

June 24, 2007 Review

Comments

Hello again!

Sorry for the extended sabbatical. As previously stated, I am not sure it mattered in terms of sharing ideas. Basically, the economic situation in particular housing and housing finance continued off the cliff while the Street continued to party like it was 1999.

The significant story of the week past is the still developing implosion of the Bear Stearns structured debt hedge funds. Whether or not this leads to a significant dislocation, this is the type of event that eventually will become uncontrollable. The elementary school explanation is that there are trillions of dollars (notional value) of debt that is either thinly traded or not traded. This debt is currently priced at or near where it was sold, not where it could be sold. An imperfect analogy can be drawn to the housing market. The people who bought houses at the top paid let's say \$100,000. Now that there are fewer buyers, the house can only be sold for \$80,000 if given time to sell and only \$70,000 if the owner has to sell immediately. If the owner paid cash, the owner is out \$20,000 because the owner can wait out the market. However, if the owner borrowed against the house, say for \$80,000 and the house is in foreclosure, the owner will be out the \$30,000.

What has happened in the credit markets is that the "owners" have not \$100K or \$20K, but instead as low as \$1K. As long as no one is selling at the low price, all the owners can continue to "borrow" at the initial sales price of \$100 and everyone is happy. However, once transactions begin to occur and these securities reprice at the \$70K example, the lenders will demand repayment of the full \$99K loan. Further, unlike the housing market, there are very few potential buyers and ALL the buyers know the owner has to sell.

In a nutshell, this is why there was so much effort to prop up these funds without a fire sale. The propping can be done as long as the effort can be reasonably financed. The propping also requires cooperation among rivals, something akin to hoping the lion and the lamb can work together. However, once it is perceived that the house of cards can not hold up, there is a race to the exits. In effect Merrill's threat to liquidate the bonds to cover its loan was such a move to the exits. The Bear is now putting 3.2B in a fund that had an equity value of less than \$600M a few weeks ago shows how much fear it has that the house of cards is coming down.

As stated at the start, it is not possible to know whether this will be THE event that reinstils sanity in investing.

We will see.

Credit

- June 22 (Bloomberg) -- U.S. high-yield debt investors, after snapping up a record \$600 billion in new loans and bonds this year, are starting to push back. Thomson Learning, the textbook and educational testing unit of Thomson Corp., this week cut its bond

offering to \$1.6 billion from \$2.14 billion, **removed the riskiest portion of the deal and agreed to pay more interest on its planned loan**, according to KDP Investment Advisors Inc. US Foodservice, a unit of Dutch supermarket company Royal Ahold NV, also raised the interest on its planned loan to attract lenders, Standard & Poor's LCD said. The concessions made by Thomson and US Foodservice may herald higher costs for U.S. companies seeking to finance a record amount of leveraged buyouts this year, investors said. Companies and their private-equity buyers are preparing to seek additional \$300 billion in funding for takeovers including those of credit-card payment processor First Data Corp. and power producer TXU Corp., Bear Stearns Cos. said in a report this week. "You push it until you hit a breaking point and maybe this is the breaking point," said Mark Durbiano, who manages \$3.5 billion of high-yield bonds at Federated Investors Inc. in Pittsburgh. **"All of these big high-profile, highly leveraged deals that are currently out there are all struggling to find interested parties."** Record Sales Investors have swallowed a record \$89 billion of junk bonds and \$556 billion of high-yield loans this year, according to data compiled by Bloomberg. **As demand for debt from buyers grew, companies were able to negotiate lower interest rates and fewer financial restrictions, or covenants.** They also started selling bonds such as pay-in-kind toggle notes, which allow companies to pay interest with more bonds, rather than cash. The extra yield, or spread, investors demand to own high-yield bonds instead of Treasuries has widened 0.15 percentage point to 2.66 percentage points this week, the biggest gap in a month, Merrill Lynch & Co. index data show. **The spread reached a record low of 2.41 percentage points on June 5.** "The issuers and the underwriters really finally pushed too far, so they're getting beaten back," said Martin Fridson, chief executive officer of high-yield research firm FridsonVision LLC in New York. **"They quickly went from six or seven times leveraged to nine times leveraged deals and they pushed on these covenant-lite and toggle"** offerings. Not 'Good Quality' Leverage, a measure of credit quality, is the ratio of a company's debt to its earnings before interest, taxes, depreciation and amortization. US Foodservice will probably be leveraged 9.3 times after its takeover and Thomson Learning will be leveraged 10.7 times, according to KDP. "The problem with this supply is it's not of particularly good quality and **the capital structures are very, very aggressive,**" said Durbiano. "I think at the end of the day the structures will all be redone."

