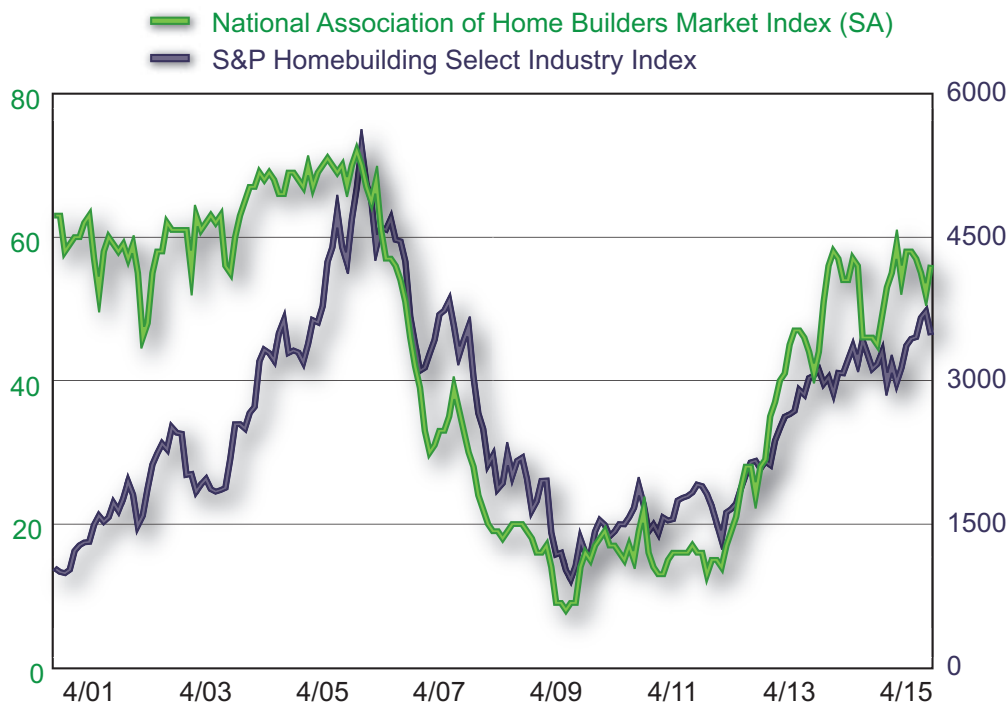


# The Recovery In The Homebuilding Sector Still A Work In Progress

## National Association of Home Builders Market Index (SA) vs. S&P Homebuilding Select Industry Index



Source: Bloomberg. Note: Monthly data points from April 2000 to April 2015.

### View from the Observation Deck

1. Today's post shows that the homebuilding industry is in full recovery mode, in our opinion. The data in the chart runs through April 30, 2015 to reflect the most recent month-end data.
2. The National Association of Home Builders Market Index (SA) measures builder sentiment. An index reading above 50 indicates that sentiment is positive.
3. As of April 30, 2015, the index level stood at 56. It has been above 50 for 10 consecutive months. Since April 30, 2000, the highest reading has been 72, which was registered in June 2005.
4. The S&P Homebuilding Select Industry Index, which includes builders and companies that sell building and other home-related products, stood 37.11% below its 15-year high (7/20/05) at the close of April 2015.
5. Bloomberg's consensus earnings growth rate estimates for the S&P Homebuilding Select Industry Index for 2015 and 2016 were 19.23% and 20.26%, respectively, as of 5/27/15.
6. Those growth rates greatly exceed the estimates for the broader market. Bloomberg's consensus earnings growth rate estimates for the S&P 500 Index for 2015 and 2016 were 4.51% and 12.08%, respectively, as of 5/27/15.

*This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P Homebuilding Select Industry Index provides investors with an equity benchmark for U.S. traded Homebuilding-related securities. The National Association of Home Builders Market Index (SA) tracks sentiment among participants in the housing industry. A reading above 50 indicates that builders are positive on the climate. The S&P 500 is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance.*