

# Market Monitor

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## All Signs are Looking Up

By: Tim McLaughlin

This past Tuesday, the S&P/Case-Shiller home price composite index was released (one of the key economic indicators released on a monthly basis), and reported that home prices in 20 U.S. cities fell in June at a slower pace than forecast, signaling the real estate crisis that triggered the worst recession since the 1930s is dissipating.

The S&P/Case-Shiller home price index declined 15.4 percent from a year earlier, the smallest drop in over 16 months. The gauge also rose from the prior month by the most in almost four years.

Lower prices and government stimulus efforts have made homes more affordable to first time and repeat buyers, spurring increases in sales that should stem the slide in property values. Gains in housing and stocks should speed the process of restoring the record loss of wealth that has shackled consumer spending, which accounts for 70 percent of the economy.

"We're starting to gain some traction in (home) prices," said Maxwell Clarke, chief U.S. economist at IDEAglobal in New York, said before the report was released.

From a month earlier, home prices climbed 1.4 percent in June, the second consecutive gain and the biggest since June 2005, the report showed. "We are seeing some positive signs," David Blitzer, chairman of the index committee at S&P, said in a statement.

"There are hints of an upward turn from the bottom."

All of the 20 cities in the S&P/Case-Shiller index showed a year-over-year price decrease in June.

At the same time, there are signs the worst of the crisis is over. Existing home sales in July jumped to the highest level in almost two years, boosted by lower prices, tax credits for first-time buyers and near-record-low borrowing costs, according to figures from the National Association of Realtors.

And demand has already improved enough for some construction companies to consider cutting back on discounts and incentives very shortly.

So the next question is how do you, the consumer, take advantage as the tide turns in the housing and economic markets? Looking for the house of your dreams? Maybe a second home or an investment property that you missed out on in the past? What about financing and qualifying for that purchase...isn't it so difficult in this "new" real estate environment? Nonsense...with the help of your knowledgeable Weichert Realtor and your Weichert Gold Services Manager, we can easily help you navigate the market, find the house of your dreams, qualify for financing, and get you closed when we say you will.

## The Week Ahead -> The "Keys"

- Fed Minutes and Employment Data Highlight the Week

Date	Economic Release	Prediction	Last
8/31	<b>Chicago Purchasing Mgr</b>	<b>47.5</b>	<b>43.4</b>
8/31	NAPM – Milwaukee	48.0	45.0
8/31	Dallas Fed Manufacturing	-15.0%	-25.5%
9/1	ISM Manufacturing	50.4	48.9
9/1	<b>Pending Home Sales (MoM)</b>	<b>1.5%</b>	<b>3.6%</b>
9/1	ISM Prices Paid	57.5	55.0
9/1	Construction Spending (MoM)	-0.2%	0.3%
9/1	<b>Pending Home Sales (YoY)</b>	<b>-</b>	<b>9.2%</b>
9/1	<b>Total Vehicle Sales</b>	<b>12.0M</b>	<b>11.3M</b>
9/1	<b>Domestic Vehicle Sales</b>	<b>9.2M</b>	<b>8.4M</b>
9/2	MBA Mortgage Applications	-	7.5%
9/2	Challenger Job Cuts (YoY)	-	-5.7%
9/2	ADP Employment Change	-250K	-371K
9/2	Nonfarm Productivity	6.2%	6.4%
9/2	Unit Labor Costs	-5.7%	-5.8%
9/2	Factory Orders	1.5%	0.4%
9/2	<b>Aug 12<sup>th</sup> FOMC Mtg Minutes</b>	<b>-</b>	<b>-</b>
9/3	Initial Jobless Claims	560K	570K
9/3	Continuing Claims	6130K	6133K
9/3	ISM Non-Manufacturing	48.0	46.4
9/4	<b>Nonfarm Payroll</b>	<b>-224K</b>	<b>-247K</b>
9/4	<b>Unemployment Rate</b>	<b>9.5%</b>	<b>9.4%</b>
9/4	Manufacturing Payroll	-60K	-52K
9/4	<b>Avg Hourly Earnings (MoM)</b>	<b>0.1%</b>	<b>0.2%</b>
9/4	Avg Hourly Earnings (YoY)	2.2%	2.5%

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