

Economics Weekly

Curb Your Enthusiasm (for a Housing Recovery)

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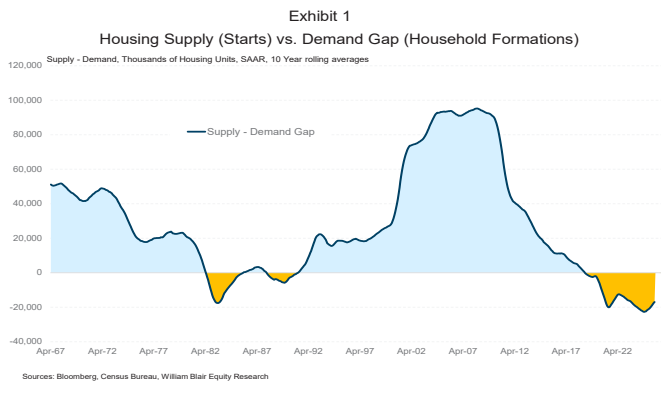
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In February, mortgage rates fell below 6% for the first time since 2022, and for a moment raised hopes of a rebound in the housing market. Borrowing costs had been on a steady decline up to that point, releasing pent-up demand as the Federal Reserve cut its benchmark rate. That momentum has since stalled, however, as the central bank holds rates steady amid growing economic uncertainty tied to the conflict in the Middle East. By March, sales of both existing and new homes had cooled to below their year-end pace heading into what is traditionally the market's busiest season. **In this *Economics Weekly*, we examine the U.S. housing market and discuss its opportunities and challenges in the year ahead.**

Not Enough Homes to Go Around

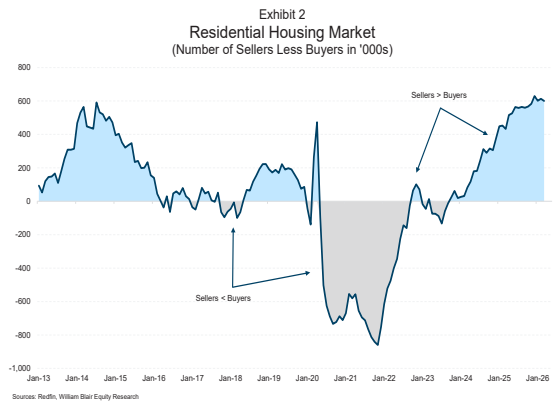
The story of housing remains one of scarcity. On the whole, construction activity continues to fall short of growing housing demand. Household formation is waning as young Americans leave home later, get married later, and have fewer children, but it still exceeds the supply of newly built homes, as shown in exhibit 1.



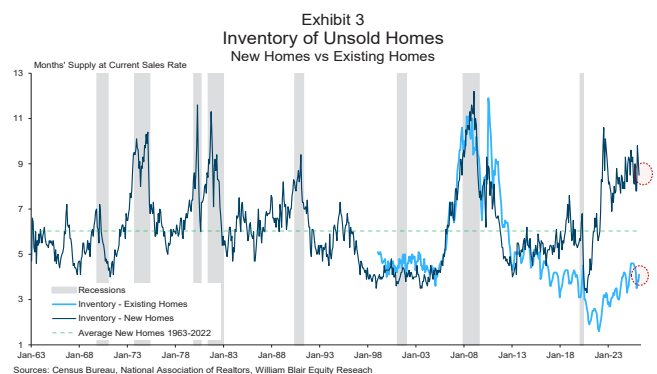
That underlying demand, though, is being suppressed as potential buyers wary of high mortgage payments, anxious about what AI could mean for the job market, and buffeted by inflationary pressures from tariffs and the recent energy shock wait for clearer signs of economic improvement before making a move.

These same pressures also affect existing homeowners looking to move. For example, many still hold mortgages at rates well below what today's market offers, so moving often means giving up an older, cheaper mortgage.

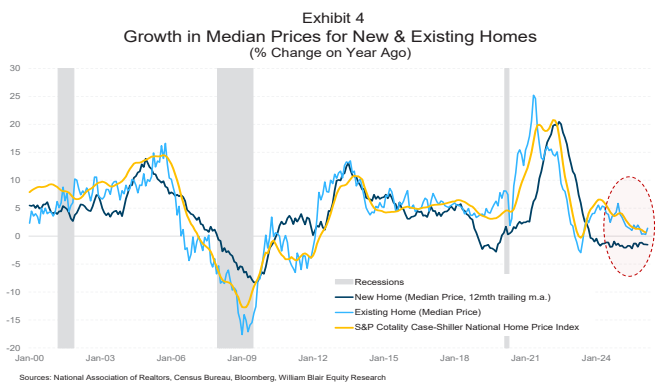
As a result, those who do list are competing with homebuilders clearing elevated inventories for a limited pool of buyers. According to Redfin, there were more than 600,000 (or 50%) more home sellers (listings) than buyers in March, down from a record high of 629,000 in December (exhibit 2). What appears as excess supply today largely reflects weakened demand rather than a resolution of the housing deficit.



This excess supply is also showing up in higher vacancy rates as homes sit on the market longer, and may eventually translate into lower prices. That is already the case for new homes. Builders, sitting on inventory well above historical norms, are offering sales incentives—with average price reductions of around 5%—to attract buyers. Meanwhile, many existing homeowners opt to stay on the sidelines until conditions improve. Exhibit 3 shows the inventory of unsold new and existing homes expressed as months of supply at the current sales pace. Although new-home inventory appears more elevated on that basis, existing homes for sale far outnumber new homes: 1.36 million versus 475,000 at the end of March.



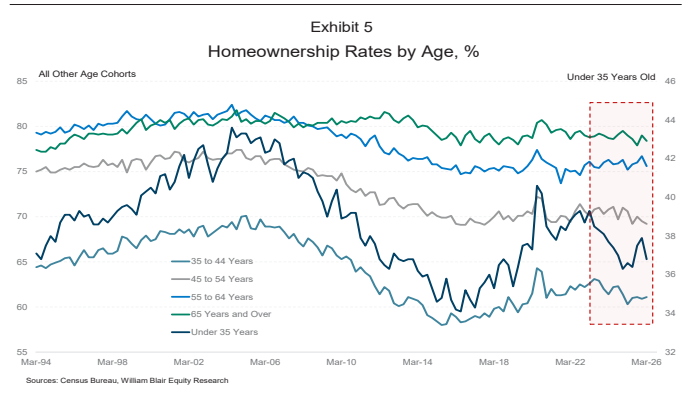
These different supply levels also help explain the divergence in pricing for new and existing homes (exhibit 4). New homes typically command a premium over existing homes but have lost some of that luster given elevated months' supply and builders continuing to deliver new units at a healthy pace. Many also believe that as the cost of new builds has risen, the quality of the construction in terms of labor and materials has suffered. The median price for a newly built single-family home in March fell 6.2% from a year earlier to \$387,400, while the median existing-home price rose 1.4% to \$408,800. That means the typical new home now costs about 5.5% less than the typical previously owned home.



