

U.S. Data Review

- Existing home sales: mixed geographically; soft in total

Michael Moran

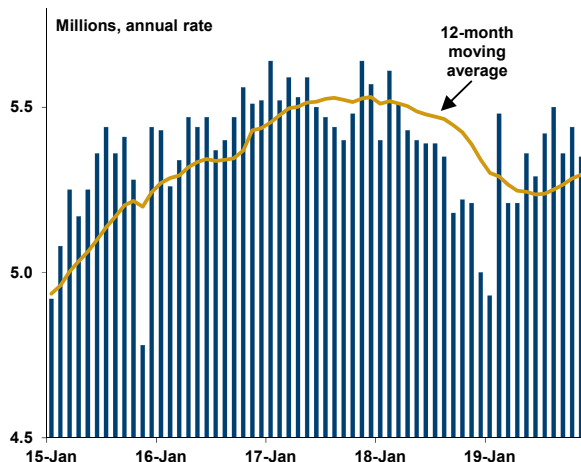
Daiwa Capital Markets America
 212-612-6392
michael.moran@us.daiwacm.com

Existing Home Sales

Sales of existing homes fell 1.7 percent in November, weaker than the expected decline of 0.4 percent. In addition, the drop occurred from a downward revised level in the prior month (0.4 percent softer than previously believed). The combined results left the level of sales at 5.35 million units (annual rate), shy of the expected reading of 5.44 million. While off from the tally in October, the level of sales remained above the soft readings in the closing months of last year and within the range of observations since February, when lower interest rates started to stir sales (chart, left).

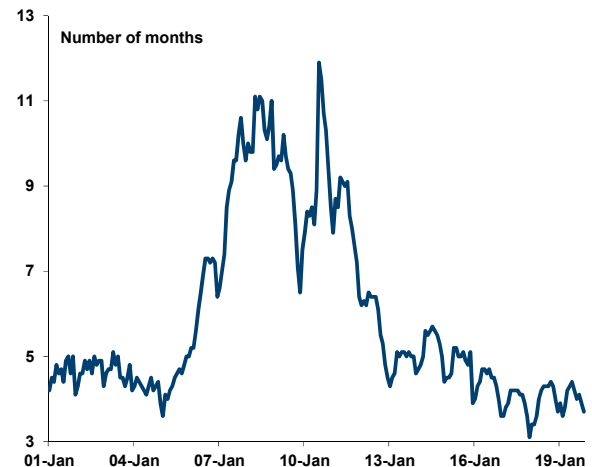
The drop in sales raises the possibility that the effect of lower interest rates is beginning to lose some force. We suspect this is a factor, but the officials at the National Association of Realtors also noted that lean inventories were playing a role. Other figures in this report supported that view, as the number of homes on the market fell 7.3 percent in November. This series is not seasonally adjusted, and inventories typically decline in November, but the latest reading was softer than the average decline of 4.9 percent in the prior 10 years. The sharp drop in homes for sale pushed the months' supply to 3.7 months, down from 3.9 in October and in the low portion of the recent range (chart, right). Mixed results geographically (up in the Northeast and Midwest, but off in the South and West) also might suggest that peculiarities in certain markets rather than macroeconomic factors alone were constraining sales.

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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