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Economics

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Economics Weekly

Gimme Shelter—Rental Prices and Inflation Dynamics

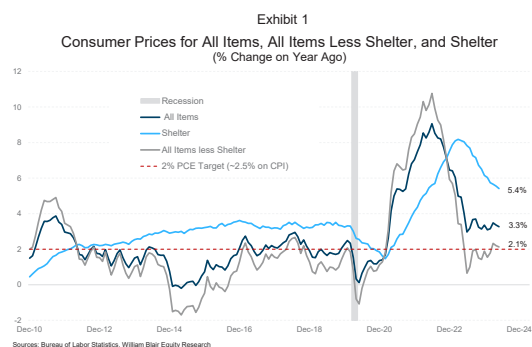


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Rent inflation is once again becoming one of the stickier questions around the overall inflation situation. Shelter accounts for 36.1% of the CPI basket, and shelter inflation was still at 5.4% in May. As such, it continues to be one of the most significant hurdles to jump for the Fed to reach its 2% inflation target. **In this *Economics Weekly*, we examine the shelter issue and where it is likely to be heading over the next year.**

Shelter From the Storm—Will Rental Price Continue to Decelerate?

As exhibit 1 shows, if the shelter component were excluded from the CPI basket, inflation would currently be running at 2.1%, which is actually up from just 0.7% annually in June 2023. Hence, getting a firm grip on where rental inflation might be heading is crucial for the Fed, as it is keen to start lowering rates and get ahead of what could be a harder landing if its policy rate remains in highly restrictive territory for much longer.



The Bureau of Labor Statistics’ shelter component is the combination of two major items: rent of primary residence (7.6% of the CPI basket) and owners’ equivalent rent (OER, 26.6%). The first is simply the monthly cost of renting a dwelling including utilities, and the other is an attempt by the BLS to apportion the cost of owning a home—not home prices.

This latter OER index is the most controversial in that it simply asks homeowners what they think they would be paying if they were to rent their home, with utilities included elsewhere in the CPI basket. Most owners simply look at what rental prices are doing in their area (if there even are rentals in their area) and come up with an estimate.

The OER, therefore, is effectively just another measure of rental prices, indicating that the shelter component in aggregate is also really just a measure of rent inflation.

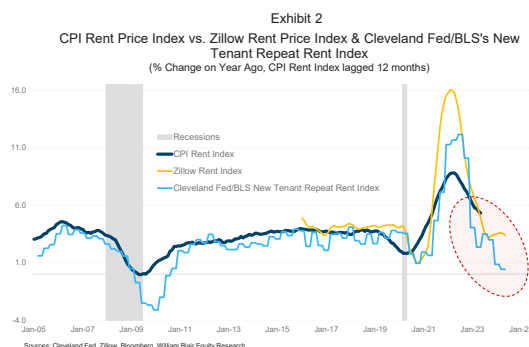
Furthermore, because household rent does not change often, rental prices are sampled in groups of 6, and each group is surveyed twice per year—group one in January and July, for example.

The important point to note here is that the BLS measure of rent includes rent for both new renters and existing tenants. What this means is that the CPI’s rental price index does not exactly match market-based rental price indices, which only look at new rental prices. As a result, the CPI’s shelter price index tends to lag market-based rental indices by 8-14 months. Hence, looking at what’s happening with current market-based rental prices provides a very good leading indicator of where inflation is likely to be heading over the coming year.

Leading the Way Down

There are three main market rental price indices. One measure from CoreLogic shows single-family rental prices currently running at 3% annually, while attached rental prices fell by 0.5% annually in June, down from 3.4% for single-family in May and up from -0.6% for attached rentals.

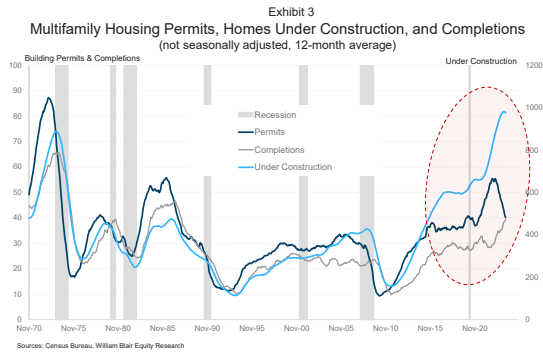
The Zillow Rental Price Index is depicted in exhibit 2, as well as the BLS’s and the Cleveland Fed’s alternative New Tenant Repeat Rental Price Index (NTRR).



As the exhibit shows, the Zillow index points to prices continuing to steadily decelerate to around 3% by the fourth quarter of this year. The BLS’s NTRR index points to a much sharper deceleration to 0.4% by the start of second quarter 2025. While this latter figure is encouraging, the fact that the sample size for this data series is relatively small leaves its result open to some skepticism.

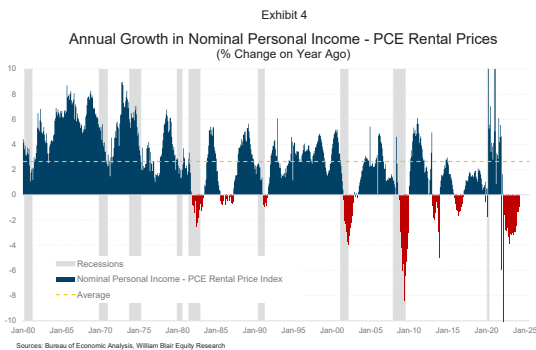
There are two other more fundamental reasons we believe rental prices should continue to move lower over the coming year.

The first is the fact that the number of multifamily homes under construction still far outpaces anything we have seen before (exhibit 3). This implies a still large increase of supply in the pipeline that the homebuilders will likely need to shift at competitive prices, particularly once mortgage rates come back down and existing homeowners increasingly return to the market.



The second reason we believe rental prices will continue to decrease is quite simply that over time income has to rise faster than the pace of shelter inflation (a human necessity). Otherwise, many would find themselves homeless, and property owners would find themselves with empty buildings and would need to cut rents to refill them.