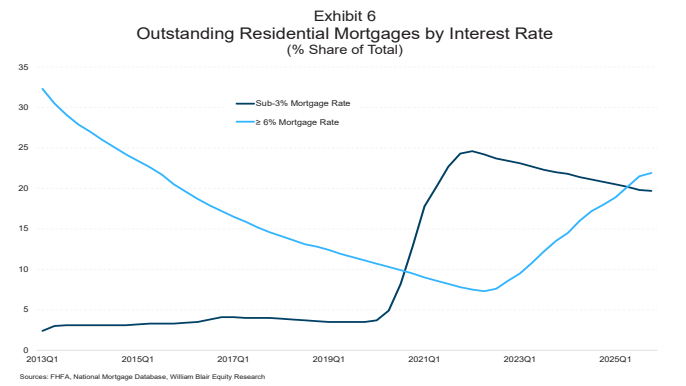
As homebuilders work off inventories from the post-pandemic surge in starts, they are breaking ground on fewer and fewer new projects. Housing starts are trending lower and building permits have fallen. This creates a disconnect between today's market and future supply. While builders run down their inventories amid tepid sales conditions, they are simultaneously deepening the structural supply shortage.

Lower Mortgages Can Unlock Homes

Mortgage rates are still the key to releasing pent-up demand, pulling current and prospective homeowners off the sidelines. As shown in exhibit 5, millennials and Gen Z were the age groups most sharply affected by the slow-down in the housing market. But as financing conditions improved in the latter half of 2025, young buyers who had been waiting to enter the market jumped at the opportunity, and the homeownership rate for those under 35 rose sharply to 37.9%. The trend has since reversed course along with mortgage rates, but it still suggests that if homes were even modestly more affordable, would-be buyers would stop delaying household formation and reduce the pent-up demand currently embedded in the market.



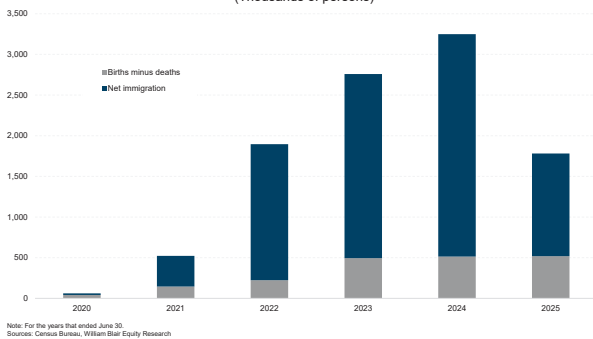
Mortgage rates have been above 6% for some time, and the share of outstanding mortgages with rates above 6% has now surpassed even those with rates below 3% (exhibit 6). Over time, this shift should erode the lock-in effect as fewer homes remain tied to lower rates. In [a survey of consumers](#) who currently own a home or expect to do so within the next five years, William Blair analyst Phillip Blee found that mortgage rates near 5.5% may be enough to reengage a meaningful segment of sidelined demand.



Population Growth and Immigration

In the near term, lower international immigration is a drag on the housing market—reducing demand when listings are elevated and shrinking the supply of labor for homebuilding and remodeling, which is highly dependent on immigrant workers. Over the longer term, however, lower immigration eases population growth and helps narrow the structural housing deficit.

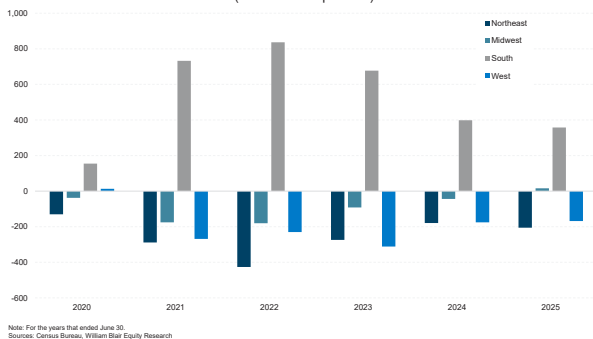
Exhibit 7
Population Growth and Its Underlying Factors
(Thousands of persons)



In recent years, immigration has driven much of the nation’s population growth, but from July 2024 to June 2025, net international migration added just 1.3 million people to the U.S. population, down from a peak of 2.7 million the year prior, and is projected to fall further to 321,000 in 2026 if current policies remain in place. Meanwhile, there were just over 500,000 more births than deaths, a pace of natural increase that has held steady since 2023. Altogether, the population grew just 0.5% in 2025 to 341.8 million—the slowest pace since 2021, when COVID drove death rates higher and closed borders, and before that, the slowest since 2019, when immigration declined steeply.

Domestic migration patterns continue to shape population change as well (exhibit 8). People are still moving toward the South and away from the Northeast and West. And for the first time this decade, the Midwest saw more people moving in than out and was the only region in 2025 to see a year-over-year increase in single-family starts. New York, Hawaii, Alaska, and California experienced the largest rates of population loss due to people moving out to other states, while South Carolina and Idaho saw the largest population gains due to people moving in.

Exhibit 8
Domestic Net Migration
(Thousands of persons)



Consistent with prior years and migration patterns, the South led the nation in housing starts in 2025 by a wide margin, with 722,000 starts, down 3.8% year-over-year. The West followed with 302,000 starts, down 0.3%. The Midwest recorded 196,000 starts, up 9.0%, and the Northeast trailed at 136,000 starts, though it posted the strongest annual growth at 13.0%. This shows builders are shifting more toward undersupplied regions, like the Midwest and Northeast, and less so in the South and West that led in inventory growth post-pandemic.

Federal Deregulation

With the November midterms fast approaching, housing will be an area of increasing political focus in the larger conversation around affordability. Facing pressure from voters, the Trump administration has made boosting housing affordability a priority, but unable to do so by lowering rates, it has turned to other levers.

Earlier this year, President Trump instructed Fannie Mae and Freddie Mac to purchase \$200 billion in mortgage-backed securities to improve affordability. More demand for loans on the secondary market can allow lenders to charge borrowers lower rates, but given the size of the MBS market, it is unclear how meaningfully or durably this would move the needle. Efforts to release the GSEs from conservatorship, a point of focus since the first Trump administration, have stalled again.

In March, the president signed executive orders rolling back environmental and permitting rules that the administration says add tens of thousands of dollars to the cost of a new home. On Capitol Hill, the Senate passed a housing bill aimed at boosting supply and curbing institutional investor purchases of single-family homes. Industry groups have pushed back, especially against a requirement that investors sell new rental homes after seven years. The administration backs the bill, but it must clear the House, likely before the elections and any shift in the composition of either chamber.

HUD and the FHFA also moved to modernize credit scoring for government-backed loans, opening the door to newer models from both FICO and VantageScore. The changes could widen access to mortgage credit, but policymakers will need guardrails to prevent competition among score providers from eroding lending standards or raising borrowing costs.

What the Corporate Sector Is Saying

The outlook from the corporate sector has been measured, with many citing an impact from the war with Iran raising interest rates and input costs, while still communicating confidence in underlying demand and the longer-term fundamentals of their businesses. For example, Stuart Miller, CEO of homebuilder Lennar Corporation, on the company's latest earnings call remarked:

Mortgage interest rates, which showed some early signs of easing towards the end of last year, have remained stubbornly over 6%, hovering around 6.2% to 6.4% through most of our first quarter. With home prices plus interest rates at these levels, affordability remains the central challenge facing our buyers. And consumer confidence, while not collapsing, continues to be tested by a range of uncertainties both domestic and global. Additionally and it goes without saying that the war in the Middle East is a wildcard. It might end quickly and the world is a better and safer place or it might trigger higher gas prices, higher inflation, and higher interest rates and we'll just have to wait and see.

