



Economics Group

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Pending Home Sales Jump in February

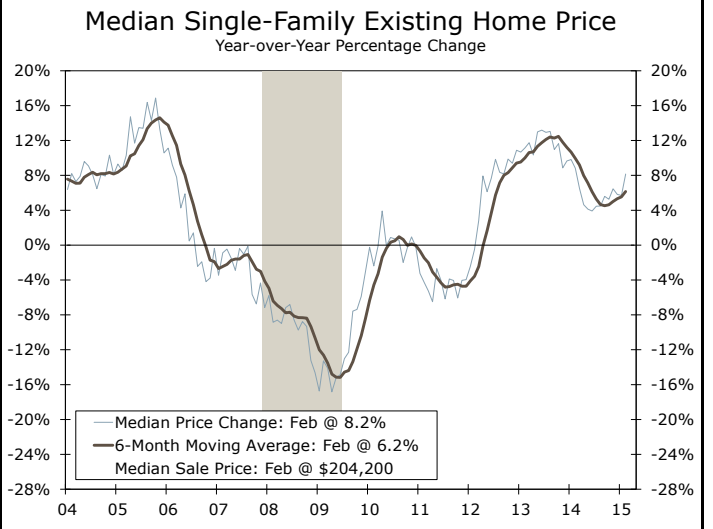
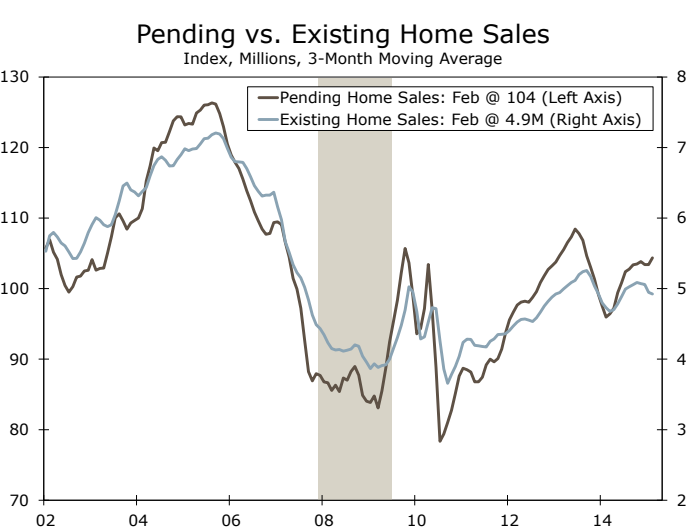
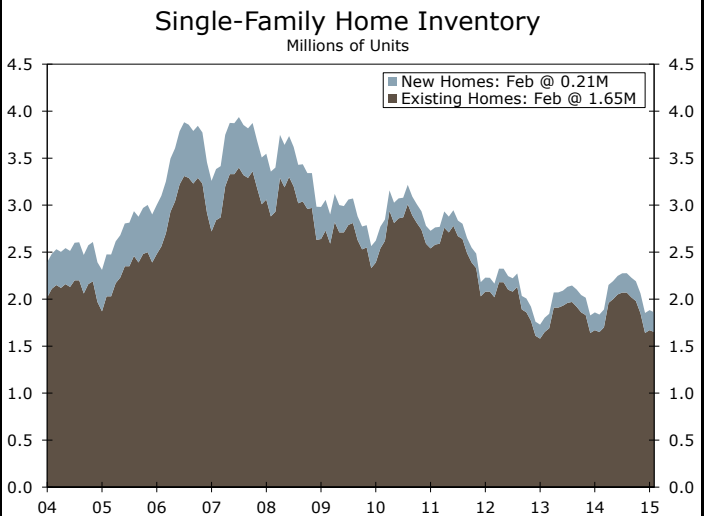
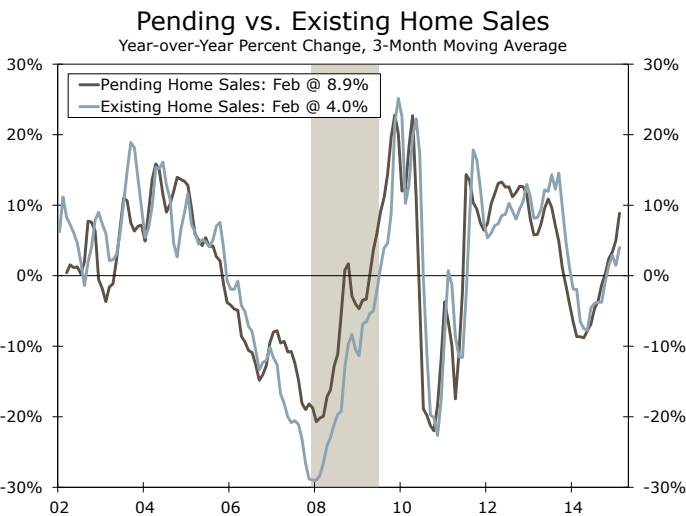
Pending home sales rose 3.1 percent in February. This gain pushed the pending home sales index 12.0 percent higher than a year ago and suggests existing home sales may rebound in the coming months.

Recent Weakness Likely Transitory

- Pending home sales increased 3.1 percent in February. This rise far outpaced consensus, which expected a more modest 0.3 percent increase. February marked the tenth consecutive month above 100, the level generally associated with “normal” activity.
- February’s increase was a solid gain and suggests the recent weakness seen in existing home sales was mostly transitory.

Demand Strong Despite Low Supply

- Supply constraints continue to be an issue in the market for new and existing homes. Tight inventories have been cited by the National Association of Realtors as a reason for the slowdown in home sales earlier this year along with harsh winter weather.
- This reading for pending home sales suggests that demand remains strong despite the low inventories. All else equal, this suggests we should see continued home price appreciation.



Source: National Association of Realtors and Wells Fargo Securities, LLC

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