

## DAILY GLOBAL COMMENTARY

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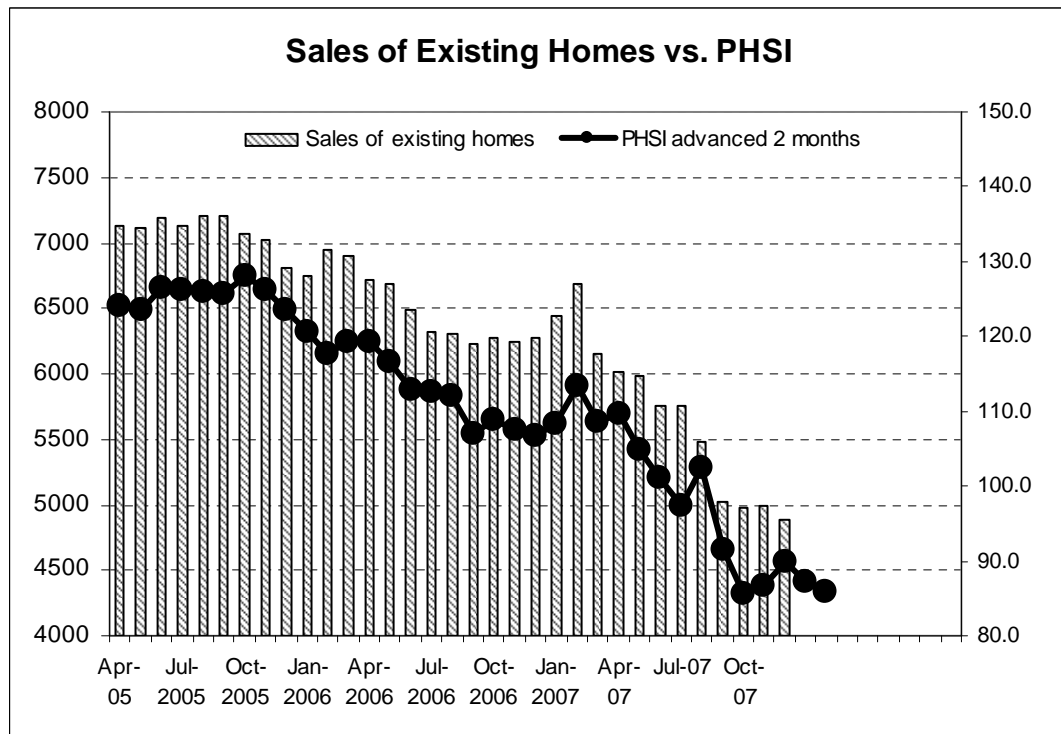
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### Outlook for Sales of Existing Homes Remains Grim

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The Pending Home Sales Index (PHSI) of the National Association of Realtors dropped to 85.9 in December from 87.2 in November (previously reported as 87.6). On a year-to-year basis, the index is down 23.9%. According to the National Association of Realtors, this index advanced one/two months tracks sales of existing homes very closely. The recent monthly declines of the PHSI point to a continued drop in sales of existing homes in January and February.

Chart 1

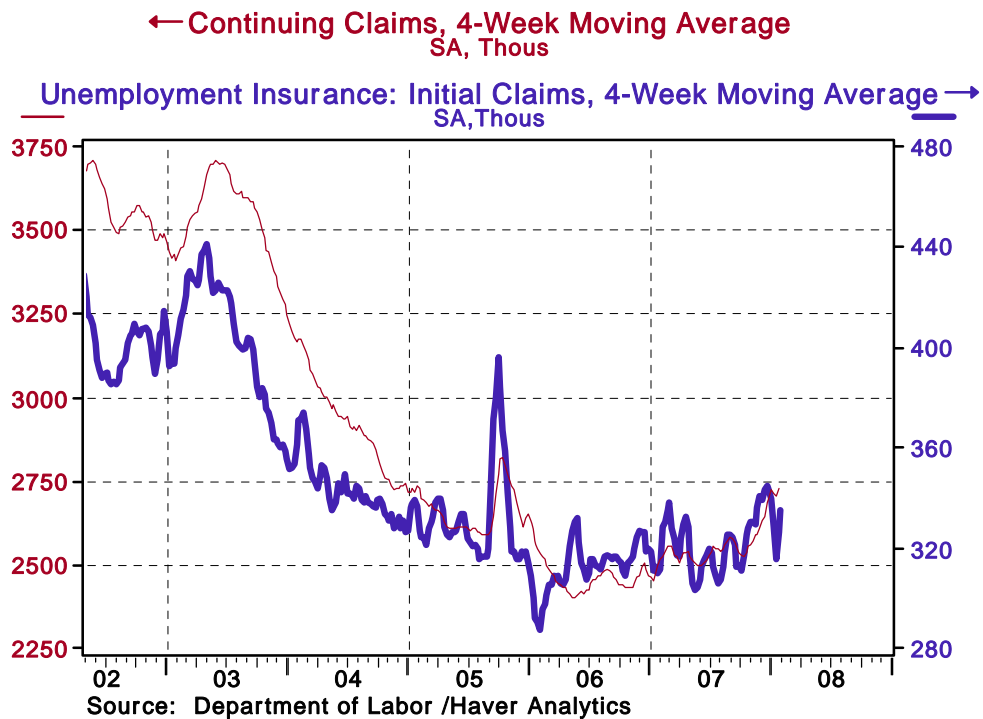


### Initial Jobless Claims: Weakness in Hiring Persists

Although initial jobless claims declined 22,000 to 356,000 during the week ended February 2, the four-week average has climbed to 335,000 from 310,500 in early October. The year-to-year change in seasonally unadjusted initial jobless claims has held positive for eleven straight weeks. Also, continuing claims, which are indicative of the number unable to find jobs, rose 75,000 to 2.785 million. The four-week moving average of continuing claims, 2.727 million, is the highest since early-2005, excluding the spike related to Hurricane Katrina. The insured unemployment rate was up one notch to 2.1%.

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Chart 2



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