

DAILY GLOBAL
COMMENTARY

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Case-Shiller Home Price Index: Home Price Declines are Moderating

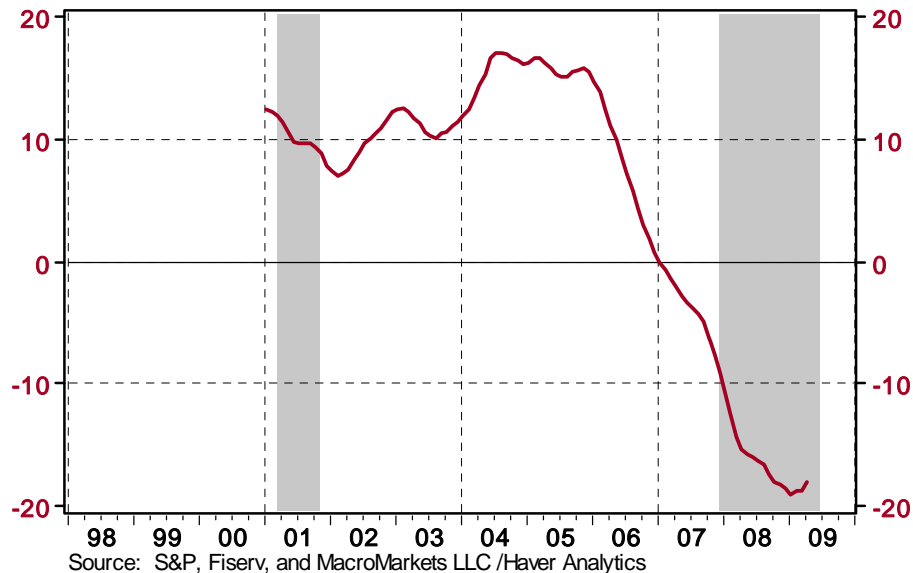
June 30, 2009

The Case-Shiller Home Price Index, the 20-city composite index, fell 0.89% in April, the smallest monthly decline since August 2007. On a year-to-year basis, the 20-city composite index fell 18.1% vs. an 18.7% drop in March. The 10-city Case-Shiller Price Index was down 18.0% from a year ago compared with an 18.7% drop recorded in March. The worst case scenario laid out in the Capital Assistance Program assumes a 22% year-to-year decline of the 10-city Case-Shiller Home Price Index in the fourth quarter of 2009, while a 14% drop is the baseline scenario. The latest home price data suggest that prices of homes are declining at a more moderate pace than in prior months, but more is necessary to determine that the worst is behind us. It appears that the 19.0% drop recorded in January of 2009 will probably be the largest drop for the cycle.

Chart 1

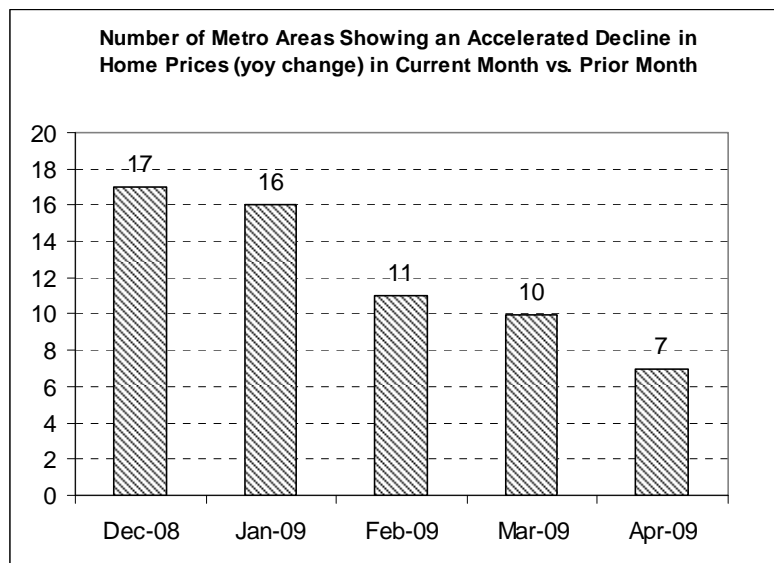
S&P/Case-Shiller Home Price Index: Composite 20

% Change - Year to Year NSA, Jan-00=100



Only seven out of the twenty price indexes that make up the 20-city Case-Shiller Home Price Index recorded larger year-to-year declines in April compared with the prior month. The number of metro areas recording accelerating declines in a given month vs. the prior month has dropped to 35% of the metro areas from 85% in December (see chart 2). The elevated level of inventories of unsold homes remains problematic.

