

DAILY GLOBAL COMMENTARY

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Sales of Existing Homes – Bottom Lies Ahead?

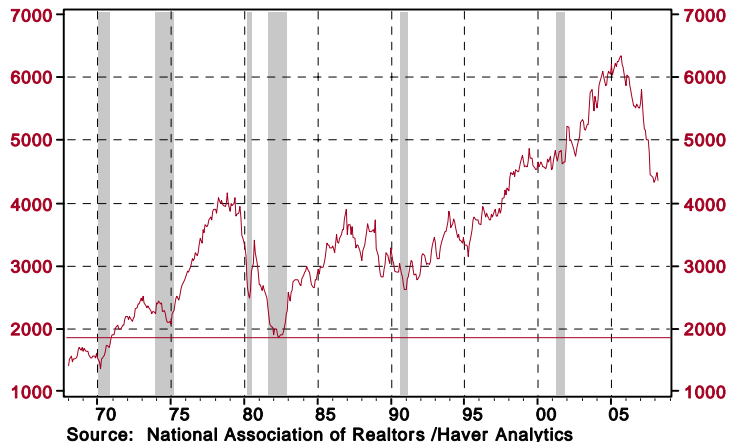
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Purchases of all existing homes – condos and single-family--edged down 2.0% to an annual rate of 4.93 million units. Regionally, sales of existing homes rose in Northeast (+2.2%) and West (+2.2%) and fell in the Midwest (-6.5%) and South (-3.5%). Sales of existing single-family homes dropped 2.7% to an annual rate of 4.35 million units in March, erasing the entire pickup in sales reported for February. Sales of existing single-family homes fell 21.8% from a year ago on a seasonally unadjusted basis. The peak in sales of existing single-family homes was in September 2005 (6.34 million units). Sales of existing single-family homes during March fell 31.4% from this peak reading. Sales data for existing single-family homes date back to 1968. On a cyclical basis, the drop in sales of existing single-family homes in the current cycle ranks as the third largest (see table 1) and are above the median decline in sales (24.8%) from peak to trough of previous business cycles.

Chart 1

Existing 1-Family Home Sales: United States

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Source: National Association of Realtors /Haver Analytics

Sales of Single-Family Existing Homes

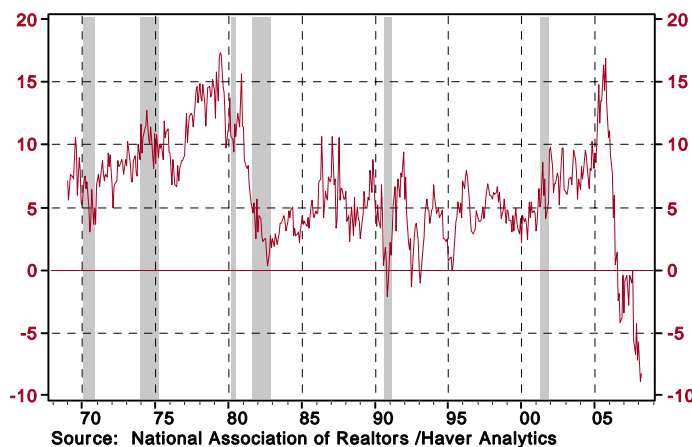
Recession - Economy	Peak of Single-Family Existing home sales		Trough of Single-Family Existing home sales		Peak-to-trough change (percent)
	Date	000s units	Date	000s units	
Dec. 69-Nov.70	Dec-68	1710	Mar-70	1370	-19.88%
Nov. 73-Mar.75	Feb-74	2380	Jan-75	2060	-13.45%
Jan.80-Jul. 80	Nov-78	4150	May-80	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	Mar-08	4350	-31.39%

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The median price of a existing single-family home was \$198,200 in March vs. \$193,600 in February. On a year-to-year basis, the median price of a single-family existing home has dropped 8.33%, which is close to the 8.85% record decline posted in February 2008 (see chart 2).

Chart 2

NAR Median Sales Price: Existing 1-Family Homes, United States
 % Change - Year to Year \$



Measuring the change in the median price of an existing single-family home from the peak to the trough (see table 2) shows that the loss in the median price of an existing single-family from the peak in June 2007 to March 2008 is the largest on record (-13.5%). The median decline of home prices between 1968 and 2001 was 3.9% measured from peak to trough.

Median Price of an Existing Single-Family Home

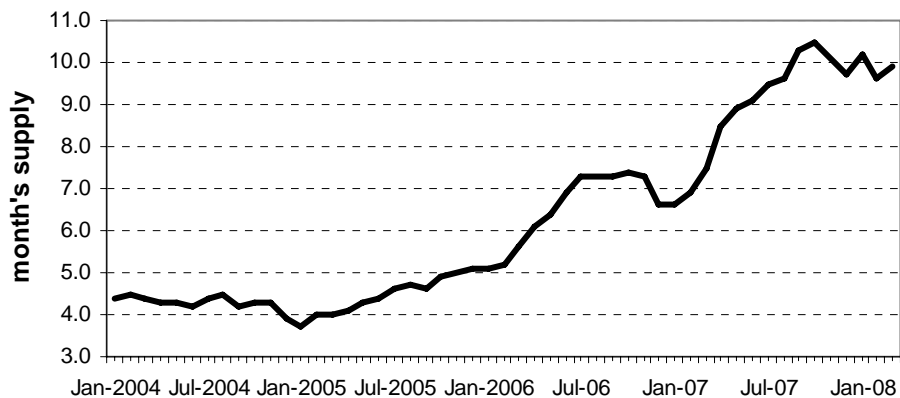
Recession - Economy	Peak of Single-Family Existing Homes- Median Price Date	\$	Trough of Single-Family Existing homes - Median Price Date	\$	Peak-to-trough change (percent)
Dec. 69-Nov.70	Jul-70	23,700	Oct-70	22,700	-4.22%
Nov. 73-Mar.75	Jul-74	33,000	Oct-74	31,900	-3.33%
Jan.80-Jul. 80	Jun-79	56,800	Nov-79	55,600	-2.11%
Jul.81-Nov. 82	Jun-82	69,400	Oct-82	66,900	-3.60%
Jul. 90-Mar.91	Jun-90	101,200	Dec-90	94,200	-6.92%
Mar. 01-Nov. 01	Jun-01	160,800	Oct-01	153,800	-4.35%
Current cycle	Jun-07	229,200	Mar-08	198,200	-13.53%

Inventories of all existing homes rose to a 9.9-month supply in March, after a high of 10.5-month supply in October 2007 and a 9.6-month supply in February 2008. Inventories of single-family existing homes moved up to a 9.5-month supply compared with a 9.2-month supply in February and a high of a 10.2-month supply in October 2007. The large inventory of unsold homes suggests that additional declines in prices should not be surprising. With regard to sales, the fundamentals supporting purchases of homes, such as income and employment, have to improve

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significantly to bring about a meaningful pickup. Also, the tightening of mortgage underwriting standards is playing a role in holding back sales of homes.

Chart 3
Inventory/Sales Ratio: All Existing Homes



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