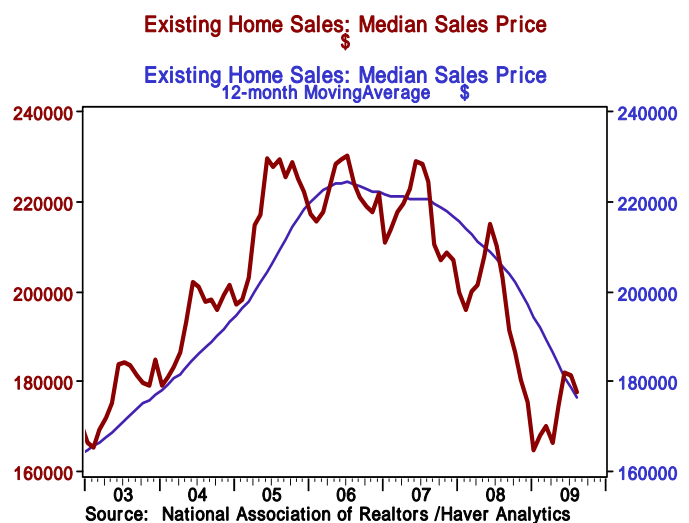
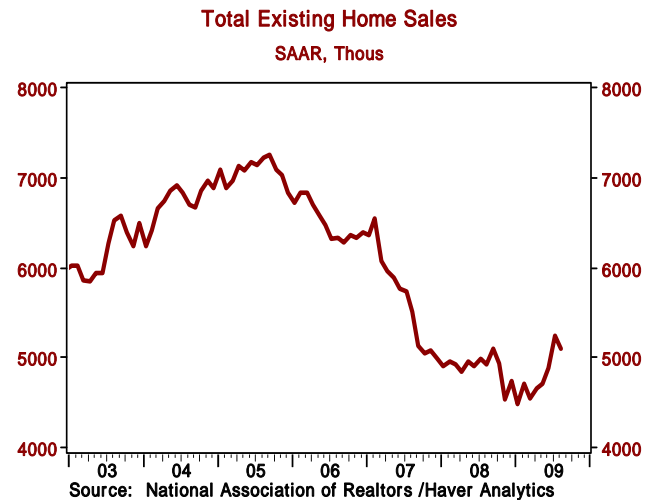


# AUGUST EXISTING HOME SALES

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- Existing home sales fell 2.7% in August to an annual rate of 5.10 million, below the consensus expected pace of 5.35 million. Existing home sales are up 3.4% versus a year ago.
- Sales were down in the Northeast, Midwest, and South, but up in the West. Most of the decline in sales was for single-family units. Sales of condos/co-ops declined slightly.
- The median price of an existing home fell to \$177,700 in August (not seasonally adjusted) and is down 12.5% 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 8.5 from 9.3 months in August. All the drop in the months' supply was due to fewer units for sale.

**Implications:** Existing home sales fell in August, partially offsetting the huge upward spike in July. This was the first decline in existing home sales since March, but were it not for the unusual surge in July, the March pace of sales would have been the highest since the financial panic started in September 2008. In other words, we think the underlying trend is still upward and expect a return to sales growth in September. The best part of today's report was that home inventories are declining, with the months' supply falling to the lowest in more than two years. Existing home prices are down 12.5% versus last year. That is a large drop on a historical basis, but the year-ago comparisons are getting better, having been as low as -17.5% back in January. In other news on housing, the Federal Housing Finance Agency, which tracks homes financed by conforming mortgages, says home prices increased 0.3% in July, the third straight monthly increase. In other news this morning, new claims for unemployment insurance fell 21,000 last week to 530,000. Continuing claims for regular state benefits declined 123,000 to 6.14 million. Earlier this week, the Richmond Fed Index, a measure of manufacturing in mid-Atlantic states, remained at +14 in September, the fifth consecutive month in positive territory, signaling a manufacturing expansion in this region, which is not heavily related to the auto sector.



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Aug-09		Jul-09	Jun-09	3-month moving avg.	6-month moving avg.	Yr to Yr % Change
	% Ch.	level					
<b>Existing Home Sales</b>	-2.7%	5100	5240	4890	5077	4860	3.4
<b>Northeast</b>	-2.2%	910	930	820	887	820	5.8
<b>Midwest</b>	-6.6%	1140	1220	1100	1153	1095	0.0
<b>South</b>	-3.1%	1890	1950	1820	1887	1808	1.6
<b>West</b>	2.7%	1160	1130	1150	1147	1135	7.4
<b>Median Sales Price (\$, NSA)</b>	-2.1%	177700	181500	182000	180400	175400	-12.5

Source: National Association of Realtors