

Equity Research  
Economics

July 7, 2023

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# Economics Weekly

## What's Up With the Housing Market?



*Interest rate-sensitive sectors like housing, while they've felt the drag of the past Fed actions, have started to recover in some regions, and financial conditions, you know, most recently were easing.... We now see housing putting in a bottom and maybe even moving up a little bit.*

— Fed Chair Powell, June 14, 2023

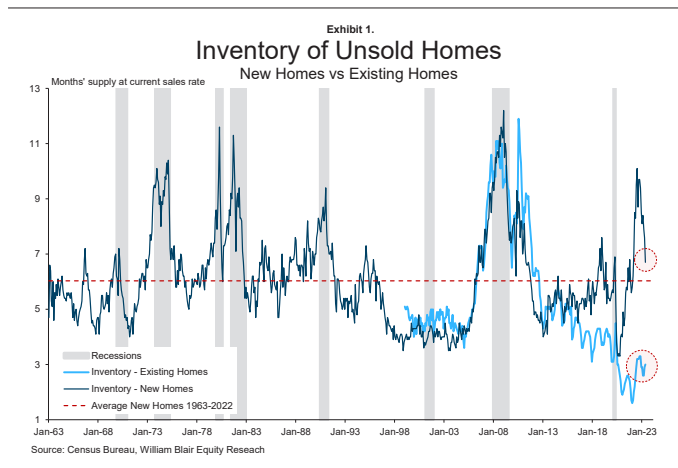
One of the questions we continue to get from clients more recently has been, what the heck is happening with the housing market? The most recent data on new home sales and housing starts has far surpassed expectations to the upside, and homebuilder confidence has shifted back into positive territory. Fed Chair Powell also remarked on this resurgence at the June FOMC meeting. **Given that housing is one of the most interest-rate-sensitive sectors of the economy, and with mortgage rates jumping from 3.0% to 7.2% today and affordability extremely low yet sales and starts jumping, in this *Economics Weekly*, we once again look at what's happening with housing.**

## Supply-Side Dynamics—New Home Supply Falling, but Maybe Not for Long

There is a strong divide at the moment between the supply dynamics for existing homes (by far the largest share of the housing market) and new homes.

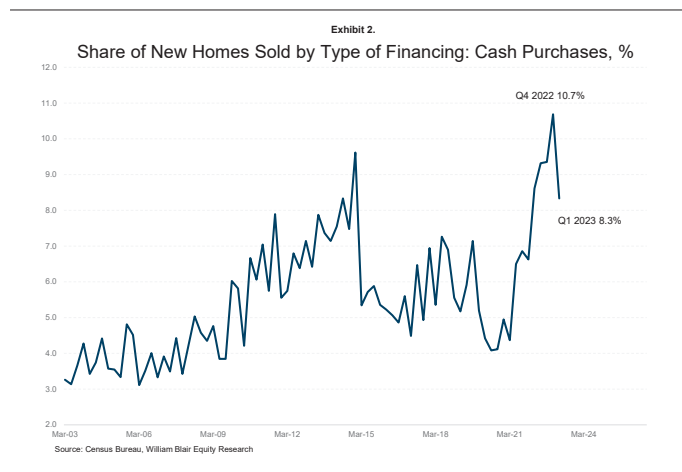
The supply situation for existing homes can easily be described as *still extremely tight, but starting to ease*.

For example, the inventory of existing homes for sale is still historically low, as shown in exhibit 1. This is overwhelmingly the result of higher mortgage rates, whereby any existing homeowner wanting to change homes would likely have to give up their locked-in 2%-3% mortgage rate for a new 6.5%-7.0% mortgage rate. Unsurprisingly, few are keen to do this, which is radically reducing the pool of available homes on the market.

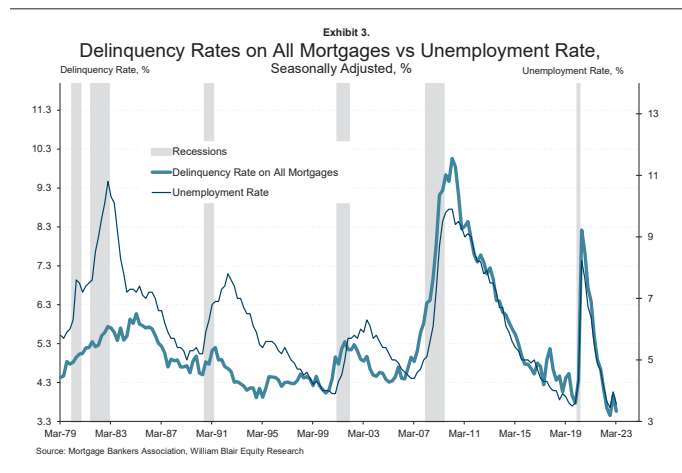


As long as this is the case, any new supply of existing homes will likely come from three main sources:

- 1. Sellers with no mortgages** – for example, baby boomers (looking to downsize) and higher-income households. According to the Census Bureau, 39% of U.S. homeowners in 2021 had no mortgage and presumably would be more willing to sell in this market if the incentive was there. Furthermore, a record 10% of purchases in fourth quarter 2022 were financed with cash (exhibits 2).



- 2. Distressed sellers** – this cohort usually arises from rising rates of unemployment, which we are not seeing just yet with both low unemployment rates and low rates of delinquencies (exhibit 3). Another reason could be divorces or household separations.



- 3. Other reasons** – these might include having to relocate to a new geography (work, retirement, working remotely, etc.), second homes or rental homes being sold, homeowners who possibly choose to rent instead of own.

The aggregate data on inventories of existing homes has started to show a small increase over the last few months. Over time, this is likely to increase further as the economy

adapts to higher interest rates, a new equilibrium is reached with respect the supply of new homes, and more homeowners are willing (or forced) to put their homes on the market.

With regard to new homes, the situation is the reverse—*still plenty of excess supply, and more in the pipeline.*

Here too, the data is a little more nuanced between new single-family homes (where excess supply is less extreme) and multifamily homes (where there is still plenty of excess supply).

Hence, while exhibit 1 shows a decline in the supply of new homes over the last few months, there still seems to be an enormous backlog of new homes that have yet to be completed and come to market. This backlog has been the result of the pandemic and the shortages of workers and materials (e.g., lumber, windows, and steel trusses). The share of new homes that have been authorized but not yet started is shown in exhibit 4. In the past, spikes in this share have been highly predictive of housing-related recessions. Typically, whenever the share has been above 15%, the economy entered recession. Today this is 19%, down from a peak of 22% in January, which was on a par with the January 2009 reading, i.e., during the peak of the GFC.

