

DAILY GLOBAL COMMENTARY

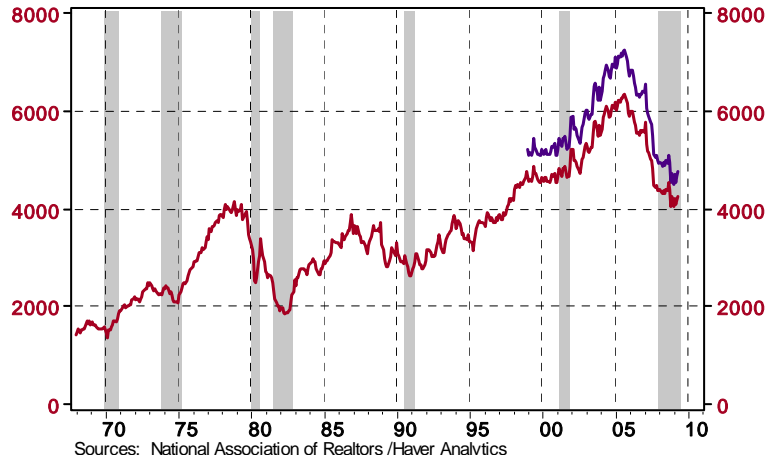
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Existing Home Sales – Inventories are Declining
June 23, 2009

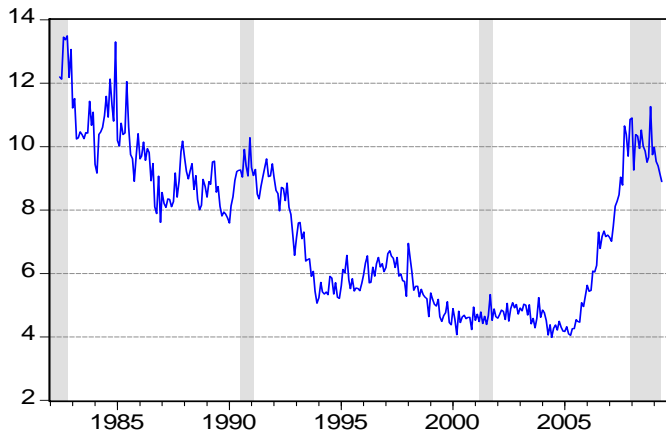
Sales of all existing homes increased 2.4% to an annual rate of 4.77 million units in May. A large part of the gains in sales was from multi-family units (+6.1%), with purchases of single-family units posting a 1.9% increase to an annual rate of 4.25 million units. Sales of existing single-family homes have risen in four of the last six months. According to the National Association of Realtors, 33% of the sales in May were distressed properties, down from 45% in April. The \$8000 tax credit for first time home buyers has helped to reduce inventories of unsold homes.

Chart 1
Existing 1-Family Home Sales: United States
SAAR, Thous
NAR Total Existing Home Sales, United States
SAAR, Thous



The inventory of all unsold existing homes fell to a 9.6-month supply in May from a 10.1-month supply in April. The inventories-sales ratio for existing single-family homes was 8.9 months vs. 9.1 months in April. The cycle high was an 11.3-month supply in November 2008.

Chart 2
Existing Single-Family Homes - Inventories/Sales Ratio
Months' Supply, SA

