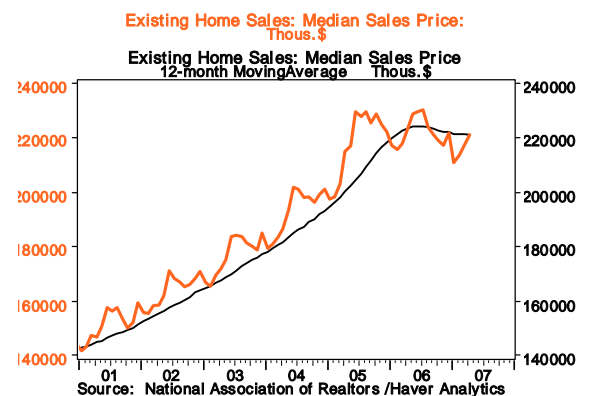
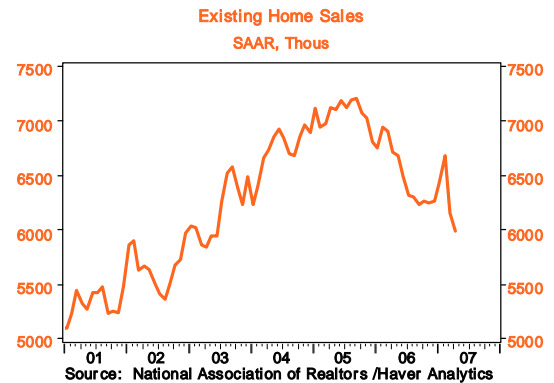


APRIL EXISTING HOME SALES

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- Existing home sales declined 2.6% in April to an annual rate of 5.99 million, lower than the consensus expected level of 6.12 million and the lowest level since June 2003.
- Sales dropped in all four major regions, but in the Northeast more than anywhere else. Sales slowed for both single-family homes and condos/coops.
- The median price of an existing home rose to \$220,900 in April, but is still down 0.8% versus a year ago.
- The months' supply of existing homes (how many months it will take to clear the inventory of unsold homes at the current sales rate) rose to 8.4, mostly due to rising inventories although also partially due to the slower rate of sales.

Implications: Today's report on existing home sales is consistent with our view that home building will continue to be a drag on real GDP growth but a *substantially* smaller one than in late 2006 and the first quarter of 2007. The months' supply of homes is way up from two years ago, meaning housing starts should continue to fall. However, the decline in starts will be slower than what we've already experienced. More importantly, our view remains that real GDP growth will rebound to 3%+ in the second quarter and beyond as business investment, inventory replenishment, and export growth all pick up.



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Apr-07		Mar-07	Feb-07	3-month moving avg.	6-month moving avg.	Yr to Yr % Change
	% Ch.	level					
Existing Home Sales	-2.6%	5990	6150	6680	6273	6297	-10.7
Northeast	-8.8%	1040	1140	1220	1133	1102	-8.8
Midwest	-0.7%	1380	1390	1560	1443	1455	-11.5
South	-1.2%	2380	2410	2570	2453	2477	-8.8
West	-1.7%	1190	1210	1320	1240	1262	-15.6
Median Sales Price (\$, NSA)	1.6%	220,900	217,400	213,600	217,300	216,950	-0.8

Source: National Association of Realtors