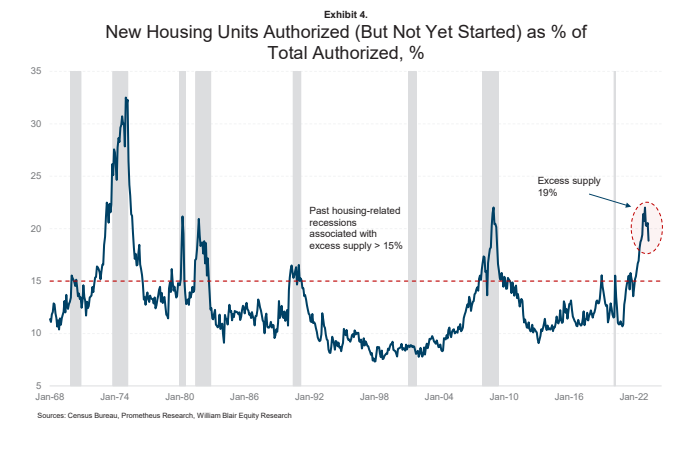
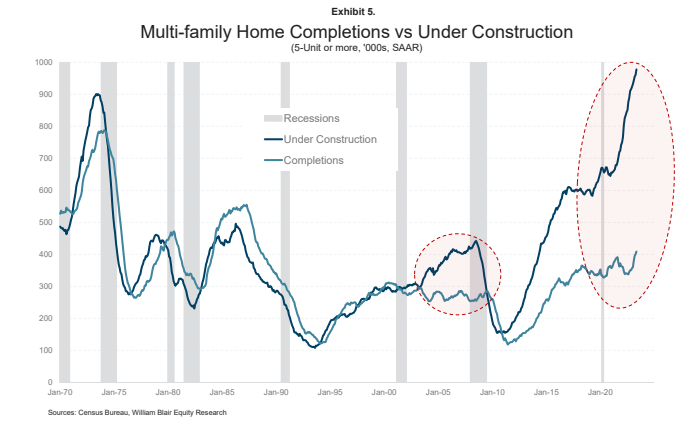


Exhibit 5 shows the extreme gap between the level of multifamily homes under construction and those that have already been completed. With supply chains clearing, more homes will soon be completed, thereby flooding the multifamily market in the coming quarters. This is likely to put further downward pressure on prices. Happily, this should also depress rental prices, which are a main driver of the shelter component in the CPI, which in turn is the largest component in the overall CPI basket.

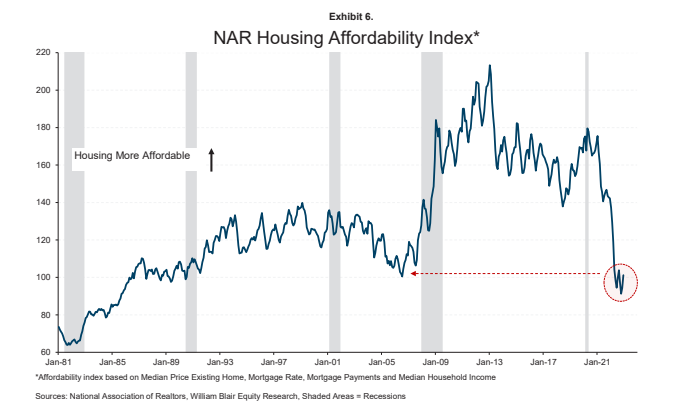


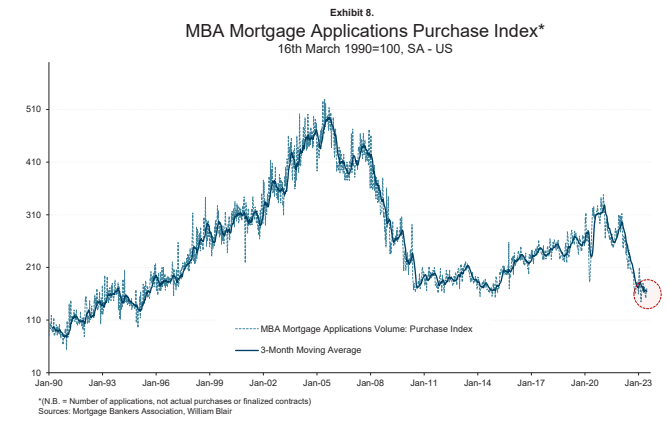
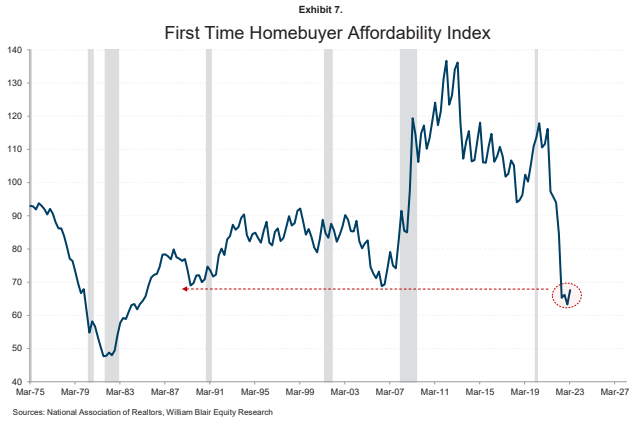
The situation is not so dire for new single-family homes, and the homebuilders have increasingly been shifting their sights to this segment of the market where supply is more limited and demand has improved.

### Demand Is There, but for the Right Price

With consumer balance sheets in good shape and the unemployment rate low, consumer demand is there but affordability is still very poor, due to the spike in mortgage rates.

The NAR's housing affordability index is currently as low as it was at the peak of the pre-GFC boom, and for first-time buyers it has not been this low since the early 1980s (exhibits 6 and 7).





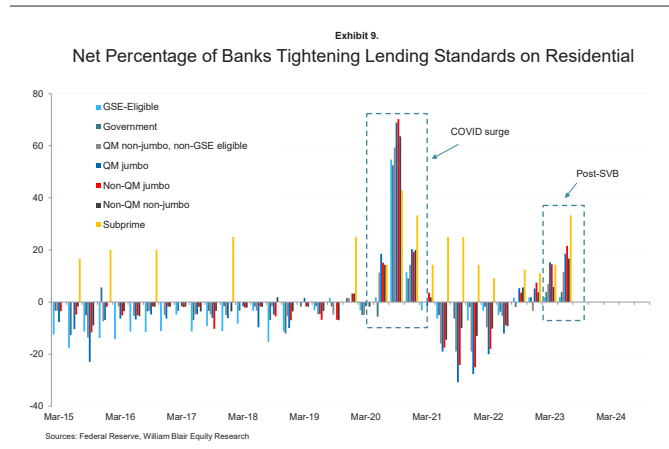
This has meant that to clear their books, the homebuilders have been offering large incentives to potential new homeowners. This has included “mortgage buydowns” and “mortgage discount points,” which offer new home buyers a lower mortgage rate for the first two or three years before gradually working it back up to the original current mortgage rate. The difference is normally paid for by the homebuilder or the lender, or sometimes the seller.

In its most recent survey on homebuilder sentiment, the National Association of Homebuilders noted that the homebuilders were starting to feel a little better about their situation. While they were still offering incentives, these were starting to come down.

For example, it noted that “25% of builders reduced home prices to bolster sales in June. The share was 27% in May and 30% in April. It has declined steadily since peaking at 36% in November 2022.... The average price reduction was 7% in June, below the 8% rate in December 2022. 56% of builders offered incentives to buyers in June, slightly more than in May (54%), but fewer than in December 2022 (62%).”

The fact that the market for existing homes is effectively frozen gives them a tremendous opportunity to lower their inventory; however, as noted above, they have not been helping themselves by stuffing the pipeline with future supply. It is also worth remembering that at some point the market for existing homes will also thaw and more homes will come to market to compete with the new home market.

The recent surge in cash purchases noted above is also consistent with the lack of growth in mortgage applications/purchases. As exhibit 8 shows, there has been no evident change in the downward trend in mortgage applications—a crucial gauge of the health of the housing market. Furthermore, as exhibit 9 depicts, we also know that banks have been tightening their lending standards following the Silicon Valley Bank episode.



