

DAILY GLOBAL
COMMENTARY

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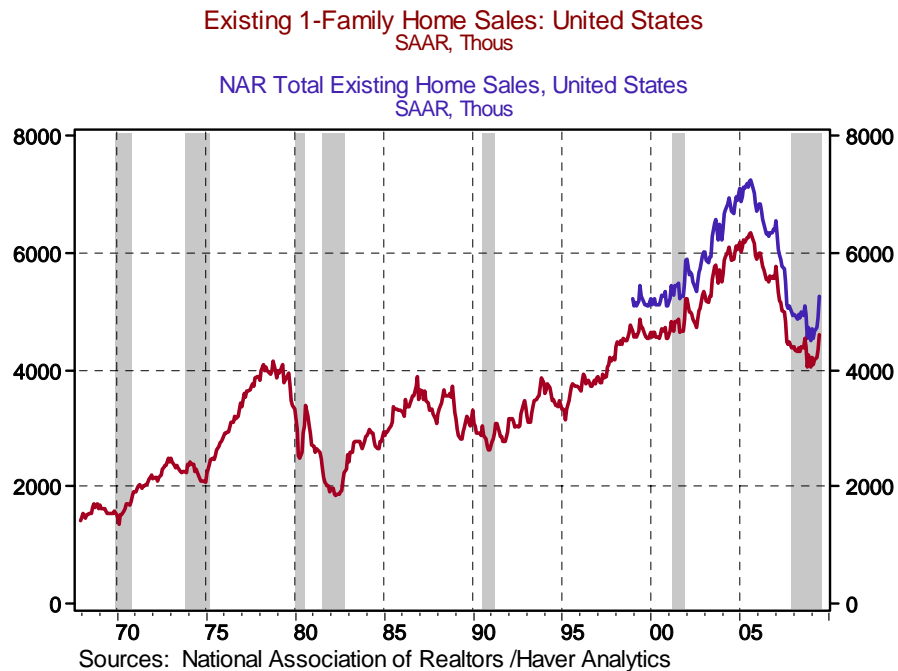
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Sales of Existing Homes Advance, Inventories Flat, and Prices Falling Less Rapidly

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Sales of all existing homes rose 7.2% to an annual rate of 5.24 million units during July, marking the fourth consecutive monthly gain. Purchases of existing single-family homes increased 6.5% to an annual rate of 4.61 million units. Sales of existing single-family homes have now risen 13.8% from the record low of 4.05 million units in January 2009. The \$8000 tax credit is believed to have contributed to the increase sales of existing homes.

Chart 1



The median price of an existing single-family home dropped 2.0% in July from the prior month to \$178,300. The median sales price of an existing single-family home is down 14.7% from a year ago. This represents an improvement from the record 16.9% drop recorded in April of 2009.

Chart 2

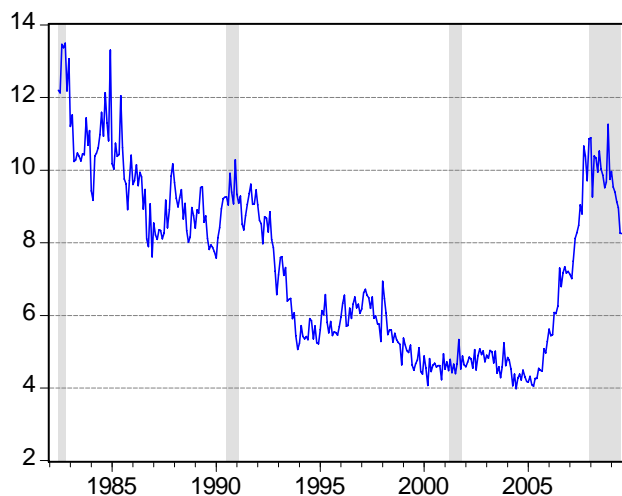
NAR Median Sales Price: Existing 1-Family Homes, United States



Seasonally adjusted inventories of existing single-family homes were virtually flat (8.24 months supply) compared with the situation in June (8.26 months supply). The peak of the inventories-sales ratio occurred in January 2009 (13.3 months). The median inventories-sales ratio is 7.2-month supply, which implies that the inventories sales ratio needs to make a significant breakthrough to match the historical median. In sum, the housing sector continues to present a fragile recovery, at the least.