Meanwhile, Ryan Marshall, the CEO of homebuilder PulteGroup, said:

Overall, I would say that the first quarter developed as a typical spring selling season with orders increasing sequentially as we move through the months. It is difficult to determine what impact global events may have had, but I appreciate consumers were facing higher rates and costs in March.... Economic reports talk to the K-shaped economy and how lower- and middle-income families are struggling much more than those in upper incomes. Housing demand over the past two years has been consistent with these dynamics.

And Peter Jackson, CEO of building materials supplier Builders FirstSource, added:

The housing market remains weak as affordability challenges and muted consumer confidence continue to weigh on demand. In recent months, geopolitical tensions have added to market volatility by contributing to higher interest rates and additional inflationary pressure. The surprise of the Middle East conflict and the uncertainty around implications for both affordability and consumer confidence have undermined the spring

selling season. While we are managing what's in our control, these conditions have created sales and cost headwinds that we don't expect to fully offset this year. Sales improved in the first quarter, in line with expectations, and daily sales have continued to build in April. However, sentiment is clearly weaker.

Conclusion

The housing market does not have a demand problem, it has a price problem. Underlying demand is there, as the steady increase in mortgage applications alongside rates falling toward 6% made clear, but it is being held hostage by borrowing costs that many would-be buyers and move-up sellers cannot afford.

A sustained move lower in rates would begin to erode the lock-in effect, pull demand off the sidelines, and allow the market to begin clearing its inventory overhang more organically. Policy efforts are pointed in the right direction but limited in scale. Executive orders targeting permitting costs, legislative proposals to boost supply, and credit scoring reforms all chip away at the margins of affordability, though none on their own materially change the calculus for a buyer facing a 6%-plus mortgage rate.

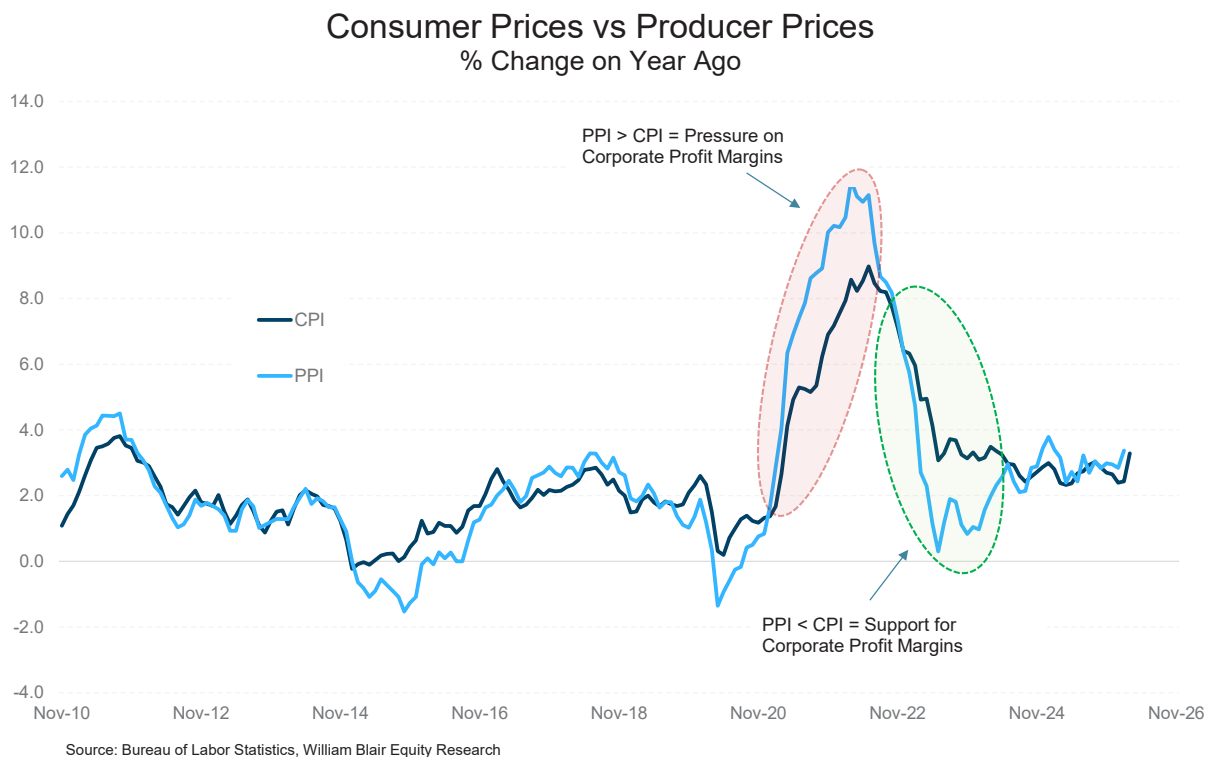
Every month that rates stay elevated, builders break less new ground, would-be households double up or delay, and the gap between where supply is and where it needs to be grows a little wider. And the longer affordability keeps a lid on activity, the more forceful the eventual snapback in prices is likely to be when conditions finally turn.

Highlights in the Week Ahead

Date	Time (ET)	Indicator	Last	Consensus	WB Estimate	Actual
11 May	10:00 a.m.	Existing Home Sales (April)	-3.6%	2.4%	NA	
12 May	6:00 a.m.	NFIB Small Business Optimism (April)	95.8	96.0	NA	
12 May	8:30 a.m.	Consumer Price Index (April)	0.9%	0.7%	0.6%	
		CPI Less-Food & Energy	0.2%	0.3%	0.3%	
13 May	8:30 a.m.	Producer Price Index (April)	0.5%	0.5%	0.6%	
		PPI Less-Food & Energy	0.1%	0.3%	0.4%	
14 May	8:30 a.m.	Advance Retail Sales (April)	1.7%	0.5%	0.4%	
		Sales Less-Autos	1.9%	0.6%	0.8%	
15 May	9:15 a.m.	Industrial Production (April)	-0.5%	0.2%	0.0%	
		Capacity Utilization	75.7%	75.8%	75.7%	

