

DAILY GLOBAL  
COMMENTARY

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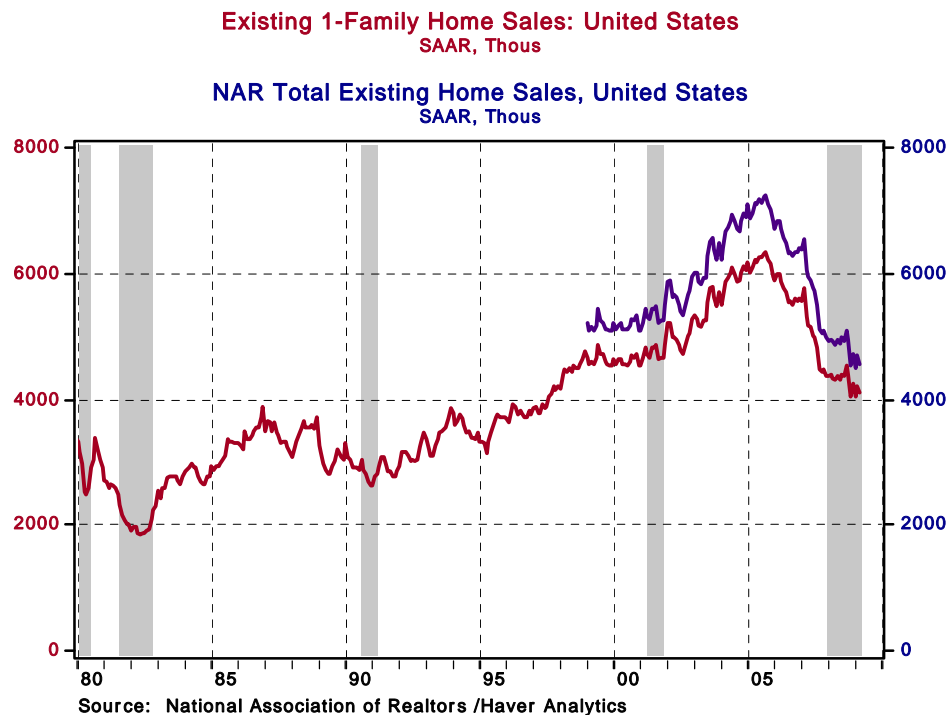
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## Sales of Existing Homes Appear to be Stabilizing at a Low Level

April 23, 2009

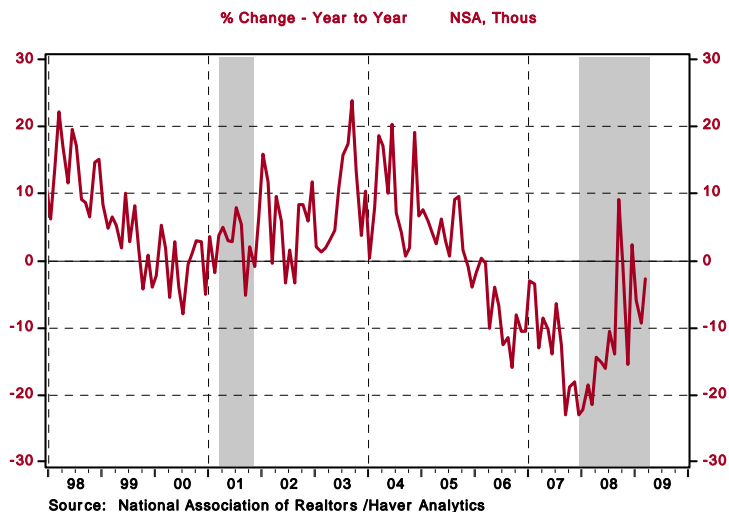
Sales of all existing homes dropped 3.0% at an annual rate of 4.57 million units in March. Sales of existing single-family homes declined 2.8% to an annual rate of 4.10 million units in March. Sales of single-family existing homes have moved in a narrow range of 4.06 million – 4.25 million in last five months, suggesting that a bottom at a low level is being established. The Beige Book, prepared for the April 28-29 FOMC meeting, noted that there were “some signs that conditions may be stabilizing.”

Chart 1



Regionally, sales of single-family existing homes fell in the Northeast (-7.1%), South (-1.9%), and West (-4.6%) but held steady in the Midwest. On a year-to-year basis, sales of single-family existing homes fell 2.7% in March. The good news is that sales are falling but at a significantly slower pace than what occurred in most of 2008 (see chart 2) and the March decline is the smallest in the first three months of the year (January: -6.00%, February: -9.4%).

Chart 2  
Existing 1-Family Home Sales: United States



The median price of an existing single-family home rose 4.2% to \$174,900, the second monthly increase. But these data are seasonally unadjusted. On a year-to-year basis, the median price of an existing single-family home declined 11.5% in March, following a nearly 17% drop in January, which is probably the trough for the year-to-year change in the median price of an existing single-family home (see chart 3).