<http://www.bloomberg.com/apps/news?pid=20601087&sid=aHanIKzA12WQ&refer=home>

Commercial Real Estate

Commodities

Currency

- June 23 (Bloomberg) -- Chinese central bank Governor Zhou Xiaochuan said he can't rule out raising interest rates again to curb inflation and take the steam out of a surging stock market. "We don't rule out further rate increases if necessary," Zhou told reporters today in Basel, Switzerland, where he attended a meeting of central bankers at the Bank for International Settlements. "We're certainly concerned about inflation." Zhou's two interest-rate increases this year have done little to cool the world's fastest-growing major

economy, which has fueled global demand for oil, copper and other commodities. Chinese officials are concerned that an investment boom in stocks, factories and real estate could end in an abrupt economic slowdown. Call for Balance Federal Reserve Governor Frederic Mishkin today urged China and other Asian nations to balance their economies by stimulating consumer spending and reducing reliance on exports. "China may have gone too far in its use of policy to promote export growth," Mishkin said in remarks at Duke University in Durham, North Carolina that repeated a speech on April 26. "In almost all the industrializing East Asian countries, future growth will likely have to follow a more balanced path that relies less on exports."

<http://www.bloomberg.com/apps/news?pid=20601068&sid=aapLgFa8HJ.0&refer=economy>

- June 22 (Bloomberg) -- The yen fell to a 4 1/2-year low against the dollar as investors borrowed Japan's currency to buy higher-yielding assets in the U.S., Britain and New Zealand in so-called carry trades. The currency this week reached a record low versus the euro, the weakest since September 1992 against the pound and a two-decade low versus New Zealand's dollar. Japanese Finance Minister Koji Omi told reporters that policy makers will "carefully watch" the currency market. The yen dropped to 123.95 against the dollar at 11:27 a.m. in Tokyo, the lowest since Dec. 11, 2002, from 123.72 yesterday in New York. It is down 0.4 percent this week. Against the euro, it was at 165.91 from 165.67 late yesterday and a record low of 166.12 on June 19. The yen may decline to 124.50 against the dollar and 166.20 per euro today, Morriss said. **Yen Falls to 4 1/2-Year Low Against Dollar as Carry Trades Rise**
http://www.bloomberg.com/apps/news?pid=20601087&sid=aIFho5k1o_9I&refer=home
- May 22 Harris Private Banking email - Over the last five years, the trade-weighted dollar has quietly shed close to 30 percent of its value relative to the currencies of our major trading partners. Over the last two months, the greenback has slid nearly 4 percent, as foreign short-term interest rates have closed the gap on the Federal Funds rate. Now, we learn, in an effort to stem the erosion of inflation, Kuwait will decouple its currency, the dinar, from the dollar. China too has talked about diversifying its dollar investments and allowing the yuan to float more freely. Current trends spell trouble for the dollar, especially should our economy weaken further.

Diversification

Derivatives

- June 21 (Bloomberg) -- Merrill Lynch & Co. backed away from a threat to dump about \$850 million of securities it seized from Bear Stearns Cos. hedge funds, according to a person with knowledge of the firm's plans. Merrill sold a small portion of the collateralized debt obligations through an auction, said the person, who declined to be identified because the decision hasn't been announced. The firm plans to hold onto the remaining securities for now, the person said, without being more specific. The decision