Exhibit 4 shows the current divergence between nominal personal income and the PCE rental price index. The differential is still -0.9 percentage points, implying that either wages will have to rise substantially, the prices of other non-rental goods and services will have to fall substantially, or the pace of rental price growth will have to come down. The historical average differential since 1960 has been 2.7 percentage points, and since 2000 it has been 1.1 percentage points.



Conclusion

The shelter component is the largest single component of the CPI basket at 36.1%, and it is still running hot at 5.4%. And where shelter goes, it is very often the case that so goes inflation. The Fed will want a good indication of where shelter inflation is heading before it starts lowering interest rates. Fortunately, the BLS's calculation of shelter prices tends to lag real-world market rental prices by a year or more. Thus, we already have a pretty good idea looking at these market-based indices as to where both shelter and inflation will be heading in the coming year.

Looking at a slightly bigger picture, there are two reasons we believe shelter inflation is likely to decelerate over the coming year or two. The first is that there is a large supply of multifamily homes in the pipeline that will depress prices as they are completed and brought to market; this supply could be added to if interest rates are lowered and existing homeowners also decide to sell their properties. The second is that growth of rental prices is far outpacing nominal income growth, which is not sustainable and can only happen for a limited amount of time before demand for those properties at those prices dries up as they become completely unaffordable.

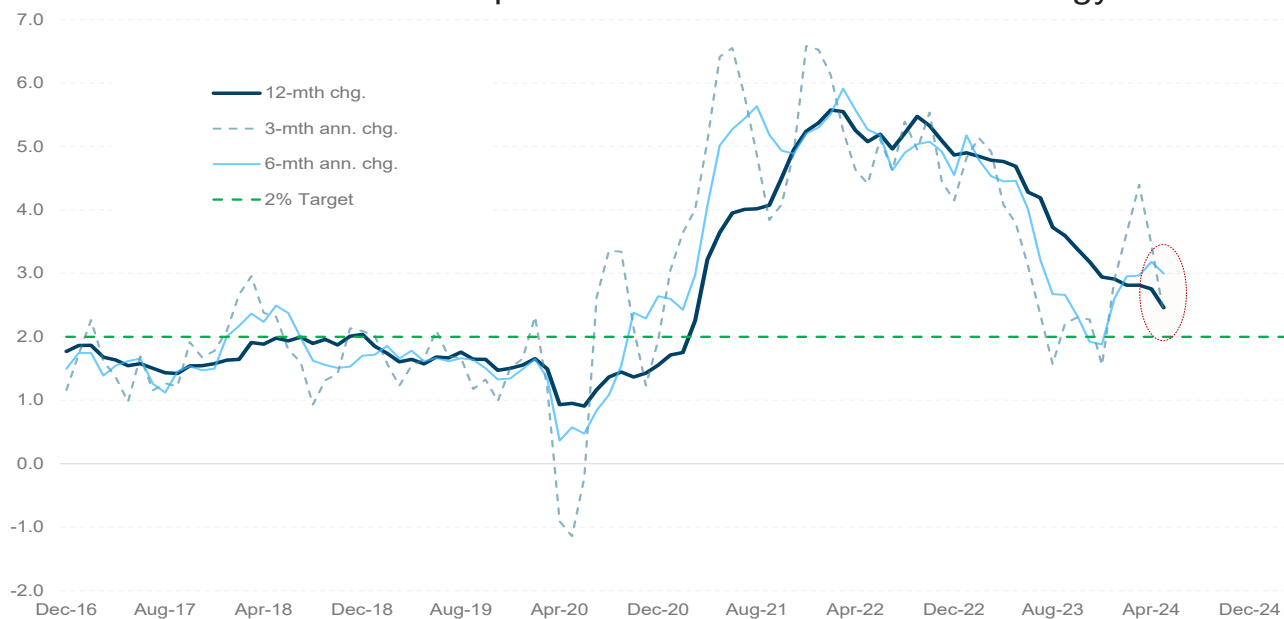
Highlights in the Week Ahead

Date	Time (ET)	Indicator	Last	Consensus	WB Estimate	Actual
25 Jun	10:00 a.m.	Consumer Confidence (June)	102.0	100.0	99.7	
26 Jun	10:00 a.m.	New Home Sales (May)	-4.7%	2.5%	1.8%	
27 Jun	8:30 a.m.	Durable Goods Orders (May)	0.6%	0.0%	-0.5%	
		Orders Less-transportation	0.4%	0.1%	-0.2%	
28 Jun	8:30 a.m.	Personal Income (May)	0.3%	0.4%	0.4%	
		Personal Spending	0.2%	0.3%	0.2%	

