

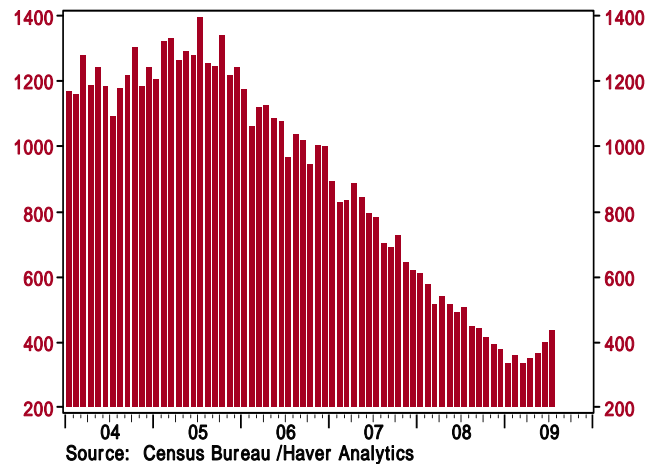
JULY NEW HOME SALES

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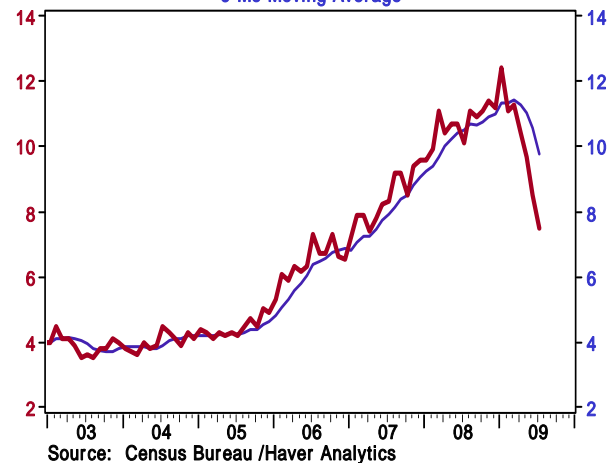
- New single-family home sales increased 9.6% in July to a 433,000 annual rate, easily beating the consensus expected selling pace of 390,000. Sales are up 31.6% versus the January low.
- Sales were up in the Northeast, South, and West, but down in the Midwest.
- At the current sales pace, the supply of unsold new homes fell to 7.5 months in July from 8.5 in June. The decline in the months' supply was mostly due to the faster pace of sales, but also partly due to a continued decline in the inventory of unsold new homes. Inventories fell to 271,000 in July, down 52.6% from the peak in mid-2006, and the lowest since 1993.
- The median price of new homes sold was \$210,100 in July, down 11.5% versus a year ago. The average price of new homes sold was \$269,200, down 10.8% versus last year.

Implications: There are few places where the V-shaped recovery is more evident than the housing market. New home sales increased 9.6% in July, the largest one-month increase since 2005, which was at the peak of the housing boom. The increase in July comes on top of a 9.1% gain in June. The annual sales rate of 433,000 blew away the consensus expected pace yet again, and upward revisions increased sales over the prior three months. As we saw in Friday's existing home sales report, the housing market is headed upward after 3½ years of declining sales. New home sales are up 4 months in a row, and have increased at a 121.8% annual rate since March. In other recent news, home prices are showing signs of recovery. The Case-Shiller home price index, which covers the 20 largest metropolitan areas around the country, increased 0.7% in June (seasonally-adjusted), the first gain in more than three years. Meanwhile, prices measured by the Federal Housing Finance Agency, which tracks homes financed by "conforming" mortgages, increased 0.5% in June, the second straight monthly gain. Home sales and single-family housing starts have been in a rising trend since early this year. Home prices were the last piece of the housing recovery puzzle and now even that is falling into place. We may get one more modest leg down in home prices this fall, due to high-priced homes in major metro areas, but for the rest of the country (most of us) the trend is likely to be price gains from here.

New 1-Family Houses Sold: United States
SAAR, Thous



Months' Supply at current Sales Rate
Seasonally Adjusted
Months' Supply at current Sales Rate
6-Mo Moving Average



New Home Sales	Jul-09		Jun-09	May-09	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
New Single Family Homes Sales	9.6%	433	395	362	397	370	-13.4
Northeast	32.4%	45	34	25	35	29	9.8
Midwest	-7.6%	61	66	48	58	52	-4.7
South	16.2%	222	191	202	205	204	-18.4
West	1.0%	105	104	87	99	87	-14.6
Median Sales Price (\$, NSA)	-0.1%	210,100	210,400	221,400	213,967	212,650	-11.5
		Jul-09	Jun-09	May-09	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		7.5	8.5	9.7	8.6	9.8	10.6

Source: Bureau of the Census