

## Confidence from Home Builders Drops

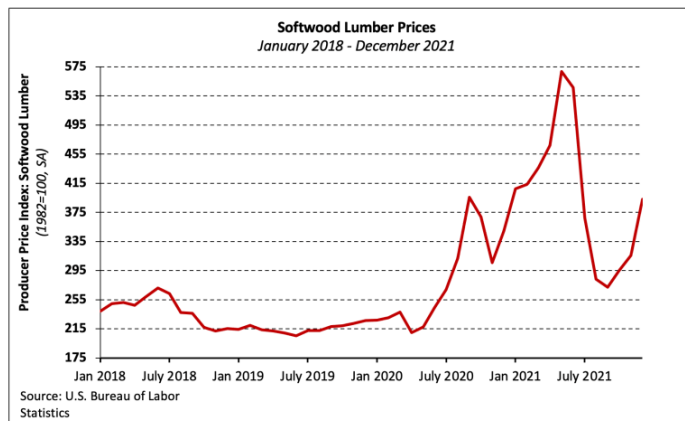
While Housing Starts reflect real commitments from home builders, there is another index that asks builders to rate housing conditions and the general economy. Compiled by the National Association of Home Builders, this index is a weighted average of a many indexes, including: present sales of new homes, sales of new homes expected in the next six months, and traffic of prospective buyers in new homes.

According to the latest from the NAHB: “Growing inflation concerns and ongoing supply chain disruptions snapped a four-month rise in home builder sentiment even as consumer demand remains robust.”

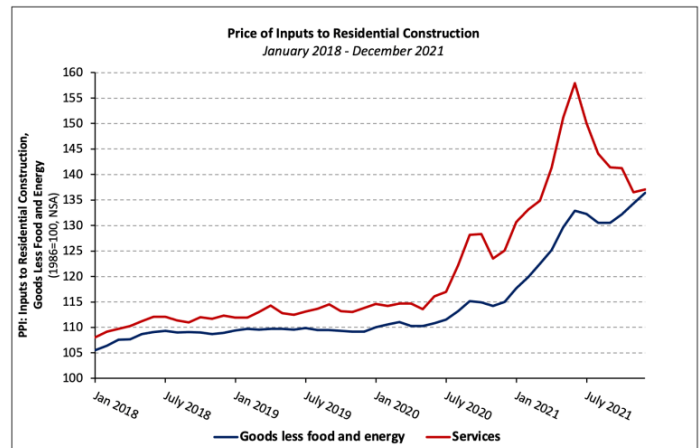
Further:

- Builder confidence in the market for newly built single-family homes moved one point lower to 83 in January.
- The HMI has hovered at the 83 or 84 level, the same rate as the spring of 2021, for the past three months.

“Higher material costs and lack of availability are adding weeks to typical single-family construction times,” said NAHB Chairman Chuck Fowke. “NAHB analysis indicates the aggregate cost of residential construction materials has increased almost 19% since December 2021. Policymakers need to take action to fix supply chains. Obtaining a new softwood lumber agreement with Canada and reducing tariffs is an excellent place to start.”



“The HMI data was collected during the first two weeks of January and do not fully reflect the recent jump in mortgage interest rates,” said NAHB Chief Economist Robert Dietz. “While lean existing home inventory and solid buyer demand are supporting the need for new construction, the combination of ongoing increases for building materials, worsening skilled labor shortages and higher mortgage rates point to declines for housing affordability in 2022.”



“The HMI index gauging current sales conditions held steady at 90, the gauge measuring sales expectations in the next six months fell two points to 83, and the component charting traffic of prospective buyers also posted a two-point decline to 69.

Looking at the three-month moving averages for regional HMI scores:

- The Northeast fell one point to 73;
- The Midwest increased one point to 75; and
- The South and West each posted a one-point rise to 88, respectively.

## More Data Later This Week

More economic data will be released later this week, including MBA Mortgage Applications on Wednesday; Jobless Claims on Thursday; and Leading Indicators on Friday.

Sources: [nahbnow.com](http://nahbnow.com)