Sources: Bloomberg, William Blair Equity Research

Indicators of the Week: Consumer Price Index & Producer Price Index



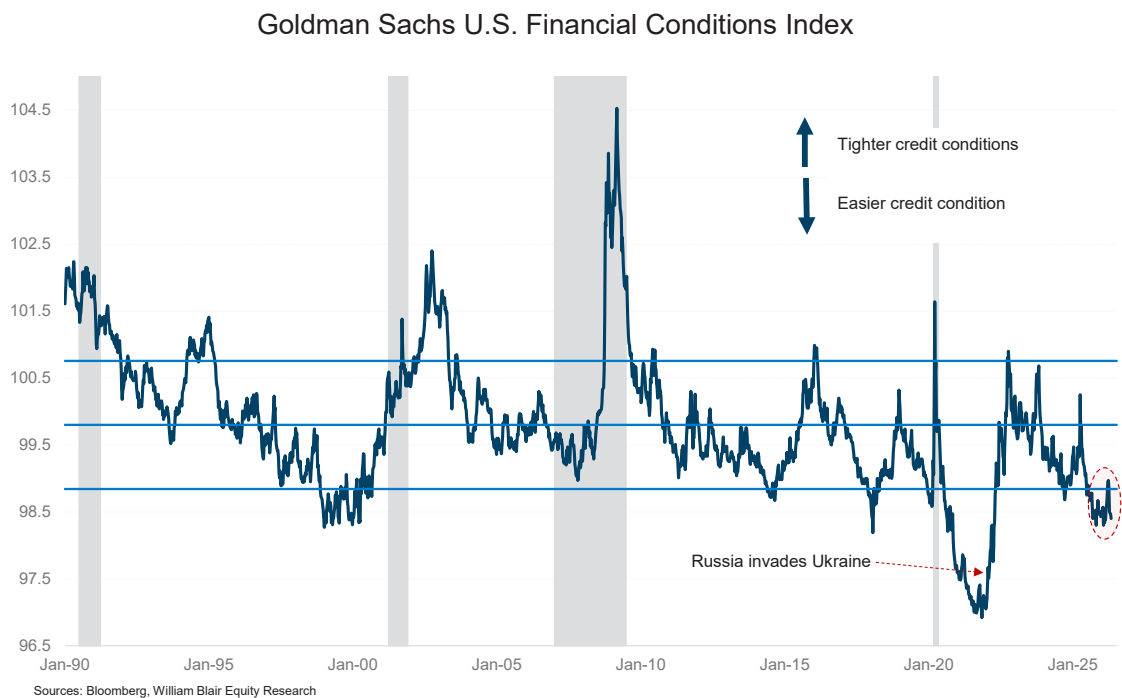
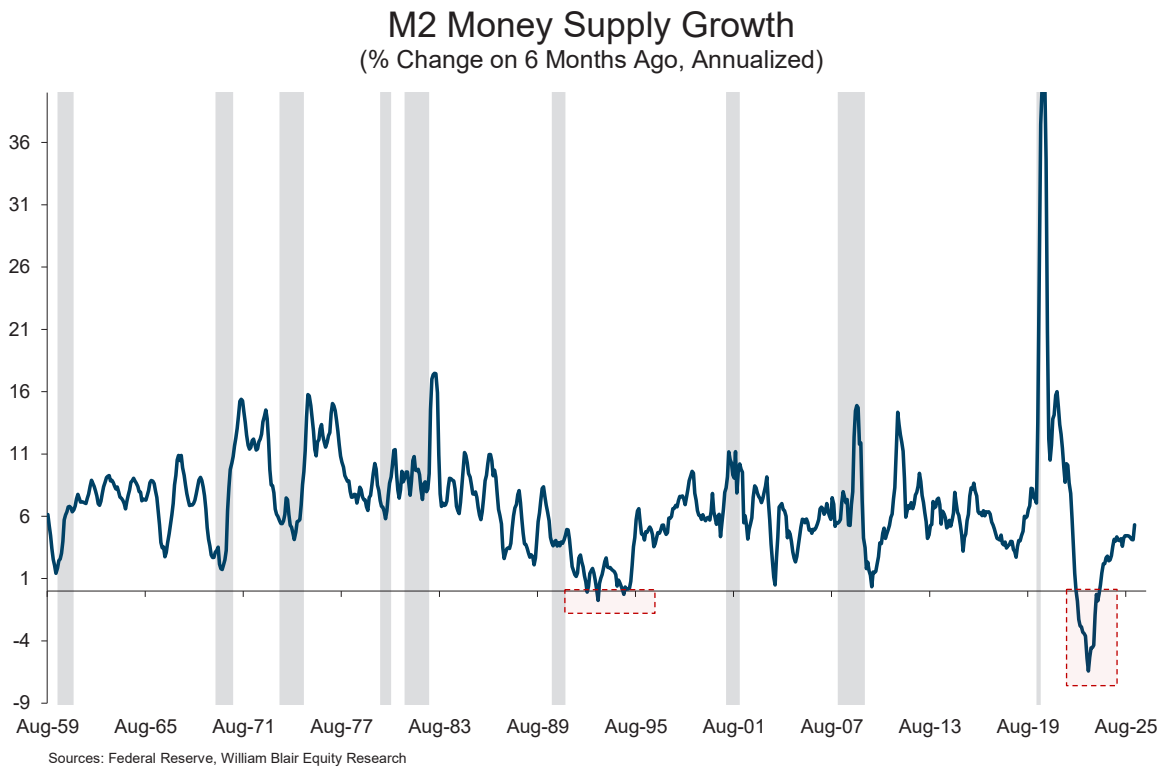
Economic Scorecard

