

U.S. Data Review

- Unemployment claims: above-consensus reads for both initial and continuing claims
- Existing home sales: activity drops in the first month of 2026

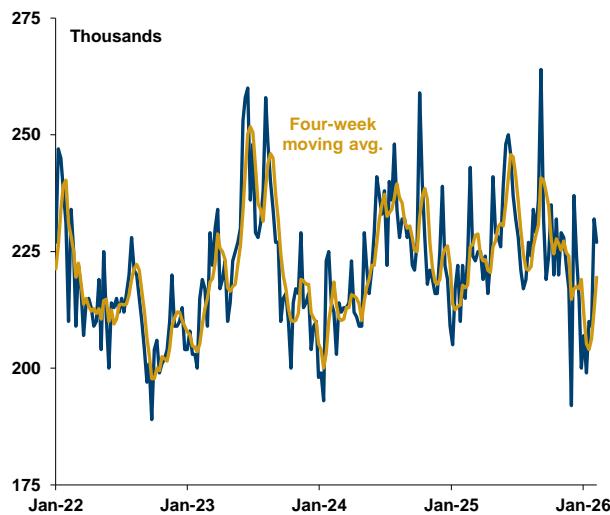
Lawrence Werther
lawrence.werther@us.daiwacm.com
+1-212-612-6393

Brendan Stuart
brendan.stuart@us.daiwacm.com
+1-212-612-6172

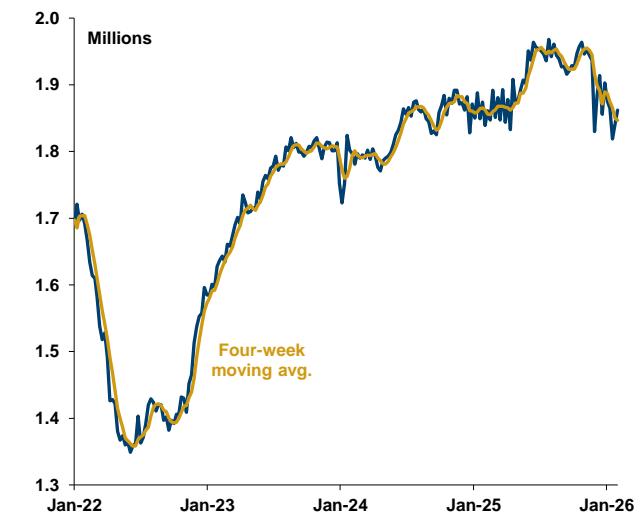
Unemployment Claims

- Following the seemingly weather-influenced jump to 232,000 in the prior week, initial claims for unemployment insurance eased by 5,000 to 227,000 in the period ending February 7 (versus the median projection of a downshift to 223,000 from the Bloomberg economist survey). Correspondingly, the four-week moving average increased by 7,000 to 219,500. Benefits applications have exhibited some upside volatility around the turn of the year, although they have remained within the range of the past few years (chart, below left).
- Continuing claims for unemployment insurance, which indicate the number of individuals receiving ongoing benefits, rose by 21,000 to 1.862 million in the period ending January 31 (versus the median projection of an increase to 1.850 million). The four-week moving average, in turn, decreased by 3,250 to 1.847 million – the lowest value observed since October 2024. The latest shift leaves claims data 104,000 off the cycle peak of 1.968 million recorded in July of last year – a reading well within the range in place since mid-2025 and suggestive of a lackluster, but not deteriorating, labor market (chart, below right).

Initial Claims for Unemployment Insurance



Continuing Claims for Unemployment Insurance

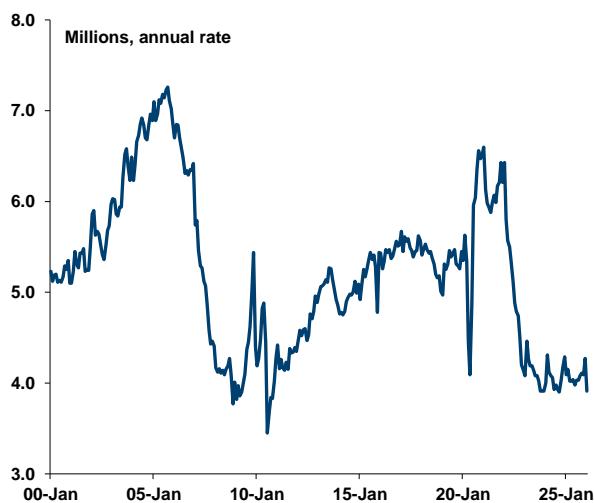


Existing Home Sales

- Sales of existing homes in January fell 8.4 percent to 3.91 million units, annual rate, the largest month-to-month drop since February 2022 and the slowest pace of sales since September 2024 (versus the median projection of a decrease to 4.15 million). That being said, the full onset of winter weather in the first month of 2026 complicates discerning any changes in the underlying trend, with Dr. Lawrence Yun, NAR Chief Economist, noting: "The below-normal temperatures and above-normal precipitation this January make it harder than usual to assess the underlying driver of the decrease and determine if this month's numbers are an aberration." Nonetheless, as a result of the latest move, the pace of sales remains in the low end of the longer-run range -- highlighting ongoing affordability challenges despite easing in mortgage rates from recent highs (chart, next page, left).

