

Existing home sales up on mild weather

Existing home sales rose 4.3% m/m due to mild weather, lower prices. While January existing home sales were less than anticipated, at 4.57M (Consensus: 4.66M; Decision Economics: 4.68M), this was due largely to a December revision from 4.61M to 4.38M. That dampened the stronger message of earlier months, but put the January month-over-month gain ahead of consensus, at 4.3% m/m (Consensus: 1.1% m/m; Decision

Economics: 1.5% m/m). Existing home sales are now at the highest level since May 2010 while inventory of existing homes is 2.31M, the lowest since 2005. The 6.1 months of inventory currently on the market is the lowest level since 2006.

Gains were broad-based with all geographic regions of the US reporting increases in existing home sales, led by the West with +8.8% m/m growth.

Moreover, both single- and multi-family existing housing sales increased, at +3.8% m/m and +8.3% m/m respectively. Median housing prices fell, which combined with low mortgage rates are keeping homes more affordable - offset, of course, by tighter lending standards.

January's figures signal resilience in the housing market as inventory reached pre-crisis levels. Both Obama and Bernanke have recently focused on the housing market as being a major factor in dampening the speed of recovery and may be encouraged by today's news. There are two major caveats: January was historically warm which likely boosted sales significantly, and today's shadow inventory makes comparing current figures to 2005 not entirely apples-to-apples.