U.S. Data Review

- Existing home sales: modest decline from an elevated level
- Consumer confidence: depressed
- Revised GDP: modest upward adjustment

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Existing Home Sales

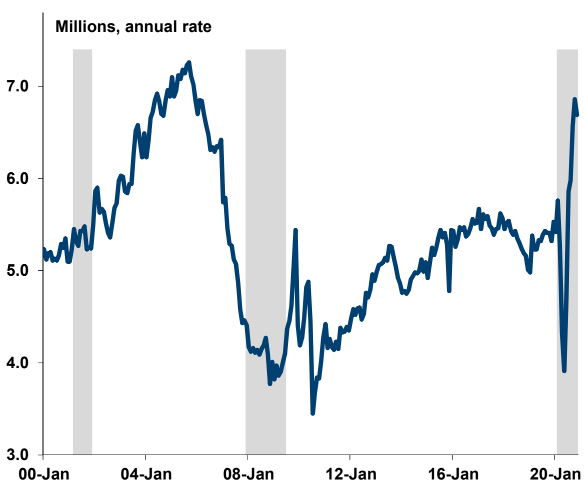
Sales of existing homes fell 2.5 percent in November to 6.69 million units (annual rate), close to the consensus view of off 2.2 percent to 6.70 million homes. Results in the prior month were revised upward slightly (6.86 million units rather then 6.85).

Sales eased in November, but this should not be viewed as a soft report. Activity in the prior month was quite strong by historical standards, within the range seen during the bubble period from 2004 to 2006. The latest results were the second best in more than 14 years, trailing only the total in the prior month (chart, left).

Results have been strong across the nation in recent months, although there is some geographic skew. Sales in the South are above the peak seen in 2005, and activity in the Midwest is only slightly below the peak during the bubble. Sales in the Northeast and West have been merely good.

The number of homes for sale fell 9.9 percent in November. Part of this decline reflects normal seasonal movement (this series is not seasonally adjusted; the average drop during November in the past ten years totaled 5.6 percent), but a portion also seems to be the result of strong sales clearing inventories. The months' supply of homes for sale eased to 2.3 months from 2.5 in the prior month, a record low for this series (chart, right).

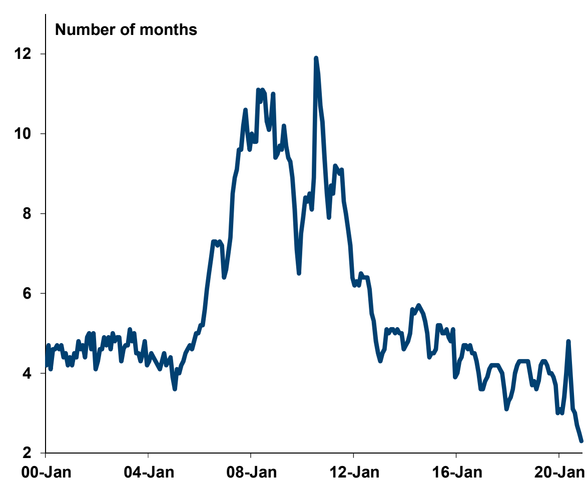
Existing Home Sales*



** The shaded areas indicate periods of recession in the United States.*

Source: National Association of Realtors and National Bureau of Economic Research via Haver Analytics

Months' Supply of Unsold Existing Homes



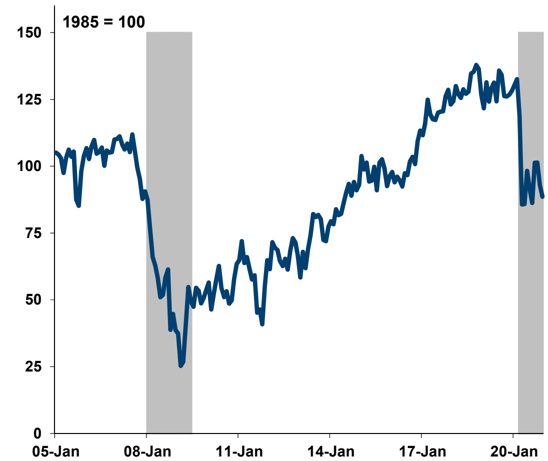
Source: National Association of Realtors via Haver Analytics

Consumer Confidence

The Conference Board's index of consumer confidence fell for the second consecutive month from a downwardly revised level in November. The revision and the latest drop left the December reading 12.8 index points (or 12.6 percent) below the October tally. The index value of 88.6 has now returned to the lower portion of the range seen this year (chart). The results stood in contrast to the expectation of a slight improvement in the index (the consensus estimate called but a gain of 0.9 percent to 97.0).

The spread of the coronavirus is most likely influencing attitudes, as are perceptions of the labor market. The share of individuals indicating that jobs were plentiful eased to 21.8 percent in December, down from 26.3 percent in November and a pre-virus reading of 47.2 percent in January. The share indicating that jobs were hard to get rose to 22.0 percent in December from 19.4 percent in the prior month. This measure totaled 11.9 percent in January. The net reading (plentiful less hard to get; -0.2 percent) returned to negative territory after three months in the plus column.

Consumer Confidence*



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Source: The Conference Board and National Bureau of Economic Research via Haver Analytics

Revised Q3 GDP

The final estimate of third quarter GDP was quite close to the preliminary estimate (33.4 percent versus the preliminary tally of 33.1 percent). The modest adjustment did not meaningfully alter the big picture: the economy posted a robust advance that reversed 66 percent of the drop in the first half of the year. Consumer spending, business fixed investment, and residential construction spurred most of the growth. Inventory investment also made a notable contribution. Government spending and net exports softened and provided a partial offset.

Better results in already strong components drove the revision: consumer spending, business fixed investment (firmer outlays for equipment and intellectual property offset slightly softer construction), and residential construction. In addition, spending by state and local governments was a tad less negative.

GDP and Related Items*

		20-Q2	20-Q3(p)	20-Q3(r)
1.	Gross Domestic Product	-31.4	33.1	33.4
2.	Personal Consumption Expenditures	-33.2	40.6	41.0
3.	Nonresidential Fixed Investment	-27.2	21.8	22.9
3a.	Nonresidential Structures	-33.6	-15.8	-17.4
3b.	Nonresidential Equipment	-35.9	66.6	68.2
3c.	Intellectual Property Products	-11.4	6.0	8.4
4.	Change in Business Inventories (Contribution to GDP Growth)	-3.5	6.6	6.6
5.	Residential Construction	-35.6	62.3	63.0
6.	Total Government Purchases	2.5	-4.9	-4.8
6a.	Federal Government Purchases	16.4	-6.2	-6.2
6b.	State and Local Govt. Purchases	-5.4	-4.0	-3.9
7.	Net Exports (Contribution to GDP Growth)	0.6	-3.2	-3.2
7a.	Exports	-64.4	60.5	59.6
7b.	Imports	-54.1	93.1	93.1
	Additional Items			
8.	Final Sales	-28.1	25.6	25.9
9.	Final Sales to Domestic Purchasers	-27.1	29.4	29.8
10.	Gross Domestic Income	-32.6	25.5	25.8
11.	Average of GDP & GDI	-32.0	29.2	29.6
12.	GDP Chained Price Index	-1.8	3.6	3.5
13.	Core PCE Price Index	-0.8	3.5	3.4

** Percent change SAAR, except as noted*
(p) = preliminary (2nd estimate of GDP); (r) = revised (3rd estimate of GDP)
Source: Bureau of Economic Analysis via Haver Analytics