

MONEY IN MOTION

December 18, 2023

Fading Homebuilders

Homebuilders and housing-related stocks have shot the moon of late, as all will know, with the iShares Home Construction ETF (ITB) up some 41% from the October 27th intermediate market low.

The group lost 2X what the market lost during the Jul 27-Oct 27 swoon, declining 20.19% vs a 10.92% decline in the S&P 500 Index.

And, just as the group declined more than the market on the way down, the group has rallied more than the market on the way back up and is now +41% since the Oct 27th low vs the market's 15% gain.

Start to finish, pre-plunge high of July 27th to present, Homebuilders have gained 12.5% in the five-month period versus the S&P 500 Index which is 2.43% in the period.

All the "facts & figures" above notwithstanding, the chart of the ITB (and that of many of the ETF's constituents) is judged to be too steep and uncorrected to warrant retaining large longs. And as such, if one is long, we would trim or write calls. And for those engaged in the business of short selling, we would get in motion.

Trade well,

-Carter

Homebuilders **sell-off more than the market** (2X)

	<u>Jul 27 high</u>	<u>Oct 27 low</u>	<u>Point Chg.</u>	<u>Percent Chg.</u>
SPX	4607.07	4103.78	-503.29	-10.92%
ITB	89.69	71.61	-18.08	-20.16%

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Homebuilders **recover more than the market** (2.7X)

	<u>Oct 27 low</u>	<u>Dec 15 close</u>	<u>Point Chg.</u>	<u>Percent Chg.</u>
SPX	4103.78	4719.19	615.41	+15.00%
ITB	71.61	100.92	29.31	+40.93%

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Homebuilders **way ahead of the market 5 months later** (5.2X)

	<u>Jul 27 high</u>	<u>Dec 15 close</u>	<u>Point Chg.</u>	<u>Percent Chg.</u>
SPX	4607.07	4719.19	112.12	+2.43%
ITB	89.69	100.92	11.23	+12.52%

Russell 3000 Home Construction Subsector Index

March 6, 2009 Financial Crisis Low to Present

Identical Chart 1 of 3

No lines or arrows drawn; no judgments rendered



Russell 3000 Home Construction Subsector Index

March 6, 2009 Financial Crisis Low to Present

Identical Chart 2 of 3

With **internal trend line**... **we're sellers here**



Russell 3000 Home Construction Subsector Index

March 6, 2009 Financial Crisis Low to Present

Identical Chart 3 of 3

With 150-day moving average... we're sellers here



iShares U.S. Home Construction ETF (ITB)

March 6, 2009 Financial Crisis Low to Present

With 150-day moving average... we're sellers here



iShares U.S. Home Construction ETF (ITB)

Since 2016 market low

With 150-day moving average... we're sellers here



iShares U.S. Home Construction ETF (ITB)

