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Bitcoin Boom

Bitcoin soared to an all-time high on October 13, reaching a value of \$5856.10 and a market capitalization of over \$90 billion. This six-fold increase on the year is being attributed to increased interest from investors. There has been a recent growth in use of "wallets", which are what digital currency investors use to store their bitcoins. The number of wallets has nearly doubled in the past year. Another indicator as to why Bitcoin is reaching such high values is the lower performance of other major digital currencies this past week. Investors will often sell other digital currencies in order to purchase more bitcoin.



The world's first Bitcoin ATM machine is in Vancouver, Canada.

Photo Credit: Bogdan Cristel/Reuters

Some digital currency analysts, however, are wary of this recent growth. Elliott Prechter of The Elliott Wave Theorist newsletter told CNBC that "The cryptocurrency craze represents some of the most intense financial speculation the world has ever seen." He believes that when it reverses it will be "nearly impossible for investors to exit while prices collapse." Analysts debate over whether or not Bitcoin's growth is reflecting bubble-like behavior.—AR

Sources: goo.gl/DDKguS

Unemployment Falls

There has been a consistent downward trend in U.S. unemployment rates in the recent years. According to an article published recently in the Wall Street Journal, people applying for jobless claims fell for the second week in a row. Initial jobless claims, referred most commonly as a proxy for layoffs, decreased by 15,000 to a seasonally adjusted 243,000 for the week ended October 7, according to the Labor Department. This is a promising sign for the economy as the overall unemployment rate fell to 4.2% in September. These numbers reflect the strength of the economy despite the recent regional surges of unemployment due to tropical storms. Maintaining the longest streak of declining jobless claims since the 1970s can give the Fed officials a significant relief as they can now think of raising interest rates one more time before the conclusion of this year —NM.

Sources: <http://on.wsj.com/2ykPRXw>



Walmart, The City of Philadelphia, and Penn are the largest employers in Pennsylvania respectively.

Musical Chairs at the Fed

Janet Yellen has been Chair of the Board of Governors of the Federal Reserve since 2014 and her tenure is scheduled to end this coming February if she is not reappointed. The decision on who the next Fed Chair will be appointed by President Trump. When choosing the next Chair, Mr. Trump is likely to focus on two things: First, if the candidate is hawkish or dovish on interest rates and their stance on deregulation of the financial sector. Currently the rumored leading candidates are former Federal Reserve Governor Kevin Warsh and Janet Yellen. Kevin Warsh has a Harvard law degree, but does not hold an economics degree. However, he does have experience working with the Federal Reserve as he was a close companion of Former Chair Ben Bernanke during the financial crisis. The lack of an economics degree is probably a benefit though the eyes of Mr. Trump because it makes him an "outsider". Kevin Warsh also favors the same kind of financial deregulation that Donald Trump endorses. He has been critical of low interest rates in the past which probably conflicts with what the President wants. Donald is going to want a dovish Fed Chair because higher interest rates means a stronger dollar which will increase the trade deficit he's obsessed with. If I was POTUS today, I would not hesitate to re-elect Janet Yellen. She has proven repeatedly that she is dovish and wants to very gradually raise interest rates over a period of time. This gradual increase is something that Yellen and Trump can agree on.



However, her opinions on deregulation are probably going to lead to her not being reappointed. In recent speeches, it was made very clear she is against deregulation, citing the positive benefits of more, higher quality capital and stress testing banks since the financial crisis.

Janet Yellen still has four months left as Fed Chair but as of today it's not probable that she will be reappointed.

—PR

Sources: <http://politi.co/2wyDwPH>, <http://cnb.cx/2xJmfUy>

Snake Oil Steel

Kobe Steel, a Japanese steel company has admitted to falsifying the strength and flexibility of 20,000 tons of metal that has already been absorbed into the manufacturing process.

Kobe Steel estimates that 500 firms have received metal that was marketed as having properties it did not possess. This presents a safety risk to eventual consumers who may have bought Mitsubishi or Toyota automobiles that may not be as strong as the manufacturer's thought. In a more extreme case, some of the deceptive steel was used on a H-2a rocket that launched a GPS satellite into space. The most severe loss from this scandal might be trust in Japanese metal production. The firm has been battling against cheaper foreign competitors for years and these accusations might lead the remaining customers astray. Building back the reputation of Japanese manufacturing is going to be an additional task on Prime Minister Shinzo Abe, who worked for the company before entering politics.—PS

Sources: <http://econ.st/2kSHXPR>, <https://bloom.bg/2wTbfQ8>



With a GDP of \$341 billion, the Osaka Industrial Corridor is one of the most productive regions in the world.

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Executive Insights
- Wanda Bryant Hope, Chief Diversity and Inclusion Officer for Johnson & Johnson
- Friday, October 20, 2017 at 11:15 AM
- Register at smeal.psu.edu/insights



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