The upshot is that while there is demand for homes, consumers still do not view the current environment as a good time to buy—in fact sentiment is the worst it has been since 1982 (exhibit 10). As a result, if mortgage rates stay high or rise further, prices will likely fall even further in order for the market to clear (exhibit 11).

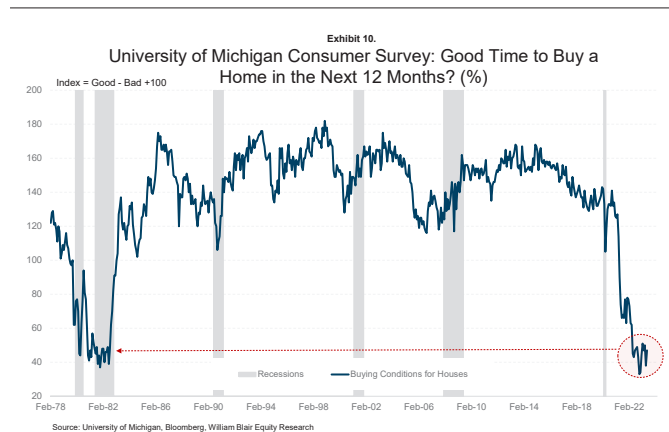
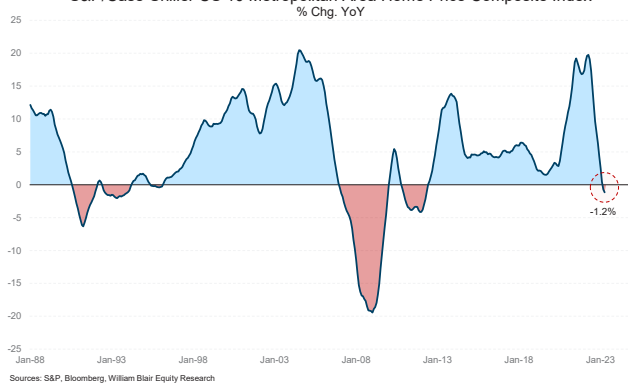




Exhibit 11. S&P/Case-Shiller US 10 Metropolitan Area Home Price Composite Index % Chg. YoY



more urban areas—increasingly started to migrate out of urban areas following the pandemic. This should similarly act as a strong ballast for housing in the coming few years (exhibit 13).

## Structural Trends Still Favor Strong Housing Market

Lastly, as we have noted in previous reports on the housing market, any cyclical weakness is being underpinned by secular trends that are likely to support the housing market in the coming years.

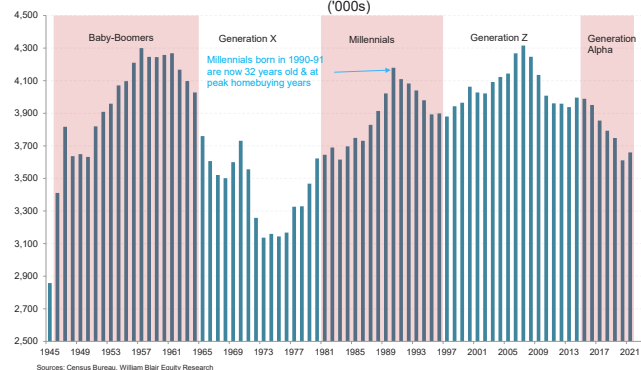
On the supply side, this relates to the structural shortage of homes (particularly affordable ones). While it is difficult to come up with a precise estimate on the shortage, [Freddie Mac](#) estimates it to be approximately 3.8 million homes. [Realtor.com](#) estimates the gap to be a little smaller at 2.3 million, or effectively between two and three years' worth of housing starts—not including the amount needed to replace “teardowns”—just to keep the housing stock stable.

We also know that vacancy rates, particularly for homeowners, is the lowest in history. This once again highlights that this is a cyclical story and very much related to affordability (exhibit 12).

Exhibit 12. Vacancy Rates for Homeowners & Renters\*, %



Exhibit 13. Number of Live Births in the United States & Generations ('000s)



## Conclusion

The recent improvement in the housing data with regard to starts and new home sales has also resulted in an improvement in sentiment among the homebuilders. However, the situation might not be quite as stable as it seems on the surface. The inventory of new homes is starting to fall, largely because there is no competition from existing homeowners, who are keeping their homes off the market. Yet as the economic situation deteriorates, more existing homeowners will start to put their homes on the market out of necessity and to get ahead of expected further price declines. Furthermore, there looks to be a pipeline of new homes still under construction and yet to come to market.

Consumers are keen to purchase new or existing homes, but are also still finding affordability to be a major hurdle. With mortgage rates above 7%, applications have shown no signs of improving, and a higher than normal share of purchases have been cash deals. While the homebuilders have been a little more upbeat about the situation, the incentives they have been offering have been cutting into margins, and without any improvement in mortgage rates and more supply coming to market, prices will continue to be under pressure.

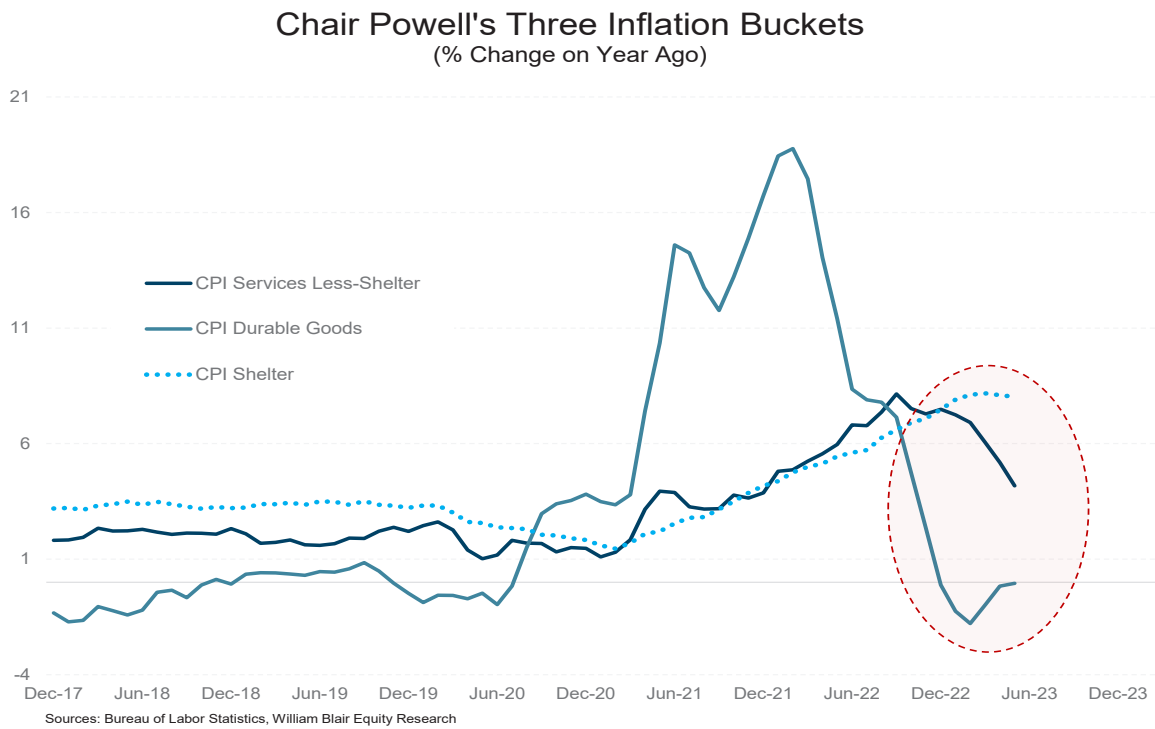
A glance at the structural supply and demand picture, however, suggests that many of these dynamics are cyclical in nature. There is both a structural shortage of homes and a steady demand emerging from the large cohort of millennials who are finally moving away from rentals in the city to single-family homes in more suburban areas.

