

Datanote: NAHB Index, February

In one line: Homebuilders are enjoying lower rates

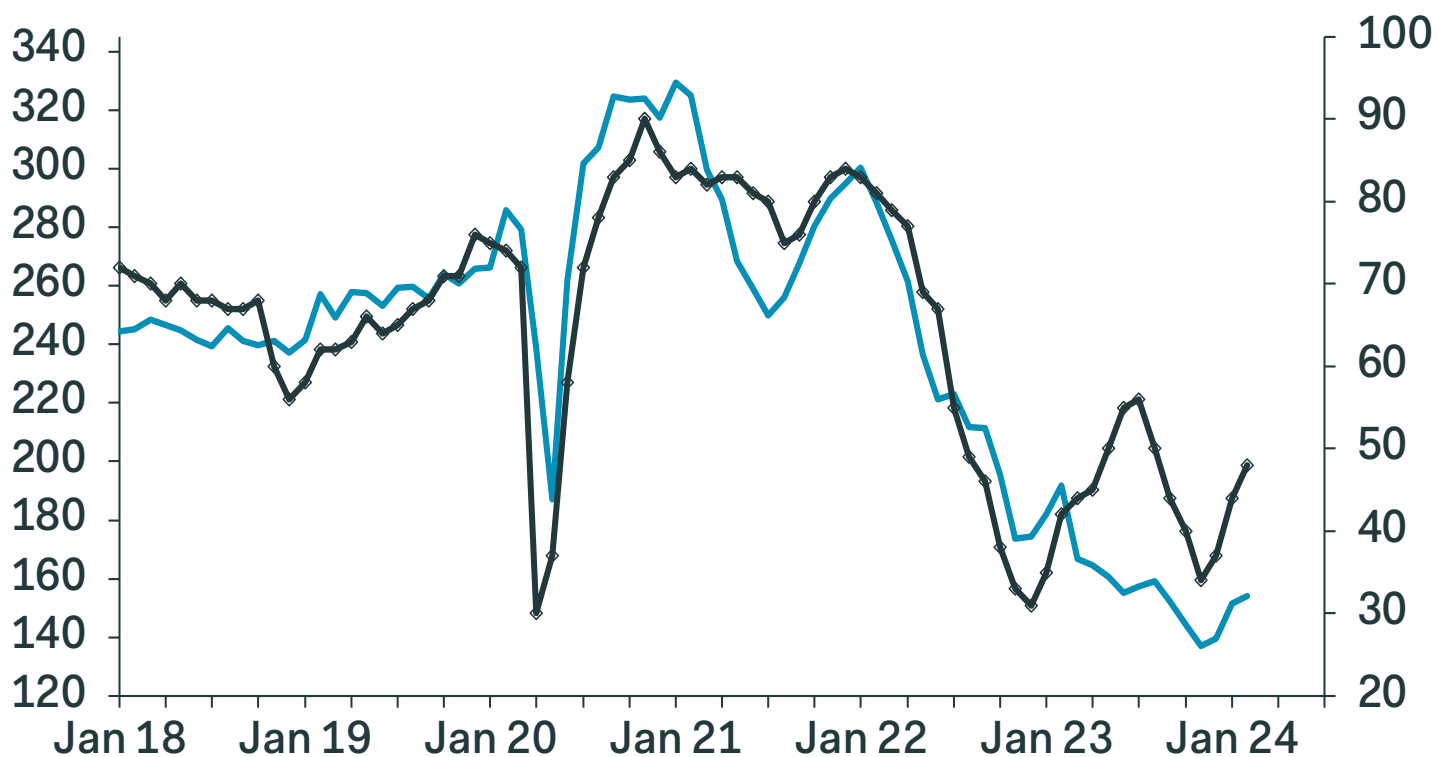
-The February NAHB index of homebuilders' sentiment rose to 48 from 44, a bit above the consensus, 46.

February's further jump in the NAHB index is the third straight increase, and takes it to its highest level since August 2023. The jump in the headline was

driven by similar-sized increases in all three of the subcomponents: current home sales; expected home sales; and buyer traffic. The ongoing recovery in homebuilder confidence is being driven by the drop in mortgage rates since last fall, which is sparking a recovery in mortgage applications. A short supply of existing homes for sales is helping homebuilders to boost sales of new homes too. We see a risk that the nascent recovery in the housing market stalls over the next month or two, given that long-term interest rates have risen

again in recent weeks. But any hiatus will be short-lived, if we're right that long-term rates will start falling again soon. We anticipate a gradual recovery in housing market activity in 2024 overall.

- MBA purchase apps, re-adjusted by PM, adv. one month (Left)
- NAHB survey, headline index (Right)



- NAHB survey, current single-family home sales
- Expected single-family home sales over next six months

