



Housing Market Remains Lackluster Adding to Uneven Recovery

KEY ECONOMIC STATISTICS

EXISTING HOME SALES SINGLE FAMILY HOMES

↓290,000
June 2010

NEW RESIDENTIAL SALES

330,000 ↑23.6 percent
June 2010

HOUSING STARTS SINGLE FAMILY HOMES

↓3,000
June 2010

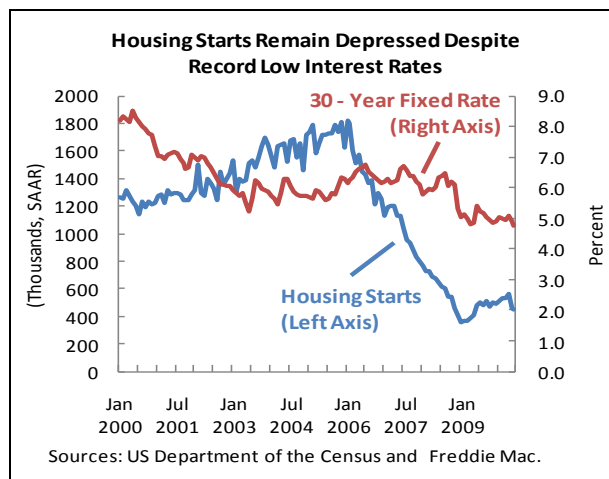
INITIAL JOBLESS CLAIMS 4-WEEK AVG

456,000 ↑1,250
Week Ending July 17, 2010

New homebuilding still showing signs of stress. Private housing starts fell in June from May's downwardly revised numbers to 549,000 units at an annual rate. This is the second month of declines in private housing starts. Single-unit starts for the country as a whole were nearly unchanged in June with 454,000 units started at an annual rate. However, single-family home starts were down in the Northeast and Midwest last month: single-unit starts were down 8.0 percent in the Northeast and 11.3 percent in the Midwest. Compared to last June, single-family home starts are down across the country, except in the Northeast. The gains in single-family housing starts seen earlier in the year do not seem to have continued and may be due to shifting demand forward due to the now-expired homebuyer's tax credit. Despite mortgage rates at historically low levels, builders do not seem to be responding by increasing construction activity. (See Chart)

Existing home sales fell in June.

Sales of previously owned houses fell 5.1 percent to 5.37 million units at an annual rate. According to the National Association of Realtors, almost one-third (32 percent) of sales were distressed sales. Existing single-family home sales fell 5.6 percent in June to 4.7 million units at an annual rate. Sales increased by 7.9 percent in the Northeast but were depressed in other geographic areas.



WEEK of JULY 26

Tuesday, July 27

JEC Hearing:
Promoting a Clean Energy Economy,
Hart 216 at 10:00 a.m.

S&P/Case-Shiller Home Price Index
May 2010

Wednesday, July 28
Advanced Durable Goods
June 2010

Friday, July 30
Gross Domestic Product
Q2 2010, first estimate

Fed Chairman Bernanke presents Monetary Report to Congress, expects continued moderate growth. Last week, Chairman Bernanke testified before the Senate Banking and House Financial Services Committees. He testified that the Fed's forecasts for economic growth, unemployment and inflation are similar to those released earlier this year, although the Fed expects unemployment to decline more slowly and inflation to be lower than previously expected. Chairman Bernanke attached a white paper detailing key themes emerging from the Federal Reserve System's Small Business Meeting Series. The Fed noted that outstanding loans to small businesses during the recession due to 4 major reasons: tighter bank underwriting standards; constraints on lending; impact of regulatory guidance; and utilization of alternative funding sources. Many small businesses have described turning to credit cards in lieu of a bank loan and small business loan demand has increased for alternative financial institutions such as Community Development Financial Institutions and credit unions.

State Level Employment Data show private sector employment gains in June in 32 states and the District of Columbia. The Bureau of Labor Statistics released its state level employment and unemployment data last week. For more information on how each state is faring during the recession, see the JEC's monthly state-by-state report, available at www.jec.senate.gov. The manufacturing sector has shown tentative signs of progress in the first half of 2010, with more than half of the states adding manufacturing jobs in 2010 and 5 states experiencing continuous manufacturing employment gains in each month in the first half of 2010.