

U.S. Data Review

- Existing home sales: a blistering recovery

Michael Moran

Daiwa Capital Markets America
 212-612-6392
 michael.moran@us.daiwacm.com

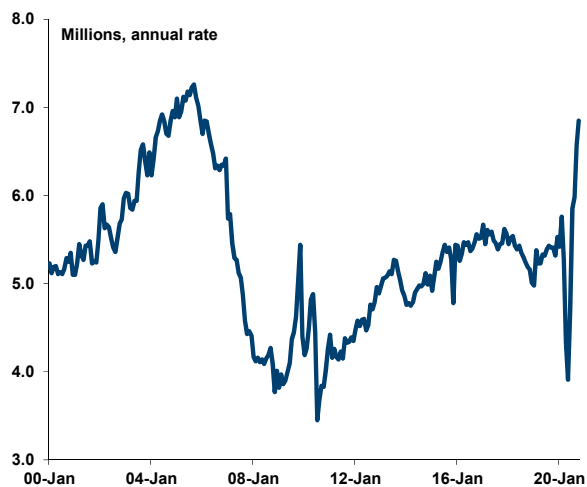
Existing Home Sales

Sales of existing homes jumped 4.3 percent in October, notably firmer than the expected decline of 1.1 percent. In addition, the increase occurred from an upwardly revised level in the prior month, with sales in September 0.5 percent better than previously believed. The new results pushed sales far above all observations in the previous expansion and moved activity into the middle of the range seen during the housing bubble (chart, left).

Results were strong across the country, with all four major geographic regions posting increases and moving above levels in the prior expansion. However, results varied relative to activity during the bubble. Sales in the Midwest and South moved above the peaks during the bubble, while sales in the Northeast and West were in the low portions of their bubble ranges.

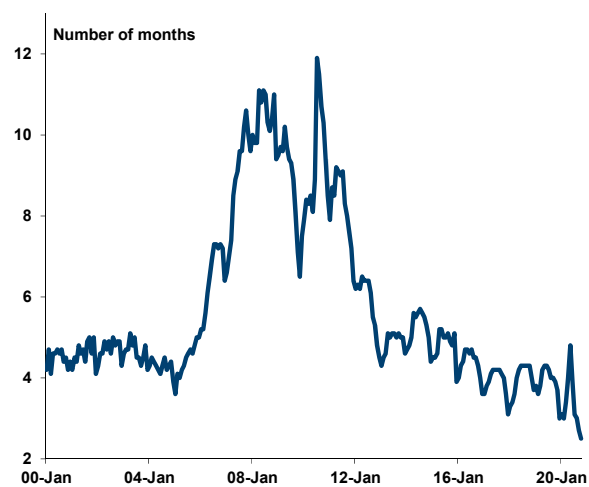
The strong pace of sales led to a drop in inventory, as the number of homes for sale fell 2.7 percent. The decline in inventory and the pickup in sales led to a noticeable drop in the months' supply of homes on the market. The new reading of 2.5 months was down from 2.7 in the prior month and 3.9 months in October 2019. The new reading was a record low (chart, right).

Existing Home Sales



Source: National Association of Realtors via Haver Analytics

Months' Supply of Unsold Existing Homes



Source: National Association of Realtors via Haver Analytics

This report is issued by Daiwa Securities Group Inc. through its relevant group companies. Daiwa Securities Group Inc. is the global brand name of Daiwa Securities Co. Ltd., Tokyo ("Daiwa Securities") and its subsidiaries worldwide that are authorized to do business within their respective jurisdictions. These include: Daiwa Capital Markets Hong Kong Ltd. (Hong Kong), regulated by the Hong Kong Securities and Futures Commission, Daiwa Capital Markets Europe Limited (London), regulated by the Financial Conduct Authority and a member of the London Stock Exchange, and Daiwa Capital Markets America Inc. (New York), a U.S. brokerdealer registered with the U.S. Securities and Exchange Commission, a futures commission merchant regulated by the U.S. Commodity Futures Trading Commission, and a primary dealer in U.S. government securities. The data contained in this report were taken from statistical services, reports in our possession, and from other sources believed to be reliable. The opinions and estimates expressed are our own, and we make no representation or guarantee either as to accuracy, completeness or as to the existence of other facts or interpretations that might be significant.