Sources: Bloomberg, William Blair Equity Research

Indicator of the Week: PCE Price Index

Personal Consumption Price Index Less-Food & Energy



Sources: Bureau of Economic Analysis, Bloomberg, William Blair Equity Research

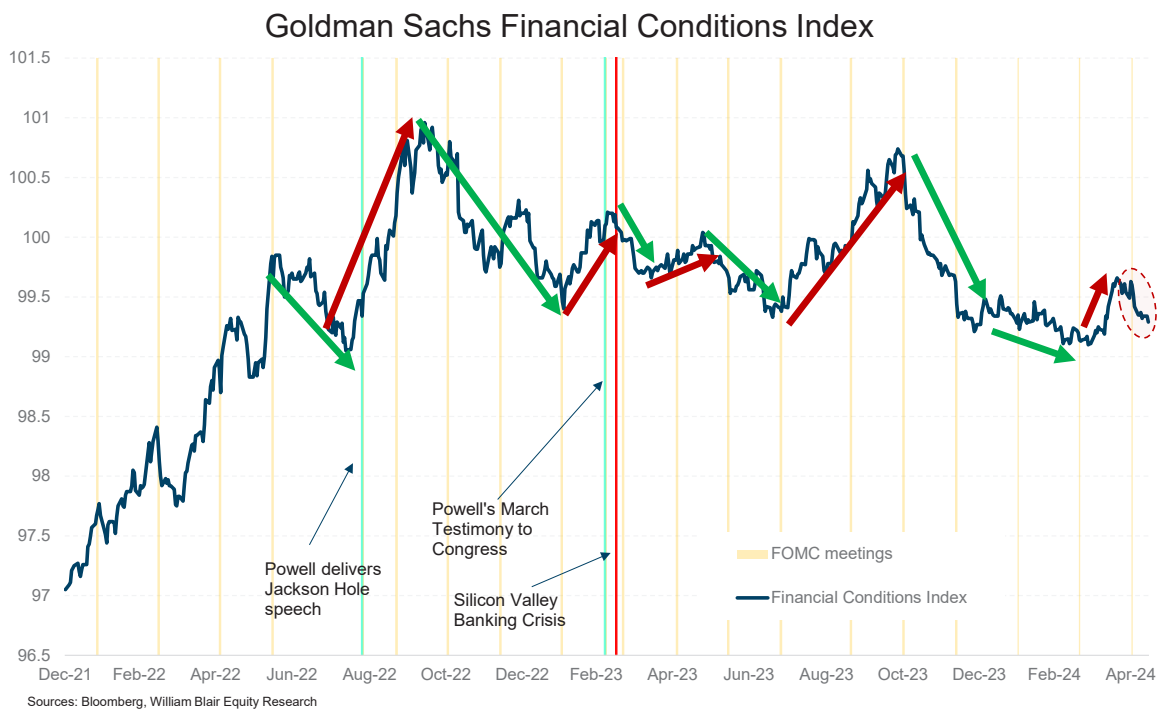
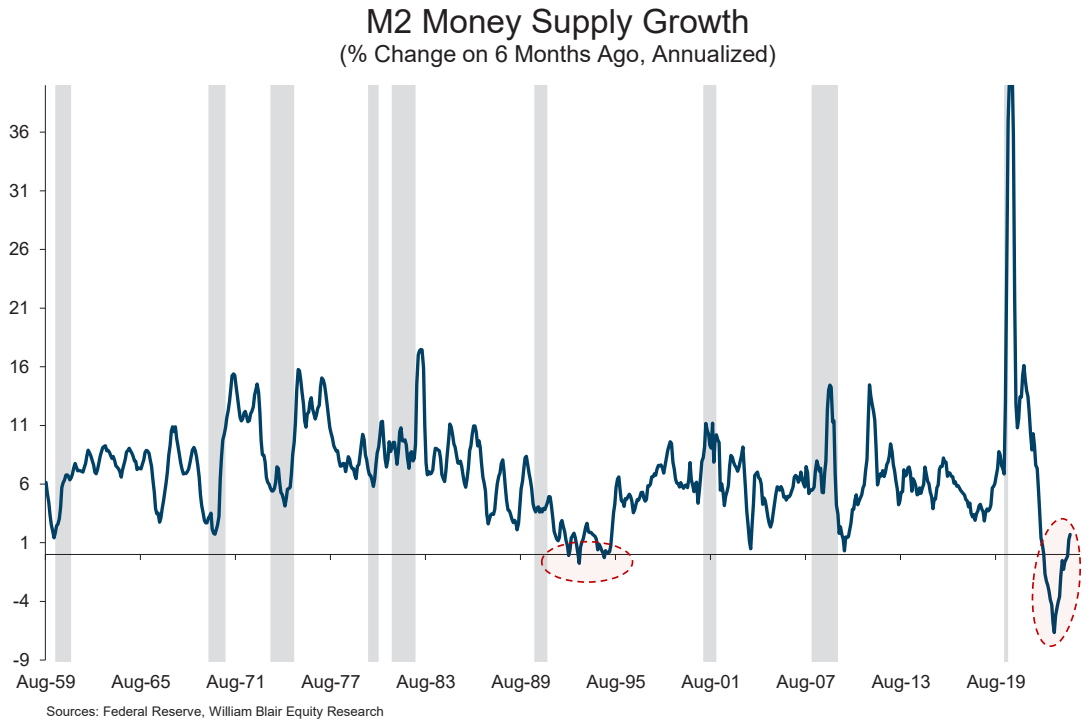
Economic Scorecard

