

U.S. Data Review

- Existing home sales: further improvement in July, although still not booming

Michael Moran

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

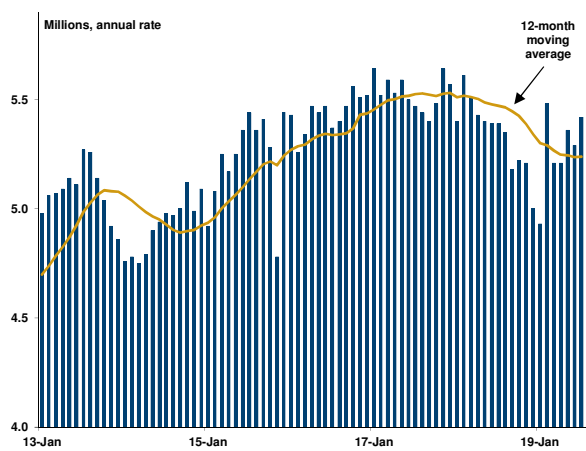
Existing Home Sales

Sales of existing homes rose 2.5 percent in July, a touch stronger than the expected increase of 2.3 percent. In addition, the change occurred from an upward revised level in June, with activity 0.4 percent stronger than previously believed. All told, the changes pushed sales in July to 5.42 million units (annual rate), much improved from the lows around the turn of the year, although still shy of the 5.531 million in 2017, which represents the best year for existing sales thus far in the current expansion (chart, left). The drop in interest rates that began late last year has lifted the housing market, but conditions cannot be described as booming.

Activity in July was broad-based geographically, with three of the four major regions of the country posting gains. Sales in the West surged 8.3 percent, but the shift occurred from a low reading in the prior month; the new level, like that for the headline figure, was one of the better ones in the past year, but still lagging results in 2017. Sales in the Midwest and South rose moderately (1.6 percent and 1.8 percent, respectively), while activity in the Northeast slipped 2.9 percent and moved to the low portion of its recent range.

The National Association of Realtors has frequently noted that tight inventories are limiting sales in certain markets, and the situation did not improve in July. In fact, the number of homes on the market slipped 1.6 percent in July, notably different than the average increase for July of 0.6 percent (2000 to 2018; this series is not seasonally adjusted, and thus the latest change should be viewed against the norm for its month). The drop in inventory, along with the increase in sales, led to a decline in the months' supply of homes from 4.4 months in June to 4.2 in July (chart, right).

Existing Home Sales



Source: National Association of Realtors via Haver Analytics

Months' Supply of Unsold Homes



Source: National Association of Realtors via Haver Analytics

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