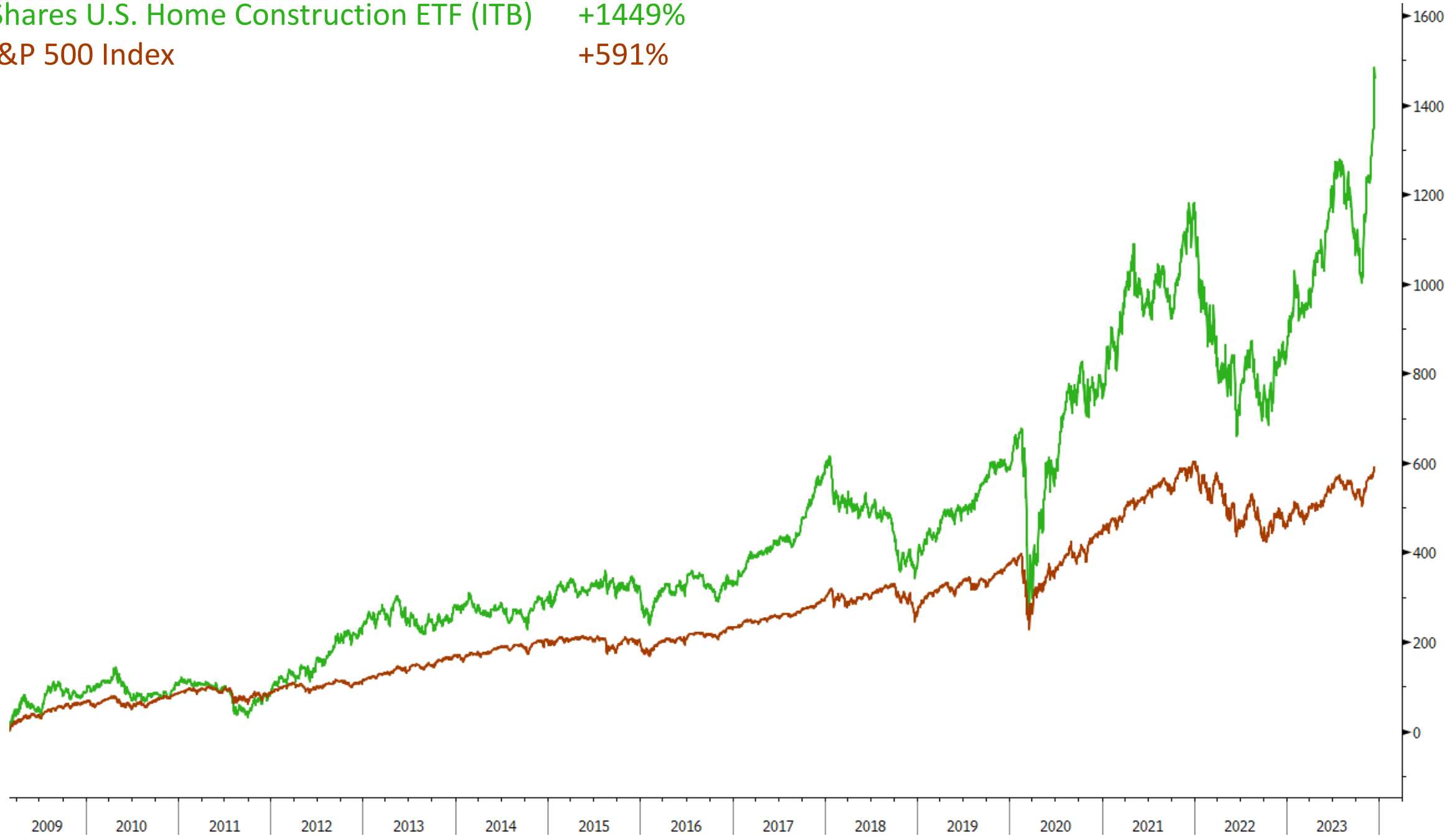
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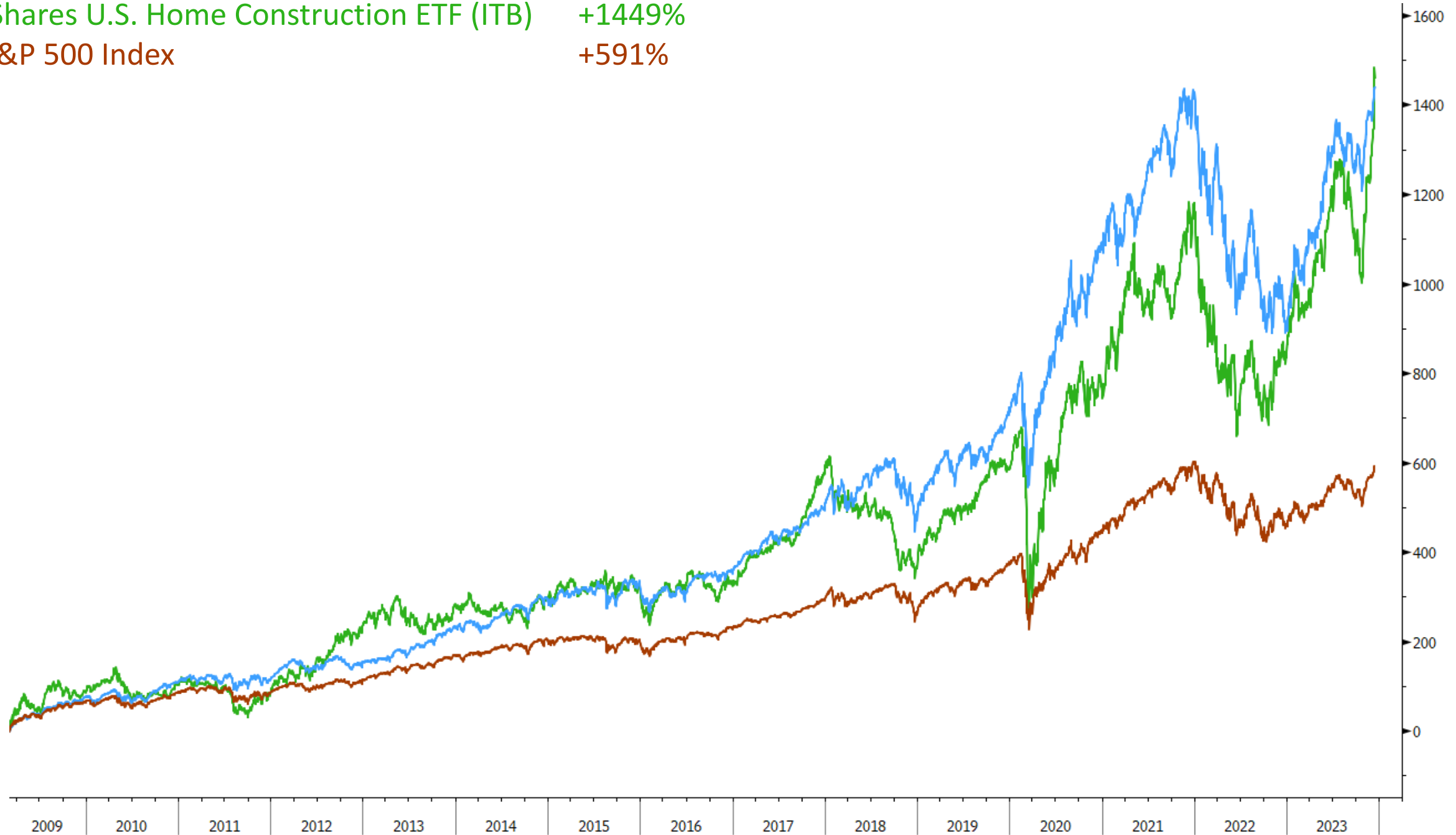
March 6, 2009 Financial Crisis Low to Present