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

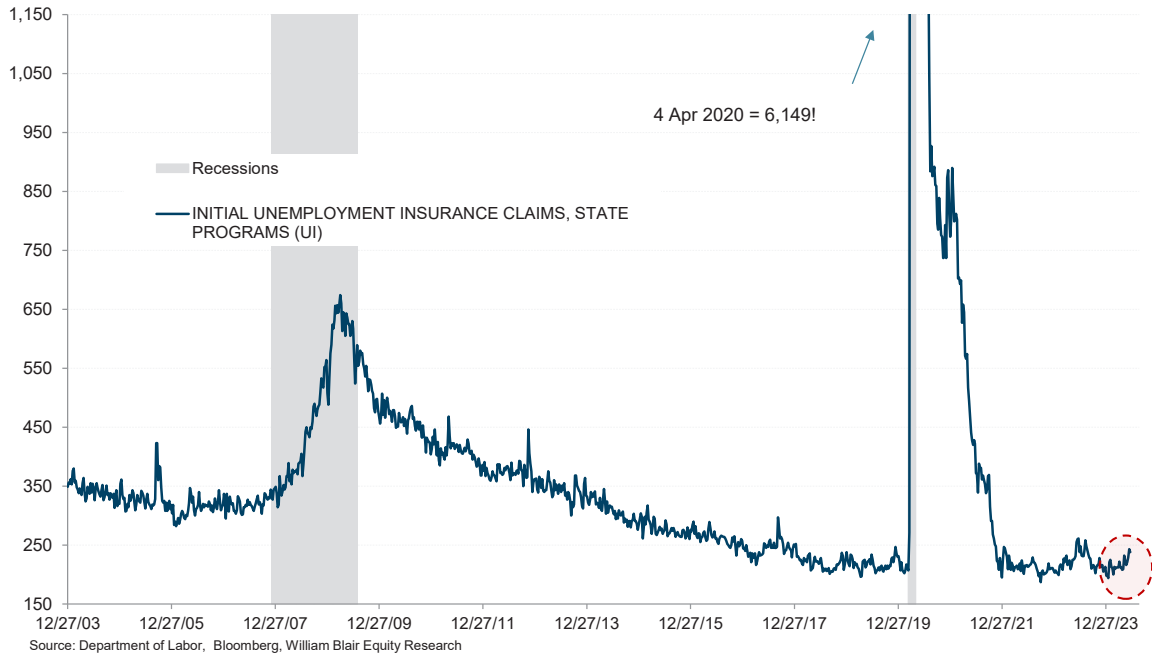
	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Growth																			
US Leading Indicators	-6.4	-6.1	-7.0	-8.0	-8.3	-8.2	-8.1	-7.8	-7.9	-8.1	-8.1	-7.6	-7.2	-7.2	-6.4	-5.5	-5.4		
US Coincident Indicators	0.8	1.5	1.4	1.4	1.4	1.7	1.8	1.7	1.4	1.3	1.4	1.9	2.1	1.4	1.5	1.6	1.7		
US Lagging Indicators	7.4	6.3	6.1	5.5	4.9	3.7	2.9	2.3	1.8	1.0	1.3	1.3	0.3	0.9	1.0	1.0	1.4		
Consumer																			
Total Retail Sales	5.4	7.7	5.5	2.2	1.6	2.4	1.6	2.9	3	4.2	2.7	4	5.5	0.3	2.1	3.6	2.7	2.3	
Personal Income	4.5	5.8	5.7	5.8	5.7	5.6	5.4	4.9	4.9	4.8	4.3	4.4	4.5	4.6	4.3	4.4	4.5		
Real Disposable Personal Income	-0.9	3.2	3.5	4.4	4.5	5	5.3	4.4	4.1	3.9	3.7	3.9	3.8	2	1.6	1.3	1		
Real Personal Consumption	1.3	2.3	2.3	1.7	1.6	1.8	2.1	2.5	2	2.1	2.1	2.9	3.3	1.9	2.2	2.8	2.6		
Personal Saving Rate (%)	3.4	4.4	4.7	5.2	5.2	5.3	4.8	4.4	4.5	3.9	3.8	3.7	3.6	4.1	3.8	3.6	3.6		
Consumer Confidence (Conference Board)**	109	106	103.4	104	103.7	102.5	110.1	114	108.7	104.3	99.1	101	108	110.9	104.8	103.1	97.5	102	
Employment																			
Employment Growth	3.0	3.2	2.8	2.5	2.5	2.5	2.4	2.1	2.1	2.0	1.9	1.9	2.0	1.8	1.8	1.9	1.8	1.8	
ASA Temporary Staffing Index	1.0	-2.1	-6.1	-6.5	-6.8	-5.9	-6.6	-4.7	-4.8	-5.5	-7.5	-7.6	-5.5	-12.2	-9.4	-8.2	-9.3	-10.2	
ISM Employment Index Manufacturing*	50.2	50	48.8	47.8	49.4	50.3	49.1	45	48.6	50.9	47.1	46.1	47.5	47.1	45.9	47.4	48.6	51.1	
ISM Employment Index Services*	49.8	50.4	53.6	51.1	51.2	49.7	52.9	50.9	54.1	52.5	50.4	50.6	43.8	50.5	48	48.5	45.9	47.1	
Unemployment Rate, %	3.5	3.4	3.6	3.5	3.4	3.7	3.6	3.5	3.8	3.8	3.8	3.7	3.7	3.7	3.9	3.8	3.9	4	
Average Hourly Earnings	4.9	4.6	4.7	4.6	4.7	4.6	4.7	4.7	4.5	4.5	4.3	4.3	4.3	4.4	4.3	4.1	4	4.1	
Initial Jobless Claims (avg. wkly. chg. '000s)	208	203	214	224	217	227	252	234	245	217	211	218	206	210	209	215	210	222	
Job Openings	-4.4	-7.3	-15.8	-21.0	-15.9	-18.8	-18.6	-23.7	-7.5	-13.7	-17.5	-16.5	-19.2	-16.1	-10.5	-13.2	-18.6	-13.4	
Layoff Announcements	129.1	440	410.1	319.4	175.9	286.7	25.2	-8.2	266.9	58.2	8.8	-40.8	-20.2	-20	8.8	0.7	-3.3	-20.3	
Housing Market																			
Housing Starts	-23.7	-20.5	-19.4	-20	-25.2	2.8	-8.2	5.8	-14.1	-7.3	-5.2	6.3	17	1.1	10.1	-3.2	-1.2	-19.3	
New Home Sales	-24.2	-19.9	-20	-9.7	8	14.4	22.7	34.9	1.2	24.8	16.6	2.5	3.5	3.9	1	3.3	-7.7		
Existing Home Sales	-33.7	-36.7	-23.1	-22.7	-23.7	-20.9	-19.4	-16.7	-15.2	-15.3	-14.3	-6.7	-5.8	-1.7	-3.3	-3.0	-1.9		
Median House Price (Existing Homes)	4.2	-1.3	7.7	4.5	-5.1	-1.9	-3.3	-1.6	2.1	-1.9	-9.3	0.4	-2.2	5.4	-3.6	0.1	3.9		
Existing Homes Inventory (Mths' supply)	3.3	3.3	2.9	2.9	2.9	2.9	2.9	3	3	3.2	3.4	3.5	3.6	3.5	3	3.4	3.4		
New Homes Inventory (Mths' supply)	8.6	8.3	8.4	8.1	7.5	6.9	7.7	7.3	7.9	7.5	7.9	8.8	8.2	8.3	8.9	8.5	9.1		
NAHB Homebuilder Sentiment*	31	35	42	44	45	50	55	56	50	44	40	34	37	44	48	51	51	45	43
Inflation																			
Consumer Price Index	6.5	6.4	6	5	4.9	4	3	3.2	3.7	3.7	3.2	3.1	3.4	3.1	3.2	3.5	3.4	3.3	
CPI Less-food & energy	5.7	5.6	5.5	5.6	5.5	5.3	4.8	4.7	4.3	4.1	4	4	3.9	3.9	3.8	3.8	3.6	3.4	
