Daiwa Capital Markets

# U.S. Data Review

- Unemployment insurance: initial claims continue to move lower from October highs; continuing claims rise to new cycle high
- Existing home sales: increase in activity supported by advances in all major regions; inventory situation remains constrained from long-term perspective

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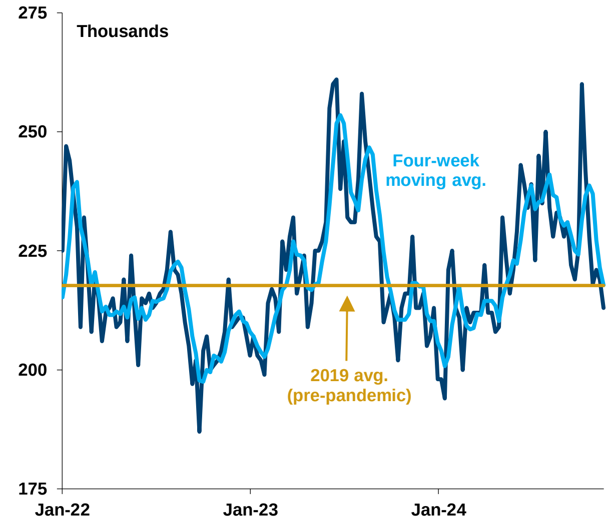
## Unemployment Claims

- Initial claims for unemployment insurance fell for the second consecutive week, down 6,000 to 213,000 in the week ending November 16 from an upward revised reading of 219,000 (versus the consensus expectation of 220,000; the lowest level observed since a reading of 209,000 in the week of April 27). The four-week moving average, a measure used to smooth sharp week-to-week fluctuations, declined for the fourth consecutive week, dropping 3,750 to 217,750 (the lowest reading since 215,250 in the week of May 4; chart, below right). Following upside volatility associated with last month's hurricanes and labor strikes (peak of 260,000 in the week ending October 5), claims have returned to a mostly subdued trend, hovering around the 2019 pre-pandemic average of ~218,000 – a period that Fed officials have characterized as favorable.

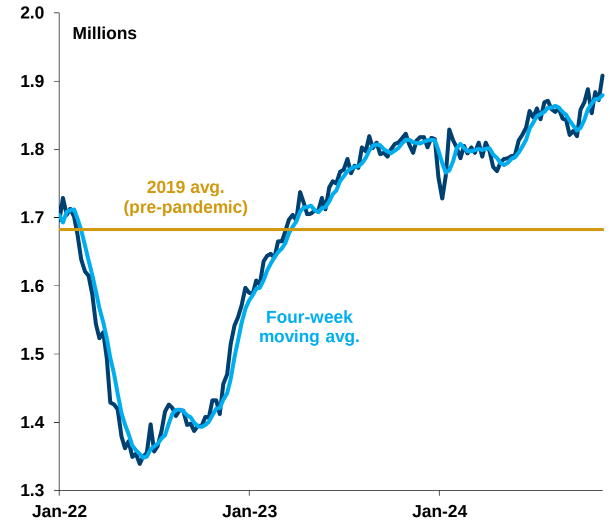
- Continuing claims, however, continued to tilt higher in the week ending November 9, rising 36,000 to a new cycle peak of 1.908 million (versus the consensus estimate of 1.880 million; the highest level observed since November 2022). The four-week moving average rose in tandem, increasing 5,000 to 1.879 million – also a new cycle peak (chart, below left). While the upward drift in claims over the past several weeks warrant close monitoring, we're not under the impression that it necessarily indicates deterioration in underlying labor market conditions. Namely, the recent rise in insured unemployment could be attributed to ongoing worker displacement from Helene and Milton, a development that could still take a couple more weeks to be fully rectified.