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

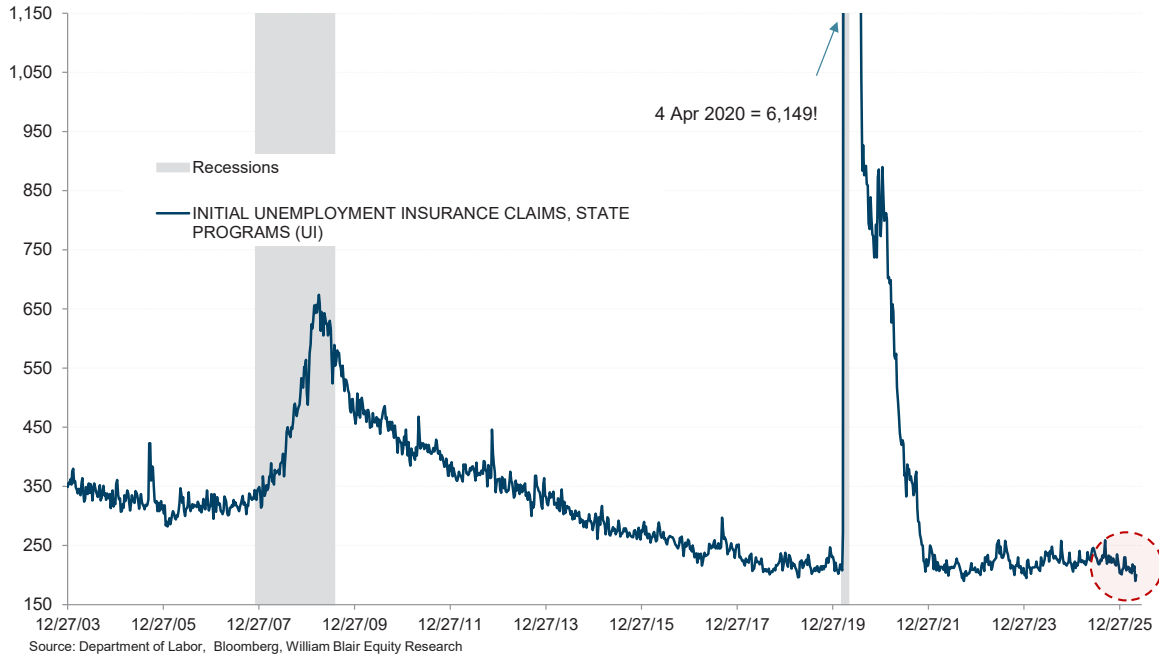
	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Growth																			
US Leading Indicators	-3.0	-3.0	-2.7	-3.0	-3.6	-4.3	-3.9	-4.0	-3.5	-3.5	-3.3	-3.3	-3.8	-3.9	-3.7	-3.3	-3.1		
US Coincident Indicators	1.3	1.7	1.5	1.5	1.8	2.0	1.4	1.3	1.6	1.4	1.1	1.1	1.1	0.7	1.1	0.8	0.4		
US Lagging Indicators	0.0	0.1	-0.1	0.1	-0.1	-0.2	0.7	0.4	0.4	0.4	1.1	1.2	0.9	1.2	0.8	0.7	1.2		
Consumer																			
Total Retail Sales	3.9	4.5	4.5	3.8	5.2	5	3.4	4.4	4.1	5	4.1	3.2	3.2	2.4	3.3	4.0	4.0		
Personal Income	5.3	5.3	5	5	5.2	5.6	4.5	4.3	4.8	5.1	5.1	4.7	4.6	4.5	4.4	3.9	3.7		
Real Disposable Personal Income	2.4	2.2	1.8	1.8	2.3	2.8	1.5	1.2	1.7	1.8	1.8	1.4	1.3	1.1	1.7	1.2	0.4		
Real Personal Consumption	3.2	3.6	3.3	2.7	3.2	3.1	2.5	2.5	2.6	2.8	2.4	2.5	2.2	1.6	2.3	2.7	2.1		
Personal Saving Rate (%)	4.9	4.3	5.1	5.2	5.1	5.5	4.9	4.6	4.5	4.4	4.3	4	4	3.9	4.5	3.9	3.6		
Consumer Confidence (Conference Board)**	112.8	109.5	105.3	100.1	93.9	85.7	98.4	95.2	98.7	97.8	95.6	95.5	92.9	94.2	89	91	92.2	92.8	
Employment																			
Employment Growth	0.9	0.9	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.4	0.3	0.2	0.1	0.2	0.1	0.2		
ASA Temporary Staffing Index	-6.6	-21.0	-8.2	-7.5	-8.7	-6.4	-5.8	-5.3	-0.8	-0.9	0.8	1.5	4.5	7.3	2.3	3.2	6.1	5.4	
ISM Employment Index Manufacturing*	48.3	45.4	49.7	47.1	44.4	46.2	46.1	45.1	44.9	44.3	45.4	45.8	44.1	44.8	48.1	48.8	48.7	46.4	
ISM Employment Index Services*	50.8	51	51.4	53.4	46	49.2	50.4	47.7	46.9	46.9	47.6	48.1	48.7	51.7	50.3	51.8	45.2	48	
Unemployment Rate, %	4.2	4.1	4	4.2	4.2	4.2	4.3	4.1	4.3	4.3	4.4	4.4	4.5	4.4	4.3	4.4	4.3		
Average Hourly Earnings	4.2	4.1	4	4.1	4.2	3.9	4	3.9	4	4	3.8	3.9	3.9	3.7	3.7	3.8	3.5		
Initial Jobless Claims (avg. wkly. chg. '000s)	219	223	219	226	223	226	233	239	222	231	234	226	221	219	213	216	208	208	
Job Openings	-12.0	-14.4	-11.3	-14.2	-15.3	-5.7	-6.1	-2.9	-4.5	-8.0	3.3	-2.8	-9.5	-10.2	-2.6	-4.4	-1.2		
Layoff Announcements	26.8	11.4	-39.5	103.2	204.8	62.7	47	-1.6	139.8	13.3	-25.8	175.3	23.5	-8.3	117.8	-71.9	-78	-20.9	
Housing Market																			
Housing Starts	-14.5	-0.5	-1.7	-4	3.3	0.9	-2.6	4.1	12.3	-7.2	-2.1	-5.9	2.2	-9.3	2.9	-9	10.8		
New Home Sales	10.7	11.7	-2.8	-2.4	-4.6	-1.8	-5.7	-1.3	-10	1.9	0.3	4.7	10.8	1.4	-11.9	-1.1	3.3		
Existing Home Sales	6.2	8.6	1.7	-1.0	-2.7	-1.5	-0.5	0.5	0.8	2.3	4.4	2.2	-1.2	1.9	-1.7	-0.5	-1.0		
Median House Price (Existing Homes)	-7.4	1.1	-0.2	-1.4	-5.4	-0.4	2.5	-1.2	-7.4	3	-1	-5.2	1.2	1.4	-3.9	-1.5	-6.2		
Existing Homes Inventory (Mths' supply)	3.8	3.8	3.9	4	4.2	4.2	4.3	4.3	4.3	4.3	4.3	4.3	4.2	4	4.2	4.3	4.3		
New Homes Inventory (Mths' supply)	8.7	8.2	9	9.3	9.2	8.5	9.6	9.1	9.3	8.4	8.1	9	7.8	7.8	9.8	9.1	8.5		
NAHB Homebuilder Sentiment*	46	46	47	42	39	40	34	32	33	32	32	37	38	39	37	37	38		
Inflation																			
Consumer Price Index	2.7	2.9	3	2.8	2.4	2.3	2.4	2.7	2.7	2.9	3		2.7	2.7	2.4	2.4	3.3		
CPI Less-food & energy	3.3	3.2	3.3	3.1	2.8	2.8	2.8	2.9	3.1	3.1	3		2.6	2.6	2.5	2.5	2.6		
Producer Price Index	2.9	3.5	3.8	3.4	3.2	2.4	2.7	2.4	3.2	2.7	3	2.8	3.1	3.2	3.1	3.4	4		
PPI Less-food & energy	3.4	3.7	3.9	3.7	3.8	3.1	3.2	2.7	3.5	2.9	3	3	3.2	3.5	3.7	3.8	3.8		
PCE Price Index	2.6	2.7	2.6	2.7	2.4	2.3	2.5	2.6	2.6	2.7	2.8	2.7	2.8	2.9	2.9	2.8	3.5		
PCE Prices Less-food & energy	3.0	3.0	2.8	3.0	2.7	2.6	2.8	2.8	2.9	2.9	2.8	2.8	2.8	3.0	3.1	3.0	3.2		
Business Activity - US																			
Industrial Production	-1.6	-0.3	0.9	0.8	0.6	0.9	0.1	0.6	1.9	1.2	1.9	1.8	1.8	1.3	1.5	1.2	0.7		
New Cap Gds Orders less-aircraft & parts	-1.1	1.9	3.3	-0.9	2.2	0.5	2.2	4.5	4.4	2.5	5.3	6.2	4.1	8	2.9	5.9	10.9		
Business Inventories	1.9	2.2	2.7	1.8	2.5	2.2	2.5	2.2	1.7	1.6	1.4	1	1.3	1.3	1.2	1.5	1	1.3	
ISM Manufacturing PMI*	48.4	49.2	50.5	50	48.9	48.8	48.6	49	48.4	48.9	48.9	48.8	48	47.9	52.6	52.4	52.7	52.7	
Markit US Manufacturing PMI*	49.7	49.4	51.2	52.7	50.2	50.2	52	52.9	49.8	53	52	52.5	52.2	51.8	52.4	51.6	52.3	54.5	
ISM Services Index*	52.4	53.5	52.6	53.2	50.8	51.6	50.2	50.8	50.5	51.9	50.3	52	52.4	53.8	53.8	56.1	54	53.6	
Markit US Services PMI*	56.1	56.8	52.9	51	54.4	50.8	53.7	52.9	55.7	54.5	54.2	54.8	54.1	52.5	52.7	51.7	49.8	51	
Business Activity - International																			
Germany Manufacturing PMI Markit/BME*	43	42.5	45	46.5	48.3	48.4	48.3	49	49.1	49.8	49.5	49.6	48.2	47	49.1	50.9	52.2	51.4	
Japan Manufacturing PMI Jibun Bank*	49	49.6	48.7	49	48.4	48.7	49.4	50.1	49	49.7	48.5	48.2	48.7	50	51.5	53	51.6	55.1	
Caixin China Manufacturing PMI*	51.5	50.5	50.1	50.8	51.2	50.4	48.3	50.4	49.5	50.5	51.2	50.6	49.9	50.1	50.3	52.1	50.8	52.2	
China Manufacturing PMI*	50.3	50.1	49.1	50.2	50.5	49	49.5	49.7	49.3	49.4	49.8	49	49.2	50.1	49.3	49	50.4	50.3	
UK Manufacturing PMI Markit/CIPS*	48	47	48.3	46.9	44.9	45.4	46.4	47.7	48	47	46.2	49.7	50.2	50.6	51.8	51.7	51	53.7	
France Manufacturing PMI Markit*	43.1	41.9	45	45.8	48.5	48.7	49.8	48.1	48.2	50.4	48.2	48.8	47.8	50.7	51.2	50.1	50	52.8	
Currencies***																			
Euro (EUR/USD)	-2.9	-6.2	-4.2	-4.0	0.2	6.2	4.6	10.0	5.4	5.8	5.4	6.0	9.7	13.4	14.4	13.9	6.8	3.6	
Renminbi (USD/CNY)	1.6	2.8	1.1	1.2	0.5	0.4	-0.6	-1.4	-0.4	0.6	1.5	0.0	-2.4	-4.3	-4.0	-5.7	-5.0	-6.1	
Yen (USD/Yen)	1.1	11.5	5.6	0.4	-0.9	-9.3	-8.4	-10.5	0.5	0.6	3.0	1.3	4.3	-0.3	-0.3	3.6	5.8	9.4	
Sterling (GBP/USD)	0.9	-1.7	-2.3	-0.4	2.3	6.7	5.6	8.6	2.7	2.9	0.5	2.0	3.9	7.7	10.4	7.2	2.4	2.1	
Canadian \$ (USD/CAD)	3.3	8.6	8.2	6.5	6.3	0.2	0.8	-0.5	0.3	1.8	2.9	0.5	-0.2	-4.6	-6.4	-5.7	-3.3	-1.6	
Mexican Peso (USD/MXN)	17.2	22.7	20.1	20.5	23.6	14.4	14.3	2.3	1.4	-5.4	-7.0	-7.4	-10.2	-13.5	-15.6	-16.2	-12.4	-11.0	
US Equities																			
S&P 500	32.1	23.3	24.7	16.8	6.8	10.6	12.0	13.6	14.8	14.4	16.1	19.9	13.5	16.4	14.9	15.5	16.3	29.4	
S&P 400 Midcap	31.3	12.2	18.6	7.1	-4.2	-0.3	0.6	5.9	1.7	5.3	4.5	4.8	-1.7	5.9	6.1	15.5	15.7	27.6	
S&P 600 Smallcap	30.9	6.8	14.5	4.5	-5.0	-3.6	-3.4	2.8	-6.3	1.8	1.9	3.8	-4.0	4.2	7.0	15.9	18.5	36.6	
Russell 2000	34.6	10.0	17.5	5.3	-5.3	-0.5	-0.2	6.2	-1.9	6.7	9.3	12.9	2.7	11.3	14.3	21.7	24.1	42.6	

