



Economics Group

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Builder Confidence Rebounds Heading into Spring

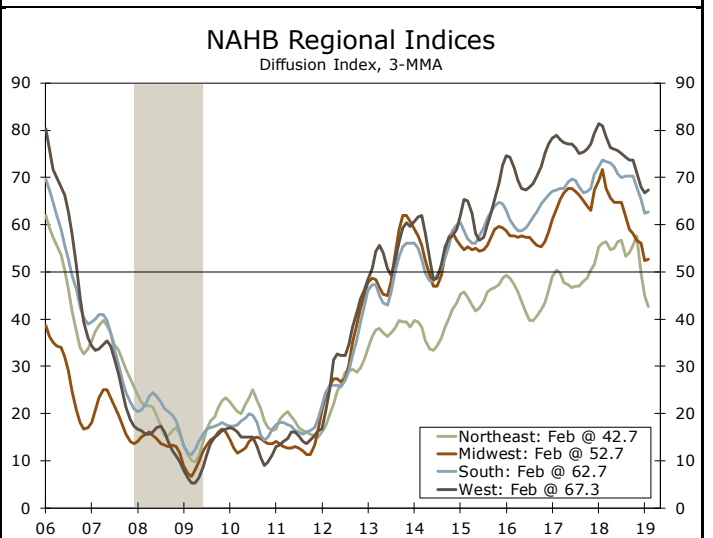
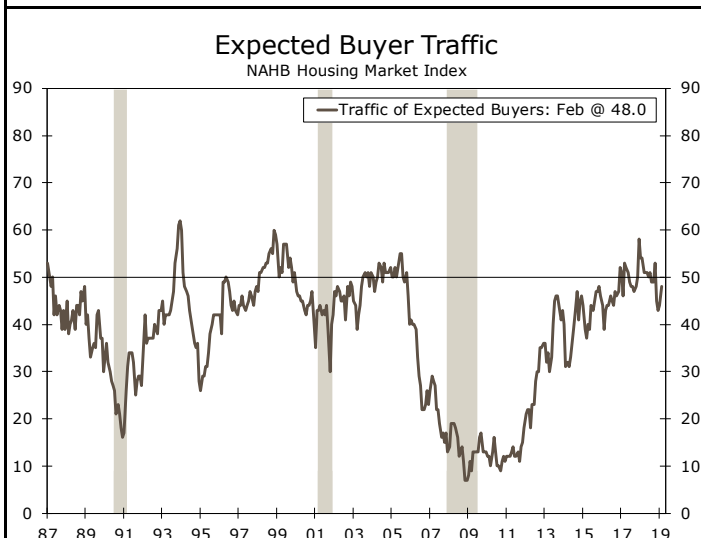
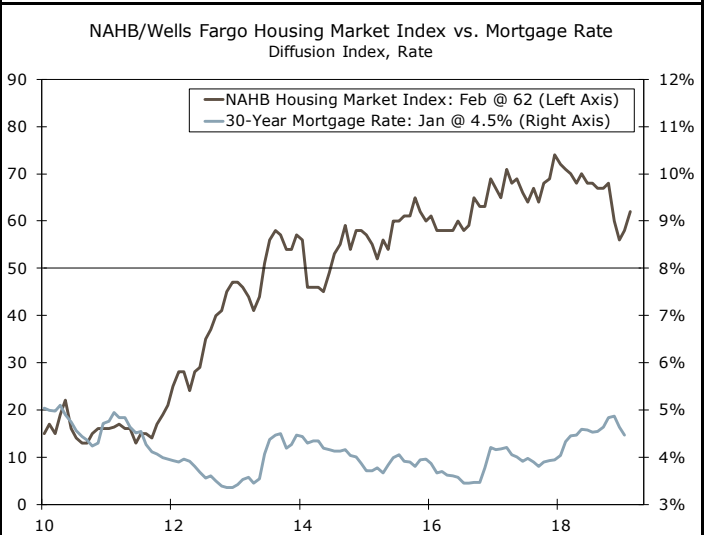
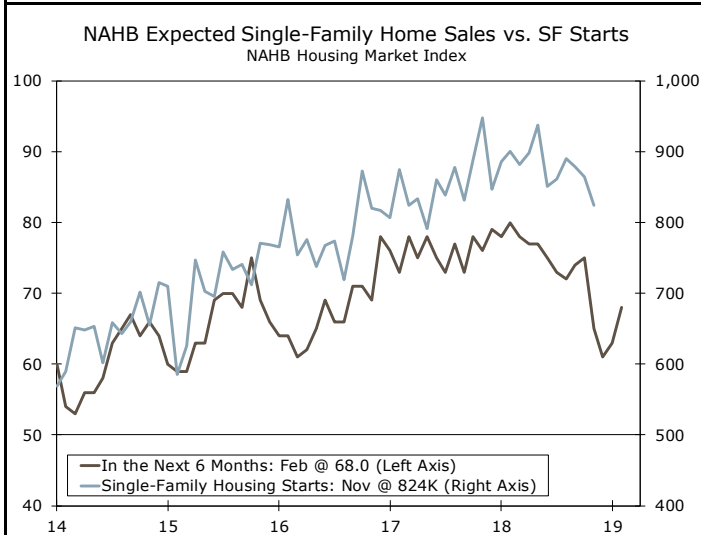
Two consecutive increases in the NAHB Housing Market Index to start the year should alleviate some concerns over the degree of the slowdown in residential activity. Lower rates have fueled near-term expectations.

Sentiment Rebounding Off of Three Year Low

- After an alarming plunge over the final months of 2018, builder confidence has rebounded to a healthier level, with the NAHB index up 6 points to 62 after increases in January and February.
- While structural affordability challenges remain, the 50 bps decline in mortgages rates over the past two months, robust job growth and stabilizing consumer confidence should buoy demand during the spring buying season.

Look Ahead, Not Back

- The NAHB index gauges builders' perception of present sales and future activity over the next six months, providing some degree of survey evidence for a housing market upturn. The shutdown-impaired Census Bureau has yet to release *December* data for new starts and sales, which will likely show continued deterioration when they are released over the next two weeks. Forward-looking surveys point to a bit more spring sunshine.



Source: National Association of Homebuilders, Freddie Mac, U.S. Department of Commerce and Wells Fargo Securities

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