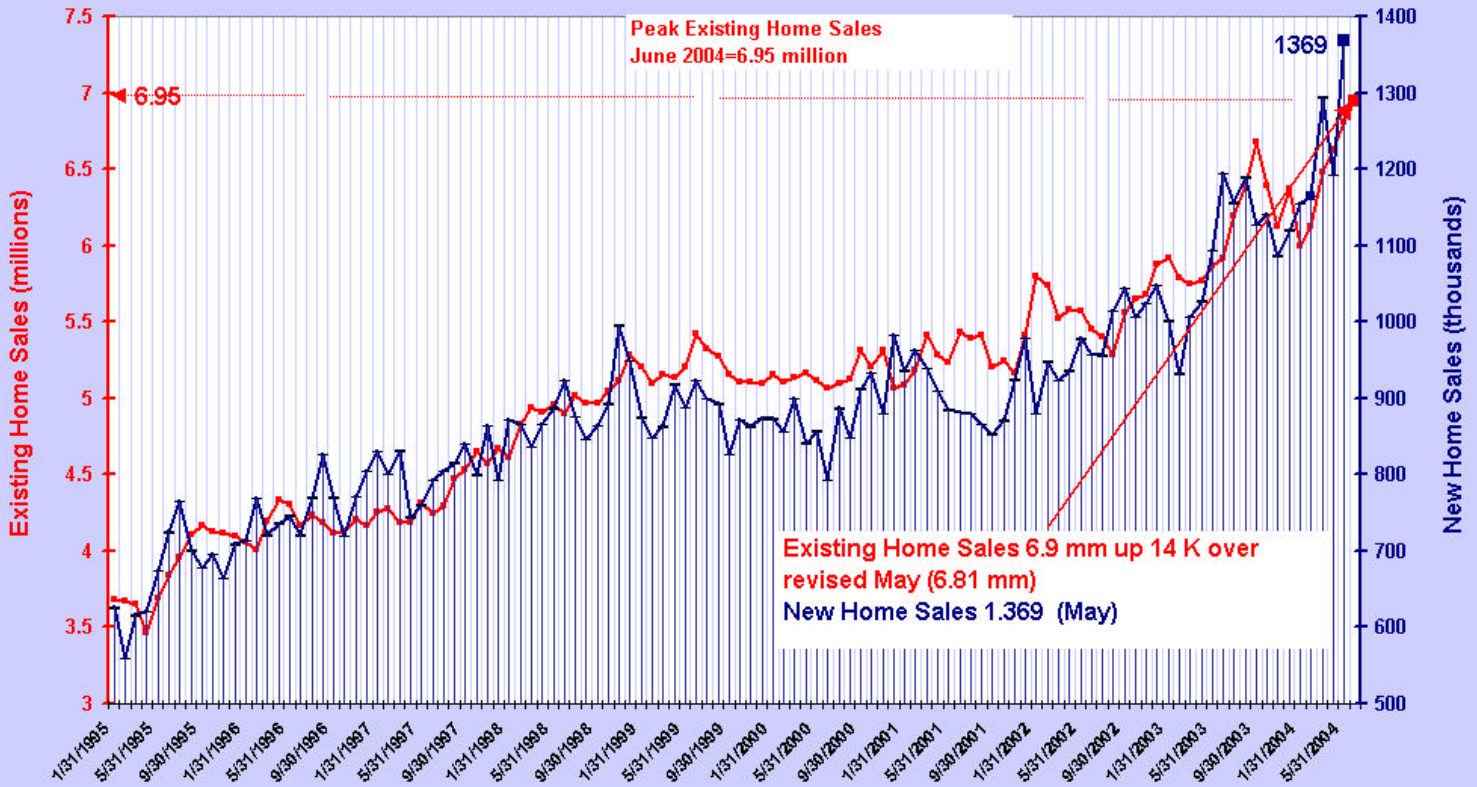




Home Sales in June Broke Records

Existing Home, New Home Sales



While data include sales done earlier and recorded only in June, it is hard to see the forerunners of a consumer collapse, at least as far as confidence in the future. Existing home sales were revised up slightly in May and then the June figures broke all the existing sales records. If consumption depends on the commissions of real estate brokers, expect a boom! New home sales are due tomorrow and that will provide a better picture of the relationship between new construction and the Soft Spot now underway.

New Home Sales had soared last month to 1,369,000. An interesting question to ask about New Home Sales is whether it is a better proxy for the most 'current' glimpse of consumer buying intentions. The Existing Home Sales data is alleged to contain both new sales and closings on older sales. Since some of the June data on existing homes would include closings on sales done earlier, it is possible that the rise in mortgage rates pushed so many potential buyers off the fence that we have had an 'accelerated' number of deals reported. New Home Sales may tell us a bit more on the extent and duration of the Slow Spot. The consensus in the market is a **decline** of about 7%, but remember that market was predicting a bit more than a 2% decline in



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Existing Home Sales, and, in fact, those sales rose by 2.1%. Forecasting a monthly reading on a volatile series is not for the weak hearted.

After the market closes, we should get the ABC confidence numbers.