Producer Price Index	6.4	5.7	4.7	2.7	2.3	1.1	0.3	1.1	1.9	1.8	1.1	0.8	1.1	1	1.6	1.9	2.3	2.2	
PPI Less-food & energy	5.7	5	4.6	3.3	3.1	2.8	2.5	2.7	2.5	2.3	2.2	1.9	1.8	2	2.2	2.2	2.5	2.3	
PCE Price Index	5.4	5.5	5.2	4.4	4.4	4	3.2	3.3	3.3	3.4	2.9	2.7	2.6	2.5	2.5	2.7	2.7	2.7	
PCE Prices Less-food & energy	4.9	4.9	4.8	4.8	4.8	4.7	4.3	4.2	3.7	3.6	3.4	3.2	2.9	2.9	2.8	2.8	2.8	2.8	
Business Activity - US																			
Industrial Production	0.6	1.5	0.9	0.2	0.4	0.1	-0.4	0.1	-0.1	-0.2	-0.8	-0.2	1.1	-0.8	0.0	-0.2	-0.7	0.4	
New Cap Gds Orders less-aircraft & parts	1	5.6	2.7	1.9	1	3.2	1.4	0.4	0.6	0.5	0.8	1.4	0.8	-0.2	3.2	-0.9	2.9	2.9	
Business Inventories	14.6	12	10.2	8.2	5.9	4.7	2.9	1.5	0.8	0.5	0.7	0.3	-0.1	0.2	0.3	0.7	0.6	1	
ISM Manufacturing PMI*	48.1	47.4	47.7	46.5	47	46.6	46.4	46.5	47.6	48.6	46.9	46.6	47.1	49.1	47.8	50.3	49.2	48.7	
Markit US Manufacturing PMI*	46.2	46.9	47.3	49.2	50.2	48.4	46.3	49	47.9	49.8	50	49.4	47.9	50.7	52.2	51.9	50	51.3	
ISM Services Index*	49	54.7	55	51.2	52.3	51	53.6	52.8	54.1	53.4	51.9	52.5	50.5	53.4	52.6	51.4	49.4	53.8	
Markit US Services PMI*	44.7	46.8	50.6	52.6	53.6	54.9	54.4	52.3	50.5	50.1	50.6	50.8	51.4	52.5	52.3	51.7	51.3	54.8	
Business Activity - International																			
Germany Manufacturing PMI Markit/BME*	47.1	47.3	46.3	44.7	44.5	43.2	40.6	38.8	39.1	39.6	40.8	42.6	43.3	45.5	42.5	41.9	42.5	45.4	
Japan Manufacturing PMI Jibun Bank*	48.9	48.9	47.7	49.2	49.5	50.6	49.8	49.6	49.6	48.5	48.7	48.3	47.9	48	47.2	48.2	49.6	50.4	
Caixin China Manufacturing PMI*	49	49.2	51.6	50	49.5	50.9	50.5	49.2	51	50.6	49.5	50.7	50.8	50.8	50.9	51.1	51.4	51.7	
China Manufacturing PMI*	47	50.1	52.6	51.9	49.2	48.8	49	49.3	49.7	50.2	49.5	49.4	49	49.2	49.1	50.8	50.4	49.5	
UK Manufacturing PMI Markit/CIPS*	45.3	47	49.3	47.9	47.8	47.1	46.5	45.3	43	44.3	44.8	47.2	46.2	47	47.5	50.3	49.1	51.2	
France Manufacturing PMI Markit*	49.2	50.5	47.4	47.3	45.6	45.7	46	45.1	46	44.2	42.8	42.9	42.1	43.1	47.1	46.2	45.3	46.4	
Currencies***																			
Euro (EUR/USD)	-5.8	-3.3	-5.7	-2.1	4.5	-0.4	4.1	7.6	7.8	7.9	7.0	4.6	3.1	-0.4	2.2	-0.5	-3.2	1.5	
Renmimbi (USD/CNY)	8.5	6.2	9.9	8.4	4.7	6.5	8.3	5.9	5.3	2.6	0.2	0.6	2.9	6.1	3.6	5.1	4.7	1.9	
Yen (USD/Yen)	13.9	13.0	18.4	9.2	5.1	8.3	6.3	6.8	4.7	3.2	2.0	7.3	7.6	12.9	10.1	13.9	15.8	12.9	
Sterling (GBP/USD)	-10.7	-8.4	-10.4	-6.1	-0.1	-1.3	4.3	5.5	9.0	9.2	6.0	4.7	5.4	3.0	5.0	2.3	-0.6	2.4	
Canadian \$ (USD/CAD)	7.3	4.7	7.7	8.1	5.5	7.3	2.9	3.1	2.9	-1.8	1.8	1.1	-2.3	1.0	-0.5	0.2	1.7	0.4	
Mexican Peso (USD/MXN)	-5.0	-8.7	-10.6	-9.2	-11.9	-10.0	-14.9	-17.8	-15.4	-13.5	-8.9	-9.8	-13.0	-8.6	-6.8	-8.2	-4.8	-3.8	
US Equities																			
S&P 500	-19.4	-9.7	-9.2	-9.3	0.9	1.2	17.6	11.1	14.0	19.6	8.3	12.0	24.2	18.9	28.4	27.9	20.8	26.3	
S&P 400 Midcap	-14.5	0.7	-2.3	-6.7	-0.4	-4.3	15.6	8.6	8.8	13.6	-2.7	-0.5	14.4	3.0	11.1	21.3	14.9	23.9	
S&P 600 Smallcap	-17.4	-2.5	-5.1	-10.4	-5.5	-8.9	7.8	3.4	3.6	8.1	-9.3	-5.9	13.9	-0.1	4.5	13.8	10.4	18.1	
Russell 2000	-21.6	-4.8	-7.4	-12.9	-5.1	-6.1	10.6	6.3	3.0	7.2	-10.0	-4.1	15.1	0.8	8.3	17.9	11.6	18.3	

