

## OBSERVATIONS

- COVID-19: U.S. has now administered over 200 million doses. Pfizer CEO Albert Bourla says people will likely require a 3<sup>rd</sup> dose within a year of full vaccination.<sup>1</sup>
- Core inflation readings (CPI) reached +2.6% YoY. Excluding food and energy, CPI was +1.6% YoY (see our [‘One More Thought’ from 29-March](#) on base effects and inflation trends and [recent blog](#) on inflation).<sup>1</sup>
- Personal computer boom continued in Q1, 69.9 million PC units shipped in Q1, a +32% increase YoY.<sup>2</sup>
- Special Purpose Acquisition Vehicles (SPAC) reach a new milestone as Singapore based ride hailing company Grab Holdings merges with special purpose company Altimeter Capital giving Grab a nearly \$40bn market capitalization – the largest transaction to date involving a SPAC.<sup>3</sup>
- 14-April: Coinbase goes public, and Gary Gensler is confirmed by the Senate to lead the SEC, two unconnected events that are likely to significantly impact the future of crypto assets like Bitcoin.<sup>4</sup>
- Bank of America estimates that a record \$576bn has moved into global equity funds over the past 5 months since November, more than cumulative inflows over the past 12 years which they estimate to be \$452bn.<sup>5</sup>
- Retail sales rose 9.8% in March from February (expectations were for a gain of 5.8%). The near double-digit gain was the largest MoM increase in ten months.<sup>1</sup>
- Retail trading interest continues as Charles Schwab added 3.2 million new brokerage accounts in Q1 2021, exceeding the total number of new accounts added in all of 2020.<sup>1</sup>
- The 4-week moving average for initial jobless claims dipped below 700k (currently 683k) for the first time since the crisis began – though remains over three times higher than pre crisis levels of 225k.<sup>1</sup>
- China’s Q1 GDP expanded by +18.3% on a YoY basis, largely in line with expectations of +18.5%.<sup>1</sup>

## EXPECTATIONS

- First quarter volatility bolsters trading revenues as J.P. Morgan and Goldman Sachs report 25% and 47% YoY increases in trading revenue, respectively. Banks kicked off Q1 earnings season last week, this week will see 81 S&P 500 companies report earnings.<sup>1</sup>
- St. Louis Federal Reserve President Jim Bullard noted that, while premature, debate over a tapering of the Federal Reserve’s \$120bn per month bond buying program could be linked to a 75% vaccination rate. Some analysts estimate that this milestone could be reached in the U.S. by mid-August, just before the Fed’s critical Jackson Hole Economic Symposium in late August.<sup>1</sup>

## ONE MORE THOUGHT: *Housing Market Nuggets*

Housing markets have seen record activity along with record price gains. A number of data points illustrate the fervor in housing, some of which has been complicated by the pandemic. Lumber futures recently reached new record high after surging more than 60% this year, and more than tripling since the Pandemic lows. The parabolic rise in lumber has added an estimated \$24,000 to the price of the average new home in the U.S.<sup>1</sup> Google noted the search question “When is the housing market going to crash?” spiked nearly 2,500% last week while “How much over asking price should I offer on a home 2021” jumped 350%.<sup>6</sup> The following comes from real estate firm Redfin and reflects activity in the national housing market (over 400 metro areas) for the four week period ended 4-April.<sup>7</sup>

<sup>1</sup> Bloomberg LP

<sup>2</sup> <https://www.gartner.com/en/newsroom/press-releases/2021-04-12-gartner-says-worldwide-pc-shipments-grew-32-percent-in-first-quarter-of-2021>

<sup>3</sup> [https://www.wsj.com/articles/grab-to-go-public-in-record-breaking-spac-merger-11618308181?mod=markets\\_lead\\_pos1](https://www.wsj.com/articles/grab-to-go-public-in-record-breaking-spac-merger-11618308181?mod=markets_lead_pos1)

