

## December 2018 Existing Home Sales

### Home Sales Still Weak Despite Lower Mortgage Rates

- Existing Home Sales fell by 6.4 percent in December, to a 4,990,000 unit annual rate.

Home sales have been on a roller coaster ride over the past 12 months. After peaking at a 5,600,000 unit annual rate last March, existing home sales slid through late summer. Existing home sales dipped to a 5,150,000 million unit rate in September 2018, the lowest sales rate since November 2015. Increasing mortgage rates were a key factor in the 2018 slide in home sales. The Mortgage Bankers Association's rate for a 30-year fixed rate mortgage climbed from 4.33 percent at the start of 2018, to 5.11 percent through late September. Even with higher mortgage rates, existing home sales ticked up slightly in October and again in November to a 5,330,000 unit rate. Meanwhile, mortgage rates peaked early in November at 5.30 percent and then retreated to 5.21 percent by the end of November. Mortgage rates continued to ease through December, falling to 4.97 percent by the end of the month. Despite the gradual decline in mortgage rates through December, existing home sales fell noticeably in December by 6.4 percent to a 4,990,000 unit annual rate. In sum we can say that higher mortgage rates were a significant negative factor for home sales through the first nine months 2018, but lower rates at the end of 2018 only paused but did not break that downward momentum.

Existing home sales fell across all four regions in December. The Northeast saw a 6.8 percent drop. The Midwest was down 11.2 percent. The South dripped by 5.4 percent and existing home sales in the West dipped by 1.9 percent. The months' supply of existing homes on the market fell to a tight 3.7 months' worth in December. The median selling price of an existing home fell to \$253,600 in December, up by 2.9 percent over the previous 12 months.

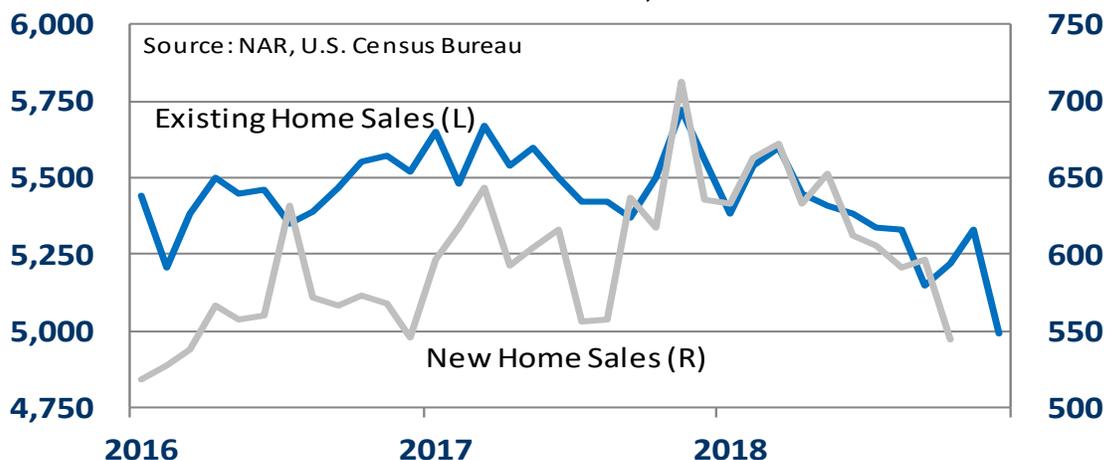
We expect to see another soft month for existing home sales in January. The ongoing partial federal government shutdown has upended finances for 800,000 federal workers and their families. Consumer sentiment fell hard in January.

Updates for new home sales data are not available due to the partial federal government shutdown.

**Market Reaction:** U.S. equity markets opened with losses. The 10-year Treasury bond yield is down to 2.75 percent. NYMEX crude oil is down to \$51.95/barrel. Natural gas futures are down to \$3.03/mmbtu.

## Housing Is Still Hurting

Annualized Rate, ths



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