

EXISTING HOME SALES ROSE 1.4 % WITHOUT WARNING



[caption id="attachment_2266" align="alignnone" width="160" caption="Mark Zandi"]
[//caption] In October, sales of previously owned homes in the U.S unexpectedly rose, a big sign that falling prices may be attracting buyers. The National Association of Realtors said in Washington today that purchases increased 1.4 percent to a 4.97 million annual rate. The median forecast of the 75 economists that were surveyed by Bloomberg News was for a 4.8 million rate. The actual median house price dropped 4.7 percent from a year earlier, and the number of properties for sale was the lowest of any year since October of 2005. The borrowing costs near a record low are helping the homebuyers take advantage of housing that's growing more affordable as most of the prices drop. Yet, at the same time, the end to a temporary halt on foreclosures may push more properties onto the market, which would trigger further slides in value that could prevent the industry from recovering for years. "The housing market is stabilizing, but it has a long road to a full recovery," said Sal Guatieri, who is a senior U.S. economist at BMO Capital Market in Toronto. "There are still a lot of depressed properties in the pipeline that will hit the market, and demand likely needs to strengthen above a 5 million annual rate to absorb the overhang of unsold homes and alleviate the downward pressure on prices." The stocks fell, extending three weeks of declines, as U.S. lawmakers failed to agree on budget cuts. At 11:21 a.m. in New York, the Standard & Poor's 500 Index fell 2.2 percent to 1,188.88. Late of Nov. 18 the Treasury securities rose, sending the yield on the benchmark 10-year note down to 1.96 percent from 2.01 percent. Today reports from Asia and Europe underscored concern the global economy is slowing. The growth in Germany, who is Europe's largest economy, may cool after their slowdown to a near standstill next year as the region's debt crisis saps demand for exports, said the Bundesbank. In October, Japanese exports dropped 3.7 percent from a year earlier, Singapore said that its growth may slow to as little as 1 percent in 2012 from 5 percent this year, and China signaled the global economy faces an extended slide. According to state news agency Xinhua, the world economic situation is "extremely severe," Chinese Vice Premier Wang Qishan said. "The global economic recession triggered by the international financial crisis will be long-term," he said. The economics' estimates for U.S. existing home sales ranged from 4.5 million to 5.14 million. Today the agents' group revised September's initially reported 4.91 million paces down to 4.9 million. The existing-home sales, tabulated when a contract closes, rose up 12 percent from the very same month last year before adjusting for seasonal variations. Total sales in 2010 were 4.9 million, compared with the peak of 7.07 million in 2005 during the boom. The group said today that the number of previously owned homes on the market dropped to 3.33 million last month, the fewest since January of 2010.

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