<sup>4</sup> CNBC, Bloomberg LP

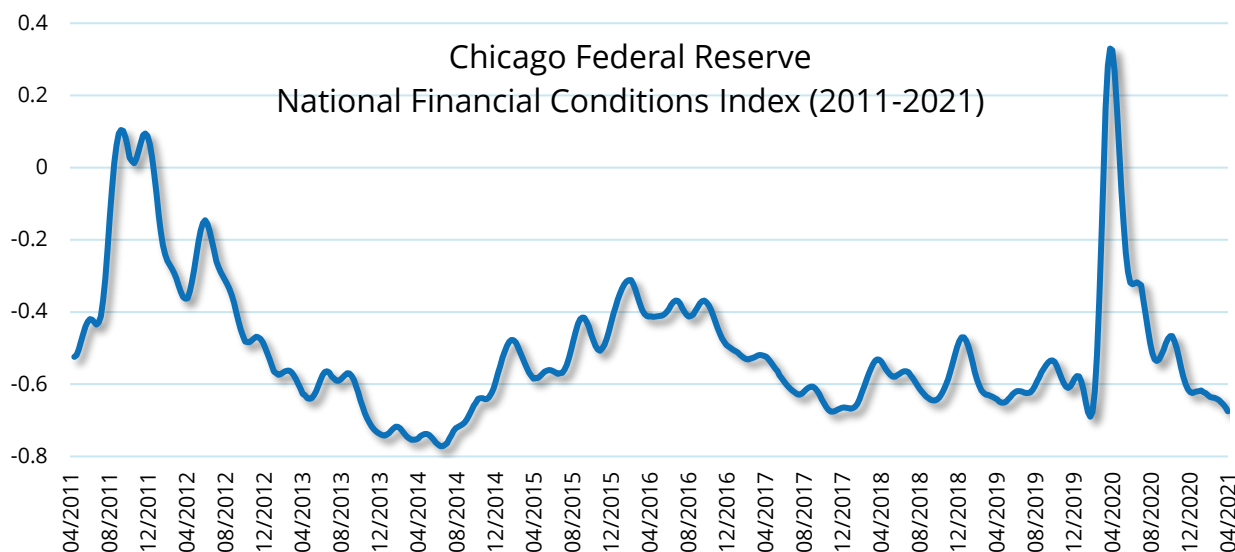
<sup>5</sup> Dailyshot 9-April, BofA Global Research

<sup>6</sup> <https://www.nbc.com/2021/04/13/when-is-the-housing-market-going-to-crash-consumers-ask.html>

<sup>7</sup> <https://www.redfin.com/news/housing-market-update-pending-sales-growth-stalls/>

- Median home-sale prices +17% YoY to \$338,225, an all-time high.
- Asking prices of newly listed homes rose 16% year over year to \$351,851, an all-time high.
- Pending home sales +47% from this time last year, and +24% from this time in 2019.
- Inventory remains low: active listings fell -42% from this time in 2020 to a new all-time low (meanwhile, there are more realtors than homes available for sale<sup>8</sup>).
- Nearly 60% of homes that went under contract had an accepted offer within the first two weeks on the market. During a 7-day period ended 4-April, 58% of homes sold in two weeks or less.
- Homes that sold during the period were on the market for a median of 25 days, the lowest time on market on record.
- 42% of homes sold for more than their list price, an all-time high and the average sale-to-list price ratio (i.e., how close homes are selling to their asking price) increased to 100.5%, an all-time high.

## CHART OF THE WEEK



Source: Clearstead, Bloomberg LP, Chicago Federal Reserve, data as of 14-April

The Chicago Federal Reserve's Financial Conditions Index dropped to -0.67 for the week ended 9-April, approaching pre-COVID levels. The index is a composite of 105 measures of financial activity across risk, credit, and leverage indicators. Readings above zero are generally associated with tighter than average financial conditions while those below zero are suggestive of looser than average financial conditions.

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<sup>8</sup> <https://www.fool.com/millionacres/real-estate-market/articles/more-real-estate-agents-than-homes-for-sale-what-it-means-to-investors/>