

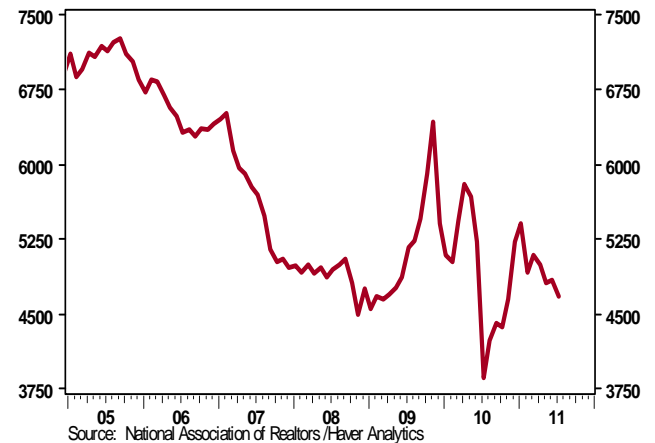
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July Existing Home Sales

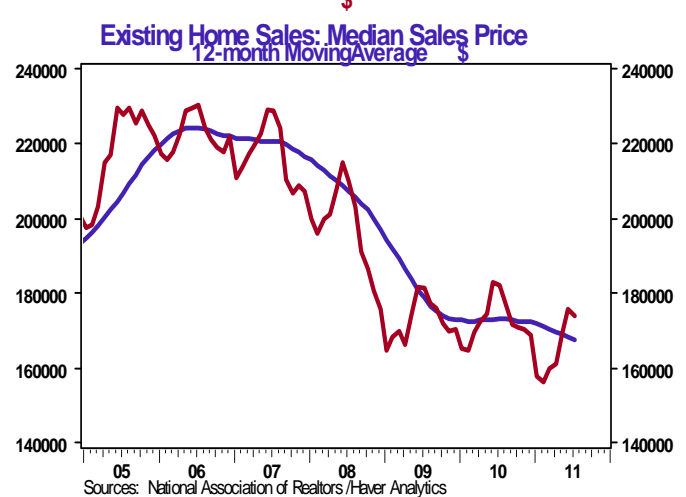
- Existing home sales declined 3.5% in July to an annual rate of 4.67 million units, coming in below the consensus expected pace of 4.90 million units. Existing home sales are up 21.0% versus a year ago.
- Sales in July were down in the West and South, but up in the Northeast and Midwest. All of the decline in sales was due to single-family sales; condos-coops sales were unchanged.
- The median price of an existing home fell to \$174,000 in July (not seasonally adjusted), and is down 4.4% versus a year ago. Average prices are down 3.2% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) rose to 9.4 from 9.2 in June. The increase in the months' supply was mostly due to the slowdown in the pace of sales. An increase in condos-coops inventories also boosted the months' supply.

Implications: Sales of existing homes fell to an eight-month low in July. The consensus expected a gain to 4.90 million units at an annual rate due to the strong showing of pending home sales over the past couple of months. Pending home sales are homes that have gone under contract to be purchased. What seems to have happened is that people have decided to cancel on their contracts. The National Association of Realtors said that cancelled contracts to buy existing homes remained at higher levels over the past two months from a more typical 9% - 10% over the past year. The spike in cancellations is probably due to a couple factors. First, stricter lending rules and low appraisals seem to be playing a large factor. Second, with the debt debate looming in July this may have spooked some people from closing on their contracts. We expect a bounce back in existing homes next month. In other news, The Philly Fed index fell to -30.7, the lowest level in over two years. The consensus expected a decline to 2.0. There are times when manufacturing surveys are more based on sentiment, and we believe with all the financial turmoil that has been happening in Europe, along with the large market losses over the last couple weeks, that this is one of those times. However, mid-month manufacturing indicators should not be completely ignored and we will be paying close attention to these along with the weekly indicators we follow to see if we see any change to our forecast. So far, other than data which measure sentiment, the economy appears to be avoiding any sharp downturn.

NAR Total Existing Home Sales, United States
 SAAR, Thous



Existing Home Sales: Median Sales Price



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Jul-11		Jun-11	May-11	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
Existing Home Sales	-3.5%	4670	4840	4810	4773	4888	21.0
Northeast	2.7%	750	730	770	750	768	19.0
Midwest	1.0%	1050	1040	1030	1040	1053	31.3
South	-1.6%	1840	1870	1850	1853	1887	19.5
West	-12.6%	1040	1190	1160	1130	1180	16.9
Median Sales Price (\$, NSA)	-0.9%	174000	175600	169300	172967	165983	-4.4

Source: National Association of Realtors