* 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

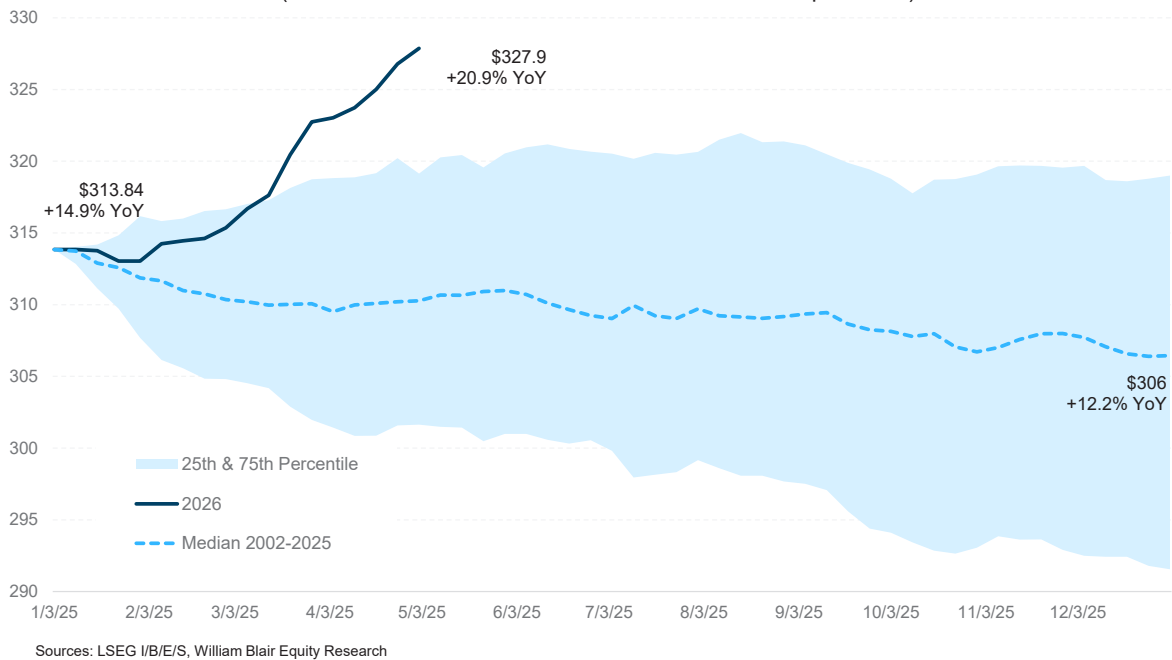
Other Economic Indicators



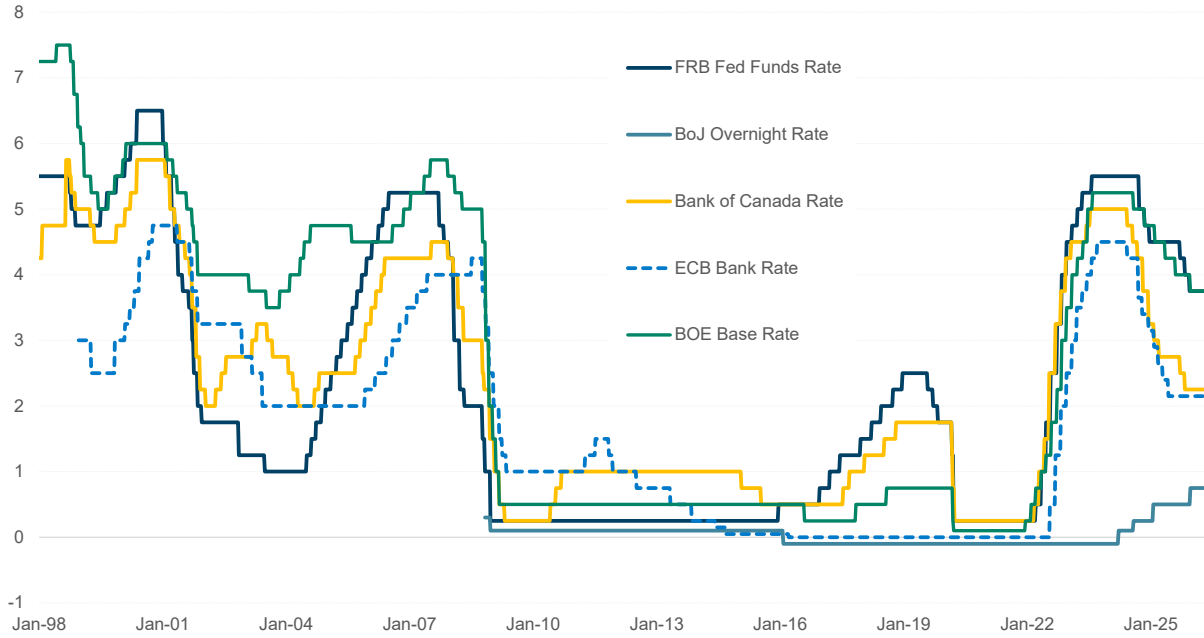
Initial Jobless Claims (‘000s, Seasonally Adjusted)



