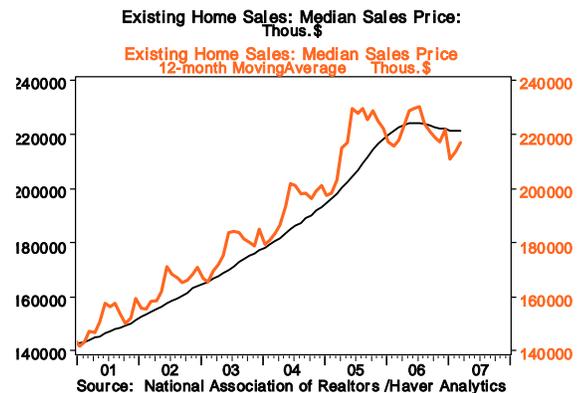
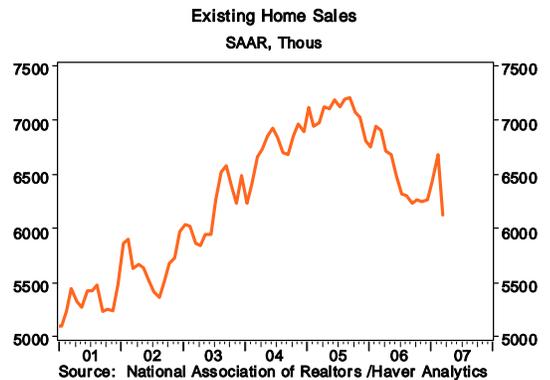


MAR EXISTING HOME SALES

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- Existing home sales declined 8.4% in March to an annual rate of 6.12 million, the lowest since mid-2003 and substantially lower than the consensus expected level of 6.40 million.
- Sales dropped in all four major regions. The decline in sales was attributable to single-family homes as condo/coop sales were unchanged.
- The median price of an existing home rose to \$217,000 in March, but is still down 0.3% versus a year ago.
- The months' supply of new homes (how many months it will take to clear the inventory of unsold existing homes at the current sales rate) rose to 7.3, all due to the slower pace of sales not rising inventories.



Implications: Today's economic news was not good but none of it is particularly useful for forecasting future real GDP growth. We expected a slowdown in home sales but not this large this fast. However, some of the decline may have been weather-related as sales in March reflect contracts signed January and February. Existing home sales bounced 6.5% in January and February, so we may have been due for a "payback" month. Also, sales were down 11.3% versus March 2006, a smaller year-to-year decline than those experienced from July 2006 through October 2006. In other news today, the Case-Shiller composite home price index showed a 0.5% decline in February. Based on our seasonal adjustment of the index, it appears home prices nationwide peaked in May 2006 and are since down 2%, with the steepest declines occurring last summer. In other news, the Richmond Fed Manufacturing Index fell to -11 from -10 and consumer confidence figures showed the share of consumers saying jobs are plentiful falling to 27.8% in April from 30.3% in March. In the context of a temporary slowdown, a day like this is bound to happen. However, we continue to believe the economy will accelerate in the second half of the year.

Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Mar-07		Feb-07	Jan-07	3-month moving avg.	6-month moving avg.	Yr to Yr % Change
	% Ch.	level					
Existing Home Sales	-8.4%	6120	6680	6440	6413	6338	-11.3
Northeast	-8.2%	1120	1220	1060	1133	1097	-5.1
Midwest	-10.9%	1390	1560	1520	1490	1462	-13.7
South	-6.2%	2410	2570	2540	2507	2500	-9.7
West	-9.1%	1200	1320	1320	1280	1278	-16.7
Median Sales Price (\$. NSA)	1.6%	217,000	213,600	210,900	213,833	216,550	-0.3

Source: National Association of Realtors