Chart 3

Existing Single-Family Homes - Inventories/Sales Ratio
Months' Supply



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Key Interest Rates

	8/21/2009	1-wk. change, bps	4-wk. change, bps	1-yr. change, bps
3-month Libor	0.39	-2	-8	-232
2-year U.S. Treasury note yield	0.99	8	15	-138
10-year U.S. Treasury note yield	3.43	-18	1	-45

Global Economic Data

	Real GDP		CPI		Unemployment Rate			Central Bank Rate		
	SAAR, yoy %		NSA, yoy%		%	year-ago	%	year-ago		
United States	-3.9	Q1-09	-2.1	Jun-09	9.4	Jul-09	5.8	0.13	Jul-09	2.00
Euro-Area	-4.7	Q1-09	-0.6	Jun-09	9.4	Jun-09	7.5	1.00	Jul-09	4.25
Japan	-6.5	Q1-09	-1.8	Jun-09	5.4	Jun-09	4.1	0.10	Jul-09	0.50
UK	-5.6	Q1-09	1.7	Jun-09	4.9	Jul-09	2.7	0.50	Jul-09	5.00
Australia	0.4	Q1-09	1.5	Q1-09	5.8	Jul-09	4.3	3.00	Jul-09	7.25
Canada	-2.1	Q1-09	-0.9	Jun-09	8.6	Jul-09	6.1	0.25	Jul-09	3.00
China	7.9	Q2-09	-1.7	Jun-09	4.3	Q2-09	4	0.87	Jun-09	2.85
India	5.7	Q1-09	9.3	Jun-09	--	--	--	3.25	Jul-09	6.00
New Zealand	-2.2	Q1-09	1.9	Q1-09	6.0	Q2-09	4	2.50	Jul-09	8.00
Norway	-2.5	Q1-09	2.2	Jun-09	3.1	Q1-09	2.5	1.25	Jul-09	5.75
Singapore	-3.5	Q1-09	-0.5	Jun-09	3.3	Q2-09	2.2	0.26	Jul-09	0.37
South Korea	-2.5	Q1-09	1.6	Jul-09	3.8	Jul-09	3.2	2.00	Jul-09	5.00
Sweden	-6.3	Q1-09	-1.1	Jun-09	8.0	Jun-09	6.6	0.25	Jul-09	4.50
Switzerland	-1.6	Q1-09	-1.2	Jun-09	3.9	Jul-09	2.5	0.36	Jul-09	2.76
Taiwan	-7.0	Q1-09	0.0	Jul-09	5.9	Jun-09	3.9	1.25	Jul-09	3.63
Thailand	-7.1	Q1-09	-4.4	Jul-09	1.5	Jun-09	1.2	1.75	Jul-09	4.00

* UK - Claimant Count Unemployment Rate
 * Thailand - GDP Non-Seasonally Adjusted
 * EA-13, UK, Sweden - Harmonized Unemployment

