

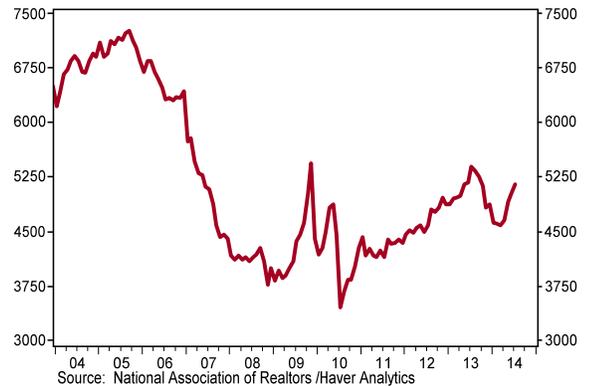
July Existing Home Sales

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- Existing home sales increased 2.4% in July to a 5.15 million annual rate, beating the consensus expected 5.02 million rate. Sales are down 4.3% versus a year ago.
- Sales in July were up in the South, West and Midwest, but were unchanged in the Northeast. The increase in sales was due to higher sales of single-family homes. Sales of condos/coops were unchanged.
- The median price of an existing home rose to \$222,900 in July (not seasonally adjusted) and is up 4.9% versus a year ago. Average prices are up 3.7% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) was unchanged at 5.5 months in July as the faster selling pace offset an increase in inventories.

Implications: Housing keeps growing...Plow-Horse-like. Existing home sales grew 2.4% in July, rising to a 5.15 million annual rate, the best level since September 2013. But total sales are still 4.3% below the peak a year ago. After declining seven out of eight months late last year and early this year, existing home sales have now increased four months in a row. Why did housing slow between July 2013 and March 2014? No one knows for sure, there are more theories out there than analysts, but a lack of inventory was fingered by realtors themselves. The past few months' reports suggest that's changing. Inventories are up seven months in a row, including a 3.5% jump in July. They are 5.8% higher today than they were a year ago. More inventory should help spur sales in the months ahead. One key reason for growing inventories is that home prices continue to move higher (median prices for existing homes are up 4.9% from a year ago). In other words, recovering home prices are getting more potential sellers into the market, which will increase sales. Another encouraging sign of the housing market healing was that distressed homes (foreclosures and short sales) accounted for only 9% of July sales, down from 15% a year ago, and the first time in single digits since NAR started tracking distressed sales in October 2008. We remain convinced that the underlying trend for housing remains upward. In other news this morning, new claims for unemployment insurance declined 14,000 last week to 298,000. Continuing claims dropped 49,000 to 2.50 million. Plugging these figures into our payroll models suggests August gains of 208,000 nonfarm, with 193,000 in the private sector. These forecasts will change over the next couple of weeks as we get more data. On the manufacturing front, the Philadelphia Fed index, which measures manufacturing sentiment in that region, rose to 28 in August, easily beating the consensus and coming in at the highest reading since March 2011.

NAR Total Existing Home Sales, United States
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Existing Homes: Median Sales Price

Existing Homes: Median Sales Price
 12-month Moving Average



Existing Home Sales	Jul-14		Jun-14	May-14	3-month	6-month	Yr to Yr
	% Ch.	level					
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
Existing Home Sales	2.4%	5150	5030	4910	5030	4823	-4.3
Northeast	0.0%	640	640	620	633	608	-9.9
Midwest	1.7%	1220	1200	1130	1183	1105	-4.7
South	3.4%	2120	2050	2050	2073	2010	0.5
West	2.6%	1170	1140	1110	1140	1100	-8.6
Median Sales Price (\$, NSA)	0.4%	222900	222000	212000	218967	207233	4.9

Source: National Association of Realtors