

January Existing Home Sales

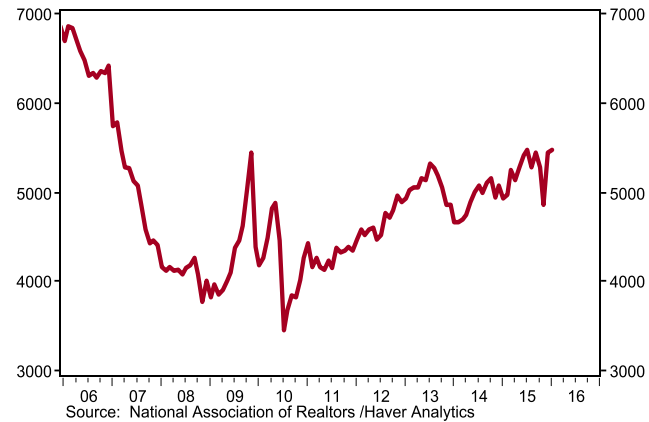
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- Existing home sales increased 0.4% in January to a 5.47 million annual rate, beating the consensus expected 5.33 million. Sales are up 11.0% versus a year ago.
- Sales rose in the Midwest and Northeast, remained unchanged in the South, and declined in the West. The increase was all due to single-family homes. Sales of condos/coops fell in January.
- The median price of an existing home fell to \$213,800 in January (not seasonally adjusted) but is up 8.2% versus a year ago. Average prices are up 4.8% 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 4.0 months in January from 3.9 in December. The increase was all due to larger inventories.

Implications: Existing home sales continued to move forward in January after rebounding sharply in December, hitting the second fastest pace of sales since February 2007. Sales of previously owned homes rose 0.4% in January to a 5.47 million annual rate and are up 11% from a year ago. Back in November existing home sales suddenly dropped. As we explained at the time, it was due to new federal “Know Before You Owe” rules, which lengthened the settlement process, pushing more closings into December. Now we’re likely seeing a “clean” number, or one that is no longer influenced by the new rule, which is why robust sales for January is welcome news. Remarkably, the solid sales figure for January was achieved even though inventories remain very low, down 2.2% from a year ago. The months' supply of existing homes – how long it would take to sell the current inventory at the most recent selling pace – is only 4.0. According to the National Association of Realtors anything less than 5.0 months is considered tight supply. In the year ahead, look for higher home prices to lure “on-the-fence” sellers into the market, boosting inventory. The median price for an existing home is up 8.2% from a year ago. In other housing news this morning, the national Case-Shiller index increased 0.8% in December and was up 5.4% in 2015, an acceleration from the 4.5% home price gain in 2014. Home price increases in 2015 were led by Portland, San Francisco, and Denver. On the manufacturing front, the Richmond Fed index, which measures mid-Atlantic factory sentiment, fell to -4 in February from +2 in January. Good housing numbers and soft manufacturing are consistent with continued Plow Horse growth.

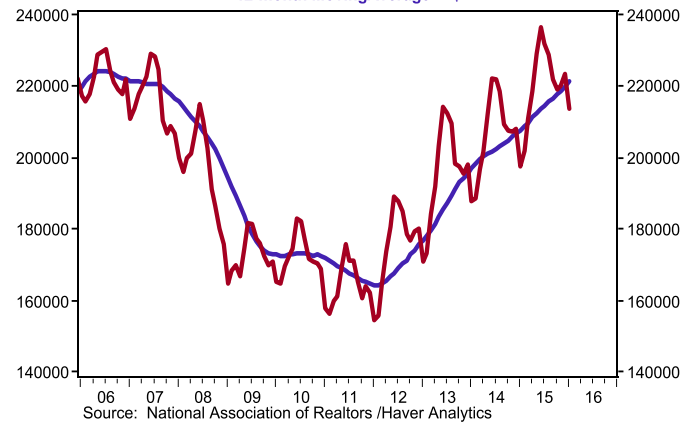
NAR Total Existing Home Sales, United States

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Existing Homes: Median Sales Price

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 12-month Moving Average



Existing Home Sales	Jan-16		Dec-15	Nov-15	3-month	6-month	Yr to Yr	
	Seasonally Adjusted Unless Noted, Levels in Thous.	% Ch.						level
Existing Home Sales		0.4%	5470	5450	4860	5260	5300	11.0
Northeast		2.7%	760	740	700	733	730	20.6
Midwest		4.0%	1300	1250	1120	1223	1250	18.2
South		0.0%	2240	2240	1990	2157	2152	5.7
West		-4.1%	1170	1220	1050	1147	1168	8.3
Median Sales Price (\$, NSA)		-4.2%	213800	223200	220000	219000	221050	8.2

Source: National Association of Realtors