* 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

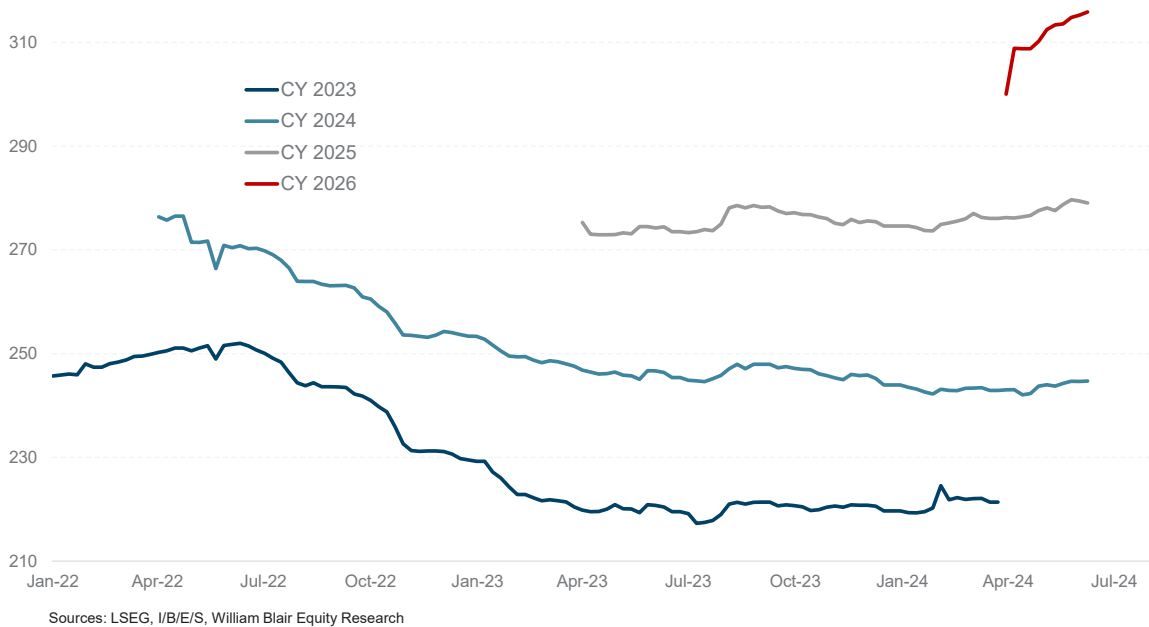
Other Economic Indicators



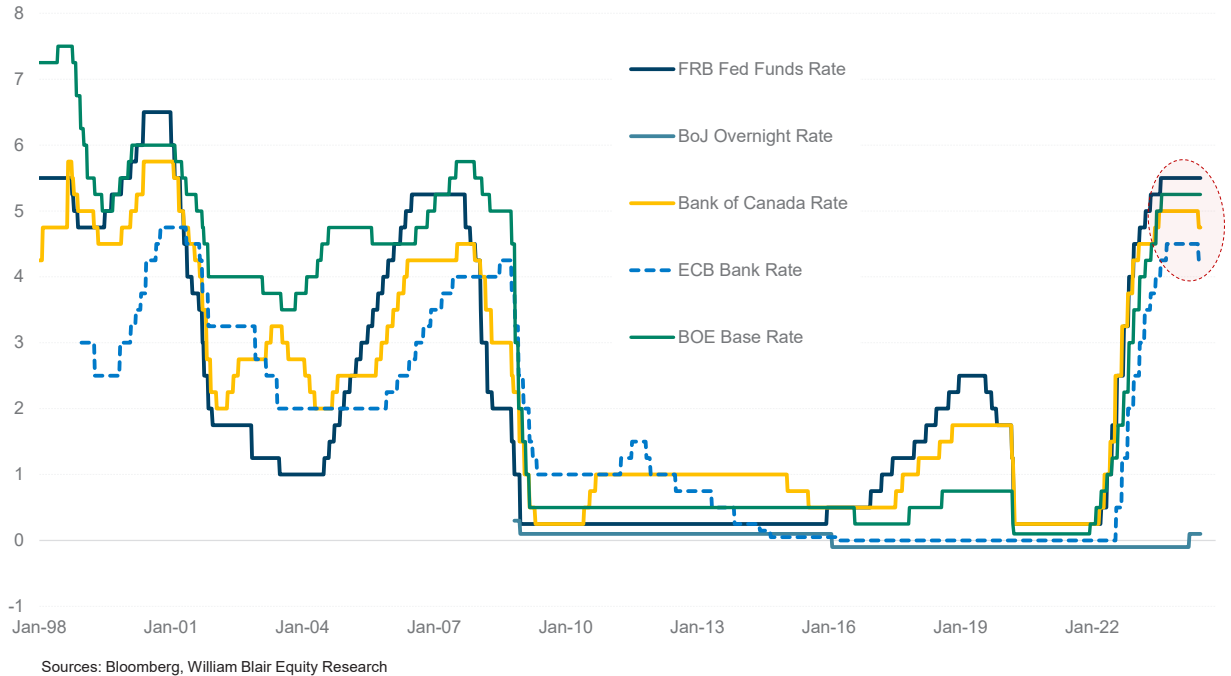
Initial Jobless Claims (‘000s, Seasonally Adjusted)



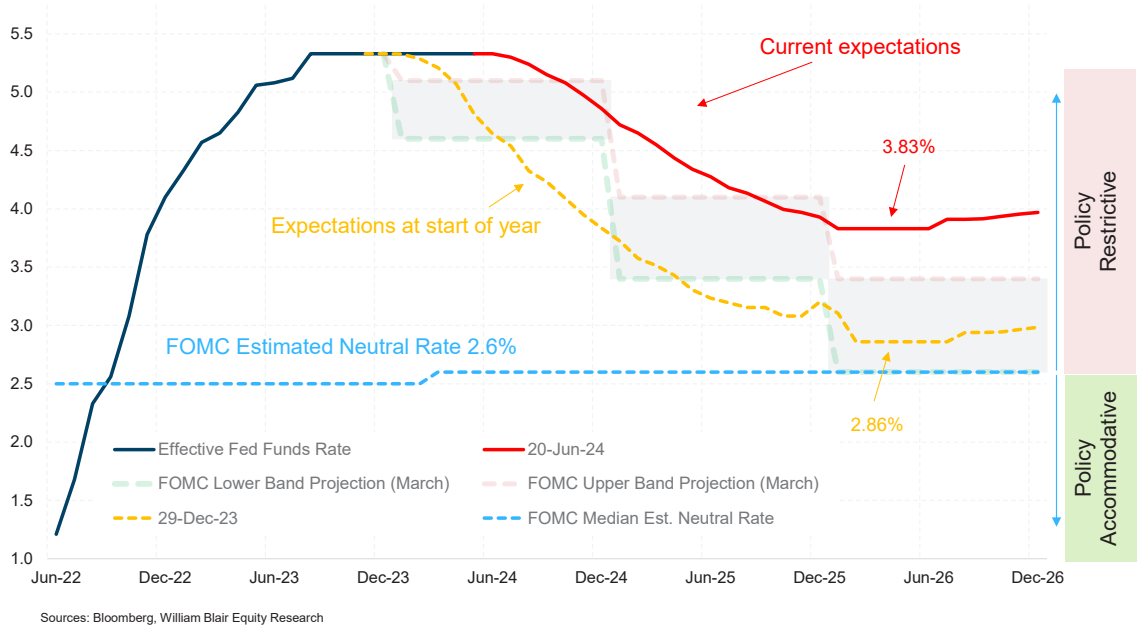
Progression of Calendar Year S&P 500 EPS Estimates (\$ per share)