Progression of S&P 500 2026 EPS Estimates, 2026 vs Median 2002-2025 (Rebased to Estimate at End of Q4 2025 of \$313.84 per share)

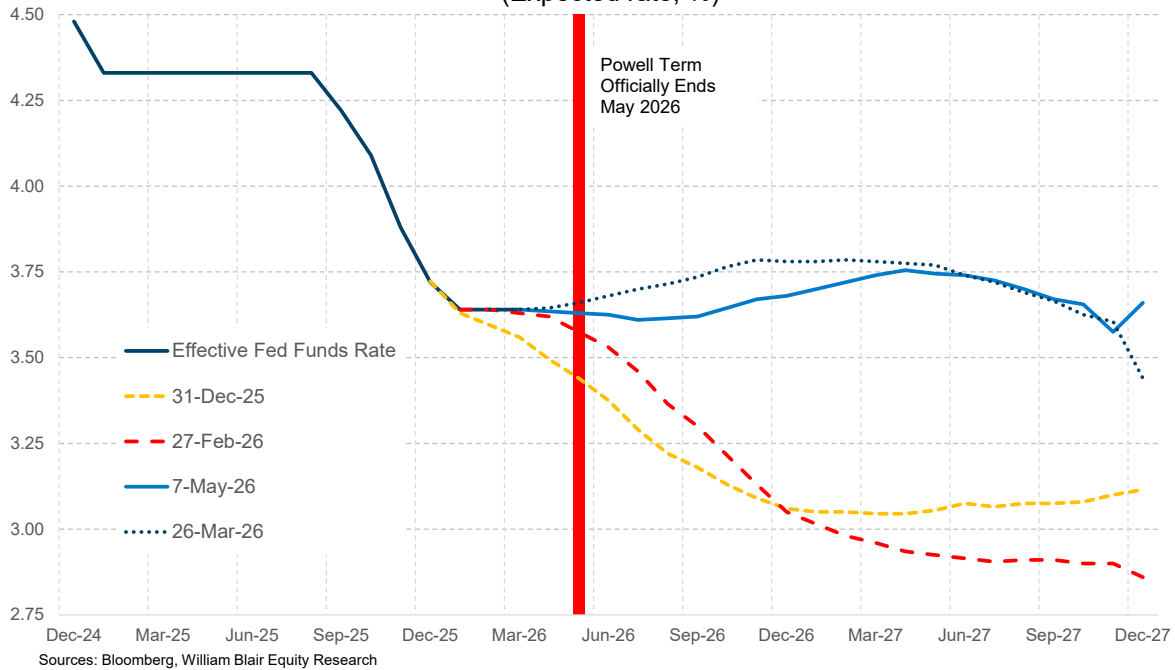


Central Bank Target Short-Term Interest Rates, %



Sources: Bloomberg, William Blair Equity Research

Fed Funds Rate and Futures Market Expectations (Expected rate, %)



Sources: Bloomberg, William Blair Equity Research

S&P 500 Sector Performance

Global Industry Classification System	Current Weight* 07-May-26	Week Ago 30-Apr-26	Month Ago 07-Apr-26	Qtr-to-Date 31-Mar-26	Year-to-Date 31-Dec-25
S&P 500 Index	100.00	1.78	10.89	12.39	7.18
S&P 400 MidCap Index		1.15	7.41	9.05	11.40
S&P 600 SmallCap Index		0.33	8.80	10.68	14.11
Dow Jones Industrials		-0.11	6.47	7.02	3.19
Nasdaq Composite		3.67	17.21	19.52	11.03
Communication Services	10.96	1.84	16.91	20.60	12.04
Advertising	0.05	0.05	4.95	2.55	-17.89
Broadcasting	0.05	-0.30	4.16	8.54	-14.56
Cable & Satellite	0.06	-1.60	-15.98	-11.77	-7.50
Integrated Telecommunication Services	0.69	-2.68	-6.28	-9.29	4.90
Interactive Home Entertainment	0.14	1.63	4.58	4.79	-7.12
Interactive Media & Services	8.63	2.80	23.72	29.24	16.51
Movies & Entertainment	1.01	-1.82	-3.12	-1.65	-4.87
Publishing & Printing	0.02	2.32	10.44	8.39	3.68
Wireless Telecommunication Svcs	0.31	-0.67	-3.16	-7.54	-4.36
Consumer Discretionary	10.33	1.76	14.48	13.68	3.06
Apparel Retail	0.36	-1.45	-0.33	-1.32	6.70
Apparel & Accessories & Luxury Goods	0.08	-6.17	-6.77	-6.63	-11.94
Auto Parts & Equipment	0.02	-5.23	-1.91	-5.46	-13.72
Automobile Manufacturers	2.46	7.27	17.58	10.25	-8.12
Automobile Retail	0.29	-2.95	9.41	9.52	1.29
Broadline Retail	4.39	2.31	26.53	29.94	17.56
Casinos & Gaming	0.08	-1.31	1.59	1.96	-11.38
Computer & Electronics Retail	0.02	-3.22	-8.56	-8.82	-12.54
Consumer Electronics	0.07	-3.68	0.26	4.26	19.25
Distributors	0.03	-4.68	-0.79	-2.15	-15.12
Footwear	0.10	0.20	3.68	-12.51	-25.47
Home Furnishings	0.01	-2.67	5.28	4.35	-6.00
Home Improvement Retail	0.67	-2.29	0.77	-2.01	-5.68
Homebuilding	0.15	-4.51	1.92	0.80	-6.15
Hotels, Resorts & Cruise Lines	0.74	0.92	4.67	4.78	-4.82
Leisure Products	0.02	1.62	8.94	4.05	18.76
Restaurants	0.76	-1.88	0.16	1.32	-3.44
Other Specialty Retail	0.06	-5.34	-14.02	-14.84	-24.67
Consumer Staples	5.32	-0.37	3.57	2.56	9.76
Agricultural Products	0.09	1.86	4.13	3.56	36.09
Brewers	0.01	0.91	-4.26	0.16	-7.61
Consumer Staples Merchandise Retail	2.51	-0.90	2.82	2.82	15.24
Distillers & Vintners	0.05	-2.32	-1.38	0.77	8.10
Food Distributors	0.05	-2.45	-0.49	2.17	-1.10
Food Retail	0.11	0.14	-1.27	-0.83	14.85
Household Products	0.71	-0.35	3.39	1.11	3.03
Packaged Foods & Meats	0.33	0.72	0.93	0.57	-0.90
Personal Care Products	0.08	4.73	11.97	8.39	-6.60
Soft Drinks	0.98	-1.02	3.50	2.70	9.05
Tobacco	0.57	0.88	7.26	3.83	10.33
Energy	3.06	-6.09	-7.59	-9.38	24.36
Integrated Oil & Gas	1.52	-5.46	-10.34	-13.13	21.42
Oil & Gas Equipment & Services	0.26	-7.68	3.90	2.92	38.66
Oil & Gas Exploration & Production	0.58	-8.40	-9.91	-11.18	20.27
Oil & Gas Refining & Marketing & Transportation	0.31	-4.99	-3.70	-4.27	41.28
Oil & Gas Storage & Transportation	0.40	-4.62	-2.81	-2.34	21.56

