

THE MONTHLY RESEARCH CONFERENCE CALL

HOUSING: RISKS & OPPORTUNITIES IN A DECLINING RATE ENVIRONMENT



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Wednesday, April 3, 2019

11:00 a.m. ET

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WHAT'S NEW AT ARGUS

APRIL 2019

■ **New Names Added to Argus Analyst Coverage Universe**

- Linde plc - global industrial gases company
- L'Oreal - personal care products industry leader
- Lear Corp. - seating & electrical systems for automotive OEMs
- Raymond James - diversified financial services provider
- CBOE Global Holdings - worldwide exchange operator in options, futures, etc.
- Find it on website: home page, top, “search companies”

■ **Analyst Quick Notes**

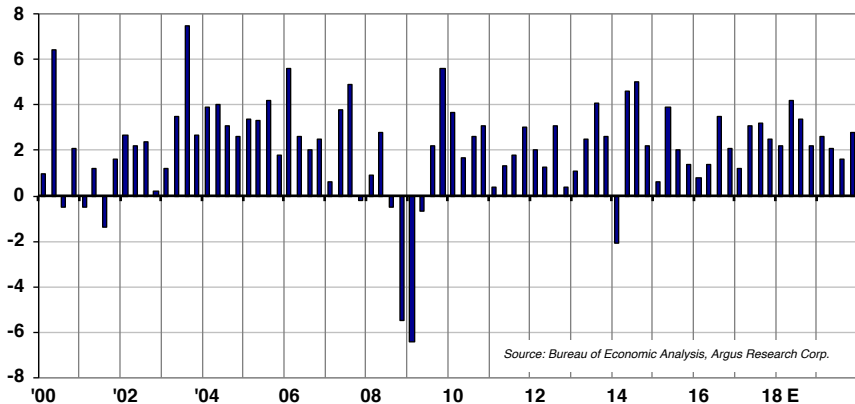
- Weekly Stock List: Millennial generation portfolio stocks
- Weekly Stock List: Industrial ideas
- Weekly Stock List: Weak performers in a strong market
- Find it on website: home page, top center

■ **Weekly Market Podcast**

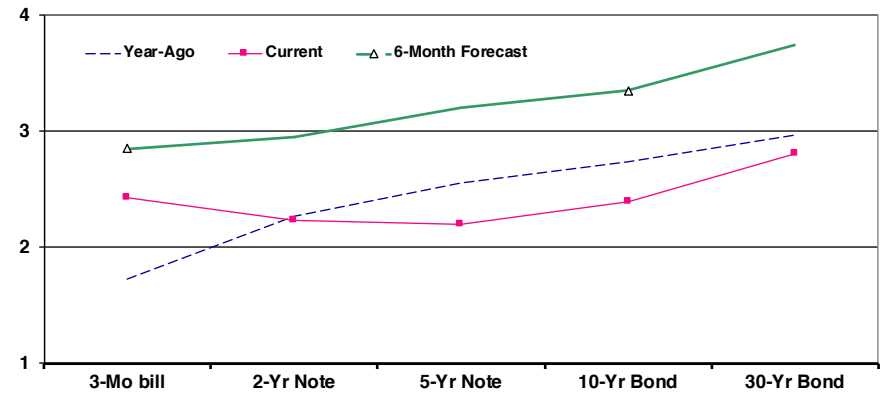
- John Eade reviews recent market performance and the 2019 outlook
- 2019 Investment Themes podcast series
- Find it on website: home page, bottom left

MACRO FORECASTS

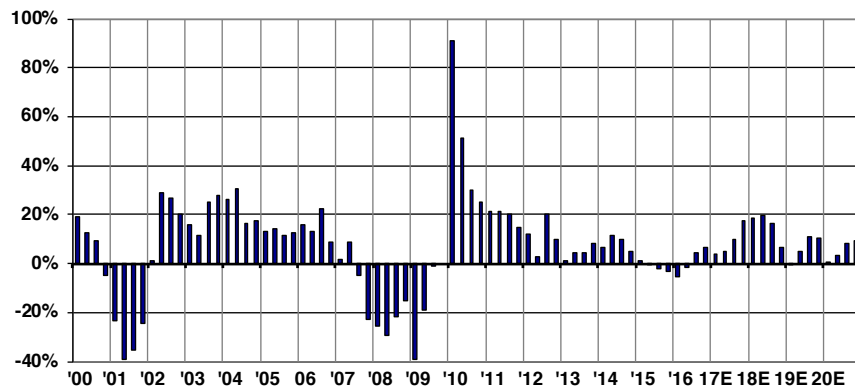
REAL GDP W/FORECASTS (%)



TREASURY YIELD CURVE (%)