Central Bank Target Short-Term Interest Rates, %



Fed Funds Rate Futures Market Expectations & FOMC Projections, %



S&P 500 Sector Performance

Global Industry Classification System	Current Weight* 20-Jun-24	Week Ago 13-Jun-24	Month Ago 20-May-24	Qtr-to-Date 28-Mar-24	Year-to-Date 29-Dec-23
S&P 500 Index	100.00	0.73	3.11	4.16	14.75
S&P 400 MidCap Index		-0.49	-3.27	-4.12	5.01
S&P 600 SmallCap Index		-0.92	-4.24	-4.73	-2.83
Dow Jones Industrials		1.26	-1.69	-1.69	3.83
Nasdaq Composite		0.31	5.52	8.19	18.05
Communication Services	9.42	0.66	2.01	7.04	23.70
Advertising	0.06	-0.53	-7.35	-8.40	-2.14
Broadcasting	0.05	1.34	-2.51	2.04	-3.22
Cable & Satellite	0.40	1.16	-2.46	-11.20	-16.10
Integrated Telecommunication Services	0.63	1.73	1.60	-1.19	7.26
Interactive Home Entertainment	0.13	0.08	5.39	4.10	-1.16
Interactive Media & Services	6.60	0.19	2.19	11.36	31.25
Movies & Entertainment	1.09	2.88	2.26	-2.35	22.80
Publishing & Printing	0.03	-1.05	1.63	2.49	8.94
Wireless Telecommunication Svcs	0.43	0.76	7.65	8.10	10.05
Consumer Discretionary	10.21	0.79	1.79	-1.02	3.69
Apparel Retail	0.37	1.74	12.64	6.31	14.27
Apparel & Accessories & Luxury Goods	0.11	0.12	-2.70	-17.20	-28.56
Auto Parts & Equipment	0.06	-1.70	-10.48	-7.14	-15.69
Automobile Manufacturers	1.43	-0.39	3.52	2.29	-21.73
Automobile Retail	0.27	7.21	5.21	-5.80	12.56
Broadline Retail	4.14	1.20	1.40	3.06	22.15
Casinos & Gaming	0.14	1.45	-1.43	-12.48	-8.92
Computer & Electronics Retail	0.04	5.29	24.98	12.61	18.00
Consumer Electronics	0.06	-1.22	-6.01	7.45	24.44
Distributors	0.09	-0.52	-7.77	-15.10	-7.98
Footwear	0.30	0.46	5.08	2.29	-10.07
Home Furnishings	0.01	-2.13	-6.37	-14.92	7.59
Home Improvement Retail	1.01	1.24	3.12	-8.64	2.06
Homebuilding	0.27	-2.75	-6.26	-11.58	0.04
Hotels, Resorts & Cruise Lines	0.85	1.43	3.65	0.72	8.62
Household Appliances	0.01	-3.46	-1.13	-25.10	-26.42
Leisure Products	0.02	4.49	-2.35	7.25	18.73
Restaurants	0.92	-0.53	-1.72	-5.82	-4.44
Other Specialty Retail	0.12	-2.25	-4.42	-10.40	2.51
Consumer Staples	6.35	0.87	-0.44	1.34	8.24
Agricultural Products	0.09	0.38	0.48	-1.74	-10.59
Brewers	0.02	0.66	-8.30	-24.71	-17.29
Hypermarkets	2.20	1.71	4.99	8.81	22.92
Distillers & Vintners	0.13	2.89	2.59	-5.54	1.80
Drug Retail	0.03	2.72	-10.94	-26.83	-39.22
Food Distributors	0.08	2.41	-3.08	-10.38	-0.52
Food Retail	0.08	-0.48	-6.70	-11.99	10.00
Household Products	1.19	1.07	1.05	3.87	14.80
Packaged Foods & Meats	0.66	0.05	-7.49	-7.23	-5.45
Personal Products	0.13	2.01	-9.21	-19.20	-17.25
Soft Drinks	1.25	0.29	-4.11	-2.10	0.53
Tobacco	0.49	-0.74	0.71	8.24	9.23
Energy	3.54	1.71	-4.52	-5.07	6.97
Integrated Oil & Gas	1.78	2.00	-4.65	-2.76	8.84
Oil & Gas Equipment & Services	0.34	2.66	-6.05	-13.14	-9.33
Oil & Gas Exploration & Production	0.78	0.67	-6.28	-7.23	2.19
Oil & Gas Refining & Marketing & Transportation	0.36	1.26	-4.12	-13.51	-12.20
Oil & Gas Storage & Transportation	0.36	2.38	1.27	6.92	20.83

