

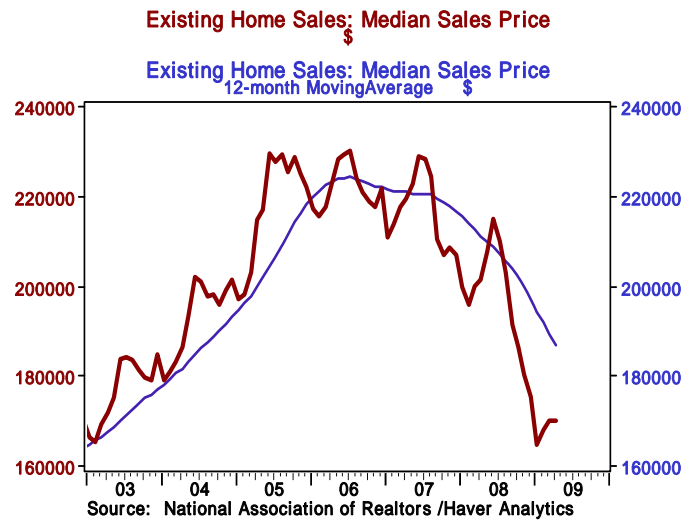
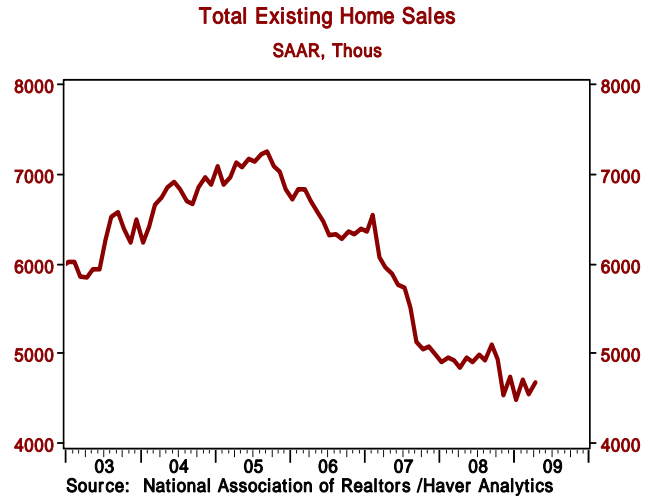
APRIL

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EXISTING HOME SALES

- Existing home sales increased 2.9% in April to an annual rate of 4.68 million, slightly better than the consensus expected. Existing home sales are down only 3.5% versus a year ago.
- Sales were up in all major regions of the country except for the Midwest. Sales increased for both single-family units and condos/co-ops.
- The median price of an existing home increased to \$170,200 in April (not seasonally adjusted) but is down 15.4% versus a year ago.
- The months' supply of existing homes (how long it would take to sell the entire inventory, at the current sales rate) increased to 10.2 in April from 9.6 in March. The increase in the months' supply was all due to an increase in the inventory of homes, where supply increased for both single-family units and condos/co-ops.

Implications: Existing home sales increased more than the consensus expected in April and are now 4.3% above the low set in January. Although some analysts were dismayed by the increase in the number of existing homes for sale, we see this as a sign that some potential sellers, previously too bearish to even put their homes on the market, are now sensing enough buyer interest to justify getting in. Buyer interest is warranted by home prices that are rapidly approaching fair value in many parts of the country. The Case-Shiller index, which measures home prices in major metropolitan areas, shows prices fell 2.2% in March and are down 32% versus the peak in mid-2006. The FHFA index, a price measure for homes financed by conforming mortgages, fell 1.1% in March and is down 11% from the peak in early 2007. Outside the housing sector, recent data on consumers and manufacturing are turning upward sharply. The consumer confidence index increased to 54.9 in May from 40.8 in April. In the last two months, the index is up 28 points, the fastest increase since the early 1970s. Meanwhile, the Richmond Fed Index, a measure of manufacturing in the mid-Atlantic region, increased to +4 in May from -9 in April. That's the first positive reading (signaling expansion) in more than a year. As recently as February, the index was at -51, signaling a steep decline. These figures support the case that the economic recovery is going to be a "V."



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Apr-09		Mar-09	Feb-09	3-month moving avg.	6-month moving avg.	Yr to Yr % Change
	% Ch.	level					
Existing Home Sales	2.9%	4680	4550	4710	4647	4618	-3.5
Northeast	11.6%	770	690	750	737	723	-10.5
Midwest	-2.0%	1000	1020	1040	1020	1027	-9.9
South	1.8%	1740	1710	1740	1730	1703	-8.9
West	3.5%	1170	1130	1180	1160	1165	19.4
Median Sales Price (\$, NSA)	0.2%	170200	169900	168200	169433	171517	-15.4

Source: National Association of Realtors