Meanwhile, on the demand side, we know that millennials—who put off purchasing single-family homes in the suburbs longer than previous generations, favoring flats in

Date	Time (EDT)	Indicator	Last	Consensus	WB Estimate	Actual
12 July	8:30 a.m.	Consumer Price Index (June)	0.1%	0.2%	0.2%	
		CPI Less-food & energy	0.4%	0.3%	0.2%	
13 July	8:30 a.m.	Producer Price Index (June)	-0.3%	0.2%	0.2%	
		PPI Less-food & energy	0.2%	0.2%	0.2%	

Sources: Bloomberg, William Blair Equity Research

Indicator of the Week: Consumer Price Index



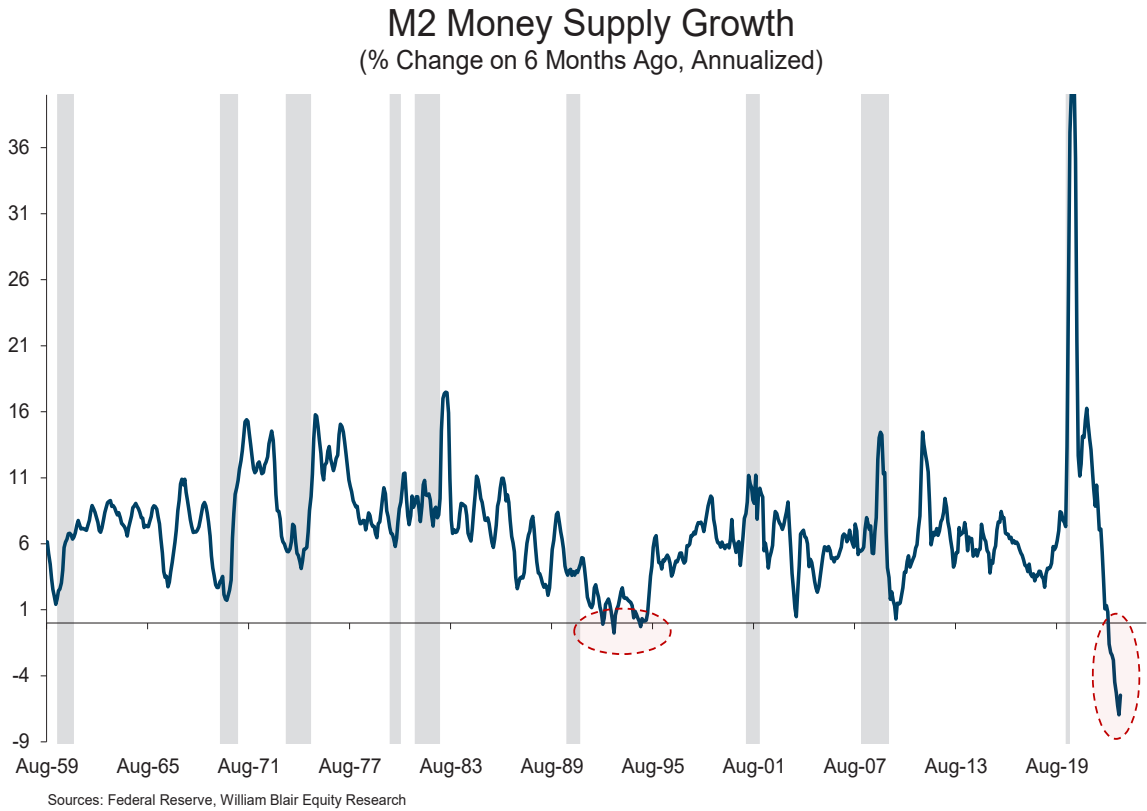
# Economic Scorecard

Rolling monthly heat map, % Change on Year Ago (unless otherwise noted)