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Financials	11.97	1.72	-1.21	-1.91	9.83
Asset Management & Custody Banks	0.79	1.70	-1.49	-4.36	-0.03
Consumer Finance	0.56	3.51	-2.80	-1.16	16.84
Diversified Banks	2.88	2.05	-0.13	-0.56	14.59
Financial Exchanges & Data	1.01	1.09	-2.04	-1.85	-1.72
Insurance Brokers	0.59	1.79	2.58	-0.04	12.14
Investment Banking & Brokerage	0.97	1.50	-3.65	4.16	9.84
Life & Health Insurance	0.36	3.02	-0.89	-2.66	5.72
Multi-line Insurance	0.12	1.01	-4.48	-5.07	8.98
Multi-Sector Holdings	1.13	0.80	-0.93	-2.71	14.71
Property & Casualty Insurance	0.94	2.52	0.56	-0.19	22.24
Regional Banks	0.26	1.34	-5.89	-5.67	0.73
Reinsurance	0.03	1.56	-2.44	-4.33	7.55
Transaction & Payment Processing	2.31	1.47	-1.87	-4.81	5.54
Health Care	11.80	0.17	0.20	-1.31	6.98
Biotechnology	1.87	2.00	2.59	2.85	8.33
Health Care Distributors	0.33	2.09	5.63	3.06	17.90
Health Care Equipment	2.23	0.91	0.26	-3.28	6.37
Health Care Facilities	0.21	-0.60	4.08	1.73	24.83
Health Care Services	0.46	0.86	2.46	-12.64	-4.96
Health Care Supplies	0.10	-5.66	-8.51	-19.22	-10.95
Life Sciences Tools & Services	1.27	-1.96	-7.04	-5.52	1.73
Managed Health Care	1.40	-1.99	-5.50	-2.35	-6.02
Pharmaceuticals	3.92	0.37	3.42	1.50	15.58
Industrials	8.20	0.64	-2.00	-2.54	7.76
Aerospace & Defense	1.86	1.54	-0.74	4.57	6.82
Agricultural & Farm Machinery	0.22	0.95	-2.54	-7.11	-4.59
Air Freight & Logistics	0.40	1.62	-3.52	-7.50	-7.40
Building Products	0.49	-1.06	-2.62	1.15	15.32
Construction & Engineering	0.08	-0.99	2.36	5.45	26.95
Construction Machinery & Heavy Trucks	0.60	0.77	-6.04	-8.53	13.05
Data Processing & Outsourced Services	0.05	1.90	-0.22	-2.40	-2.82
Diversified Support Svcs	0.26	1.97	-0.01	-1.58	14.05
Electrical Components & Equipment	0.61	-1.27	-3.42	-2.31	14.92
Environmental & Facilities Services	0.41	2.66	1.60	1.26	16.91
Human Resource & Employment Services	0.35	0.93	-4.02	-4.42	-0.55
Industrial Conglomerates	0.41	1.91	2.24	6.04	20.93
Industrial Machinery	0.77	-0.87	-4.37	-6.73	4.41
Passenger Airlines	0.15	-2.36	-8.02	-2.60	9.75
Railroads	0.53	1.60	-4.79	-9.60	-6.57
Research & Consulting Svcs	0.22	0.65	0.83	1.67	10.32
Trading Companies & Distributors	0.26	0.82	-5.28	-12.28	7.53
Information Technology	32.40	0.69	11.35	15.08	29.43
Application Software	2.18	6.23	-2.41	-4.74	-2.11
Communications Equipment	0.80	2.38	1.76	0.81	7.19
Electronic Components	0.24	0.63	5.07	19.26	36.04
Electronic Equipment & Instruments	0.15	-1.97	-8.78	-10.20	-6.76
Electronic Manufacturing Services	0.13	-1.95	-2.48	-1.94	1.84
Internet Software & Services	0.07	0.88	-0.36	-11.13	-18.28
IT Consulting & Services	0.91	5.57	0.52	-10.59	-6.31
Semiconductor Equipment	1.02	0.44	9.07	14.34	39.27
Semiconductors	11.24	0.74	24.85	29.86	83.55
Systems Software	8.44	0.95	4.50	5.79	18.11
Technology Distributors	0.07	3.03	1.62	-9.32	2.03
Technology Hardware, Storage & Peripherals	7.16	-2.00	9.72	21.46	9.00
Materials	2.14	-0.26	-3.15	-3.90	4.21
Commodity Chemicals	0.15	-2.24	-7.18	-6.68	-0.71
Construction Materials	0.14	-3.90	-6.32	-10.86	8.45
Copper	0.15	2.85	-10.03	4.98	15.95
Fertilizers & Agricultural Chemicals	0.14	1.05	-8.37	-10.90	-2.33
Gold	0.10	5.55	-3.67	19.45	3.43
Industrial Gases	0.57	-0.57	2.29	-1.40	5.81

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Metal & Glass Containers	0.04	-8.74	-13.78	-10.29	5.06
Paper Packaging	0.17	0.61	2.41	4.92	15.64
Specialty Chemicals	0.57	-0.82	-2.97	-5.67	0.99
Steel	0.12	2.32	-7.38	-19.01	-5.07
Real Estate	2.09	-0.74	-0.93	-3.74	-5.05
Data Center REITs	0.25	-0.74	-1.25	-3.76	0.16
Health Care REITs	0.24	-0.78	1.25	9.74	8.29
Hotel & Resort REITs	0.03	-1.31	-1.74	-12.67	-7.24
Industrial REITs	0.21	-2.87	-2.58	-16.17	-18.11
Multi-Family Residential REITs	0.00	1.78	3.12	9.26	8.76
Office REITs	0.02	0.18	-2.15	-6.37	-7.52
Real Estate Service	0.12	-0.93	-9.44	-17.13	-10.64
Retail REITs	0.27	-1.58	-1.15	-3.66	-4.01
Self-Storage REITs	0.18	1.75	3.36	3.41	-3.11
Single-Family Residential REITs	0.18	1.75	3.36	3.41	-3.11
Telecom Tower REITs	0.32	-2.15	-0.99	-5.25	-14.08
Timber REITs	0.04	-1.31	-7.34	-20.25	-17.63
Utilities	2.22	-0.49	-3.59	5.54	9.33
Electric Utilities	1.46	-0.63	-3.36	6.70	12.22
Gas Utilities	0.04	0.87	-0.93	-1.42	1.10
Independent Power Producers & Energy Traders	0.09	-1.31	-6.08	10.80	3.20
Water Utilities	0.05	0.80	-2.48	6.58	-1.31
Multi-Utilities	0.58	-0.22	-4.05	2.26	3.82

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

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S&P 500: 5473.17

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