



# Economics Group

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## Homebuilder Confidence Jumps in August

**The National Association of Home Builders/Wells Fargo Housing Market Index rose 4 points in August to 68. Rising demand for new homes pushed the future sales index up 5 points to 78, back to its post-recession high.**

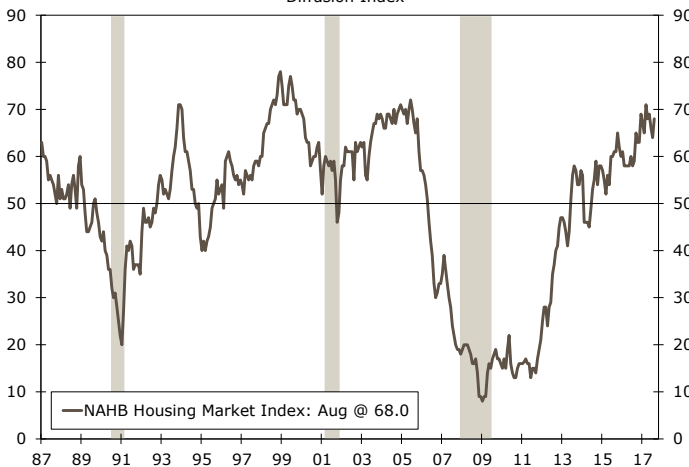
### Demand for New Homes Strengthens in August

- Homebuilder confidence rose solidly in August, as more homebuilders reported improving sales and strengthening demand in general.
- The present sales index rose 4 points to 74, which is precisely even with its average for the past six months. The future sales index climbed 5 points to 78 and is back at its post-recession high. Builders are selling homes as fast as they can build them.

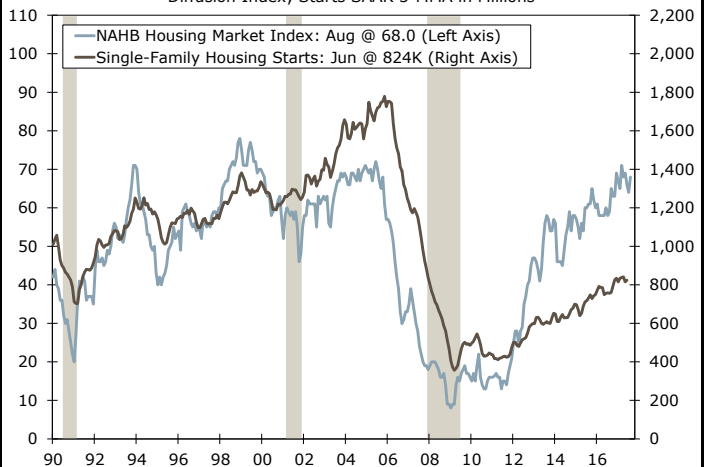
### Low Inventories Continue to Limit Sales

- Single-family starts have not risen nearly as much as builder confidence has, reflecting the greater difficulty builders are having obtaining lots and labor relative to past cycles.
- The lack of new construction is apparent in prospective buyer traffic, which remains below past highs. Builders have far fewer model homes today than they did in the past and little finished inventory, making for difficult comparison with prior cycles.

NAHB/Wells Fargo Housing Market Index  
 Diffusion Index



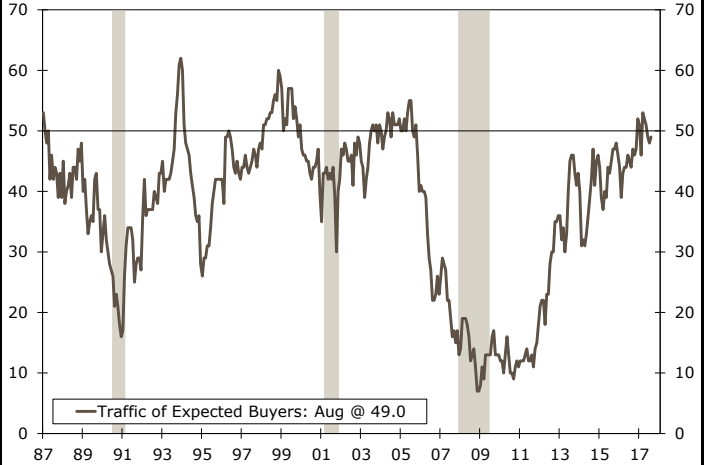
Builder Confidence & Single-Family Starts  
 Diffusion Index; Starts SAAR 3-MMA in Millions



Expected Single-Family Home Sales  
 NAHB Housing Market Index



NAHB Expected Buyer Traffic  
 Diffusion Index



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

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