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Financials	10.95	-1.16	3.24	4.22	-6.00
Asset Management & Custody Banks	0.93	-1.57	10.35	10.31	-4.96
Consumer Finance	0.54	-0.72	5.04	5.71	-16.35
Diversified Banks	2.81	-1.87	3.32	5.56	-3.60
Diversified Financial Services	6.40	-0.74	4.15	4.64	-7.20
Financial Exchanges & Data	0.86	0.10	0.12	2.99	-6.46
Insurance Brokers	0.36	-0.81	-5.54	-5.68	-15.86
Investment Banking & Brokerage	1.27	0.03	7.20	8.59	-1.22
Life & Health Insurance	0.26	-0.36	5.72	6.47	0.10
Multi-Sector Holdings	0.98	0.31	-0.63	-0.86	-5.49
Property & Casualty Insurance	0.83	-1.76	-0.58	-0.04	-3.94
Regional Banks	0.26	-2.76	3.14	6.03	2.07
Reinsurance	0.02	-1.41	7.43	7.61	3.65
Transaction & Payment Processing	1.71	-2.04	3.98	3.75	-10.61
Health Care	8.05	-0.82	-1.36	-1.39	-6.61
Biotechnology	1.41	-2.00	-2.35	-5.59	-3.62
Health Care Distributors	0.29	-9.31	-14.22	-13.99	-13.16
Health Care Equipment	1.31	-2.26	-7.35	-7.80	-21.76
Health Care Facilities	0.15	-0.94	-11.59	-8.80	-9.99
Health Care Services	0.36	1.98	6.43	11.62	8.24
Health Care Supplies	0.05	-0.66	-0.65	-3.71	-11.53
Life Sciences Tools & Services	0.70	1.89	-0.31	0.11	-15.88
Managed Health Care	0.70	0.09	21.74	36.65	10.79
Pharmaceuticals	3.04	0.16	-1.79	-2.83	-1.11
Industrials	8.19	-0.32	5.91	7.56	12.19
Aerospace & Defense	1.96	1.89	-2.16	0.01	1.16
Agricultural & Farm Machinery	0.23	-1.58	0.79	3.06	24.69
Air Freight & Logistics	0.30	-6.25	4.02	3.89	12.12
Building Products	0.45	-3.09	9.39	10.28	14.82
Cargo Ground Transportation	0.09	-5.77	3.16	5.32	25.73
Construction & Engineering	0.33	3.97	33.06	35.61	79.96
Construction Machinery & Heavy Trucks	0.91	0.16	18.58	21.50	43.02
Data Processing & Outsourced Services	0.03	-0.71	-4.38	-5.90	-31.49
Diversified Support Svcs	0.15	-1.01	0.69	1.05	-10.94
Electrical Components & Equipment	0.76	-0.87	13.83	17.23	23.22
Environmental & Facilities Services	0.29	-3.55	-4.75	-3.74	-3.51
Heavy Electrical Equipment	0.42	-3.49	14.81	19.79	59.99
Human Resource & Employment Services	0.18	1.21	4.55	4.55	-15.96
Industrial Conglomerates	0.31	-0.17	-2.41	-3.23	2.21
Industrial Machinery	0.59	-1.66	-0.15	0.71	0.65
Passenger Airlines	0.15	8.89	11.05	9.46	-1.38
Passenger Ground Transportation	0.23	2.84	6.97	6.67	-6.09
Railroads	0.46	-1.61	7.78	8.95	15.11
Research & Consulting Svcs	0.11	-5.24	-6.90	-7.56	-20.06
Trading Companies & Distributors	0.25	0.94	11.80	11.92	16.38
Information Technology	34.29	5.62	20.75	24.04	12.56
Application Software	1.90	5.31	5.98	6.01	-21.42
Communications Equipment	1.15	-3.67	10.84	18.35	23.55
Electronic Components	0.57	0.27	15.11	20.92	32.95
Electronic Equipment & Instruments	0.15	0.29	10.81	16.80	43.57
Electronic Manufacturing Services	0.15	0.83	8.64	10.26	8.55
Internet Software & Services	0.08	6.53	3.15	7.69	5.14
IT Consulting & Services	0.55	0.24	-7.29	-7.00	-27.81
Semiconductor Equipment	1.48	5.55	19.16	24.78	60.21
Semiconductors	14.79	6.48	30.70	36.66	29.58
Systems Software	6.16	5.46	14.57	15.32	-11.27
Technology Distributors	0.02	-19.51	-10.90	-8.94	-19.09
Technology Hardware, Storage & Peripherals	7.29	6.83	17.77	18.95	14.84
Materials	1.79	-0.22	1.88	2.42	11.94
Commodity Chemicals	0.07	-6.37	-10.30	-10.74	61.86
Construction Materials	0.22	-4.27	4.43	5.60	-5.67
Copper	0.13	4.90	-0.25	3.11	19.33

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Fertilizers & Agricultural Chemicals	0.12	-2.81	-8.85	-6.71	21.85
Gold	0.18	2.16	-1.01	4.84	13.66
Industrial Gases	0.44	-1.51	0.08	0.04	16.60
Metal & Glass Containers	0.02	-4.37	-1.43	-1.18	10.27
Paper Packaging	0.13	5.83	2.87	0.09	-2.52
Specialty Chemicals	0.35	0.94	3.51	1.20	5.54
Steel	0.13	1.09	31.07	32.24	38.40
Real Estate	1.78	-0.33	6.10	8.25	10.36
Data Center REITs	0.26	-2.08	6.23	8.55	33.91
Health Care REITs	0.32	-0.22	5.77	7.68	13.72
Hotel & Resort REITs	0.02	2.56	13.51	13.10	22.22
Industrial REITs	0.20	0.19	6.81	7.64	11.45
Multi-Family Residential REITs	0.00	1.02	7.76	10.35	0.41
Office REITs	0.01	1.71	15.01	14.57	-11.89
Other Specialized REITs	0.10	-0.30	12.43	14.91	25.06
Real Estate Service	0.08	2.33	1.08	1.76	-23.58
Retail REITs	0.24	-1.66	2.87	4.72	10.41
Self-Storage REITs	0.13	1.37	9.60	12.25	15.50
Single-Family Residential REITs	0.13	1.37	9.60	12.25	15.50
Telecom Tower REITs	0.22	-0.45	4.77	9.34	3.97
Timber REITs	0.03	-3.34	-1.33	-2.99	0.05
Utilities	2.11	-3.75	-2.62	-1.78	5.60
Electric Utilities	1.41	-3.69	-1.95	-1.36	6.34
Gas Utilities	0.04	-4.27	-3.62	-1.55	8.49
Independent Power Producers & Energy Traders	0.09	-2.23	-0.02	2.24	-3.87
Water Utilities	0.04	-1.73	-6.78	-7.27	-3.29
Multi-Utilities	0.53	-4.27	-4.32	-3.12	5.86

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

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DOW JONES: 49597.00

S&P 500: 7337.11

NASDAQ: 25806.20

Additional information is available upon request.

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Market Perform (Hold)	25	Market Perform (Hold)	2
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