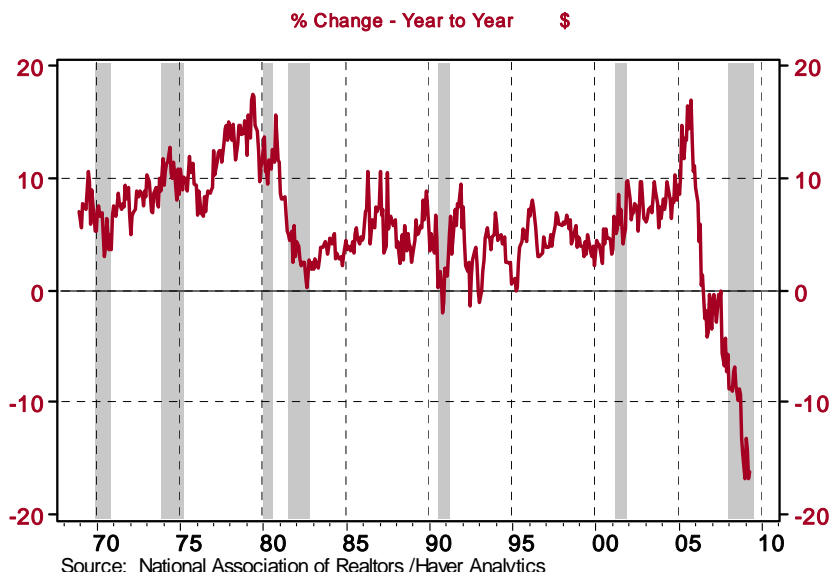


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The median price of an existing single-family home in May was \$172,900, down 16.1% from a year ago. The largest year-to-year decline of the median price of a single-family home was 16.8% in April 2009. Additional price declines are virtually certain given the elevated level of inventories of unsold homes.

Chart 3

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



On a regional basis, sales of single-family existing homes rose in the Northeast (+5.2%) and Midwest (+8.6%) but fell in the South (-0.6%) and West (-1.9%). The median price of an existing home in the Northeast is 12.5% below a year ago, in the Midwest it has dropped 10.4%, in the South it has declined 9.9% and down a hefty 30.6% in the West. Sales of single-family existing homes fell 36% in January 2009 from the peak reading in September 2005. The May sales pace of existing single-family homes suggests a marginal recovery.

Sales of Single-Family Existing Homes across Business Cycles

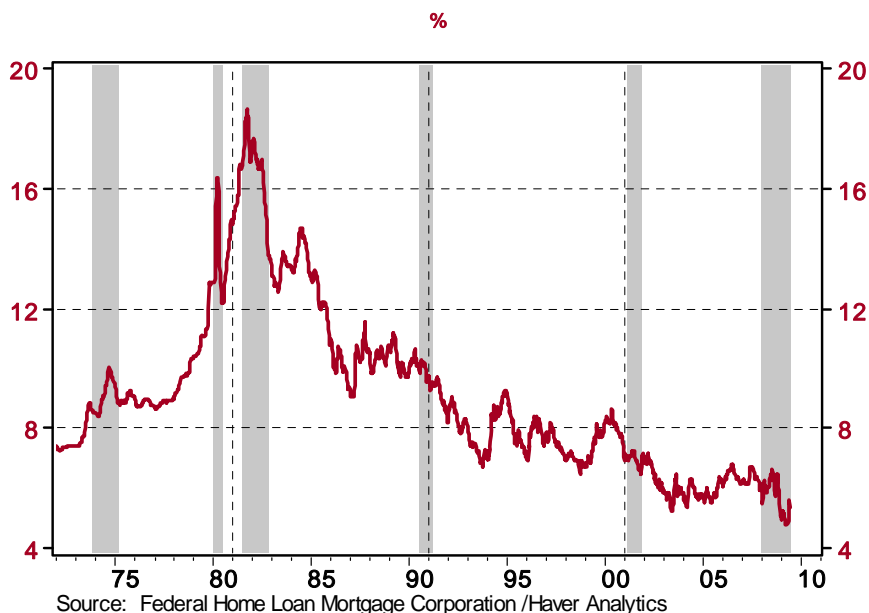
Recession - Economy	Peak of Single-Family Existing home sales Date	'000s units	Trough of Single-Family Existing home sales Date	'000s units	Peak-to-trough change (percent)
Dec. 69-Nov.70	Dec-68	1710	Mar-70	1370	-19.88%
Nov. 73-Mar.75	Feb-74	2380	Jan-75	2060	-13.45%
Jan.80-Jul. 80	Nov-78	4150	May-80	2480	-40.24%
Jul.81-Nov. 82	Sep-80	3400	May-82	1860	-45.29%
Jul. 90-Mar.91	Dec-88	3730	Dec-90	2620	-29.76%
Mar. 01-Nov. 01	Mar-01	4830	Sep-01	4630	-4.14%
Current cycle	Sep-05	6340	Jan-09	4050	-36.12%
			May-09	4250	-32.97%

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The historically low level of mortgage rates and the first-time home buyer tax credit are factors supporting a stronger recovery in the housing market in the near term. The 30-year fixed rate mortgage was 5.38% during the week ended June 19, down from a temporary hike to 5.59% in the prior week. The 30-year fixed rate mortgage averaged 4.83 in the April-May period.

Chart 4

FHLMC: 30-Year Fixed-Rate Mortgages: U.S.



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