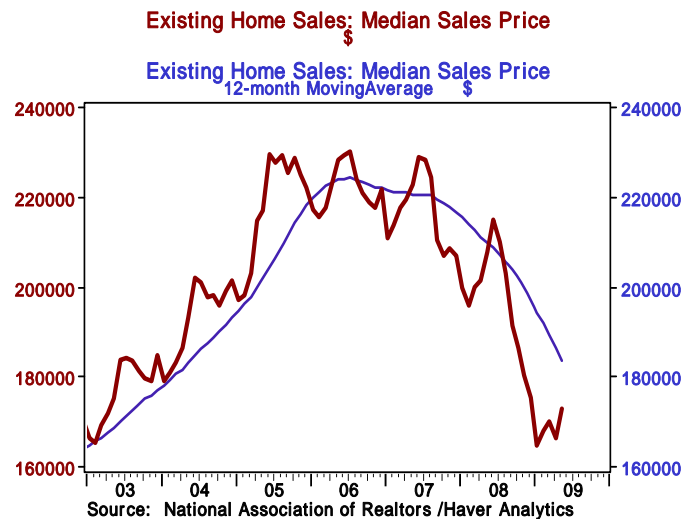
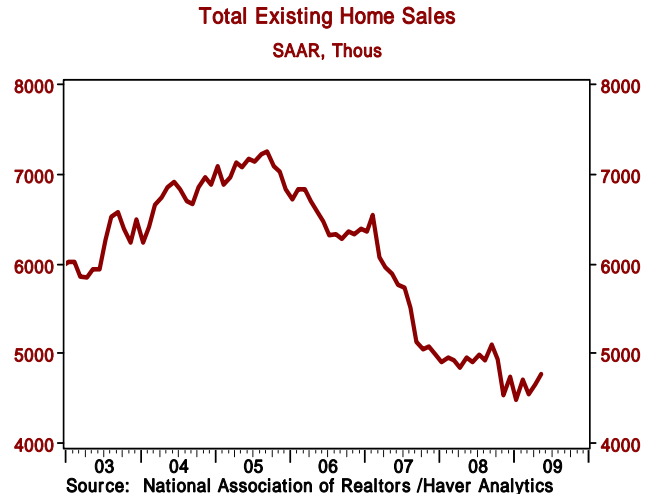


MAY EXISTING HOME SALES

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- Existing home sales increased 2.4% in May to an annual rate of 4.77 million, slightly below what the consensus expected. Existing home sales are down only 3.6% versus a year ago.
- Sales were up in the Northeast and Midwest, down slightly in the West, and flat in the South. Sales increased for both single-family units and condos/co-ops.
- The median price of an existing home increased to \$173,000 in May (not seasonally adjusted) but is down 16.8% 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) decreased to 9.6 months in May from 10.1 months in April. The decrease in the months' supply was due to a decrease in the inventory of single-family units and higher sales rates for both single-family units and condos/co-ops.

Implications: Existing home sales increased for the third month in a row in May and are now 6.2% above the low set in January. The two-month percent increase in sales is the largest since April 2004. The data today are consistent with our outlook that the economy is recovering from a panic. Home sales, building activity, and the rate of decline in home prices all seem to be bottoming or have already formed a bottom. In fact, the level of existing home sales in May was the highest since October 2008. In other news this morning, the FHFA index, a price measure for homes financed by conforming mortgages, fell 0.1% in April and is down 6.8% in the past year, the slowest year over year decline since September of last year. Outside the housing sector, recent data in manufacturing are continuing to turn upward. The Richmond Fed Index, a measure of manufacturing in the mid-Atlantic region, increased to +6 in June from +4 in May, the second positive reading in a row. The last time we saw two consecutive positive readings was in August and September of 2007. These figures continue to support the case that we are in a “V” shaped recovery.



| Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i> | May-09 | | Apr-09 | Mar-09 | 3-month moving avg. | 6-month moving avg. | Yr to Yr % Change |
|--|--------------|---------------|--------|--------|------------------------|------------------------|----------------------|
| | %Ch. | level | | | | | |
| Existing Home Sales | 2.4% | 4770 | 4660 | 4550 | 4660 | 4653 | -3.6 |
| Northeast | 3.9% | 800 | 770 | 690 | 753 | 733 | -10.1 |
| Midwest | 9.0% | 1090 | 1000 | 1020 | 1037 | 1040 | -4.4 |
| South | 0.0% | 1740 | 1740 | 1710 | 1730 | 1718 | -8.9 |
| West | -0.9% | 1140 | 1150 | 1130 | 1140 | 1162 | 11.8 |
| Median Sales Price (\$, NSA) | 3.8% | 173000 | 166600 | 169900 | 169833 | 169700 | -16.8 |

Source: National Association of Realtors