

U.S. Data Review

- Existing home sales: third consecutive drop to low end of historical range

Michael Moran

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

Existing Home Sales

Sales of existing homes fell 9.7 percent in May, much sharper than the expected decline of 5.5 percent. The change marked the third consecutive drop and moved the activity to the low portion of the historical range (chart, left). The decline was broadly based, as all four geographic regions moved lower. Sales in the West fell to a record low, and activity in the Northeast was close to a record low. Sales in the Midwest and South, while weak, still had some distance from record lows.

Sales of existing homes are based on closed transactions rather than signed contracts. Closings in May would have been based on contracts signed in March and April, the period when lockdowns were widespread. Sales should pickup in coming months in response to the easing in restrictions.

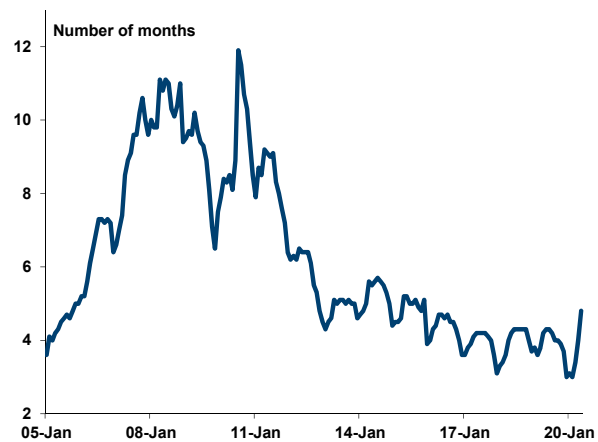
The number of homes for sale rose noticeably, increasing 6.2 percent from April. This series is not seasonally adjusted and May typically shows a smaller increase (average of 0.9 percent in the prior 10 years). The pickup in inventory led to a jump in the months' supply of homes to 4.8, one of the firmest readings in the past several years (chart, right). The National Association of Realtors has highlighted tight inventories as a factor restraining sales, and the pickup thus offers hope that activity will improve next month.

Existing Home Sales*



* The shaded areas show periods of recession in the U.S. economy.
 Source: National Association of Realtors and National Bureau of Economic Research via Haver Analytics

Month's Supply of Unsold Homes



Source: National Association of Realtors via Haver Analytics

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