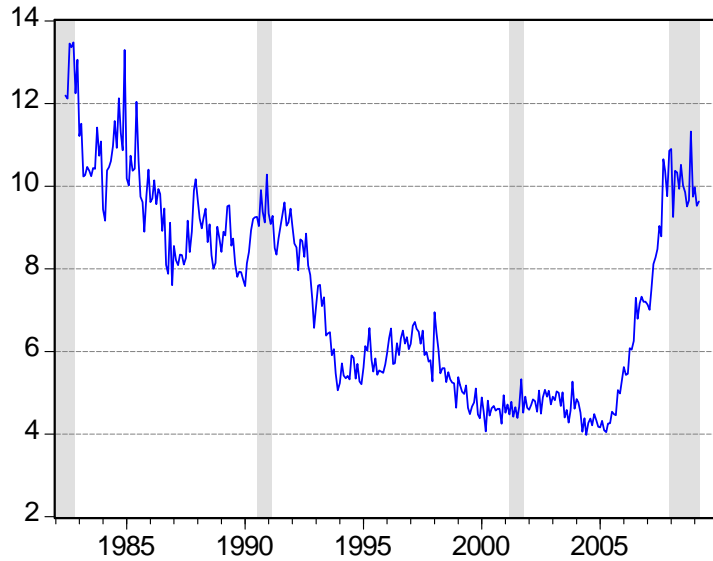
Chart 3  
NAR Median Sales Price: Existing 1-Family Homes, United States



The seasonally adjusted inventory-sales ratio for existing single-family homes rose slightly to a 9.6-month supply mark in March from a 9.5-month supply in the earlier month. This ratio appears to have peaked in November 2008 (11.3 month supply) and has since moved in a narrow range between 9.96 months and 9.53 months (see chart 4).

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Chart 4  
Existing Single-Family Homes - Inventory-Sales Ratio  
Months' Supply, SA

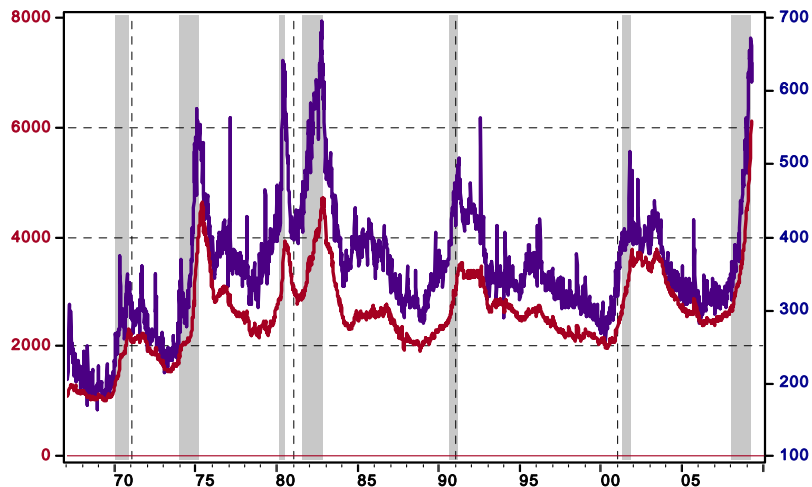


**Initial Jobless Claims Erase Part of the Improvement Seen in Recent Weeks**

Initial jobless claims moved up 27,000 to 640,000 in the week ended April 18 and erased a part of the decline seen in the prior two weeks.

Chart 5  
Insured Unemployment, State Programs  
SA, Thous

Unemployment Insurance: Initial Claims, State Programs  
SA, Thous



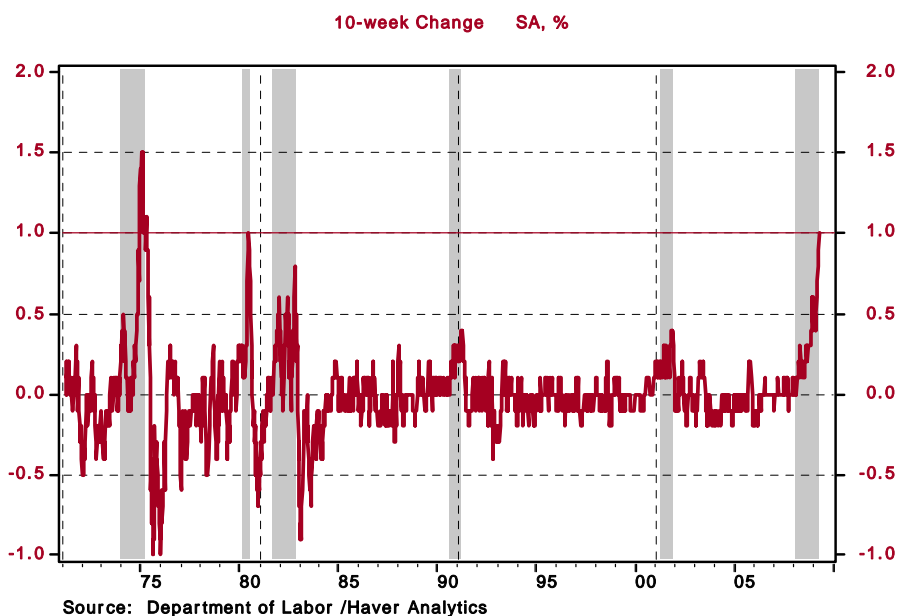
Source: Department of Labor /Haver Analytics

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Continuing claims, which lag initial claims by one week, advanced 93,000 to 6.137 million, a new record. The insured unemployment rate rose to 4.6% from 4.5% in the previous week. The insured unemployment rate has risen one percentage point in a short span of 10 weeks which has occurred only on two other occasions (chart 6). The jobless claims report presents a serious challenge to policymakers.

Chart 6

**Insured Unemployment Rate: Percent of Covered Employment**



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