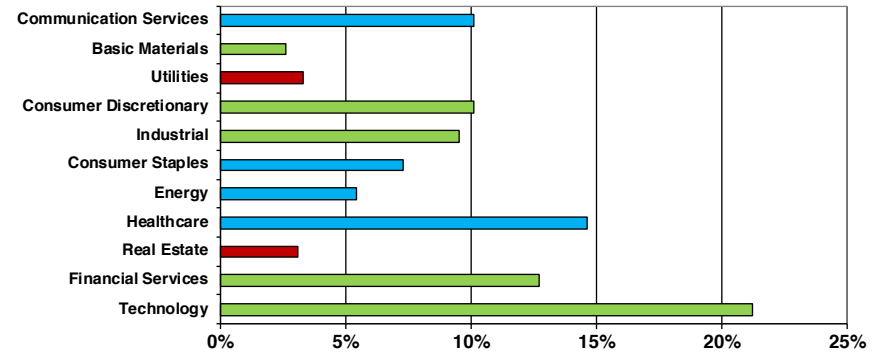


S&P 500 QUARTERLY EARNINGS GROWTH



MARKET SECTOR DISTRIBUTION - PERCENT OF S&P 500

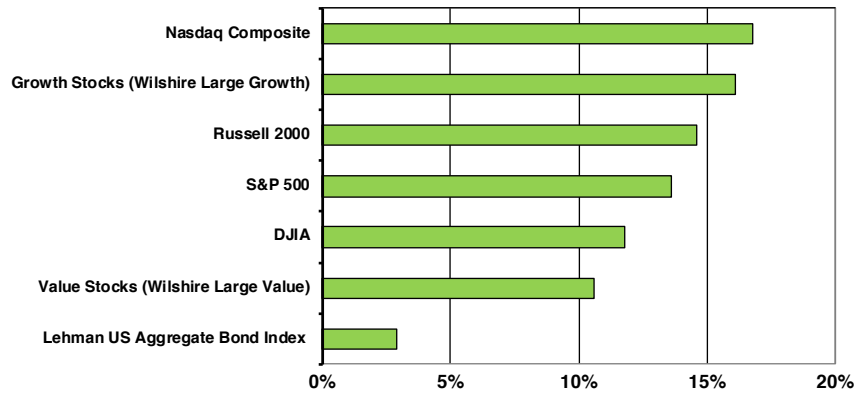
Sectors in Green are Recommended Overweight; Blue are Marketweight; Red are Underweight



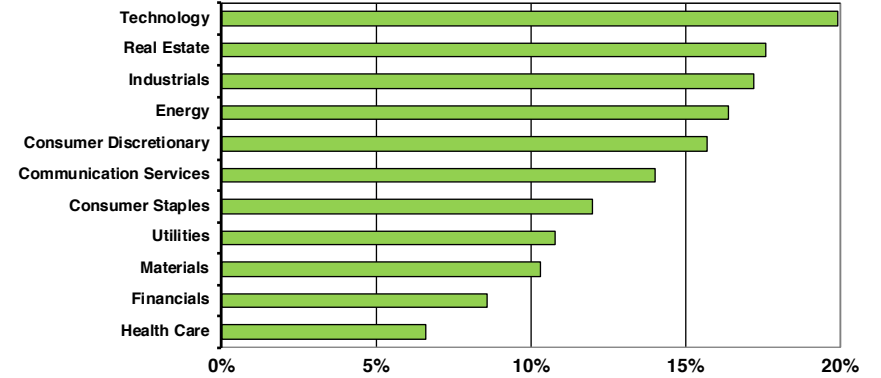
MARKET PERFORMANCE

DATA AS MARCH 31, 2019

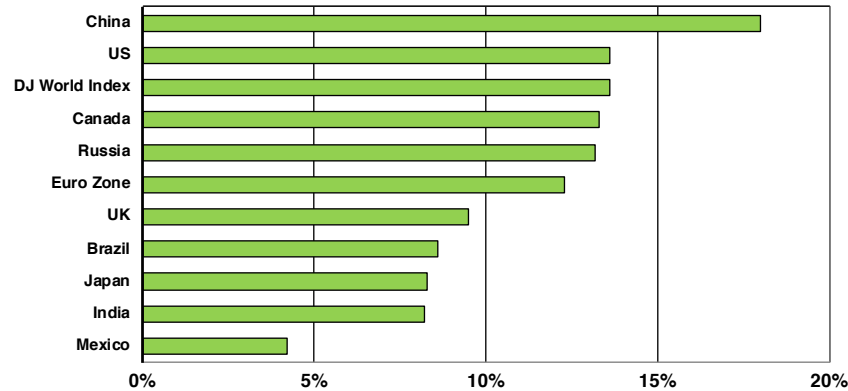
MAJOR INDEX



SECTOR



GLOBAL EQUITY MARKETS



HOUSING 2019

■ What's going on with housing stocks?

- End of the cycle?
- A pause in the cycle?
- The start of a new cycle?

■ What is our multi-year thesis?

- Will I be able to make 360 monthly payments?
- Do I see my home as a cost or an investment?

■ What are the risks?

- Affordability
- Margins
- Late in the cycle

HOUSING-RELATED RECOMMENDATIONS

- **Home Depot (HD)**
 - \$220 target price.
- **Lowe's (LOW)**
 - \$120 target price.
- **Lennar (LEN)**
 - \$60 target price.
- **D.R. Horton (DHI)**
 - \$47 target price.
- **Williams-Sonoma (WSM)**
 - \$70 target price.
- **Masco (MAS)**
 - \$44 target price.

INDUSTRIAL COMPANIES WITH EXPOSURE TO HOUSING INDUSTRY

■ Deere & Co. Inc. (DE)

- Target price = \$175

■ Emerson Electric (EMR)

- Target price = \$75

■ Ingersoll-Rand (IR)

- Target price = \$114

■ United Rentals Inc. (URI)

- Target price = \$140

■ United Technologies Corp. (UTX)

- Target price = \$150

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