

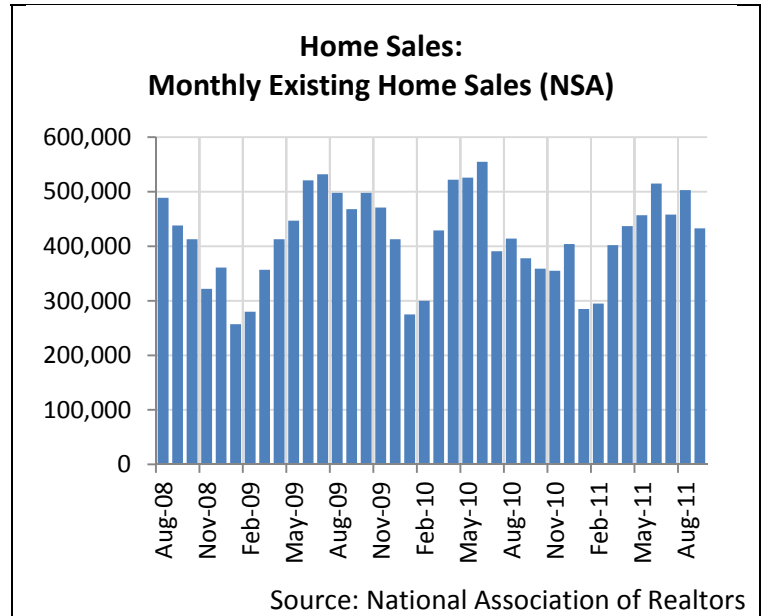


Did You Know...

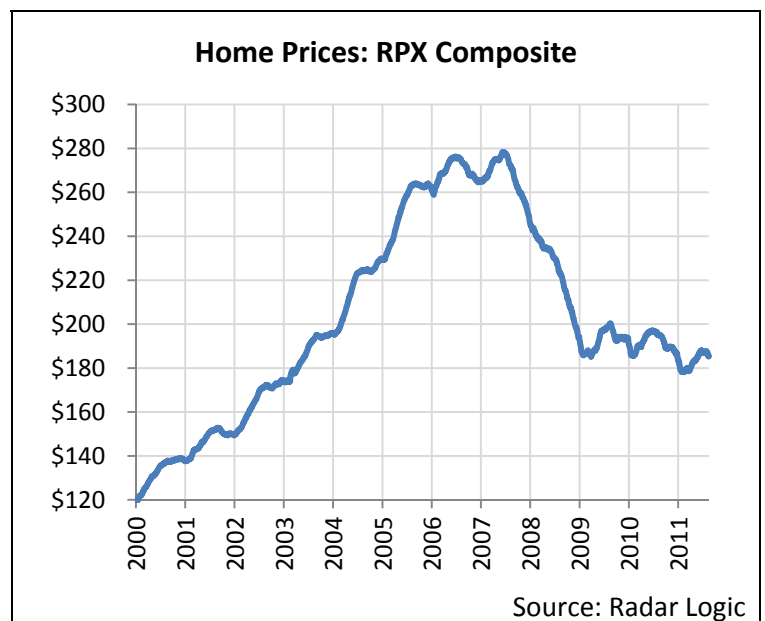
Housing is Active, Seasonal and Increasingly Volatile

An active housing market, with a predictable seasonal price pattern and increasing price volatility, provides opportunities for traders.

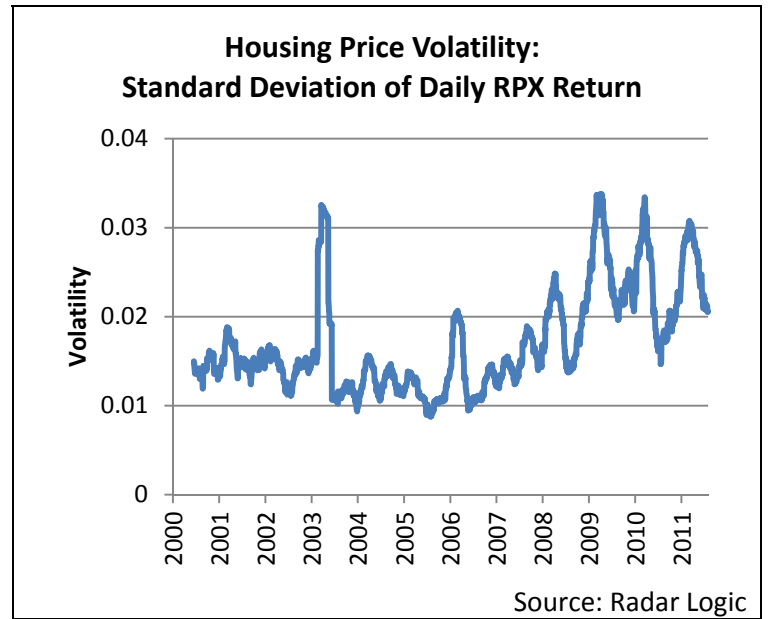
Even in its weakened condition, the housing market has remained quite active. Over the last three years, the National Association of Realtors has reported between 250,000 and 580,000 existing single-family home sales per month (not seasonally adjusted). If you multiply these rates of sales by the median home value, you get between \$848 billion and \$974 billion worth of property changing hands per year since 2008.



Home prices exhibit a predictable seasonal pattern: they strengthen in the spring and summer and weaken in the fall and winter. In “neutral” years, such as 2006, 2009 and 2010, prices increase in the first half of the year and decline by more or less the same amount in the second half of the year, resulting in little year-over-year change in home prices. During boom years, such as 2000 through 2005, home prices increase throughout the year, but they increase faster in the first half of the year than they do in the second half. Conversely, in bust years like 2008, home prices will decline throughout the year but will do so much more rapidly in the second half of the year than in the first half.



The volatility of home prices has increased since the onset of the bear market in 2007.¹ This translates into increasing opportunity for trading profits in the near term. Volatility gives traders the chance to buy low and sell high from one day to the next, rather than having to wait for a sustained recovery in the housing market.



For more information please visit www.CBOE.com/RPX or www.RadarLogic.com.

¹ The volatility metric discussed here is the annualized standard deviation of the continuously compounded daily return of the 28-day RPX Composite price. For each day, the standard deviation is calculated using the then-current RPX Composite price along with the preceding 59 prices.