

U.S. Data Review

- Existing home sales: running hot

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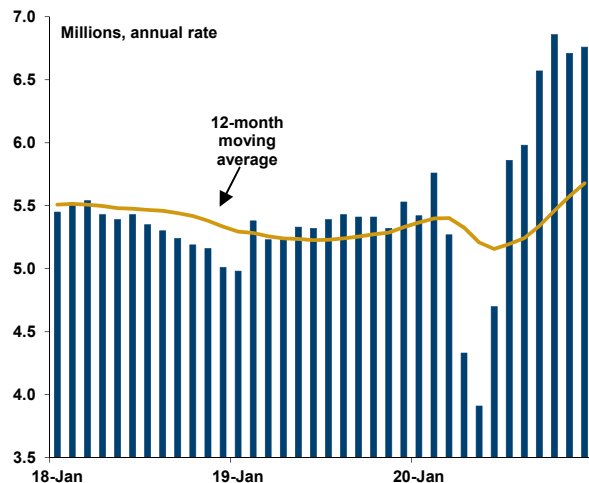
Existing Home Sales

Sales of existing homes rose 0.7 percent in December, a marked contrast to the expected decline of 1.9 percent. In addition, results in the prior month were revised slightly higher (0.3 percent firmer than previously believed). The level of sales in December was quite strong by historical standards, far above readings during the previous expansion and within the range seen during the housing bubble. December marked the fourth consecutive month that sales were at this elevated level (chart, left).

The sales performance in December varied by geographic region (down in the West, unchanged in the Midwest, and up moderately in the South and Northeast), but all four regions were at elevated levels and have been for the past four months. Results in the Midwest and South have been especially notable, with activity above or near the top of the range seen during the housing bubble in 2004-06.

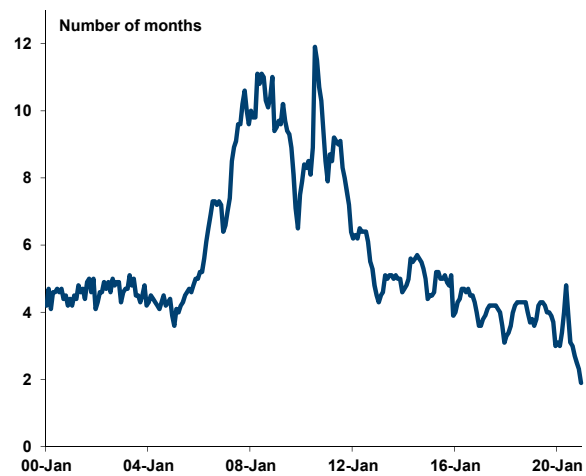
The brisk pace of sales led to a drop in the number of homes on the market, with the month-to-month change totaling -16.4 percent. Inventory typically declines in December (the series is not seasonally adjusted), but the latest results represented a sharper-than-normal change (average of -10.8 percent in the prior 10 years). With homes for sale down, the months' supply of homes fell to 1.9 months, a record low (chart, data for this series go back to only 1999).

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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