U.S. Data Review

- Unemployment claims: initial filings in upper end of recent range
- Existing home sales: activity picks up in February; inventories improve but remain tight

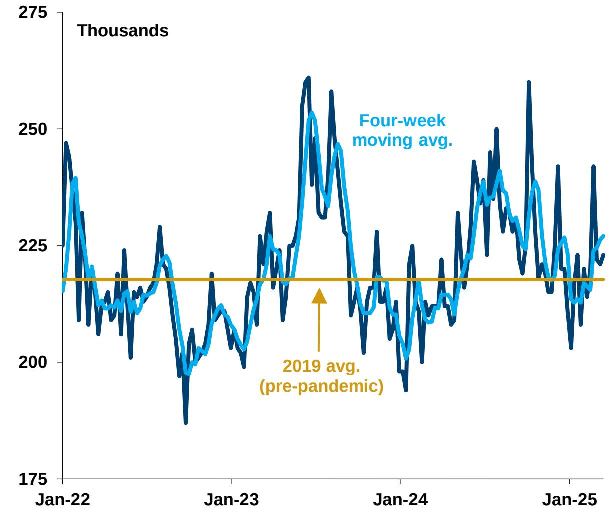
Lawrence Werther
lawrence.werther@us.daiwacm.com
+1-212-612-6393
Brendan Stuart
brendan.stuart@us.daiwacm.com
+1-212-612-6172

Unemployment Claims

- Initial claims for unemployment insurance rose 2,000 to 223,000 in the week ending March 15 – a reading close to the Bloomberg survey median expectation of an uptick to 224,000. Correspondingly, the four-week moving average moved up by 750 to 227,000. Excluding the weather-distorted jump to 241,000 in the week of February 22, claims have been mostly rangebound since the onset of 2025, hovering between 203,000 and 223,000 (chart, below left).

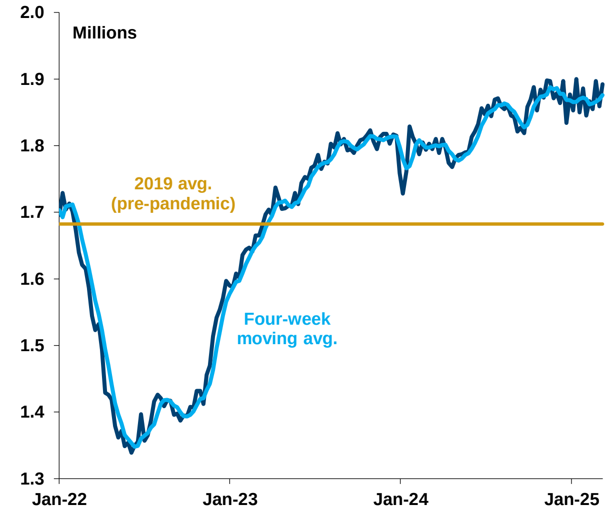
- Continuing claims for unemployment insurance also tilted higher, increasing 33,000 to 1.892 million in the week ending March 8 – a reading slightly higher than the market expectation of 1.887 million. The four-week moving average, in turn, rose 6,250 to 1.876 million. While filings are above the pre-pandemic average of 1.682 million, they have yet to break out of the range of 1.800 million to 1.900 million since the summer of 2024, suggesting cooling consistent with a rebalancing in previously tight labor market conditions rather than undesirable 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

