

U.S. Data Review

- Existing home sales: continued robust performance

Michael Moran

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

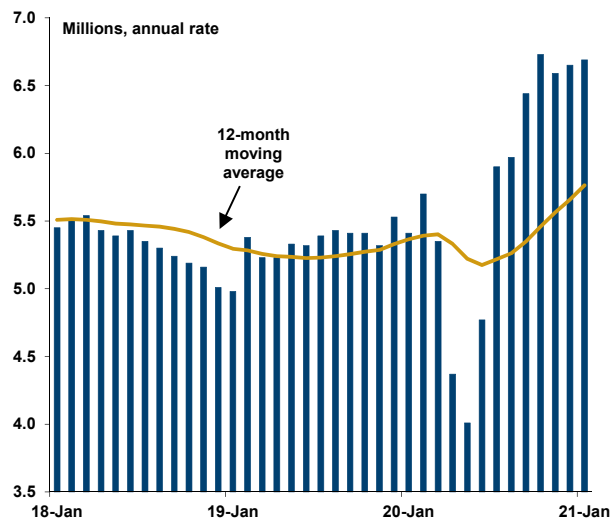
Existing Home Sales

Sales of existing homes rose 0.6 percent in January, a contrast to the expected decline of 2.4 percent. The pickup in sales occurred from downwardly revised results in December (1.6 percent lighter than previously believed), but activity remained quite strong by historical standards. The level of sales in January (6.690 million, annual rate) exceeded the total of 5.527 million in 2017, which was the best year for existing home sales in the previous expansion, and it was in the low end of the range of the housing boom in 2004-06. January marked the fifth consecutive month that sales were elevated (chart, left).

The sales performance in January varied by geographic region (down in the West and Northeast; up in the South and Midwest), but sales in all four regions remained elevated for the fifth consecutive month. Results in the South and Midwest stood out. Sales in the South moved to a record high, while sales in the Midwest were in the upper portion of the range during the housing bubble.

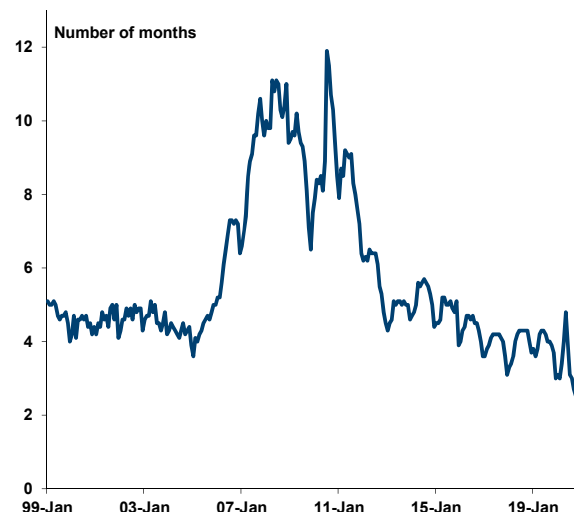
The number of existing homes available for sale fell -1.9 percent in January. Inventories generally *increase* in January (the series is not seasonally adjusted; the average increase in January in the past ten years totaled 0.9 percent), but firm demand for housing appeared to outweigh the seasonal effect. While inventories slipped, the months' supply of homes available for sale held at 1.9 months, a record low (chart, right; this series only goes back to 1999).

Existing Home Sales



Source: National Association of Realtors via Haver Analytics

Months' Supply of Unsold 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.