

U.S. Data Review

- Existing home sales: slippage in May; downward tilt in the past year

Michael Moran

Daiwa Capital Markets America
 212-612-6392
michael.moran@us.daiwacm.com

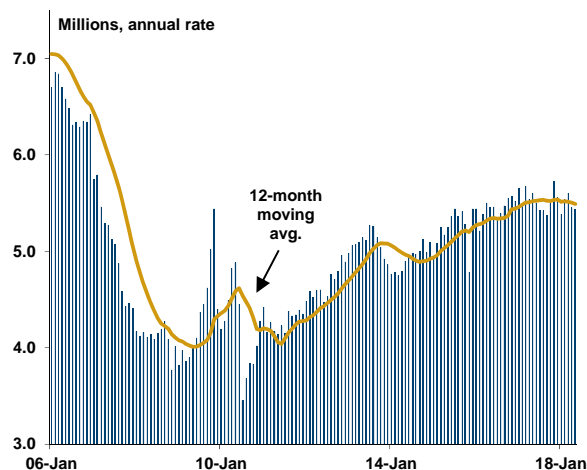
Existing Home Sales

Sales of existing homes fell 0.4 percent in May from a slightly downward revised level in April. The revision and the latest monthly change were small, but the combined results were noticeably different than the expected increase of 1.1 percent. The changes left sales in the lower portion of their recent range, and the trend in the past year or so has a slight downward tilt (chart, left).

The softness in May was broad-based geographically, with three of the four major regions posting declines. Activity in the Northeast rose 4.6 percent, a seemingly strong showing, but the advance merely offset a similar-sized decline in the prior month and did nothing to offset drops in two of the first three months of the year. Sales in the Northeast were in the bottom of the range from the past year despite the pickup in May. Sales in the Midwest and West also were in the lower portions of their range. Activity in the South was a bit above average.

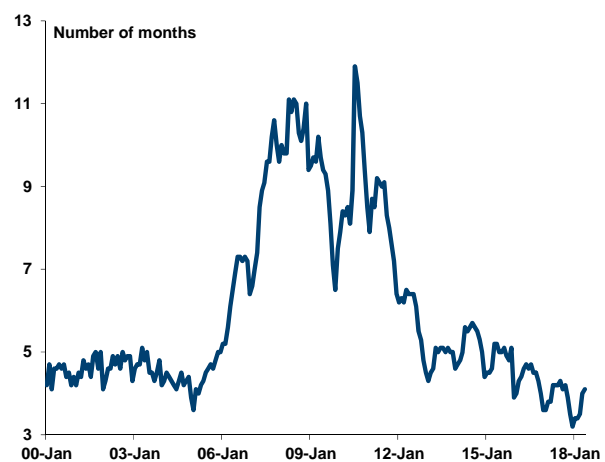
The National Association of Realtors again highlighted tight inventories as a factor inhibiting sales. The number of homes for sale rose 2.8 percent in May, a large increase for this month (this series is not seasonally adjusted). This increase, along with the dip in sales, led to an increase in the months' supply of homes from 4.0 to 4.1 months, a still-low reading by historical standards (chart, right). The NAR also noted that higher prices and interest rates might have squeezed some buyers from the market.

Existing Home Sales



Source: National Association of Realtors via Haver Analytics

Months' Supply of Unsold Homes



Source: National Association of Realtors via Haver Analytics

This report is issued by Daiwa Securities Group Inc. through its relevant group companies. Daiwa Securities Group Inc. is the global brand name of Daiwa Securities Co. Ltd., Tokyo ("Daiwa Securities") and its subsidiaries worldwide that are authorized to do business within their respective jurisdictions. These include: Daiwa Capital Markets Hong Kong Ltd. (Hong Kong), regulated by the Hong Kong Securities and Futures Commission, Daiwa Capital Markets Europe Limited (London), regulated by the Financial Conduct Authority and a member of the London Stock Exchange, and Daiwa Capital Markets America Inc. (New York), a U.S. brokerdealer registered with the U.S. Securities and Exchange Commission, a futures commission merchant regulated by the U.S. Commodity Futures Trading Commission, and a primary dealer in U.S. government securities. The data contained in this report were taken from statistical services, reports in our possession, and from other sources believed to be reliable. The opinions and estimates expressed are our own, and we make no representation or guarantee either as to accuracy, completeness or as to the existence of other facts or interpretations that might be significant.