

February 17, 2020
Weekly Bulletin

Building On Some Momentum– XHB

- Inventory of single-family homes for sale is at an all-time low and existing home sales are increasing, signaling strong demand in the housing market
- Strong housing demand has led to strong earnings beats for homebuilders this quarter, as 74% of S&P Homebuilder Select Industry index constituents exceeded earnings expectations – beating by an average of 8%¹
- Given the strong Q4 results and supportive economic backdrop of steady wage growth, as well as historical low unemployment and mortgage rates, analysts have been upgrading 2020 earnings growth from 9.2% from the beginning of the year to 10.2% now – a different trend than the broader market²

The Takeaway

After outperforming the S&P 500 by 10% in 2019, homebuilder stocks continue to show strong momentum on the back of upbeat earnings and a positive industry outlook. The S&P Homebuilder Select Industry index has beaten the S&P 500 by 3% year-to-date³, while still trading within the bottom quintile of the past 10 years based on forward price-to-earnings relative to the S&P 500⁴. SPDR® S&P Homebuilders ETF [XHB] may be a way to capture the continued strength in the housing market.

Chart of the Week

Low Single-Family Home Inventory and Mortgage Rates



Source: Bloomberg Finance L.P., FactSet, from of 1/31/1985 to 12/31/2019.

Standard Performance

Ticker	Name	YTD	1 Year	Annualized			Since Inception	Inception Date	Gross Expense Ratio (%)
				3 Year	5 Year	10 Year			
XHB (NAV)	SPDR® S&P® Homebuilders ETF	41.44%	41.44%	11.45%	6.80%	12.68%	0.81%	01/31/2006	0.35
XHB (Market Value)	SPDR® S&P® Homebuilders ETF	41.37%	41.37%	11.44%	6.79%	12.67%	0.81%		

Source: spdrs.com as of December 31, 2019

Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. For SPDR ETFs, visit spdrs.com for most recent month-end performance. Performance numbers for funds less than 1 year old are cumulative. The market price used to calculate the Market Value return is the midpoint between the highest bid and the lowest offer on the exchange on which the shares of the Fund are listed for trading, as of the time that the Fund's NAV is calculated. If you trade your shares at another time, your return may differ

¹ FactSet as of 2/13/2020

² FactSet as of 2/13/2020, S&P 500 has declined 0.4%

³ FactSet as of 2/14/2020

⁴ FactSet as of 1/31/2019

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State Street Global Advisors, One Iron Street, Boston, MA 02210-1641

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