The Case-Shiller Price Index for May 2009 shows a significant improvement in the pricing situation of homes. On a month-to-month basis, the 20-metro Case-Shiller Home Price Index dropped only 0.16% in May, while the 10-metro index edged down 0.2%.

On a year-to-year basis, the Case-Shiller Price Index was down 17.1%, with the largest drop for the current cycle occurring in January 2009 (-19.01%). Among the 20-metro areas, only three recorded year-to-year declines in May that were larger than the prior month (see chart 3). The major conclusion is that home prices are stabilizing.
Consumer Confidence Index Slips in July

The Conference Board’s Consumer Confidence Index declined to 46.6 in July from 49.3 in the prior month. The Consumer Confidence Index has dropped for two consecutive months after three straight monthly increases. The Present Situation Index (23.4 vs. 25.0 in June) and the Expectations Index (62.0 vs. 65.5 in June) fell in July.

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The index tracking if jobs are hard to find rose to 48.1 in July from 44.8 in the prior month, while the index measuring if jobs are plentiful declined to 3.6 from 4.5 in June. The net measure of these two indexes is positively related to the unemployment rate (see chart 5). The responses recorded for July suggest that the unemployment rate will be higher in July vs. June.

Chart 5

Civilian Unemployment Rate: 16 yr +
SA, % (I)

Jobs-Hard-to-Get less Jobs-Plentiful Index (I)

Source: Haver Analytics

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