

DAILY GLOBAL COMMENTARY

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**Sales of New Homes Surge in June, Inventories of Unsold Homes are Sliding Down**

July 27, 2009

Sales of new single-family homes rose 11.0% to an annual rate of 384,000 in June, after gains in both April and May. In June, sales of new single-family homes rose in the Northeast (+29.2%), Midwest (+43.1%) and West (+22.6%) but dropped 5.3% in the South. The bottom of the housing market appears to have occurred in January 2009 (329,000). Sales of new single-family homes have dropped 72% from the peak registered four years ago in July 2005. On a year-to-year basis, sales of new single-family homes fell 20% in June, a noteworthy deceleration following the largest cyclical drop in January 2009 (45.5%).

Chart 1  
New 1-Family Houses Sold: United States

SAAR, Thous

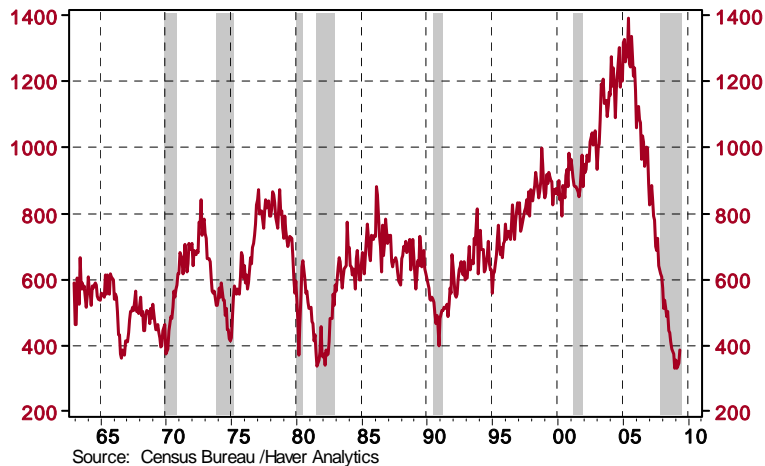
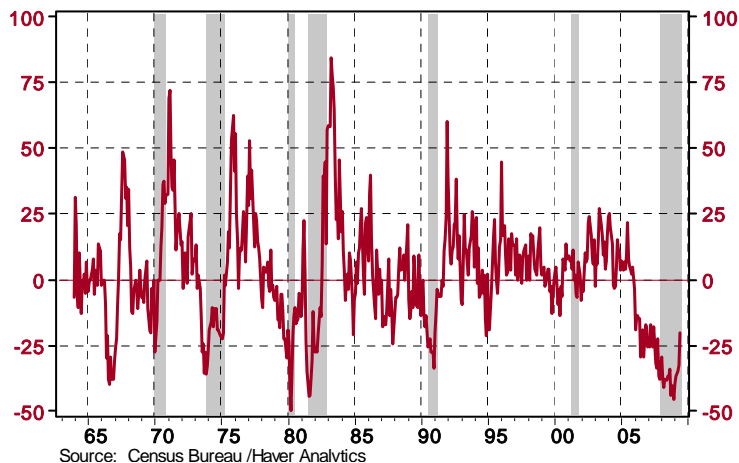