### 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

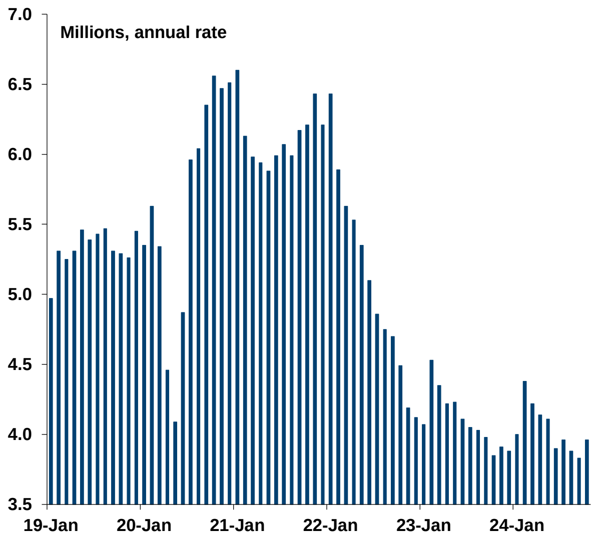
- Sales of existing homes rose 3.4 percent to 3.96 million, annual rate, in October (a reading slightly firmer than the Bloomberg consensus expectation of 3.95 million). However, despite the pickup, activity remained in the low end of the range of the current expansion (chart, below left). That is to say, affordability constraints stemming from tight inventories and elevated prices have hindered activity in this market, with a broader recovery unlikely to occur until conditions tilt more in favor of the buyer. On that point, the Federal Reserve's continuation of its easing cycle with a second rate cut last week could eventually pave the way to a market thaw, with a possible downdrift in rates stirring activity. With that said, such a development is unlikely to materialize in the near term.

- The uptick in activity was broad-based, with all four major geographic regions reporting increases in October. The Midwest posted the largest month-to-month advance, with sales rising 6.7 percent to 0.95 million units, annual rate. The other three regions posted more restrained increases, with the South, Northeast, and West increasing 2.9, 2.2, and 1.3 percent, respectively, to 1.77 million, 0.47 million, and 0.77 million. Despite these pickups, sales in the four regions remained in the low ends of their respective longer-run ranges.

- The median sales price rose 0.1 percent month-over-month to $407,200, the first gain in the past four months. The latest increase left the median price only $19,700 below the record high of $426,900 in June 2024. On a year-over-year basis, the measure rose 4.0 percent (versus +3.6 percent in the prior month).

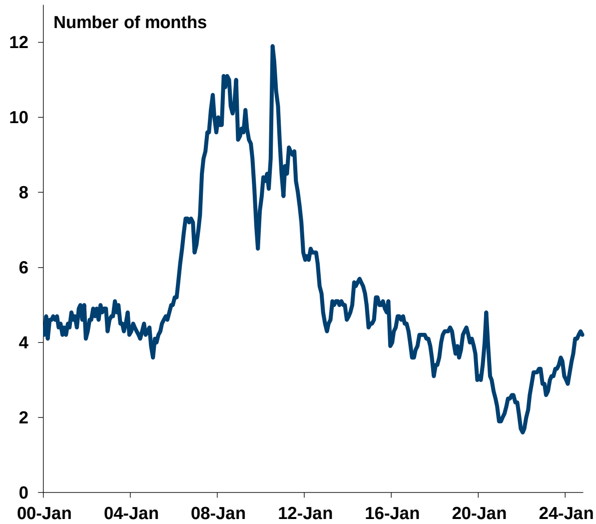
- Tight inventories have both supported high prices and restricted sales, but hints of improvement have emerged in recent months. Specifically, the inventory of homes available for sale rose 0.7 percent month-over-month to 1.37 million in October (+19.1 percent year-over-year), its ninth increase in 2024 thus far. The latest reading, however, translated to a months' supply of 4.2 months at the current sales pace. While the October reading was down from 4.3 months in September, it's notably above the reading of 3.6 in the same month last year and the record low of 1.6 in January 2022. Even so, the inventory situation remains fairly tight from a long-term perspective (chart, below right).

### Existing Home Sales




*Source: National Association of Realtors via Haver Analytics*

### Months' Supply of Unsold Homes




*Source: National Association of Realtors via Haver Analytics*