



Economics Group

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Drop in Pending Home Sales Does Not Throw Off Trend

Pending home sales unexpectedly slipped in June, falling 1.8 percent on the month. That said, the index is still at a relatively high level, and June's drop does not represent a derailing of the housing market.

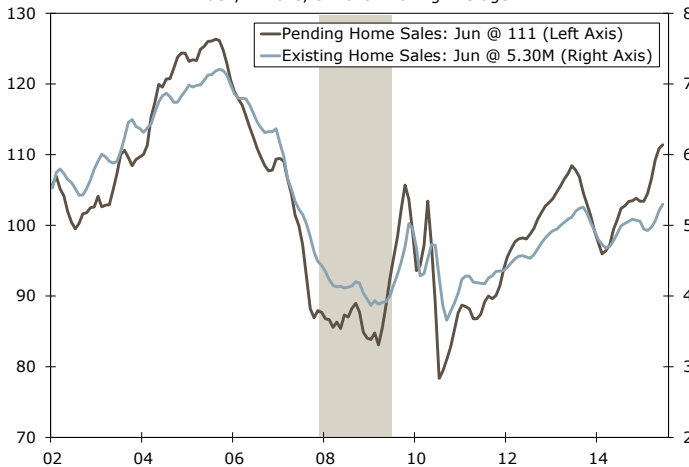
Disappointing Report, Trend Still Intact

- Although pending home sales disappointed in June, the index is still near cycle highs. In addition, mortgage purchase applications also declined in June. We believe this is simply monthly volatility, although we will continue to monitor.
- On a three-month moving average basis, the pending home sales index is at its highest level since 2006. This intimates continued improvement in existing home sales.

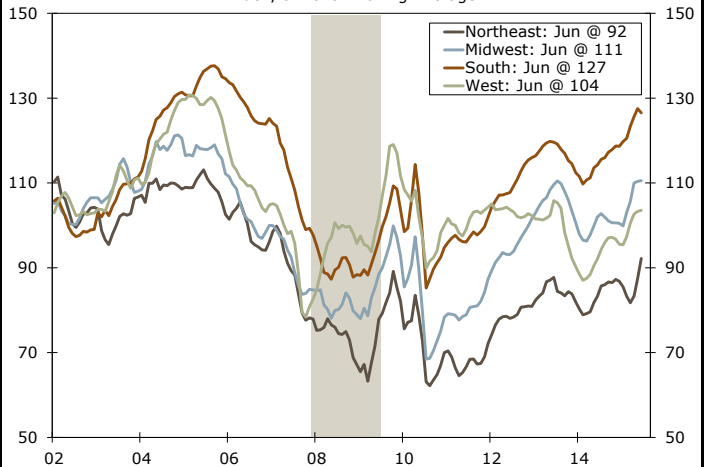
Indices For South and Midwest Pull Back

- Pending homes sales increased in the Northeast and West, rising 0.4 percent and 0.5 percent, respectively. The South and Midwest both saw declines of 3.0 percent.
- The South and Midwest indices are both at relatively high levels. The South has been particularly strong during this cycle and the slight slowdown there could be weather related.

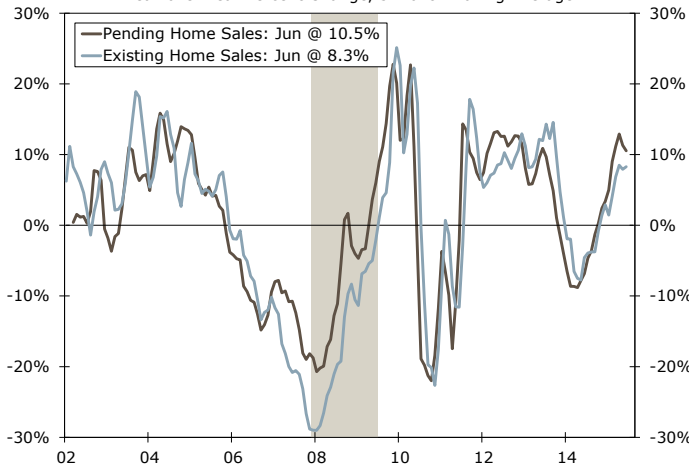
Pending vs. Existing Home Sales
 Index, Millions, 3-Month Moving Average



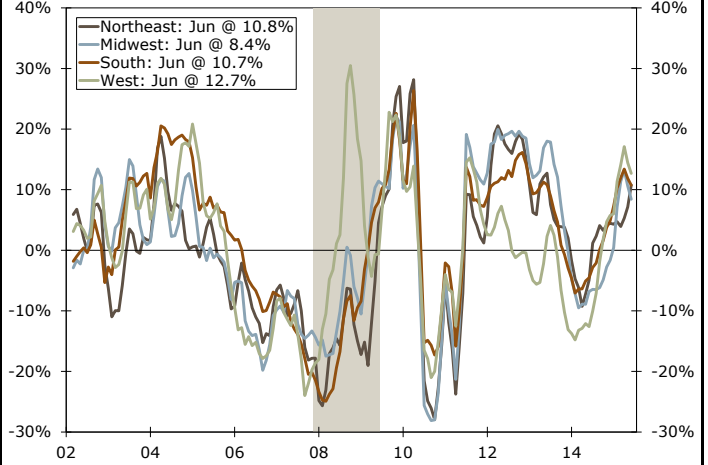
Pending Home Sales
 Index, 3-Month Moving Average



Pending vs. Existing Home Sales
 Year-over-Year Percent Change, 3-Month Moving Average



Pending Home Sales
 Year-over-Year Percent Change, 3-Month Moving Average



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

Wells Fargo Securities, LLC Economics Group

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