest just ended. Unfortunately, there are also limitations to seasonal canning capacity and even less available trucks on the road to ship with all the logistical shifts that occurred as a result of the coronavirus pandemic. In short, some experts believe the shortages may continue, at least in some regions, throughout the holiday season.

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