



## Basis Points – November 23, 2021

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### Above the Fold

#### *Biden Chooses to Keep Federal Reserve Chief in Place*

President Biden opted to maintain monetary continuity by nominating Federal Reserve Chairman Jerome Powell for a second term. Mr. Powell is expected to win Senate approval, which removes at least one element of market and economic policy uncertainty moving forward. The President also nominated Fed Governor Lael Brainard as Vice Chairwoman. Dr. Brainard is the only Democrat on the Board of Governors and tends to take a more progressive position with more emphasis on regulation. She was the only member to dissent in a June 2020 vote to change portions of the Volcker Rule, which limits banks' dealings with hedge funds and private equity firms.

Markets applauded the decision as lawmakers on both sides are pleased with the Fed's handling of the pandemic-induced economic crisis. It's likely that Dr. Brainard could eventually move into the Chairman role; obviously, depending on who is in the White House when Powell's term is up. Some conservatives are also concerned that the politically agnostic Fed could expand its role to include a contentious agenda like climate change, but that seems unlikely in the near term. Brainard does support a national digital currency and heavily embraces financial innovations, including cryptos and digital solutions.

## Three Things

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1. *Could Prefab Homes Help Ease Housing Hassles?* – After peaking in production in the late 1990s to nearly 400,000 units per year, pre-manufactured homes suffered a steep decline, bottoming to less than 50,000 units during the Great Recession. With the average home build price topping \$310,000 (not including land) in 2020, a typical manufactured home, with a new cost of less than \$90,000, might be an affordable solution. Manufactured home production is back above 100,000 units per year.
2. *Relief for High Oil Prices May Be Coming* – In a recent report, the International Energy Agency (IEA) said that the abnormally tight supply and high market conditions will soon be easing. New waves of COVID-19 and slowing industrial activity could temper demand as America, Russia and Saudi Arabia are all expected to increase collective production by an estimated 1.5 million barrels per day for the rest of the year.
3. *From Automaker to Chipmaker* – Both Ford and General Motors (GM) will collaborate with chipmakers to create, develop and possibly manufacture their own semiconductors. Ford will partner with GlobalFoundries Inc. to increase their chip performance and reduce dependency on other third parties, while GM will be co-developing new chips with several partners including TSMC (Taiwan Semiconductor), Qualcomm and others. The goal is to provide long-term support and business for chip foundries and hopefully expand domestic production, even after the pandemic shortage ends.

## Did You Know?

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### Turkey by the Numbers

With Thanksgiving upon us, we thought it might be helpful to offer a few financial facts around this annual holiday. This is an expensive week for Americans, with the average person spending \$312 over the five-day period during the Thanksgiving break. All told, Americans are also expected to drop nearly \$605 million on turkeys alone, with 46 million of the birds going to the slaughterhouse for this week's consumption alone. Unfortunately, all that cooking can lead to catastrophe as U.S. residential building fires cause \$26 million worth of damage on Thanksgiving Day alone.

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