



Basis Points – February 18, 2021

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Above the Fold

Cold Air, (Consumers) Don't Care

The Commerce department released its latest retail and food sales report for the month of January, and the results far surpassed analysts' expectations. After four months of decline, U.S. consumers upped their spending by 5.3% in the first month of the year, versus consensus estimates for an increase of just 1.2%. The spending spree may have been fueled by \$600-per-recipient stimulus payments, but several economic experts see the growth as more of a turnaround as opposed to a transitory event.

The data showed consumers continued to spend on things that improve lifestyles and work-from-home trends. Furnishings and electronics saw double-digit sales growth compared to the normally busy December holiday month as Americans continued their "nesting" trends.

Colder weather and lingering pandemic restrictions have also led consumers to consolidate shopping trips. Experts believe the biggest beneficiaries of the spending rise will be the big-box and online retailers like Costco Wholesale Corp., Best Buy Inc., Walmart Inc., Target Corp. and of course, Amazon.com. From a category perspective, toymakers and video game producers also seem to be faring well, while soft-drink makers like Coca-Cola Co. continue to struggle as away-from-home dining remains depressed.

Three Things

1. YouTube Sees Opportunity in Shorts – As the fight for ever-tightening global attention spans continues, Google-owned YouTube will bring YouTube Shorts beta to America starting in March. The digital media pioneer is looking to capitalize on the momentum of TikTok and Instagram's Reels. Shorter videos allow for greater volume and viral potential and often contain embedded, clickable marketing. The YouTube Shorts player is already capturing 3.5 billion daily views globally.

2. Amazon Delivering on Its Indian Promises – Despite India's recent antitrust probe into Amazon's expansion tactics in the country, the company pledged an additional \$1 billion to help small and medium-sized Indian businesses come online. Amazon has already invested roughly \$5.5 billion in India, and is set to open its first manufacturing line in the Asian nation to produce Fire TV devices. In a partnership with Foxconn-owned Cloud Network Technology, they hope to produce hundreds of thousands of devices per year, helping boost India's local economy and the country's reputation as a producer of precision electronics.

3. Gold Alternative Getting Much Deserved Attention – At just over \$1,200 per ounce, platinum is considerably cheaper than gold and had not enjoyed the same price appreciation that gold did until recently. While gold prices have dropped roughly 4% year to date, platinum has risen nearly 18%, and is near a six-year high. As a precious and industrial metal, platinum is also seen as an inflation hedge and "safe haven" (less volatile) asset compared to equities, digital currencies and consumption commodities like oil.

Did You Know?

Texas is the Only State With Its Own Power Grid

The Lone Star State is not only the biggest producer of oil, cattle, cotton and sheep, it also has its very own electrical grid. Three systems, the Eastern Grid, the Western Grid and the Texas (ERCOT) Grid, come together to power our nation. While they are all linked, each is operated independently. The Electric Reliability Council of Texas (ERCOT) manages the flow of electric power to 26 million Texans, roughly 90% of the state's electrical needs. The state also boasts the most wind turbines of any state and its power flows through a massive network of more than 46,500 miles of high-voltage lines. The vast majority (52.8%) of Texas power comes from natural gas.

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