

U.S. Data Review

- Unemployment claims: both initial and continuing claims declined
- Existing home sales: activity mired in the low end of the long-term range

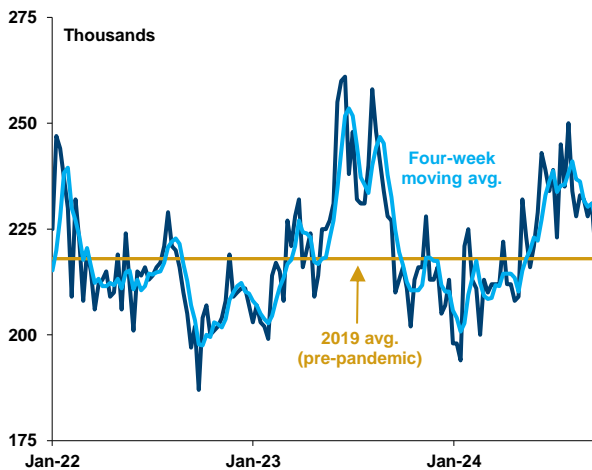
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Unemployment Claims

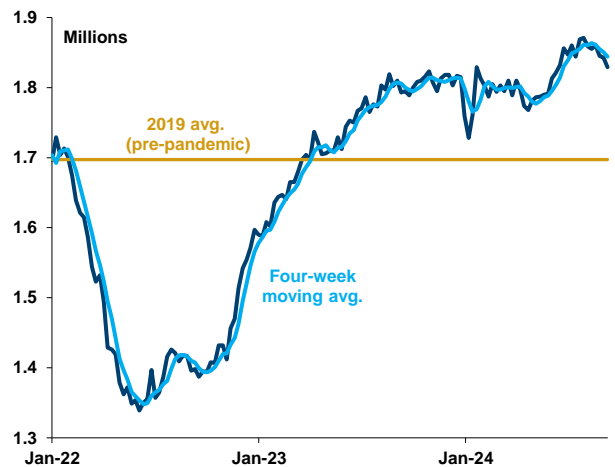
- Initial claims for unemployment insurance dropped notably in the week ending September 14, decreasing 12,000 to 219,000 (the lowest value observed since late May of this year). Concurrently, the four-week moving average -- a measure that helps smooth out volatility observed in claims -- dipped for the fifth time in the past six weeks, falling by 3,500 to 227,500. Following the latest performance, claims are now only marginally above the 2019 pre-pandemic average of 218,000 (a period when the labor market was viewed as firm; chart, below left). That is to say, while the labor market appears to have lost its edge, the results indicate that conditions are stabilizing.
- Continuing claims also moved lower, decreasing 14,000 to 1.829 million in the week ending September 7. The four-week moving average declined in tandem, falling by 6,500 to 1.844 million. Claims have remained above the 2019 pre-pandemic average of 1.697 million since March 2023, but this softening appears consistent with a rebalancing in a previously tight labor market rather than disorderly deterioration (chart, below right).

Initial Claims for Unemployment Insurance



Source: U.S. Department of Labor via Haver Analytics

Continuing Claims for Unemployment Insurance

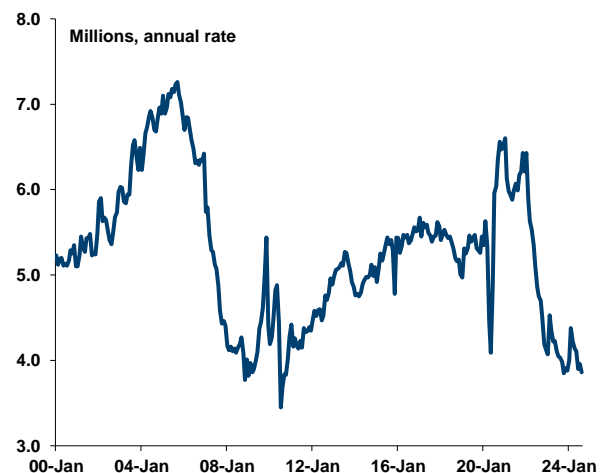


Source: U.S. Department of Labor via Haver Analytics

Existing Home Sales

- Sales of existing homes fell 2.5 percent to 3.86 million, annual rate, in August (a reading slightly below the Bloomberg median expectation of 3.90 million units). The fifth decline in activity in the past six months left sales at the second slowest pace in the current expansion (current bottom of 3.85 million in October 2023) and in the low end of the longer-term range (chart). Affordability constraints intensified by tight inventories continue to hinder activity in the market, with a broader recovery unlikely to occur until conditions tilt more significantly in favor of buyers. In that regard, the initiation of the monetary policy easing cycle on Wednesday by the Federal Reserve could pave the way for a pickup in activity as lower mortgage rates broaden the pool of prospective buyers.

