

JULY EXISTING HOME SALES

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- Existing home sales fell 27.2% in July to an annual rate of 3.83 million, coming in well below the consensus expected pace of 4.65 million. Existing home sales are down 25.5% versus a year ago.
- Sales were down in all major regions of the country. Sales declined for both single-family home sales and condos/coops.
- The median price of an existing home declined to \$182,600 in July (not seasonally adjusted), but is up 0.7% versus a year ago. Last July, prices were down 13.7% from the prior year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) rose to 12.5 from 8.9 in June. The increase in the months' supply was almost all due to slower sales, although there was also an increase in inventories for both single family homes and condos/coops.

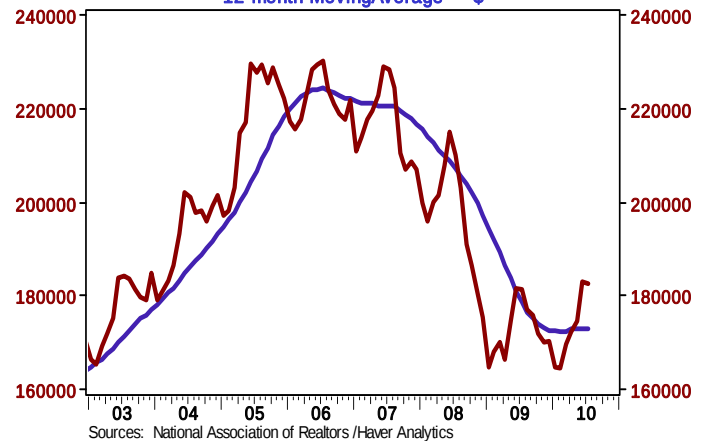
Implications: Sales of existing homes plunged in July, with sales of single-family homes falling to their lowest levels since 1995. Unlike the consensus which anticipated a selling pace of 4.65 million, we expected a selling pace below 4 million precisely because the home buyer tax credit ended in June. Who would not move their home purchase up into May or June in order to receive an \$8,000 check? For the same reason the August pace of sales will be weak as well. After August, we believe existing home sales will start to move back up to the underlying trend of about 5.5 million units annually. The increase in the months' supply of homes hit 12.5, its highest level ever, but this can almost all be attributed to the extremely slow selling pace. Home inventories typically increase in July and what we saw today is actually a smaller increase in inventories than what is usual for July. In fact, inventories have dropped 2.0% over the past year. We believe home prices already reflect the impact of these now vacant homes. Prices for existing homes in July were up 0.7% from a year ago. In other news this morning, the Richmond Fed index, a measure of manufacturing in the mid-Atlantic, came in at +11 in August. That's a decline versus +16 in July but was higher than the consensus anticipated and suggests continued healthy growth in the factory sector.

Total Existing Home Sales
SAAR, Thous



Existing Home Sales; Median Sales Price

Existing Home Sales; Median Sales Price
12-month Moving Average



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Jul-10		Jun-10	May-10	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
Existing Home Sales	-27.2%	3830	5260	5660	4917	5152	-25.5
Northeast	-29.5%	620	880	890	797	870	-30.3
Midwest	-35.0%	800	1230	1330	1120	1168	-33.3
South	-22.6%	1540	1990	2150	1893	1938	-19.8
West	-25.0%	870	1160	1290	1107	1177	-23.0
Median Sales Price (\$, NSA)	-0.2%	182600	183000	174600	180067	174450	0.7

Source: National Association of Realtors