iShares U.S. Home Construction ETF (ITB) +1449%
S&P 500 Index +591%



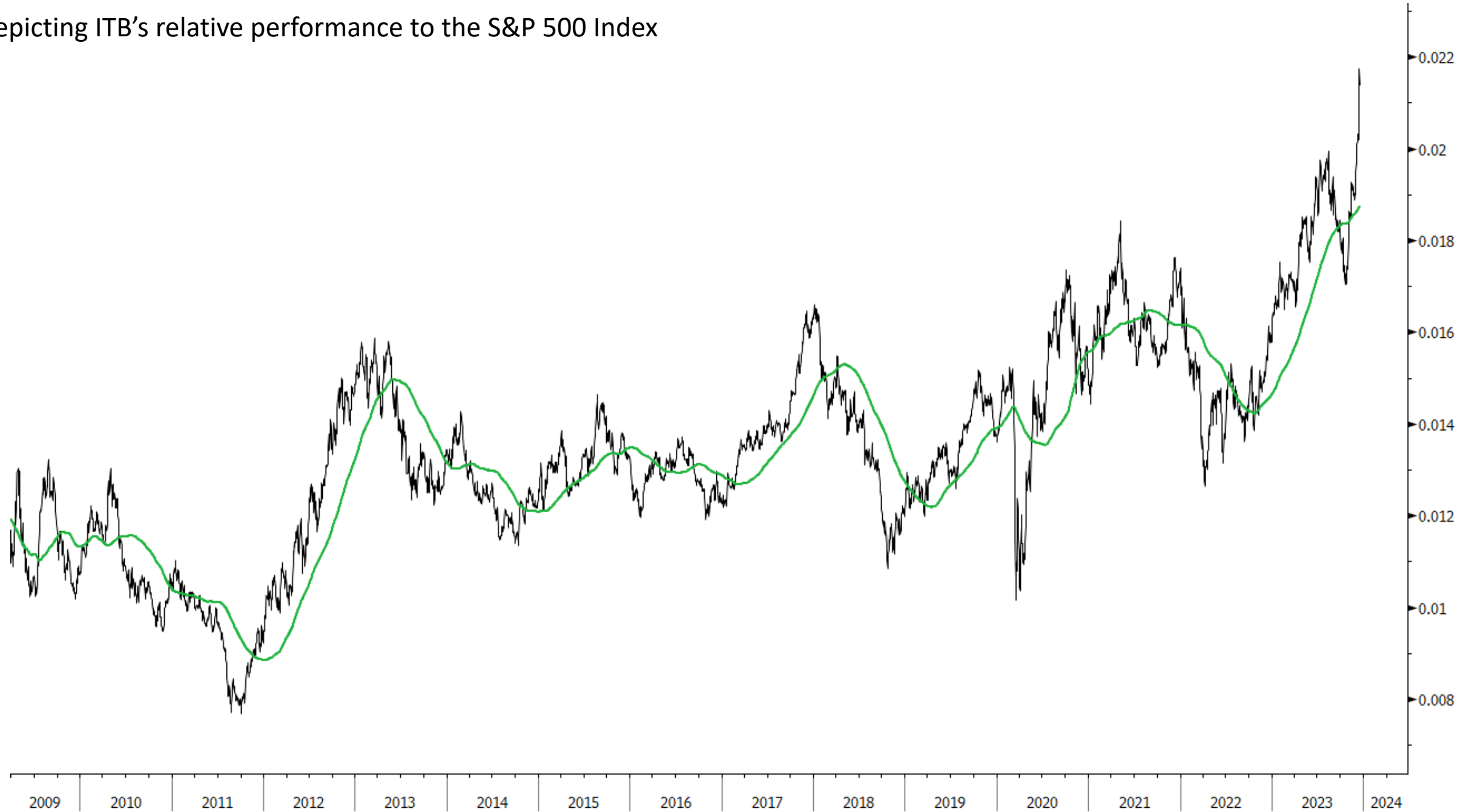
March 6, 2009 Financial Crisis Low to Present

