



# Economics Group

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## Home Builder Sentiment Picks Up in August

*The NAHB/Wells Fargo Housing Market Index rose 2 points to a level of 60 in August. The present and future sales components reported gains, while the prospective buyers traffic component fell slightly on the month.*

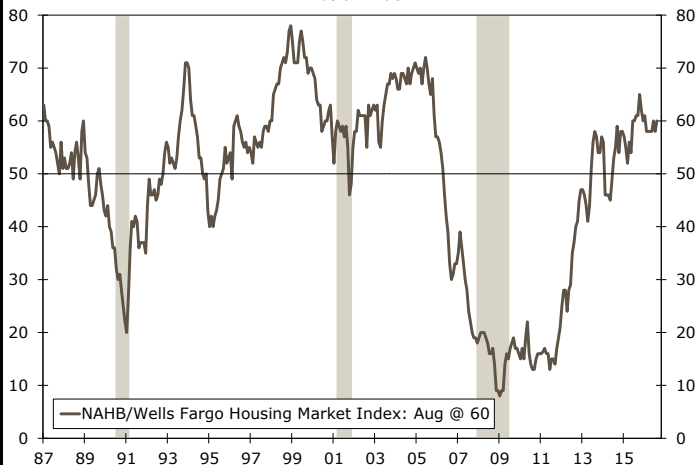
### Positive Home Builder Sentiment Trend Continues

- The NAHB Housing Market Index (HMI) rose 2 points in August to a reading of 60 and is now a touch above its year-to-date average of 58.9. The present and future sales components both ticked up, while the prospective buyers index fell 1 point.
- Gradual improvement in single-family construction and new home sales thus far in 2016 have kept builder confidence at a solid level despite relatively weak economic growth.

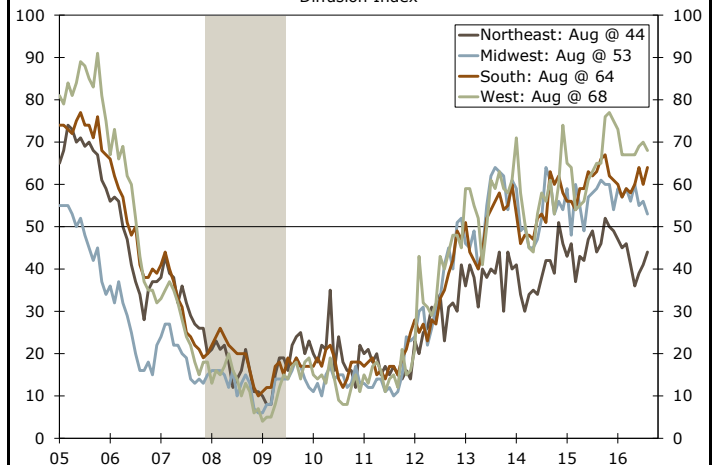
### Builder Confidence Rises in South and Northeast

- The South and Northeast reported gains, rising to a level of 64 and 44, respectively. Strength in the South is noteworthy, as the region accounts for the bulk of new home construction.
- The string of consistently positive readings from the NAHB HMI supports our contention for a shift back toward single-family homebuilding. We continue to look for modest gains in new home sales and single-family construction in the year ahead.

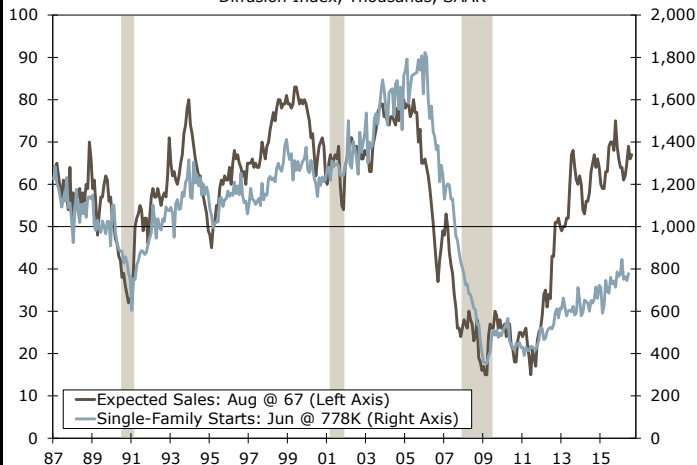
NAHB/Wells Fargo Housing Market Index  
Diffusion Index



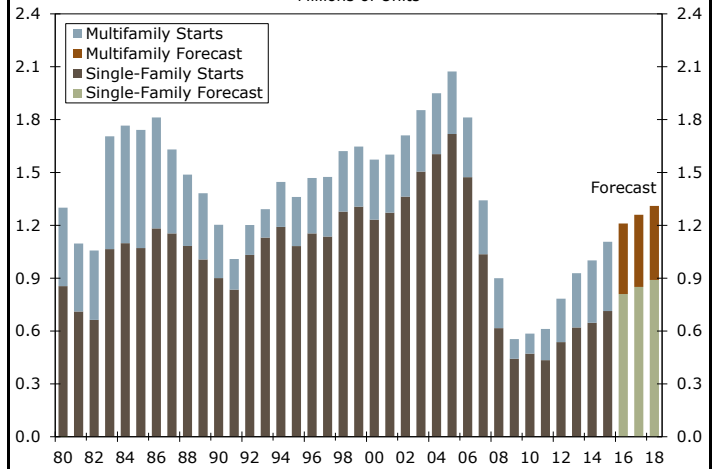
Regional NAHB Housing Market Indices  
Diffusion Index



Expected Single-Family Home Sales  
Diffusion Index, Thousands, SAAR



Housing Starts  
Millions of Units



Source: National Association of Home Builders, U.S. Department of Commerce and Wells Fargo Securities

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