

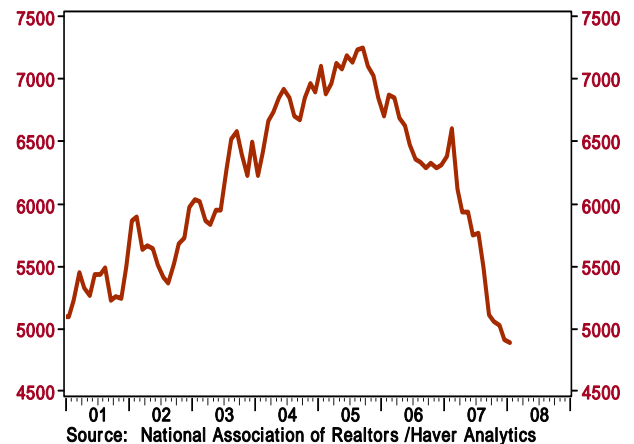
JANUARY EXISTING HOME SALES

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

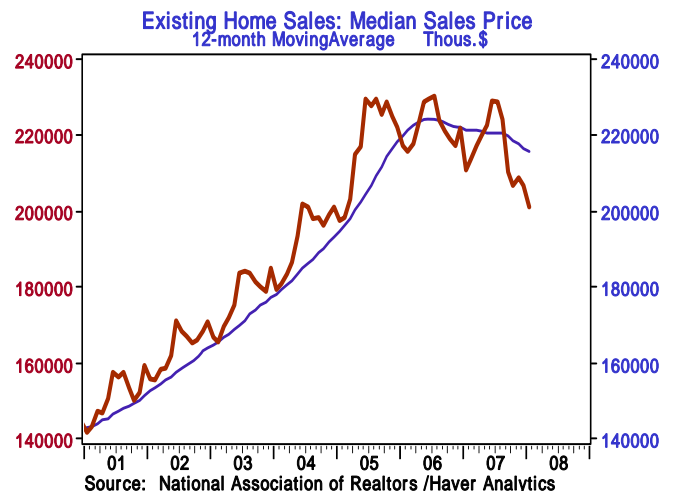
- Existing home sales declined 0.4% in January to an annual rate of 4.89 million, above the consensus expected level of 4.80 million. Existing home sales are down 23.4% versus a year ago.
- Sales were down in the Northeast, South, and West but were up in the Midwest. By type of home, sales were only down for condos/coops; sales of single-family homes increased slightly for the first time in eleven months.
- The median price of an existing home fell to \$201,100 in January (not seasonally adjusted) and is down 4.6% versus a year ago. Single-family home prices are down 5.1% versus last year.
- The months' supply of existing homes (at the current sales rate) increased to 10.3 in January from 9.7 in December. The months' supply of single-family homes rose to 10.1 in January from 9.4 in December.

Implications: Today's report on existing home sales came in better than expected but there is more pain to come in the housing sector. The best news was that the sales of single-family existing homes increased in January for the first time in eleven months. However, the months' supply of existing homes increased as the number of single-family homes on the market rose 260,000 to 3.65 million. More timely news on home sales will arrive on Wednesday when we get data on new home sales in January. New home sales figures are more timely because they are counted when a contract is accepted on a house. Existing home sales are counted at closing, further along in the home-buying process. One thought to keep in mind is that expectations of further rate cuts may be putting some additional downward pressure on sales as some home buyers assume mortgage rates will be lower in the months ahead. Tomorrow we get data on home prices and the news should show continued declines.

Existing Home Sales
SAAR, Thous



Existing Home Sales: Median Sales Price:
Thous.\$



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Jan-08		Dec-07	Nov-07	3-month moving avg.	6-month moving avg.	Yr to Yr % Change
	% Ch.	level					
Existing Home Sales	-0.4%	4890	4910	5020	4940	5082	-23.4
Northeast	-3.6%	810	840	890	847	895	-25.7
Midwest	3.4%	1200	1160	1190	1183	1213	-20.0
South	-0.5%	1950	1960	1990	1967	2033	-22.0
West	-2.1%	930	950	950	943	943	-28.5
Median Sales Price (\$, NSA)	-2.9%	201100	207000	208800	205633	209750	-4.6

Source: National Association of Realtors