

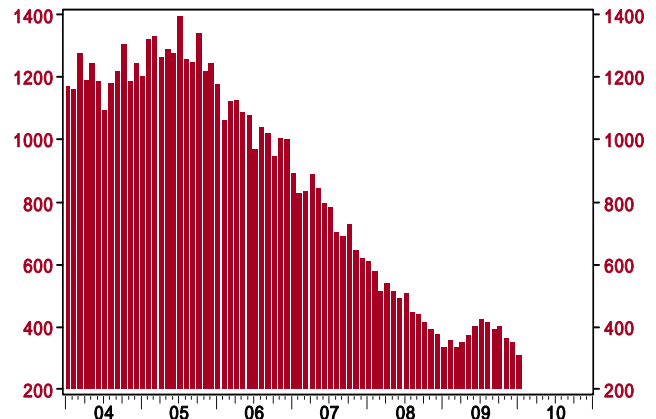
JANUARY NEW HOME SALES

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- New single-family home sales declined 11.2% in January to a 309,000 annual rate, well short of the consensus expected pace of 354,000.
- Sales were down in the Northeast, South, and West, but up in the Midwest
- At the current sales pace, the supply of unsold new homes increased to 9.1 months in January. The rise in the months' supply was almost all due to the slower pace of sales. The actual level of inventories ticked up a slight 1,000 to 234,000 in January, but is down 59.1% from the peak in mid-2006.
- The median price of new homes sold was \$203,500 in January, down 2.4% from a year ago. The average price of new homes sold was \$254,500, up 3.8% versus last year.

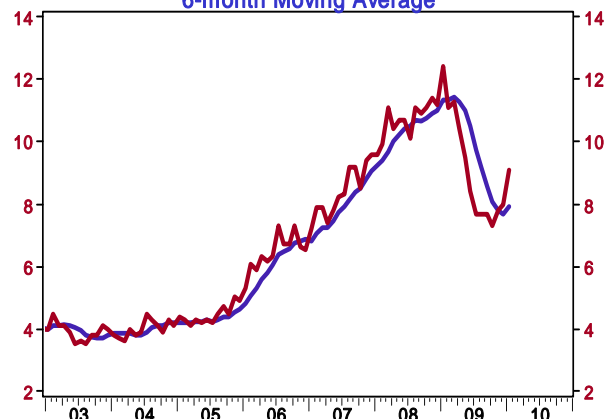
Implications: New home sales fell sharply to a record low in January (dating back to 1963). The slow pace of new home sales largely reflects builders having to compete with existing homes that are either in foreclosure or close to foreclosure. Despite this, the level of home building is low enough so that the total inventory of new homes was essentially unchanged. In particular, the number of unsold completed homes, as well as unsold homes still under construction, continued to decline. The slight increase in the overall number of homes for sale was all due to houses that builders have yet to start. This signifies that although sales are very slow right now, builders are seeing enough "foot traffic" to make them more optimistic about the future. In other recent housing news, the Case-Shiller index, which measures home prices in the 20 largest metropolitan areas, increased 0.3% in December (seasonally-adjusted), the seventh straight monthly gain. Also good news is that the Richmond Fed Index, a measure of manufacturing in the mid-Atlantic region, increased to +2 in February from -2 in January. Remarkably, the gain into positive territory occurred despite record February snowfall in much of the region. By contrast, the Conference Board's index for consumer confidence fell substantially in February, similar to the (temporary) decline that happened in January 1996, another year with a brutal East-Coast blizzard.

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



Source: Census Bureau /Haver Analytics

Months' Supply at Current Sales Rate
Seasonally Adjusted
Months' Supply at Current Sales Rate
6-month Moving Average



Sources: Census Bureau /Haver Analytics

New Home Sales	Jan-10		Dec-09	Nov-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	-11.2%	309	348	362	340	370	-6.1
Northeast	-35.1%	24	37	30	30	33	-20.0
Midwest	2.1%	49	48	68	55	57	-7.5
South	-9.5%	162	179	187	176	191	-10.5
West	-11.9%	74	84	77	78	89	13.8
Median Sales Price (\$, NSA)	-5.6%	203,500	215,600	219,100	212,733	212,833	-2.4
		Jan-10	Dec-09	Nov-09	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		9.1	8.0	7.8	8.3	7.9	8.8

Source: Bureau of the Census

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