Invesco QQQ Trust (QQQ)	+1449%
iShares U.S. Home Construction ETF (ITB)	+1449%
S&P 500 Index	+591%



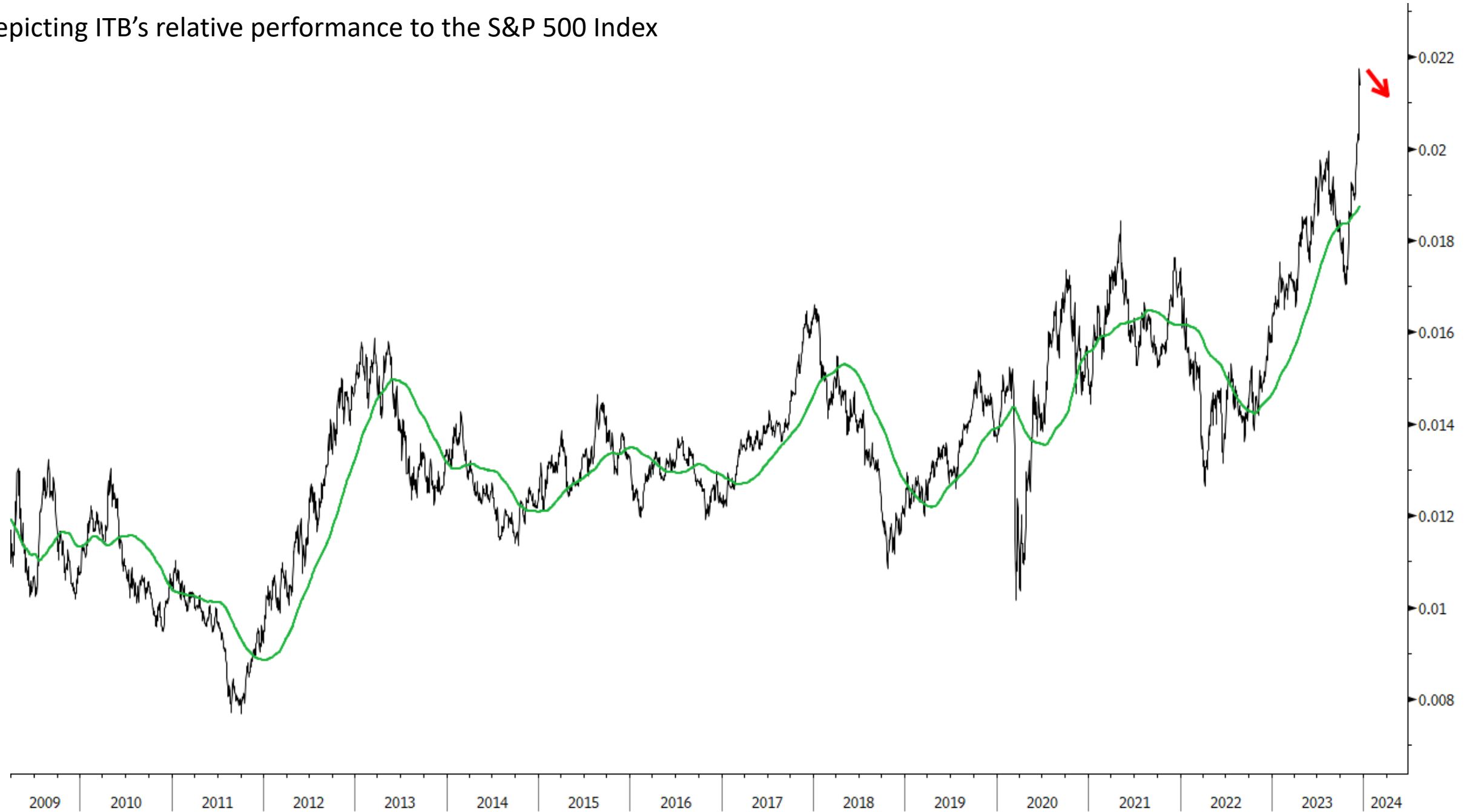
Ratio Chart: ITB/SPX with 150-day moving average March 6, 2009 Financial Crisis Low to Present

Depicting ITB's relative performance to the S&P 500 Index



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Depicting ITB's relative performance to the S&P 500 Index





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