

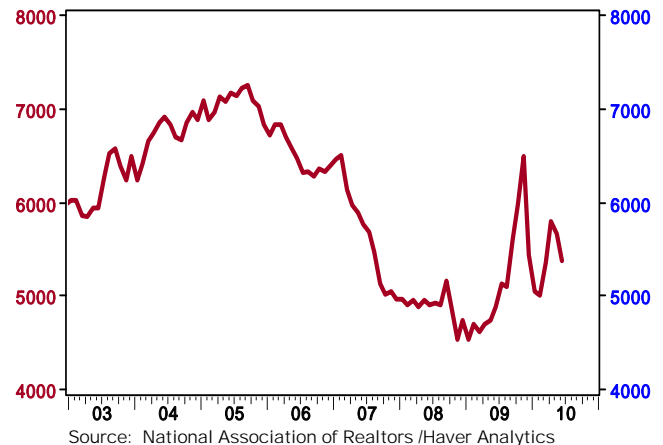
JUNE EXISTING HOME SALES

Chief Economist – Brian S. Wesbury
Senior Economist – Robert Stein, CFA

- Existing home sales fell 5.1% in June to an annual rate of 5.37 million, beating the consensus expected pace of 5.10 million. Existing home sales are up 9.8% versus a year ago.
- The drop in sales was widespread. Sales were down in the Midwest, South and West, but up in the Northeast. Sales declined for both single-family home sales and condos/coops.
- The median price of an existing home increased to \$183,700 in June (not seasonally adjusted), and is up 1.0% versus a year ago. Last June, prices were down 15.4% from the prior year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) rose to 8.9 from 8.3 in May. The increase in the months' supply was due to a large increase in inventories for single family homes and the slower selling pace.

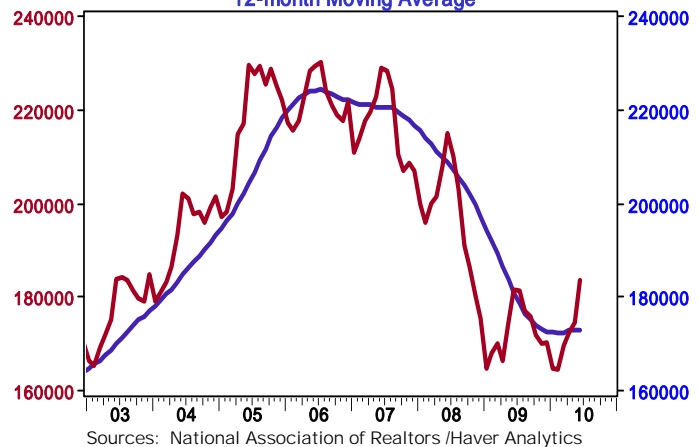
Implications: Although existing home sales fell 5.1% in June, the sales pace beat consensus expectations for the fourth time in five months. Most of the sales decline in June can be attributed to the expiration of the new homebuyer tax credit, which simply made people buy homes earlier than they normally would have anyway. Despite this “hangover” from the expiration of the tax credit, we believe existing home sales will eventually rebound to the underlying trend of about 5.75 million units annually. The most negative part of the report was an increase in the number of homes for sale to 3.99 million from 3.89 million in May. This likely reflects foreclosed properties finally coming on the market. We believe home prices already reflect the impact of these now vacant homes. Prices for existing homes in June were up 1.0% from a year ago. In other news this morning, the FHFA index, a measure of prices for homes financed by conforming mortgages, increased 0.5% in May (seasonally-adjusted). The index is down 1.2% from a year ago, compared to a drop of 5.8% in the year ending in May 2009. This is the third month in a row that the FHFA index has shown an increase in national housing prices. Also in other news, new claims for unemployment insurance increased 37,000 last week. Continuing claims for regular state benefits declined 223,000 to 4.49 million. Claims figures are often roiled this time of year due to seasonal shutdowns at auto plants.

NAR Total Existing Home Sales, United States
SAAR, Thous



Existing Home Sales: Median Sales Price

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12-month Moving Average



Existing Home Sales	Jun-10		May-10	Apr-10	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
Seasonally Adjusted Unless Noted, Levels in Thous.							
Existing Home Sales	-5.1%	5370	5660	5790	5607	5373	9.8
Northeast	7.9%	960	890	1090	980	917	17.1
Midwest	-7.5%	1230	1330	1330	1297	1215	11.8
South	-6.5%	2010	2150	2140	2100	1997	11.0
West	-9.3%	1170	1290	1230	1230	1247	0.9
Median Sales Price (\$, NSA)	5.2%	183700	174600	172300	176867	171617	1.0

Source: National Association of Realtors