Chart 2

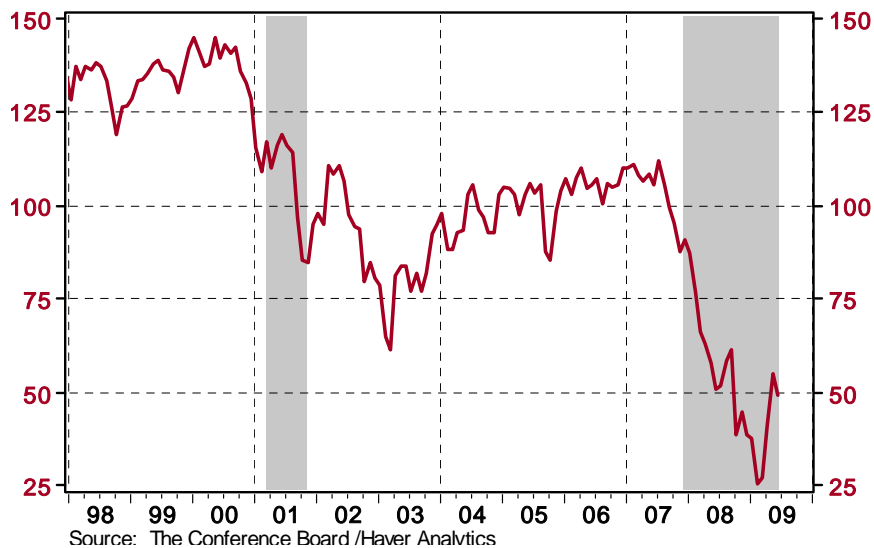


Consumer Confidence Index Slips in June

The Consumer Confidence Index fell to 49.3 in June from 54.8 in the prior month. Both the Present Situation Index (24.8 vs. 29.7 in May) and the Expectations Index (65.5 vs. 71.5 in May) fell in June.

Chart 3
Consumer Confidence

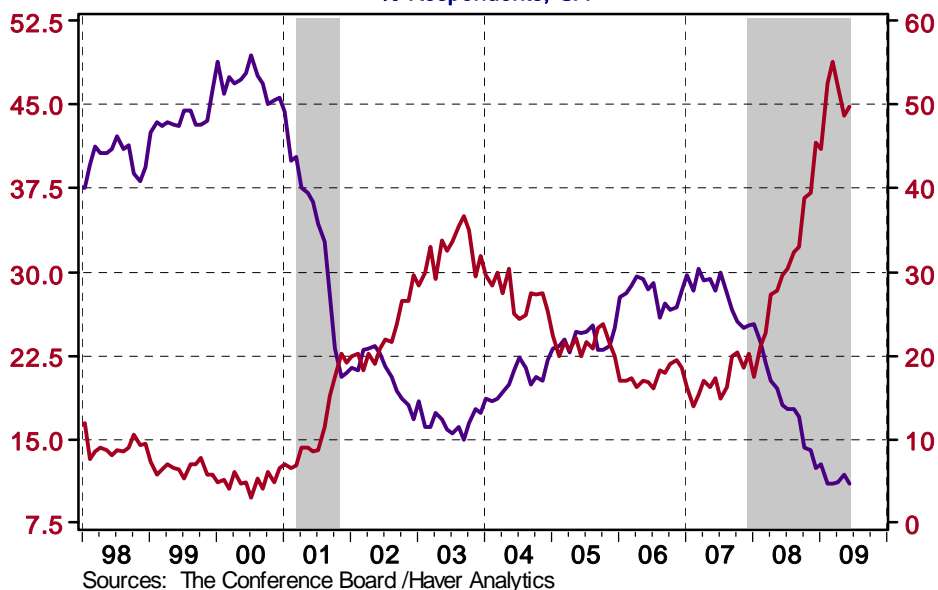
SA, 1985=100



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The outlook about the job market turned pessimistic with a larger percentage of respondents indicating that it is hard to find jobs in June vs. May (44.8 vs. 43.9 in May) and a fewer percentage of respondents noting that jobs are plentiful (4.5 vs. 5.8 in May).

Chart 4
Appraisal Pres Sit: Employment, Jobs Hard to Get
 % Respondents; SA
Appraisal Present Sit: Employment, Jobs Plentiful
 % Respondents; SA



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