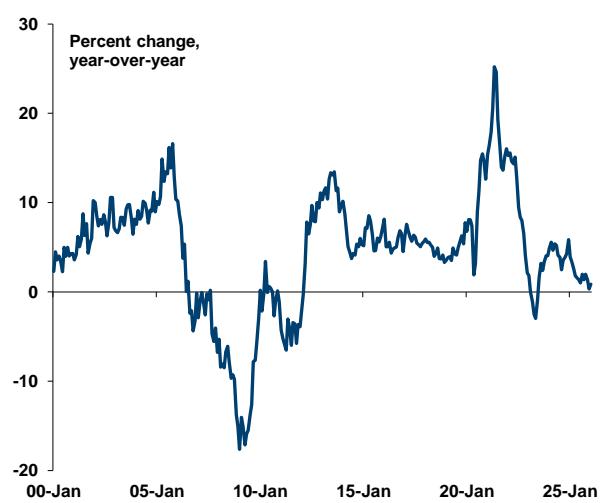
- The deterioration in sales was broad based, with all four major geographical regions showing notable softening on a month-to-month basis. Activity in the West led the way with a drop of 10.3 percent to 0.700 million units, annual rate (-7.9 percent year-over-year). Moreover, sales in the South slipped 9.0 percent to 1.810 million (-1.6 percent year-over-year). Transactions in the Midwest and Northeast, meanwhile, eased 7.1 and 5.9 percent, respectively, to 0.920 and 0.480 million (-7.1 and -4.0 percent year-over-year). Sales in all four regions remain in the low end of their respective historical ranges.
- The median sales price for existing homes eased for the sixth time in the past seven months (in part reflecting seasonal softening), slipping 2.0 percent to \$396,800 after touching a record nominal high of \$432,700 in June 2025. On a year-over-year basis, the measure rose 0.9 percent. Notably, year-over-year growth in the past few years has slowed considerably after frothy conditions led to a surge in prices following the pandemic and lags that in the years preceding the COVID episode (chart, below right).

Existing Homes Sales



Source: National Association of Realtors via Haver Analytics

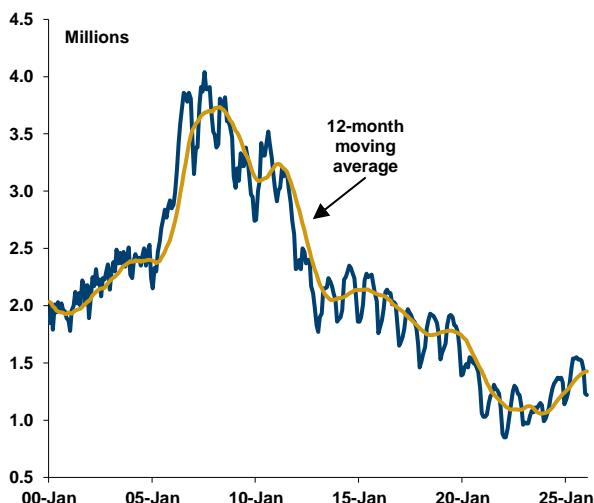
Median Sales Price of Existing Homes



Source: National Association of Realtors via Haver Analytics

- The inventory of unsold homes fell 0.8 percent to 1.22 million units in January (not seasonally adjusted), a move which leaves this metric mired in the low end of the longer-run range although up somewhat versus the same month last year (+3.4 percent year-over-year). The latest reading translated to a months' supply of 3.7 months, a 0.2-month increase from December 2025 (charts). On balance, housing supply has picked up from rock-bottom levels in recent months, helping to improve (to a degree) affordability in the residential real estate market, although inventories are still relatively tight.

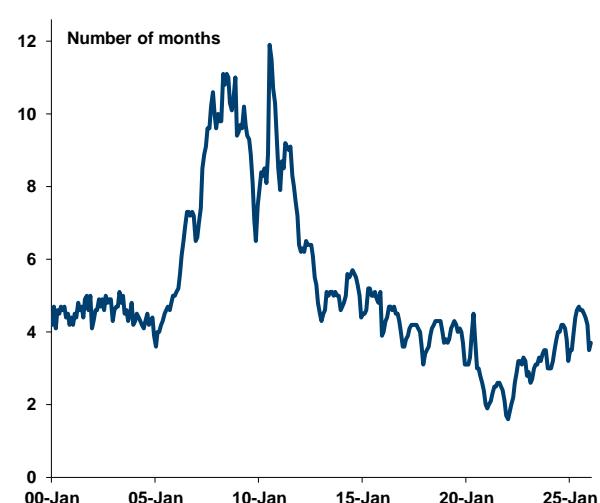
Inventory of Unsold Existing Homes*



* Not seasonally adjusted

Source: National Association of Realtors via Haver Analytics

Months' Supply of Unsold Existing Homes



Source: National Association of Realtors via Haver Analytics