

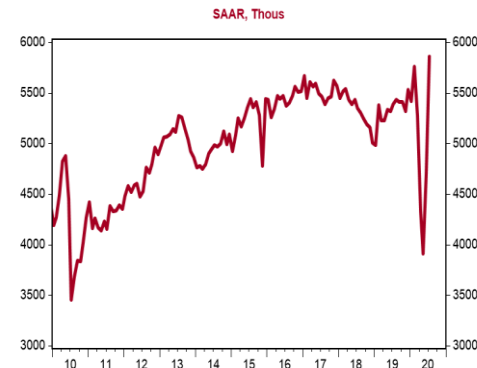
## July Existing Home Sales

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- Existing home sales increased 24.7% in July to a 5.860 million annual rate, easily beating the consensus expected 5.410 million. Sales are up 8.7% versus a year ago.
- Sales in June rose in all major regions. The gain was due to both single-family homes and condos/coops.
- The median price of an existing home rose to \$304,100 in July (not seasonally adjusted) and is up 8.5% versus a year ago. Average prices are up 6.5% versus last year.

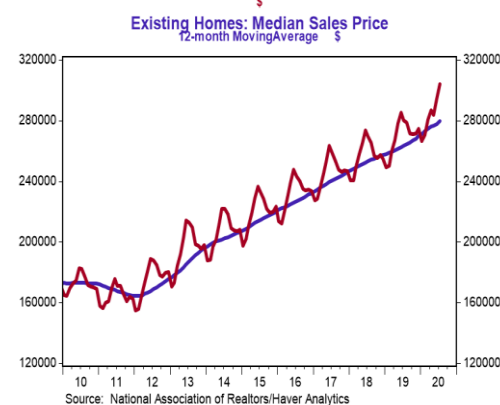
**Implications:** You would be hard pressed to find a better example of a V-shaped recovery than existing home sales. From February (pre-pandemic) to the bottom in May, sales collapsed 32.1% as lockdown measures and widespread economic uncertainty took hold across the country. However, following two record-breaking monthly gains in a row in June and July, sales are now up from the previous February high. It's also important to remember that existing home sales are counted at closing, so July's 24.7% surge mostly reflects contracts that were signed in June as the "second-wave" of coronavirus cases was erupting across the country, signaling the resilience of the ongoing housing market recovery. One major contributor to the recent recovery has been the Fed's liquidity policies, which have pushed 30-year fixed mortgage rates below 3.0% for the first time on record, boosting affordability. In fact, demand for existing homes has remained so strong that 68% of homes sold in July were on the market for less than a month. That said, sales face an increasing headwind from a low inventory of existing homes, as rising demand continues to more than fully offset new listings. In fact, today's report showed that inventories were lower than any other July on record and down 21.1% versus a year ago (the best measure for inventories given the seasonality of the data). This lack of options has caused median price growth to reaccelerate as well, up from a year-ago comparison of 1.9% in May to 8.5% in July. With employment growing, new and future construction boosting inventories, and an easy fed which will keep rates low for the foreseeable future, expect the housing market to continue to improve. In other recent news on the employment front, initial jobless claims unexpectedly rose 135,000 last week to once again come in above one million, remaining stubbornly high despite recent improvements in new infections in the "second wave" states. Meanwhile, continuing claims, which lag initial claims by a week, declined 636,000 to a reading of 14.844 million. In spite of the increase in initial claims, we still anticipate a payroll increase for August. Finally, on the manufacturing front, the Philly Fed Index, a measure of East Coast factory sentiment, declined to a still robust +17.2 in August from +24.1 in July. This number continues to show a healthy rebound in manufacturing activity versus the deeply negative readings early on in the pandemic.

NAR Total Existing Home Sales, United States



Source: National Association of Realtors/Haver Analytics

Existing Homes: Median Sales Price



Source: National Association of Realtors/Haver Analytics

Existing Home Sales	Jul-20		Jun-20	May-20	3-month	6-month	Yr to Yr
	% Ch.	level	level	level	moving avg.	moving ave.	% Change
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
<b>Existing Home Sales</b>	<b>24.7%</b>	<b>5860</b>	4700	3910	4823	4972	8.7
<b>Northeast</b>	<b>30.6%</b>	<b>640</b>	490	470	533	582	-5.9
<b>Midwest</b>	<b>27.5%</b>	<b>1390</b>	1090	990	1157	1185	10.3
<b>South</b>	<b>19.4%</b>	<b>2590</b>	2170	1730	2163	2197	12.6
<b>West</b>	<b>30.5%</b>	<b>1240</b>	950	720	970	1008	7.8
<b>Median Sales Price (\$, NSA)</b>	<b>3.3%</b>	<b>304100</b>	294500	283600	294067	286667	8.5

Source: National Association of Realtors