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
<b>Growth</b>																			
US Leading Indicators	6.7	7.0	6.0	4.4	2.8	1.3	-0.3	-1.1	-1.6	-3.2	-4.6	-6.0	-6.0	-6.9	-8.0	-8.0	-7.9		
US Coincident Indicators	3.0	4.1	2.6	2.6	2.4	1.8	2.0	2.2	2.4	1.9	1.4	1.5	1.5	1.3	1.4	1.5	1.8		
US Lagging Indicators	3.8	2.1	6.4	4.8	5.5	6.7	6.6	7.4	7.5	7.4	7.6	7.5	6.8	6.7	5.6	5.0	4.0		
<b>Consumer</b>																			
Total Retail Sales	13.3	17.8	8.4	8.9	9.8	9.3	10.3	10.2	9.4	8.8	6.1	6	7.4	5.3	2.2	1.2	1.6		
Personal Income	-2.4	5.6	-12.1	1.4	3.9	4.3	3.9	4.2	5.6	5.4	5	4.9	5.8	5.6	5.5	5.5	5.5		
Real Disposable Personal Income	-11.5	-3.4	-21.6	-7.4	-4.8	-4.7	-4.6	-4.1	-2.6	-2.3	-2	-1.5	2.4	2.8	3.5	3.5	4		
Real Personal Consumption	5.6	6.7	2.3	2.4	2.6	2.1	2.2	2.3	2.1	1.7	1.4	1.9	2.6	2.4	2.1	2.2	2.1		
Personal Saving Rate (%)	4.7	4.5	3.8	3.6	3.4	2.7	3.5	3.2	3	3	3.5	3.7	4	4.3	4.6	4.3	4.6		
Consumer Confidence (Conference Board)**	111.1	105.7	107.6	108.6	103.2	98.4	95.3	103.6	107.8	102.2	101.4	109	106	103.4	104	103.7	102.5	109.7	
<b>Employment</b>																			
Employment Growth	5.0	5.2	4.9	4.9	4.8	4.5	4.4	4.2	4.0	3.7	3.4	3.2	3.3	2.8	2.7	2.7	2.7		
ASA Temporary Staffing Index	17.6	17.9	13.9	11.6	11.2	9.2	9.3	9.3	5.4	1.1	0.2	1.0	-2.1	-6.1	-6.5	-6.8	-5.9		
ISM Employment Index Manufacturing*	53.8	52.7	55.3	51.2	50.2	48.1	49.8	54.2	49.3	49.9	48.9	50.8	50.6	49.1	46.9	50.2	51.4		
ISM Employment Index Services*	52.2	49	53.5	49.7	50.3	48.7	49.5	50.2	52.3	49.2	50.6	49.4	50	54	51.3	50.8	49.2		
Unemployment Rate, %	4	3.8	3.6	3.6	3.6	3.6	3.5	3.7	3.5	3.7	3.6	3.5	3.4	3.6	3.5	3.4	3.7		
Average Hourly Earnings	5.7	5.3	5.9	5.8	5.5	5.4	5.4	5.4	5.1	4.9	5	4.8	4.4	4.7	4.3	4.4	4.3		
Initial Jobless Claims (avg. wkly. chg. '000s)	240	222	218	216	212	217	216	210	191	202	213	209	200	219	238	239	230		
Job Openings	60.1	49.5	43.2	26.6	16.3	8.9	4.6	-7.0	-0.3	-7.9	-4.3	-5.0	-8.0	-14.0	-19.0	-12.2	-14.1		
Layoff Announcements	-76	-55.9	-30.1	6	-15.8	58.8	36.3	30.3	67.6	48.3	416.5	129.1	440	410.1	319.4	175.9	286.7		
<b>Housing Market</b>																			
Housing Starts	4.2	24.5	0.8	21.5	-3.6	-6	-13.9	-4.5	-6.2	-8.9	-16.6	-24.1	-19.7	-18.9	-19.4	-25.7	5.7		
New Home Sales	-10.1	1	-16.8	-24.6	-11	-21.4	-28.6	-7.5	-23.6	-15.1	-24.6	-23.4	-19.9	-19.1	-7.1	11.3	20		
Existing Home Sales	-3.4	-4.1	-5.5	-6.5	-8.9	-14.8	-19.9	-20.2	-24.0	-28.2	-35.2	-34.0	-36.9	-23.1	-22.1	-23.0	-20.4		
Median House Price (Existing Homes)	15.4	18.1	21.2	21.7	15.4	15.5	17.8	8.9	15.6	16.3	7.4	17	0.4	1.4	1.4	-12.2	-7.6		
Existing Homes Inventory (Mths' supply)	1.9	1.9	2.1	2.2	2.4	2.7	2.9	3	3	3.2	3.4	3.5	3.4	2.9	2.8	2.8	2.8		
New Homes Inventory (Mths' supply)	5.8	6.2	7	8.5	8.3	9.5	10.1	8.7	9.7	9.7	9.4	8.5	8.1	8.4	7.9	7.6	6.7		
NAHB Homebuilder Sentiment*	83	81	79	77	69	67	55	49	46	38	33	31	35	42	44	45	50	55	
<b>Inflation</b>																			
Consumer Price Index	7.5	7.9	8.5	8.3	8.6	9.1	8.5	8.3	8.2	7.7	7.1	6.5	6.4	6	5	4.9	4		
CPI Less-food & energy	6	6.4	6.5	6.2	6	5.9	5.9	6.3	6.6	6.3	6	5.7	5.6	5.5	5.6	5.5	5.3		
Producer Price Index	10.1	10.4	11.7	11.2	11.1	11.2	9.7	8.7	8.5	8.2	7.4	6.4	5.7	4.7	2.7	2.3	1.1		
PPI Less-food & energy	8.6	8.9	9.7	9	8.6	8.3	7.6	7.2	7.2	6.9	6.3	5.7	5	4.6	3.3	3.1	2.8		
PCE Price Index	6.1	6.4	6.8	6.4	6.5	7	6.4	6.3	6.3	6.1	5.7	5.3	5.4	5	4.2	4.3	3.8		
PCE Prices Less-food & energy	5.2	5.4	5.4	5.0	4.9	5.0	4.7	4.9	5.2	5.1	4.8	4.6	4.7	4.7	4.6	4.7	4.6		
<b>Business Activity - US</b>																			
Industrial Production	2.3	6.6	4.4	4.6	3.7	3.2	3.0	3.1	4.5	3.1	1.9	0.6	1.5	0.8	0.2	0.4	0.2		
New Cap Gds Orders less-aircraft & parts	10.1	9.3	8	4.8	9.5	7.6	6.3	8.2	5.6	5	3.2	1	5.6	2.7	1.9	1	3.1		
Business Inventories	13.5	14.3	15.4	17.9	19	19.8	20.5	19.6	19.4	18.3	16.8	15.1	12.6	10.7	8.8	6.2	5.2		
ISM Manufacturing PMI*	57.6	58.4	57	55.9	56.1	53.1	52.7	52.9	51	50	49	48.4	47.4	47.7	46.3	47.1	46.9	46	
Markit US Manufacturing PMI*	55.5	57.3	58.8	59.2	57	52.7	52.2	51.5	52	50.4	47.7	46.2	46.9	47.3	49.2	50.2	48.4	46.3	
ISM Services Index*	60.4	57.2	58.4	57.5	56.4	56	56.4	56.1	55.9	54.5	55.5	49.2	55.2	55.1	51.2	51.9	50.3	53.9	
Markit US Services PMI*	51.2	56.5	58	55.6	53.4	52.7	47.3	43.7	49.3	47.8	46.2	44.7	46.8	50.6	52.6	53.6	54.9	54.4	
<b>Business Activity - International</b>																			
Germany Manufacturing PMI Markit/BME*	59.8	58.4	56.9	54.6	54.8	52	49.3	49.1	47.8	45.1	46.2	47.1	47.3	46.3	44.7	44.5	43.2	40.6	
Japan Manufacturing PMI Jibun Bank*	55.4	52.7	54.1	53.5	53.3	52.7	52.1	51.5	50.8	50.7	49	48.9	48.9	47.7	49.2	49.5	50.6	49.8	
Caixin China Manufacturing PMI*	49.1	50.4	48.1	46	48.1	51.7	50.4	49.5	48.1	49.2	49.4	49	49.2	51.6	50	49.5	50.9	50.5	
China Manufacturing PMI*	50.1	50.2	49.5	47.4	49.6	50.2	49	49.4	50.1	49.2	48	47	50.1	52.6	51.9	49.2	48.8	49	
UK Manufacturing PMI Markit/CIPS*	57.3	58	55.2	55.8	54.6	52.8	52.1	47.3	48.4	46.2	46.5	45.3	47	49.3	47.9	47.8	47.1	46.5	
France Manufacturing PMI Markit*	55.5	57.2	54.7	55.7	54.6	51.4	49.5	50.6	47.7	47.2	48.3	49.2	50.5	47.4	47.3	45.6	45.7	46	
<b>Currencies***</b>																			
Euro (EUR/USD)	-7.4	-7.1	-5.7	-12.3	-12.2	-11.6	-13.9	-14.9	-15.4	-14.5	-8.2	-5.8	-3.3	-5.7	-2.1	4.5	-0.4	4.1	
Renminbi (USD/CNY)	-1.0	-2.5	-3.2	2.1	4.7	3.8	4.4	6.7	10.4	14.0	11.4	8.5	6.2	9.9	8.4	4.7	6.5	8.3	
Yen (USD/Yen)	10.0	7.9	9.9	18.7	17.4	22.1	21.5	26.3	30.1	30.5	22.0	13.9	13.0	18.4	9.2	5.1	8.3	6.3	
Sterling (GBP/USD)	-1.9	-3.7	-4.7	-9.0	-11.3	-12.0	-12.5	-15.5	-17.1	-16.2	-9.3	-10.7	-8.4	-10.4	-6.1	-0.1	-1.3	4.3	
Canadian \$ (USD/CAD)	-0.5	-0.5	-0.5	4.6	4.8	3.8	2.6	4.1	9.1	10.0	5.0	7.3	4.7	7.7	8.1	5.5	7.3	2.9	
Mexican Peso (USD/MXN)	0.3	-1.9	-2.8	0.9	-1.5	0.9	2.5	0.3	-2.4	-3.7	-10.2	-5.0	-8.7	-10.6	-9.2	-11.9	-10.0	-14.9	
<b>US Equities</b>																			
S&P 500	21.6	14.8	14.0	-1.2	-1.7	-11.9	-6.0	-12.6	-16.8	-15.9	-10.7	-19.4	-9.7	-9.2	-9.3	0.9	1.2	17.6	
S&P 400 Midcap	12.6	6.6	3.2	-8.3	-7.8	-15.8	-7.1	-11.7	-16.6	-12.9	-4.8	-14.5	0.7	-2.3	-6.7	-0.4	-4.3	15.6	
S&P 600 Smallcap	9.3	2.9	-0.1	-9.7	-9.9	-18.0	-7.6	-13.4	-20.0	-13.1	-7.4	-17.4	-2.5	-5.1	-10.4	-5.5	-8.9	7.8	
Russell 2000	-2.2	-6.9	-6.8	-17.8	-17.8	-26.1	-15.3	-18.9	-24.5	-19.6	-14.2	-21.6	-4.8	-7.4	-12.9	-5.1	-6.1	10.6	

