



Basis Points – January 6, 2022

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Above the Fold

Will the Housing Boom Continue Into 2022?

Housing prices rose at a record pace in many areas globally. On average, across 31 different economies, home values added nearly 12%. Here in the United States, values experienced their greatest one-year growth ever in recorded history, even outpacing the housing bubble that helped fuel the Great Recession just over a decade ago. According to the S&P CoreLogic Case-Shiller Index, average home values were seeing near 20% year-over-year increases during the summer, with some price appreciation slowing into autumn and winter. Keep in mind that these are mean data points, with hotter metros in Texas, Arizona and Florida experiencing much higher gains.

But since the rise in typical American home values has been parabolic over the last few years, many experts believe that the new year will bring some relief to would-be buyers who've been shut out of the marketplace. The combination of limited investment opportunity (due to price), rising interest rates and sheer market fatigue should all help add inventory to markets. And even though we're likely to see a deceleration of housing momentum, the vast majority of experts are forecasting a plateau in prices, not a crash. The Mortgage Bankers Association is currently the only industry analyst expecting a drop in prices (-2.5%) by the end of 2022.

Three Things

1. *Amazon Pens Big Deal With a Carmaker You Might Not Have Heard of* – We previously reported that Amazon had already inked a deal to order 100,000 electric vans from Rivian (of which Amazon holds a 20% stake in), in what was one of the largest electric vehicle purchases ever. Earlier this week, the tech giant announced it will also buy an undisclosed amount (the word “thousands” was mentioned) of electric delivery vans from Stellantis in 2023. Stellantis is a new company formed last year from the mega-merger of Fiat Chrysler and the French PSA Group.
2. *The Weirdest Gadget at CES* – The annual CES event in Las Vegas always brings big tech surprises. This year, everything from energy-harvesting remote controls from Samsung to the Labrador Retriever Robotic Table, which will retrieve and essentially serve you food, were just a couple of the innovative designs featured. But one of the weirdest CES devices is the Amagami Ham Ham finger-nibbling [robot toy](#). This odd, but sort-of-cute Japanese stuffed animal is designed to do exactly as its name implies ... bite your fingers (gently). Apparently it's a thing.
3. *Just When You Thought It Was Safe to Build Again* – After peaking at over \$1,700 per 1,000 board feet in the spring of 2021, lumber prices had settled in a still-elevated, but reasonable trading range of around \$500 to \$600 for a few months. But while supply still remains thin and as builders stock up for the spring construction season, prices have leapt 65% in just a couple months to nearly \$1,100. Analysts warn that lumber costs are likely to remain elevated for at least the first quarter as flooding in British Columbia has further pinched supply chains, sparking another “hoarding spree” for wood buyers.

Did You Know?

Dots and Dashes

On this date, 184 years ago, Samuel Morse first demonstrated his revolutionizing invention, the telegraph. In addition to the technology, which used electric impulses to transmit messages over a simple wire, Mr. Morse had created his own code in which a series of dots and dashes were used to represent numbers and letters. Five years later, Morse convinced a skeptical Congress to fund the first telegraph line from Baltimore to Washington, D.C. Once operational, he sent the first

official message, "What hath God wrought?" The service became extremely popular, with messages (called telegrams) sent by companies like Western Union around the world. The last Western Union telegram was sent in January 2006.

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