Summary

- Housing Starts plunge amid Polar Vortex in February
- Mortgage rates drop to 3.78 percent this week
- Builder Confidence dips two points in February, but remains generally positive

This Week’s Economic Releases

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Prior</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Starts</td>
<td>0.897 M</td>
<td>1.081 M</td>
<td>-17 %</td>
</tr>
<tr>
<td>NAHB Housing Market Index*</td>
<td>53</td>
<td>55</td>
<td>-2</td>
</tr>
<tr>
<td>Production Price Index for Final Demand</td>
<td>-0.5%</td>
<td>-0.8%</td>
<td>+0.3%</td>
</tr>
</tbody>
</table>

*Readings above 50 indicate that builders perceive conditions as generally good.

Green indicates better than market expectations, red means worse than market expectations.

Mortgage rates dropped to 3.78%

The average 30-year fixed rates mortgage fell to 3.78 percent this week following mixed housing data. Housing starts dropped 17 percent to a seasonally adjusted pace of 897 thousand units, below market expectations. However, housing permits increased 3 percent in February. The NAHB Housing Market Index dipped another 2 points to 53 in March. Producer Prices fell 0.5 percent.

Winter Season Hampers Home Construction

Housing starts fell 17 percent across the board, with a seasonal adjusted pace of 897 thousand units in February, well below the expected 1.048 million pace. The sharpest drop was seen in Northeast region, 56 percent down from January, most likely due to the bitterly cold weather. Housing permits, on the other hand, remained positive as it increased 3 percent from January. Overall, housing starts and permits presented a mixed picture in February. As we head into spring, home builders remain positive about home sales in the near future although the NAHB Housing Market Index dropped another 2 points to 53 in March.

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