\* Diffusion Index, \*\*1985=100, \*\*\*Currencies - green/red = strengthening/weakening foreign currency vs dollar  
Source: ISM, Federal Reserve, Census Bureau, Bureau of Labor Statistics, Conference Board, Bloomberg, William Blair

## Other Economic Indicators

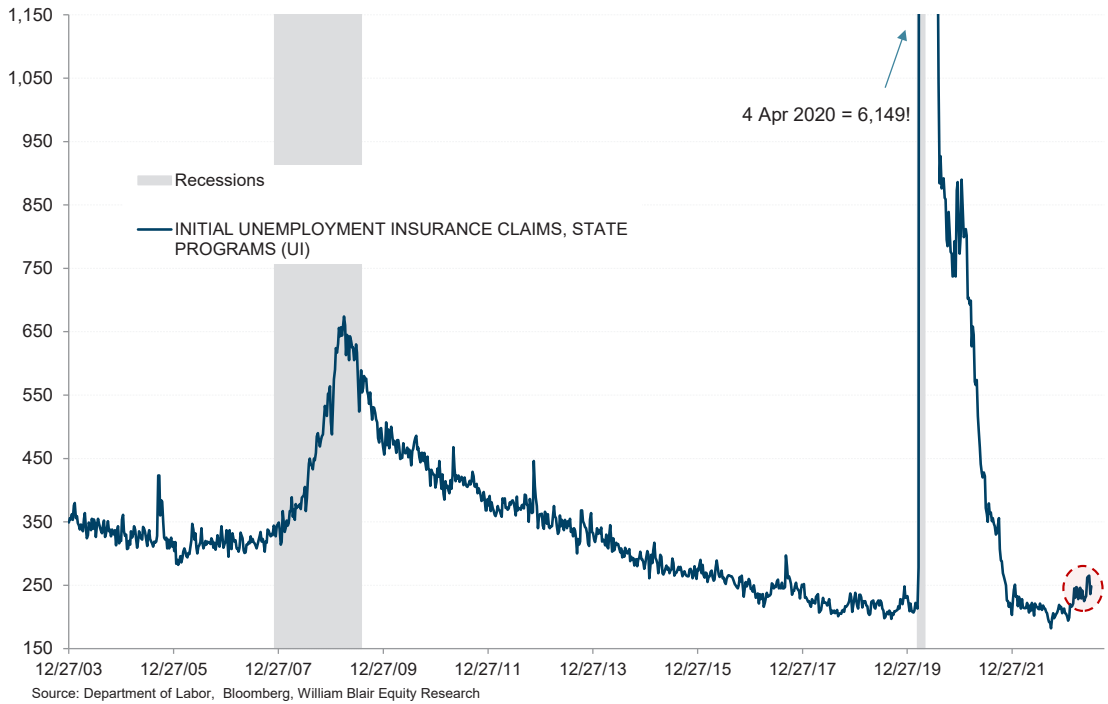


### Goldman Sachs Financial Conditions Index





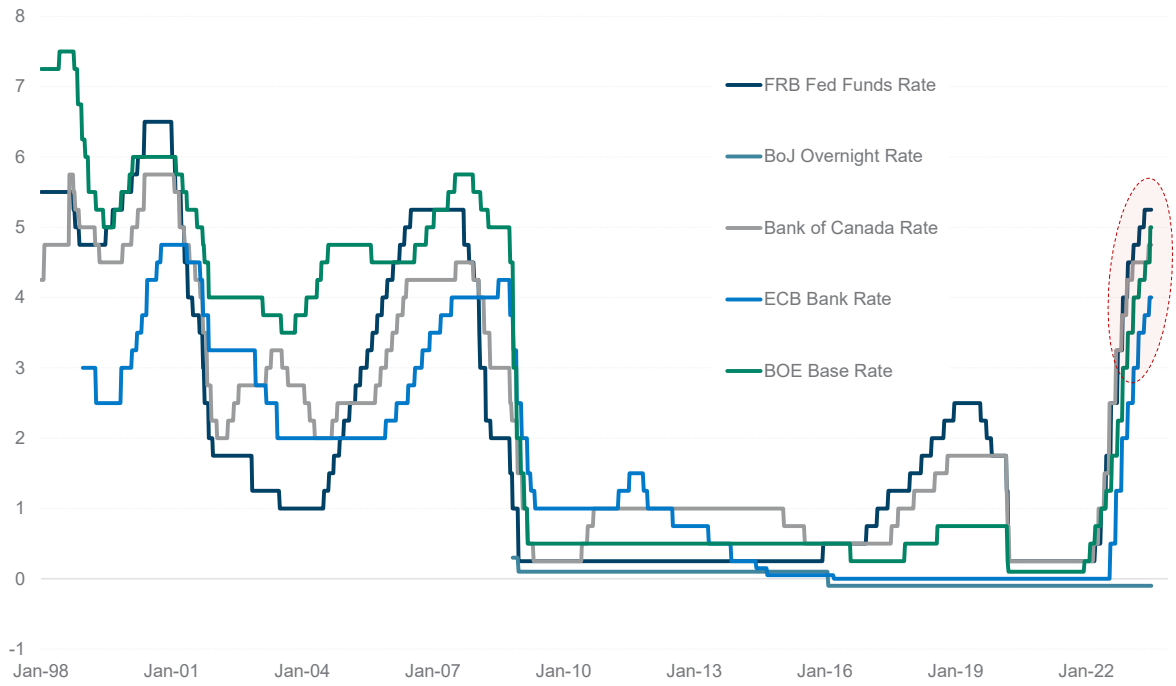
### Initial Jobless Claims (‘000s, Seasonally Adjusted)



