

Macro View – Central Banks Go Digital

The word “crypto” carries a mysterious stigma that raises more questions than answers. Analysts alongside central banks are becoming more comfortable with “digital currency” versus “crypto.” Central Bank Digital Currencies (CBDCs) add efficiency to payment and settlement. Likely, the CBDC becomes a substitute for bank deposits. Security and regulation immediately come into question on CBDCs with unique token identity via blockchain technology offering a possible solution. The immediate application already exists through Google Pay and Apple Pay. The Federal Reserve has communicated the introduction of FedNow, a retail instant payment system that allows for digital service and 24/7 clearing and settlement. Not surprising, China is moving swiftly towards a digital currency. Alibaba introduced digital pay in 2004. In 2019, total Chinese mobile transactions equaled \$35 trillion and 1.2 billion users (St. Louis Federal Reserve Bank). The Chinese Central Bank is expected to bring the e-CNY, the digital Yuan in 2022 or 2023.



Source: Bank of England

Taking Stock – Electric Vehicle Opportunities and Threats

Analysts and investors are weighing the opportunity provided surrounding the global commitment to electric vehicles. Front and center has been lithium and the lithium mining companies in the U.S. and abroad. Reuters reported that President Biden has communicated a commitment to look outside the U.S. for lithium. Biden justified the move by supporting job creation specific to jobs specific to semiconductors, chip production, and batteries versus mining itself. Certainly, a nod to environmentalists likely also played into Biden’s comments. Livent Corporation (LTHM) may be a company that benefits. Livent is based in Philadelphia with mines in North America, Latin America, Europe, the Middle East, Africa, and Asia. Livent is well recognized as being the lithium provider to Tesla. The chart below shows a one-year return on LTHM of 200% from May 25, 2020 to May 25, 2021.



Source: Seeking Alpha