Existing Home Sales

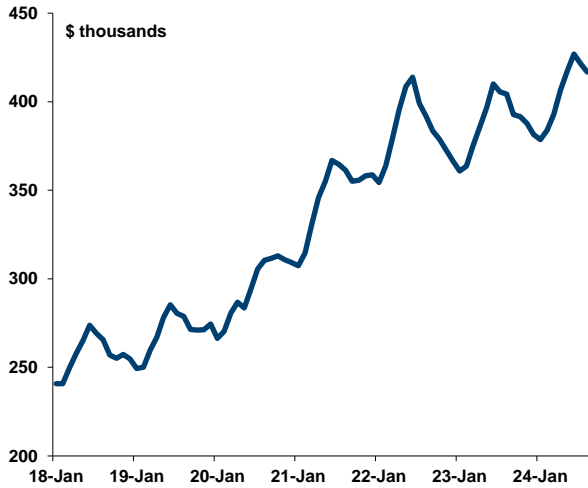


Source: National Association of Realtors via Haver Analytics

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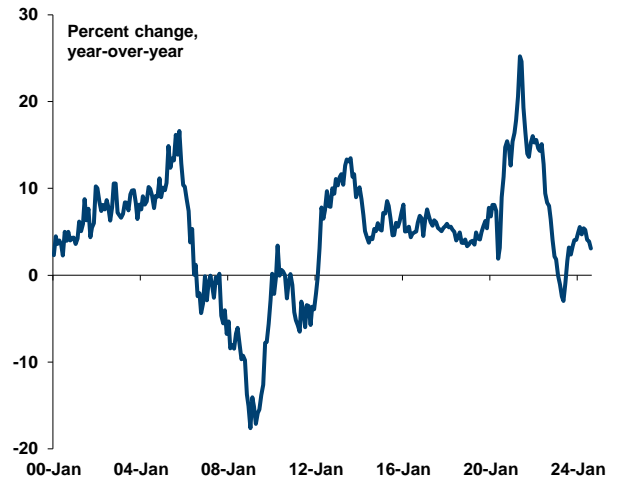
- Coupled with the drop in activity, the median sales price fell 1.1 percent month-over-month, the second consecutive decline. That said, the latest decrease left the median price at \$416,700, still only \$10,200 off the record high of \$426,900 in June 2024. On a year-over-year basis, the measure was up 3.1 percent (versus +3.9 percent in the prior month; charts below).

Median Sales Price of Existing Homes



Source: National Association of Realtors via Haver Analytics

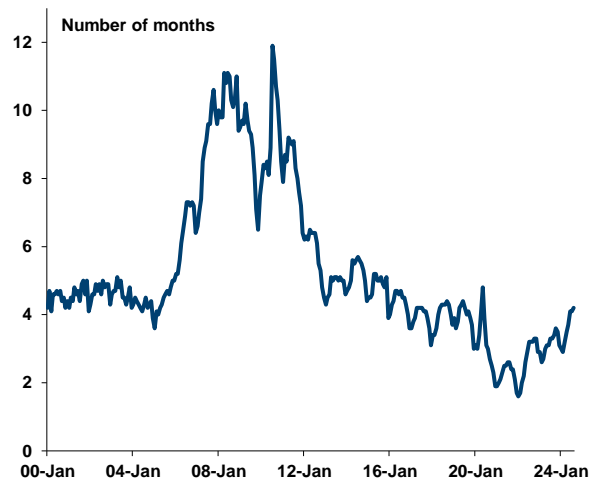
Median Sales Price of Existing Homes



Source: National Association of Realtors via Haver Analytics

- While tight inventories have both supported high prices and constrained sales, hints of improvement on the supply-side have emerged recently. The inventory of homes available for sale rose 0.7 percent month-over-month to 1.35 million (+22.7 percent year-over-year). The latest reading translated to a months' supply of 4.2 months at the current sales pace. The August reading was up from 4.1 months in July and the record low of 1.6 months in January 2022. Even so, the inventory situation still remains constrained from a longer-term perspective (chart).

Months' Supply of Unsold Homes



Source: National Association of Realtors via Haver Analytics