### Progression of S&P 500 Calendar Year EPS Estimates (\$/Share)

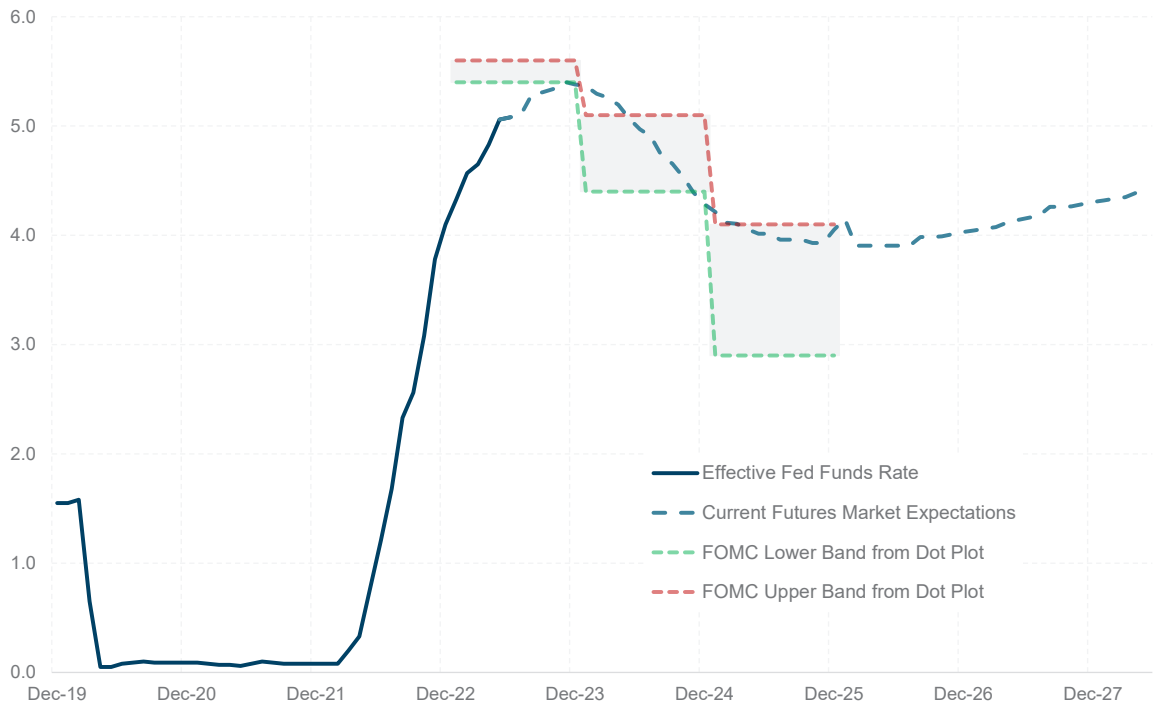


### Central Bank Target Short-term Interest Rates, %



Sources: Bloomberg, William Blair Equity Research

### Fed Funds Rate, Futures Market Expectations & FOMC Projections, %



Sources: Bloomberg, William Blair Equity Research

## S&amp;P 500 Sector Performance

Global Industry Classification System	Current Weight* 06-Jul-23	Week Ago 29-Jun-23	Month Ago 06-Jun-23	Qtr-to-Date 30-Jun-23	Year-to-Date 30-Dec-22
<b>S&amp;P 500 Index</b>	<b>100.00</b>	<b>0.34</b>	<b>2.98</b>	<b>-0.87</b>	<b>14.90</b>
<b>S&amp;P400 MidCap Index</b>		<b>-1.00</b>	<b>1.94</b>	<b>-1.64</b>	<b>6.13</b>
<b>S&amp;P600 SmallCap Index</b>		<b>-2.22</b>	<b>-0.22</b>	<b>-2.34</b>	<b>2.63</b>
<b>Dow Jones Industrials</b>		<b>-0.59</b>	<b>1.04</b>	<b>-1.41</b>	<b>2.34</b>
<b>Nasdaq Composite</b>		<b>0.65</b>	<b>3.03</b>	<b>-0.79</b>	<b>30.69</b>
<b>Communication Services</b>	<b>8.87</b>	<b>1.26</b>	<b>0.49</b>	<b>0.26</b>	<b>35.94</b>
Advertising	0.09	-1.23	-0.92	-2.37	13.52
Broadcasting	0.07	0.50	4.50	1.34	6.26
Cable & Satellite	0.60	-0.07	5.74	-0.45	14.94
Integrated Telecommunication Services	0.71	-0.08	4.52	-0.30	-9.32
Interactive Home Entertainment	0.33	-0.53	3.00	-1.33	12.36
Interactive Media & Services	5.51	1.72	-1.58	0.66	58.40
Movies & Entertainment	1.08	1.31	3.60	-0.34	24.21
Publishing & Printing	0.03	-0.22	2.90	-0.07	7.02
Wireless Telecommunication Svcs	0.44	1.70	8.26	0.18	-0.60
<b>Consumer Discretionary</b>	<b>11.36</b>	<b>0.86</b>	<b>6.29</b>	<b>-0.51</b>	<b>31.66</b>
Apparel Retail	0.35	-0.14	5.89	-1.85	1.60
Apparel & Accessories & Luxury Goods	0.06	-1.35	0.98	-1.19	-5.38
Auto Parts & Equipment	0.10	5.35	10.38	4.02	17.39
Automobile Manufacturers	2.62	6.60	23.38	4.95	102.14
Automobile Retail	0.32	0.55	6.36	-0.95	4.55
Broadline Retail	3.57	0.29	1.21	-1.55	24.53
Casinos & Gaming	0.21	-4.11	-3.14	-5.61	17.95
Computer & Electronics Retail	0.05	-3.15	8.39	-1.66	0.48
Consumer Electronics	0.05	3.67	1.88	2.99	16.39
Distributors	0.14	-1.11	7.53	-2.50	4.27
Footwear	0.34	-7.29	-1.03	-4.77	-10.18
Home Furnishings	0.02	-3.42	2.01	-3.17	-2.28
Home Improvement Retail	1.15	-1.51	3.45	-2.51	-0.12
Homebuilding	0.28	-3.51	2.55	-4.47	35.65
Hotels, Resorts & Cruise Lines	0.70	0.85	3.25	-1.33	35.81
Household Appliances	0.02	-1.94	6.79	-1.50	3.61
Housewares & Specialties	0.01	-3.24	0.00	-0.36	-33.72
Leisure Products	0.02	0.74	7.28	-0.72	5.40
Restaurants	1.20	-0.87	1.78	-1.92	10.57
Other Specialty Retail	0.15	0.58	4.10	-0.48	-2.89
<b>Consumer Staples</b>	<b>7.43</b>	<b>1.18</b>	<b>2.63</b>	<b>0.25</b>	<b>0.21</b>
Agricultural Products	0.15	3.92	6.40	2.53	-17.85
Brewers	0.04	0.72	1.46	0.38	28.28
Hypermarkets	2.09	1.05	4.28	-0.19	7.38
Distillers & Vintners	0.18	1.97	4.78	2.02	7.24
Drug Retail	0.07	2.61	-7.68	2.18	-22.08
Food Distributors	0.10	1.44	1.80	-0.03	-2.97
Food Retail	0.09	2.09	2.65	0.62	6.08
Household Products	1.36	1.43	4.38	0.10	1.45
Packaged Foods & Meats	0.97	0.68	-2.66	-0.12	-1.26
Personal Products	0.12	0.77	5.37	-1.20	-21.80
Soft Drinks	1.65	1.16	1.36	0.60	-0.39
Tobacco	0.62	0.74	5.26	0.53	-2.12
<b>Energy</b>	<b>4.05</b>	<b>-2.07</b>	<b>-0.68</b>	<b>-2.68</b>	<b>-9.74</b>
Integrated Oil & Gas	2.00	-2.92	-2.61	-3.49	-9.96
Oil & Gas Equipment & Services	0.43	0.77	4.54	0.01	-6.96
Oil & Gas Exploration & Production	1.02	-1.99	-0.95	-2.70	-12.84
Oil & Gas Refining & Marketing & Transportation	0.35	-1.49	2.11	-2.04	-7.03
Oil & Gas Storage & Transportation	0.32	-0.79	3.83	-1.18	-3.79
<b>Financials</b>	<b>12.21</b>	<b>0.28</b>	<b>1.71</b>	<b>-0.62</b>	<b>-2.12</b>
Asset Management & Custody Banks	0.68	-0.97	0.11	-1.40	-3.50
Consumer Finance	0.56	-1.21	-0.86	-1.72	14.74
Diversified Banks	2.71	-0.37	0.54	-1.04	-2.48
Financial Exchanges & Data	1.11	-0.22	1.26	-1.27	9.88
Insurance Brokers	0.66	-0.41	5.79	-1.72	10.98
Investment Banking & Brokerage	0.96	-2.39	-1.36	-2.20	-14.61