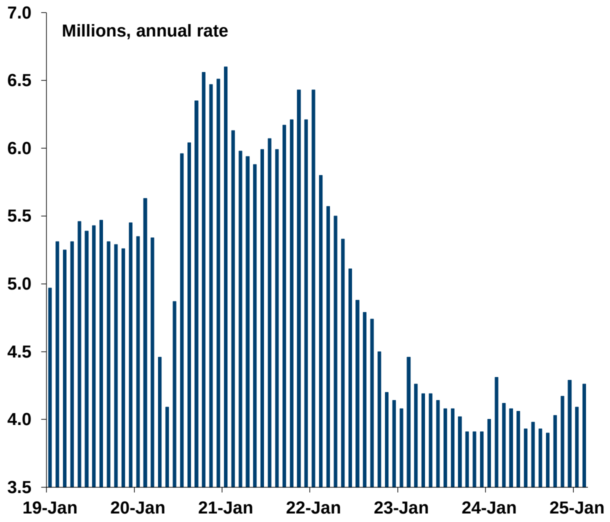
- Following a weather-related dip in the prior month, sales of existing homes increased 4.2 percent to 4.26 million units, annual rate, in February – a notably firmer result than the Bloomberg median projection of a decrease to 3.95 million. That said, despite the rebound, sales still remain in the low end of the long-term range (chart, next page, below left). Tight inventories coupled with elevated prices have contributed to reduced affordability for prospective buyers, with a broader recovery seemingly a ways off. On that point, the FOMC maintained the target range for the federal funds rate at the conclusion of yesterday's meeting, maintaining a "wait and see" approach in regard to future adjustments in monetary policy while standing by for further clarity in an environment of heightened uncertainty. Correspondingly, this development suggests mortgage rates could remain higher for longer, likely hindering any potential boost in home sales.

- The uptick in activity was mixed, with only two of the four major geographical regions reporting increases in February. The West posted the largest month-over-month advance, with sales rising 13.3 percent to 0.850 million units, annual rate. Sales in the South also rose, up 4.4 percent to 1.910 million. The Midwest, on the other hand, stood pat at 1.000 million for the fourth consecutive month. The Northeast, meanwhile, was the only region to decline in the latest month, falling 2.0 percent to 0.500 million. Sales in all four regions, however, remained in the low end of their respective historical ranges.

- After three consecutive months of declines, the median sales price rose 1.3 percent month-over-month to $398,400 in February. The latest shift leaves the median price only $28,500 off the record high of $426,900 in June 2024. On a year-over-year basis, the measure rose 3.8 percent (versus 3.9 percent in the prior month).

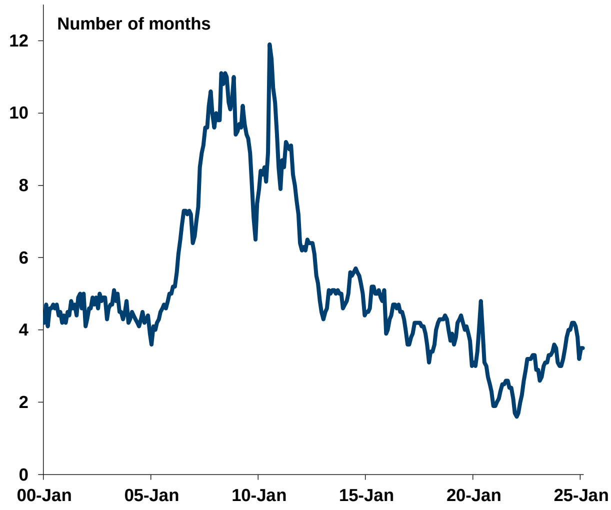
- A lack of inventory has supported both high prices and restricted sales in the existing homes market, though some evidence of improvement has emerged recently. The inventory of unsold homes rose 5.1 percent to 1.24 million in February (+17.0 percent year-over-year). That reading translated to a months' supply of 3.5 months at the current sales pace. While February's observation is unchanged from the prior month, it's above the record low of 1.6 months in January 2022 (chart, below right). Broadly speaking, the inventory situation still remains fairly tight from a long-term perspective. Many possible would-be sellers are unwilling to trade up into more expensive properties and in the process forfeit current mortgages financed at low rates.

Existing Homes Sales



Source: National Association of Realtors via Haver Analytics

Months' Supply of Unsold Homes



Source: National Association of Realtors via Haver Analytics