Chart 2  
New 1-Family Houses Sold: United States

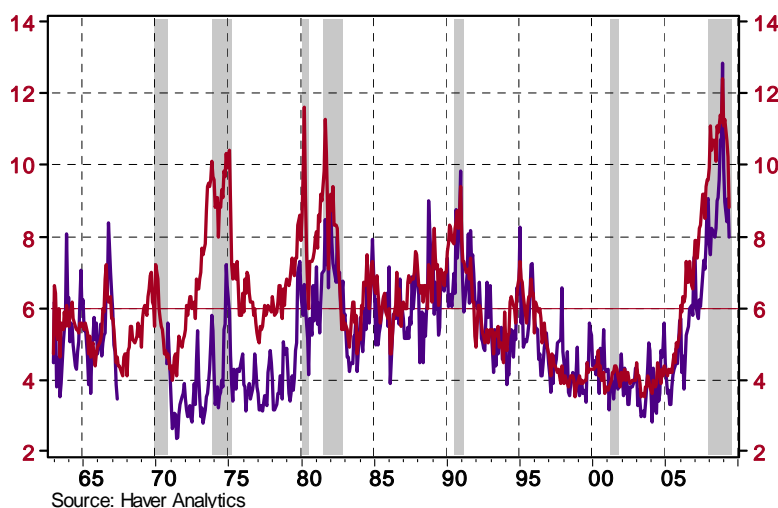
% Change - Year to Year NSA, Thous



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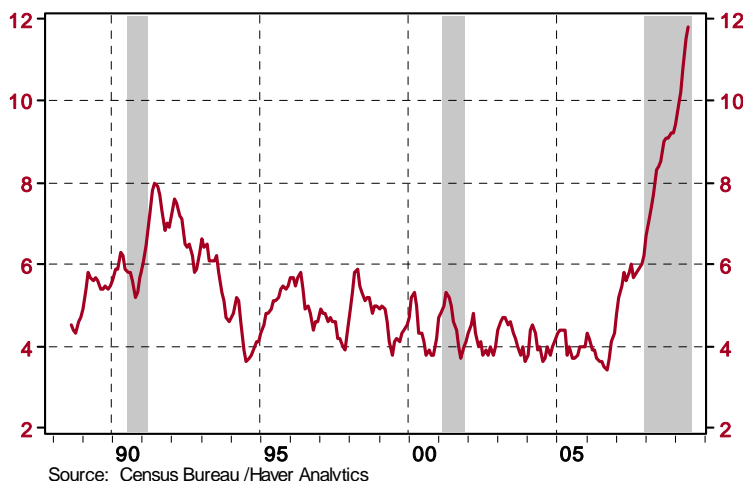
The inventory-sales (I-S) ratio of new single-family homes has dropped significantly. This ratio has dropped in four of the five months ended June. The median I-S ratio is roughly a 6-month supply. The I-S ratio of all new homes was an 8.8-month supply in June, down from a 12.4-month supply in January. Unsold and sold homes are reported as three sub-categories – not started, under construction, and completed homes. Within the sub-category of unsold/sold completed homes, the I-S ratio was an 8.0-month supply in June vs. a peak of a 12.8-month supply in January.

Chart 3  
**New 1-Family Houses For Sale: Months Supply**  
 (All Homes ) SA, Ratio  
**Inventory-Sales Ratio of Completed Homes**



The median number of months to sell a new single-family home continues to advance, and in June it reached a new record high of an 11.8-month supply.

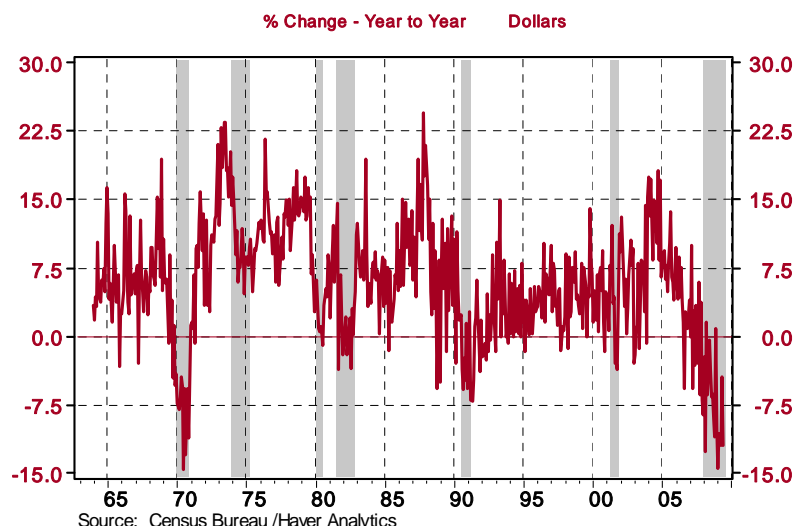
Chart 4  
**New 1-Family Houses: Median No of Months for Sale Since Completion**  
 NSA, Months



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The median price of a new single-family home was \$206,200 in June, down 11.9% from a year ago. The elevated level of inventories continues to influence prices of new single-family homes.

Chart 5  
New 1-Family Houses: Median Sales Price



In sum, the housing market is stabilizing with sales of both new and existing single-family homes having advanced in each of the three months ended June and the I-S ratios of new and existing unsold homes have peaked.

#### Sales of New Single-Family Homes across Business Cycles

Recession - Economy	Peak of Sales		Trough of Sales		Peak-to-trough change (percent)
	Date	New Single-Family Homes 000s units	Date	New Single-Family Homes 000s units	
Dec. 69-Nov.70	Feb-69	524	Feb-70	373	-28.82%
Nov. 73-Mar.75	Oct-72	843	Jan-75	416	-50.65%
Jan.80-Jul. 80	Oct-78	872	Apr-80	370	-57.57%
Jul.81-Nov. 82	Aug-80	659	Apr-82	339	-48.56%
Jul. 90-Mar.91	Jul-89	731	Jan-91	401	-45.14%
Mar. 01-Nov. 01	Dec-00	983	Sep-01	853	-13.22%
Current cycle	Jul-05	1389	Jan-09	329	-76.31%
			Jun-09	384	-72.35%

#### Median Price of New Single-Family Home across Business Cycles

Recession - Economy	Peak of Median Price		Trough of Median Price		Peak-to-trough change (percent)
	Date	Single-Family New Home \$	Date	Single-Family New Home \$	
Dec. 69-Nov.70	May-69	26,900	Oct-70	22,100	-17.84%
Nov. 73-Mar.75	Dec-73	35,700	Jan-74	34,200	-4.20%
Jan.80-Jul. 80	Sep-79	66,000	Dec-79	61,500	-6.82%
Jul.81-Nov. 82	Aug-81	72,600	Feb-82	65,700	-9.50%
Jul. 90-Mar.91	Apr-90	130,000	May-92	113,000	-13.08%
Mar. 01-Nov. 01	Dec-01	180,200	Sep-01	166,400	-7.66%
Current cycle	Mar-07	262,600	Mar-09	205,100	-21.90%
			Jun-09	206,200	-21.48%

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