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Life & Health Insurance	0.40	0.76	5.22	0.10	-12.05
Multi-line Insurance	0.19	0.90	2.53	0.15	-6.82
Multi-Sector Holdings	1.17	1.35	2.41	0.13	10.54
Property & Casualty Insurance	0.79	0.55	0.39	-0.52	-6.62
Regional Banks	0.29	0.48	-5.27	0.80	-37.12
Reinsurance	0.04	0.48	-2.35	-0.16	3.02
<b>Health Care</b>	<b>13.37</b>	<b>-0.67</b>	<b>0.87</b>	<b>-1.73</b>	<b>-4.02</b>
Biotechnology	1.91	0.95	-0.18	-0.01	-10.74
Health Care Distributors	0.34	-0.48	8.47	-1.59	13.04
Health Care Equipment	2.69	-1.11	3.92	-2.41	9.76
Health Care Facilities	0.24	-2.12	8.99	-3.07	20.47
Health Care Services	0.57	0.95	3.28	0.21	-17.43
Health Care Supplies	0.14	-2.30	6.11	-4.38	32.21
Life Sciences Tools & Services	1.58	-0.50	0.32	-1.68	-7.35
Managed Health Care	1.72	-1.02	-4.50	-1.91	-12.50
Pharmaceuticals	4.18	-1.15	0.67	-2.14	-3.81
<b>Industrials</b>	<b>8.60</b>	<b>-0.41</b>	<b>5.39</b>	<b>-1.27</b>	<b>7.84</b>
Aerospace & Defense	1.74	0.22	2.49	-0.13	-1.29
Agricultural & Farm Machinery	0.31	-0.11	7.35	-0.99	-6.43
Air Freight & Logistics	0.59	0.69	7.86	-0.24	12.37
Building Products	0.43	-1.09	7.98	-1.77	12.50
Construction & Engineering	0.07	-1.19	6.01	-2.00	35.11
Construction Machinery & Heavy Trucks	0.58	-1.00	7.60	-1.98	4.89
Data Processing & Outsourced Services	0.05	0.13	5.97	-1.28	20.87
Diversified Support Svcs	0.24	-1.04	0.69	-2.27	23.13
Electrical Components & Equipment	0.56	-1.23	7.88	-2.45	13.56
Environmental & Facilities Services	0.37	0.84	5.40	-0.92	12.43
Human Resource & Employment Services	0.45	2.68	2.50	0.85	4.77
Industrial Conglomerates	0.81	-1.18	2.03	-2.27	9.74
Industrial Machinery	0.86	-2.10	5.38	-2.96	13.07
Passenger Airlines	0.23	2.09	19.80	0.18	31.87
Railroads	0.64	-0.76	4.40	-1.01	-0.82
Research & Consulting Svcs	0.23	-0.18	3.43	-0.94	11.18
Trading Companies & Distributors	0.27	-1.12	11.80	-2.32	27.42
<b>Information Technology</b>	<b>28.44</b>	<b>0.77</b>	<b>4.25</b>	<b>-1.03</b>	<b>40.61</b>
Application Software	2.26	-0.47	2.31	-1.35	33.92
Communications Equipment	0.86	0.19	2.75	-1.00	10.29
Electronic Components	0.21	0.14	8.94	-1.35	9.42
Electronic Equipment & Instruments	0.20	-0.46	3.82	-1.70	1.57
Electronic Manufacturing Services	0.12	0.39	9.17	-0.88	21.02
Internet Software & Services	0.10	0.19	-2.01	-0.92	7.63
IT Consulting & Services	1.07	-0.26	0.75	-0.52	4.59
Semiconductor Equipment	0.84	-2.44	0.76	-3.62	24.45
Semiconductors	6.26	0.64	4.85	-1.67	71.76
Systems Software	8.24	1.50	2.67	-0.10	42.21
Technology Distributors	0.07	1.14	8.07	-0.44	2.31
Technology Hardware, Storage & Peripherals	8.23	1.14	6.95	-1.10	46.36
<b>Materials</b>	<b>2.44</b>	<b>-1.96</b>	<b>2.28</b>	<b>-2.86</b>	<b>3.56</b>
Commodity Chemicals	0.18	-1.15	0.31	-1.65	5.74
Construction Materials	0.15	-3.38	6.39	-3.90	27.30
Copper	0.14	-3.66	0.45	-5.22	-0.24
Diversified Chemicals	0.03	-0.81	-0.28	-1.77	0.98
Fertilizers & Agricultural Chemicals	0.21	-1.38	-1.24	-0.87	-11.60
Gold	0.09	-0.98	-1.08	-2.63	-11.99
Industrial Gases	0.64	-3.47	1.86	-4.23	6.28
Metal & Glass Containers	0.05	-2.51	2.98	-3.35	10.01
Paper Packaging	0.17	-0.28	-0.04	-1.34	-11.12
Specialty Chemicals	0.67	-0.39	3.38	-1.96	6.50
Steel	0.15	-2.78	9.47	-2.99	16.60
<b>Real Estate</b>	<b>2.51</b>	<b>1.22</b>	<b>3.24</b>	<b>0.71</b>	<b>2.57</b>
Health Care REITs	0.19	0.83	2.45	0.58	9.33
Hotel & Resort REITs	0.03	2.88	-2.50	2.02	6.98
Industrial REITs	0.30	1.23	-2.25	0.29	9.10
Office REITs	0.08	2.35	2.19	2.00	-18.26
Real Estate Service	0.16	-0.57	5.17	-0.04	6.05
Residential REITs	0.35	1.69	3.36	1.19	10.69
Retail REITs	0.29	1.53	4.55	1.53	-2.54
Specialized REITs	0.13	0.36	-0.56	-0.14	3.36

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<b>Utilities</b>	<b>2.57</b>	<b>1.77</b>	<b>1.41</b>	<b>0.54</b>	<b>-6.66</b>
Electric Utilities	1.69	1.76	1.50	0.34	-6.82
Gas Utilities	0.04	1.59	2.06	1.03	4.88
Independent Power Producers & Energy Traders	0.04	3.28	4.81	1.78	-26.64
Water Utilities	0.07	1.39	-1.64	-0.23	-6.56
Multi-Utilities	0.72	1.74	1.31	1.01	-5.57

\*Current Weight is market cap based, based on calculations by William Blair Intl. Ltd.



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DOW JONES: 33922.30  
 S&P 500: 4446.82  
 NASDAQ: 13816.80

Additional information is available upon request.

**Current Rating Distribution (as of July 6, 2023):**

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Outperform (Buy)	74	Outperform (Buy)	8
Market Perform (Hold)	26	Market Perform (Hold)	3
Underperform (Sell)	1	Underperform (Sell)	50

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