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Historical US Economic Data

	Jul-09	Jun-09	May-09	Apr-09	Mar-09	Feb-09	Jan-09	Dec-08	Nov-08	Oct-08	Sep-08	Aug-08
Payroll Employment (000)	-247	-443	-303	-519	-652	-681	-741	-681	-597	-380	-321	-175
% Change, Year Ago *	-4.2	-4.1	-3.9	-3.8	-3.5	-3.1	-2.7	-2.2	-1.6	-1.1	-0.7	-0.4
Unemployment Rate (%)	9.4	9.5	9.4	8.9	8.5	8.1	7.6	7.2	6.8	6.6	6.2	6.2
Avg. Hourly Earnings (% Chg.)	0.2	0.0	0.2	0.0	0.2	0.2	0.2	0.3	0.3	0.4	0.2	0.4
% Change, Year Ago	2.5	2.7	3.0	3.1	3.4	3.5	3.7	3.9	3.9	3.9	3.6	3.8
PPI (% Chg.)	-0.9	1.8	0.2	0.2	-0.9	-0.1	0.9	-1.8	-2.7	-2.6	-0.1	-0.5
% Change, Year Ago *	-6.8	-4.6	-5.0	-3.7	-3.4	-1.4	-0.9	-0.9	0.4	5.2	8.8	9.7
CPI (% Chg.)	0.0	0.7	0.1	0.0	-0.1	0.4	0.3	-0.8	-1.7	-0.8	0.0	0.0
% Change, Year Ago *	-2.1	-1.4	-1.3	-0.7	-0.4	0.2	0.0	0.1	1.1	3.7	4.9	5.4
ISM Diffusion Index (%)	48.9	44.8	42.8	40.1	36.3	35.8	35.6	32.9	36.6	38.7	43.4	49.3
Industrial Production (% Chg.)	0.5	-0.4	-1.1	-0.7	-1.6	-0.8	-2.2	-2.3	-1.3	1.3	-4.0	-1.1
% Change, Year Ago	-13.1	-13.6	-13.4	-12.6	-12.5	-11.3	-10.9	-8.9	-6.5	-4.7	-6.4	-2.2
Capacity Utilization (%)	68.5	68.1	68.3	69.0	69.5	70.6	71.1	72.7	74.4	75.4	74.5	77.6
Nondefense Cap. Goods ex Aircraft												
- Orders (% Chg.)		2.6	4.3	-3.5	-1.4	4.1	-12.3	-5.9	1.1	-6.7	-3.4	-2.3
% Change, Year Ago *		-19.9	-24.4	-27.3	-20.0	-25.0	-25.4	-14.7	-7.9	-7.2	0.1	-0.2
- Shipments (% Chg.)		0.7	-0.4	-2.9	-1.7	-0.2	-9.4	0.1	-1.3	-3.7	1.7	-2.1
% Change, Year Ago *		-16.7	-19.6	-18.3	-14.3	-15.6	-13.4	-4.7	-5.2	-2.2	2.7	-1.6
Retail Sales (% Chg.)	-0.1	0.8	0.5	-0.3	-1.2	0.4	1.7	-3.2	-2.1	-3.1	-1.5	-0.3
% Change, Year Ago	-7.9	-7.6	-11.3	-9.2	-10.6	-11.6	-8.4	-8.8	-10.1	-4.2	-0.2	-0.6
Real Personal Consumption (% Chg.)		-0.1	0.0	-0.2	-0.2	0.1	0.6	-0.7	0.1	-0.3	-0.5	0.0
% Change, Year Ago		-1.8	-1.8	-1.9	-1.7	-1.3	-1.6	-2.2	-1.7	-1.5	-1.2	-0.7
Personal Income (% Chg.)		-1.3	1.3	0.2	-0.5	-0.8	-1.1	-0.3	-0.3	-0.3	0.1	0.4
% Change, Year Ago		-3.4	-2.2	-1.8	-2.0	-1.4	-0.6	0.4	1.1	1.8	2.5	3.0
New Home Sales (SAAR, mn)		0.38	0.35	0.34	0.33	0.35	0.33	0.37	0.39	0.41	0.44	0.44
% Change, Year Ago *		-20.0	-32.7	-34.7	-36.7	-39.6	-45.5	-40.9	-40.0	-43.9	-34.0	-36.7
Existing Home Sales (SAAR, mn)	5.24	4.89	4.72	4.66	4.55	4.71	4.49	4.74	4.54	4.94	5.10	4.93
% Change, Year Ago *	5.6	3.4	-7.5	-4.8	-4.8	-10.3	-7.6	0.3	-17.0	-1.9	6.8	-15.0
Housing Starts (SAAR, mn)	0.58	0.59	0.55	0.48	0.52	0.57	0.49	0.56	0.66	0.76	0.82	0.85
% Change, Year Ago *	-35.9	-42.3	-43.1	-52.5	-48.1	-49.2	-54.9	-45.3	-46.5	-40.7	-27.2	-37.0
International Trade (Bils \$)		-27.0	-26.0	-28.8	-28.5	-26.1	-36.6	-41.9	-43.2	-59.4	-60.1	-60.9
	Q2-09	Q1-09	Q4-08	Q3-08	Q2-08	Q1-08	Q4-07	Q3-07	Q2-07	Q1-07	Q4-06	Q3-06
Real GDP, Chain Weighted, SAAR	-1.0	-6.4	-5.4	-2.7	1.5	-0.7	2.1	3.6	3.2	1.2	3.0	0.1
% Change, Year Ago	-3.9	-3.3	-1.9	0.0	1.6	2.0	2.5	2.7	1.9	1.4	2.4	2.2
Chain-Weighted Price Index, SAAR	0.2	1.9	0.1	4.0	1.8	1.9	2.3	1.6	2.7	4.2	1.8	3.1
% Change, Year Ago	1.5	1.9	1.9	2.5	1.9	2.1	2.7	2.6	3.0	3.2	2.9	3.3
Nominal GDP, SAAR	-0.8	-4.6	-5.4	1.4	3.5	1.0	4.5	5.3	6.0	5.5	4.8	3.2
% Change, Year Ago	-2.4	-1.4	0.1	2.6	3.6	4.2	5.3	5.4	4.9	4.6	5.4	5.6
Employment Cost Index (%)	0.4	0.3	0.6	0.6	0.7	0.7	0.8	0.8	0.9	0.8	0.9	0.9
% Change, Year Ago	1.8	2.1	2.6	2.9	3.1	3.3	3.3	3.3	3.3	3.5	3.3	3.3
Productivity Nonfarm, SAAR	6.4	0.3	0.8	-0.1	3.1	-0.1	2.0	5.5	2.8	1.2	2.4	-1.9
% Change, Year Ago	1.8	1.0	0.9	1.2	2.6	2.5	2.8	2.9	1.1	0.5	0.9	0.2
Unit Labor Costs, Nonfarm, SAAR	-5.8	-2.7	2.0	4.6	-1.8	1.7	3.0	-2.7	-0.7	3.5	6.5	3.4
% Change, Year Ago	-0.6	0.5	1.6	1.9	0.1	0.3	0.7	1.6	3.1	3.7	3.5	2.5

Source: Haver Analytics

* NSA

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