



## Basis Points – October 7, 2021

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### Above the Fold

#### *Not All Critical Commodities Are Rising*

From foodstuffs and microchips to energy sources and beyond, prices of many commodities have been rising to multi-year levels. But before we jump to conclusions, it's important to realize the drivers behind many of these rallies are not due to typical market forces. Global supply chains and business as we “knew” it were severely disrupted during and after the pandemic. Atypical consumer and industrial consumption patterns also threw off markets like lumber, oil, natural gas and others, sending prices skyrocketing ... and in some cases crashing back down. These unnatural disruptions, which are likely to be temporary, are the main reason why the Federal Reserve sees inflation moderating over the next year.

One commodity, silver, and other precious metals for that matter, have been on the chopping block for months. Silver is both an industrial and precious metal, used in a myriad of applications. As bond yields continue to rise, interest rate hikes become more likely and global industrial demand forecasts moderate, silver's struggle continues. Over the last four months, the durable metal lost more than 21% of its value. It and other precious metals are also under pressure as the U.S. Dollar strengthens. So where does silver go from here? Expect near-term prices to be weak, but they could rebound if industrial trends improve (a successful infrastructure bill would help), and as chip shortages ease over the next year.

## Three Things

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1. *NYC Cheap Rent Fest Coming to an Abrupt End* – Even though NYC real estate is still far from where it was pre-pandemic, landlords who offered deep discounts and perks to keep and/or lure renters are flipping the script. With many pandemic-era leases expiring and deals fading, New Yorkers are experiencing [sticker shock](#) as building owners jack up prices ... some as much as 80%. Median rents are up to \$3,118, after hitting a floor of \$2,743 in November 2020.
2. *SEC Wants to Lower “Economic Rents”* – The newly appointed chairman of the Securities and Exchange Commission, Gary Gensler, looks to clamp down on Wall Street firms. Digital firms, mutual funds, private equity and high-frequency trading are at the top of the list, as is a reduction in “economic rents.” The term is used to describe profits and salaries earned above what a purely competitive market would allow. Essentially, he wants to help reduce what the agency views as excess in the financial markets.
3. *Uber to Improve Airport Trips* – We all know that transport can often be hectic in America's largest airports, especially when ride-shares are involved. Uber is looking to ease some of the stress by allowing passengers to book airport trips (to and from) up to 30 days in advance. The company will also allow you to input your flight information, so drivers can arrive at just the right time. Algorithms will also improve curbside pickups using several data points in addition to better location services.

## Did You Know?

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### *Silver Thursday*

In early 1979, brothers Nelson, William and Lamar Hunt drove the price of silver from roughly \$6 per troy ounce to a record high of \$49.45. At the time, the brothers were said to hold a third of the entire global supply of the metal, effectively “cornering” the market. In early 1980, the COMEX (Commodity Exchange, Inc.) adopted “Silver Rule 7” in response to the Hunt brothers’ massive accumulation. The new rule placed hard rules around margin requirements, forcing the highly-

leveraged group to liquidate their positions. The silver market finally collapsed on Thursday, March 27, 1980, sending ripples throughout the commodities markets. The event was an inspiration for the Eddie Murphy hit movie “Trading Places.”

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