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Case-Shiller: Easing declines?

The headline April Case-Shiller index meets expectations for the year-over-year figure, showing a 4.0% decline (Consensus: -4.0%; Decision Economics: -4.3%). However, indications on the immediate evolution of prices look a bit better than feared--though partly because of revisions making the last few months look weaker.

Thus, the year-on-year April result worsens less than expected from the March outcome, because the result for that month was revised to show a 3.8% drop, instead of the earlier 3.6%. Likewise, the seasonally adjusted indexes show April prices declining just 0.1% from March--though March now shows a 0.3% decline, instead of 0.2%.

Still, the cumulative decline from December through March was revised only to 0.8% from 0.7%, though the monthly pattern is refigured a bit, so the slowdown in April is not totally artificial. Any tempering of the pace of price decline--as opposed to an acceleration--represents good news, given the apparent imbalance between supply and demand in the market.

As it happens, existing home sales took a bit of a step down (-3.8%) in May, and the inventory of homes for sale rose steeply back in April (+6.8%), perhaps because sellers sensed an improving market tone. That will keep downward pressure on prices--though the absence of a lurch down in April is still reassuring in indicating that in at least some localities the supply imbalance may not be so severe.

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