

After pouring through data coming in as late as today, I now believe we will see headline seasonally adjusted annualized misses on both existing and new home sales with new home sales outperforming to the downside by at least 10% below the 430k SAAR consensus. With respect to existing sales out tomorrow morning, the consensus of 6.10mm SAAR should be high by roughly 3%. Until today, my expectations were for a miss on new home sales and a match on existing.

The existing sales miss will get blamed on borrowers having a hard time closing short sales. Perhaps Reid's tax credit closing-period extension push, which is still in limbo, before this number was to provide a smoke screen for the bad results. Perhaps it has some merit. But the bottom line is that with or without the extension, the number of houses in contract by the April 30th tax-credit sunset is what it is and of those that do not close by the June 30th deadline, it is likely more about the buyer and bank not agreeing to a price rather than a tough closing. In fact, short sales are so in-demand that I highly doubt closing after June 30th and losing the tax-credit would result in many lost sales at all.

Best Regards,

Mark Hanson

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