removes the risk that a large amount of securities would be liquidated immediately. Merrill set the sale in motion to reclaim its loans to the two hedge funds, which had posted losses of as much as 20 percent by betting on CDOs. **The plan may have confirmed that other funds were overvaluing their holdings of similar securities, potentially causing a chain reaction of writedowns causing billions in losses.** "It's an industry issue," said Brad Hintz, an analyst at Sanford C. Bernstein & Co. in New York. Hintz was chief financial officer of Lehman Brothers Holdings Inc., the largest mortgage underwriter, for three years before becoming an analyst in 2001. **How many other hedge funds are holding similar, illiquid, esoteric securities? What are their true prices? What will happen if more blow up?"** Bear Stearns, the second-biggest mortgage bond underwriter, also is the biggest broker to hedge funds. Spokesman Russell Sherman declined to comment. **[i.e. it is in effect on both sides of the trade AND levered not only by itself but also by the leverage of the hedge funds to whom it has lent money]** Shares Rebound Investors from hedge funds to pension funds and foreign banks have snapped up CDOs, securities backed by pools of assets, as a new way to invest in debt, making it the fastest growing market and pushing the amount outstanding to more than \$1 trillion. **[your pension dollars at work – that this will end very badly for the little guy is preordained]** "Systemic Fallout"? U.S. Securities and Exchange Commission Chairman Christopher Cox said yesterday that the agency's division of market regulation is tracking the turmoil at the Bear Stearns fund. "Our concerns are with any potential systemic fallout," Cox said in an interview. **[locking the barn after the horse has been stolen]** Bankers and money managers bundle securities into a CDO, dividing it into pieces with credit ratings as high as AAA. The riskiest parts have no rating because they are first in line for any losses. Investors in this so-called equity portion expect to generate returns of more than 10 percent. **CDOs were created in 1987 by bankers at now-defunct Drexel Burnham Lambert Inc., the home of one-time junk-bond king Michael Milken.** **[something akin to saying Willie Sutton invented banks]** Sales reached \$503 billion in 2006, a fivefold increase in three years. **More than half of those issued last year contained mortgages made to people with poor credit, little loan history, or high debt, [that is working out well so far]** according to Moody's Investors Service. New York-based Cohen & Co. was the biggest issuer of CDOs last year. It has formed 36 CDOs since 2001, including 15 worth a total of \$14 billion in 2006, according to newsletter Asset- Backed Alert. "Pretty Ugly" Merrill's decision yesterday to accept bids on \$800 million of bonds it took as collateral for its loans further stifled trading in CDO securities, said David Castillo, who trades asset- backed, commercial-mortgage and CDO bonds in San Francisco at Further Lane Securities. **"Nobody wants to look at the truth right now because the truth is pretty ugly," Castillo said. "Where people are willing to bid and where people have them marked are two different places."** **[like the ostrich head in the sand with the lion about to pounce on it]** Some CDOs are so rarely traded that their owners can't tell whether they are worth 50 cents or 90 cents on the dollar, said Scott Simon, who owns CDOs among his \$200 billion of mortgage- and asset-backed bond investments at Newport Beach, California- based Pacific Investment Management Co. **"The problem with these bonds is that there's no market," [this says it all, when you have to sell and there are no buyers you better not be trying to settle margin calls]** said Simon. Investors also don't know how many of the CDOs are held by buyers who paid cash or whether "it's going to be a series of Bear Stearnses" because the

hedge funds borrowed money to make the purchase. **Long-Term Capital The reaction to the Bear Stearns situation is reminiscent of Long-Term Capital Management LP, which lost \$4.6 billion in 1998. Lenders including Merrill and Bear Stearns met and agreed to take a stake in the Greenwich, Connecticut-based fund and slowly sold the assets to limit the impact of its collapse. ``We're not surprised to find the principal circle of players is pretty interconnected," said Roy Smith, professor of finance at New York University Stern School of Business and former head of Goldman's London office. ``What we're looking for is whether the interconnection creates a negative domino effect: Whether Hedge Fund A creates a problem for other hedge funds, which in turn creates a problem for the prime brokers that are lending to them.''**

<http://www.bloomberg.com/apps/news?pid=20601087&sid=aKayDn8BDFB8&refer=home>

- June 21 (Bloomberg) -- Bear Stearns Cos. may take over about \$3.2 billion of loans that banks and securities firms made to one of its money-losing hedge funds to prevent creditors from seizing more assets, according to people with knowledge of the plan. An agreement between the creditors and New York-based Bear Stearns, the second-biggest underwriter of mortgage bonds, may avert a fire sale of the fund's assets. Bear Stearns has spent the past few days attempting to rescue the two hedge funds after they made bad bets on so-called collateralized-debt obligations, securities backed by bonds, loans and derivatives. ``For the sake of its reputation, Bear needs to put this behind it as soon as possible," said **Peter Goldman**, who helps manage \$600 million at Chicago Asset Management, including shares of Bear Stearns. ``The firm might take on some of the risk of the fund they didn't have before, **but they're a bond shop and they wouldn't take on risk they shouldn't.**" [Think of how comical this is. What he is saying is "trust Bear Stearns they know what they are doing. If in fact they know what they are doing, how in the world did they get into the mess that precipitated the need to take over the loans?]
Merrill today backed away from a threat to dump about \$850 million of securities it seized from the hedge funds, according to people with knowledge of the firm's decision. New York-based Merrill sold a portion of the CDOs through an auction, said the people, who declined to be identified because details weren't announced. **The funds were hurt in March and April as CDO values dropped. Opposite bets the funds made on defaults of subprime mortgage bonds also went wrong. [but Peter Goldman says you can trust they will be right this time]** **Bear Stearns May Take on \$3.2 Billion of Fund Loans, People Say**

<http://www.bloomberg.com/apps/news?pid=20601087&sid=aq1AgBoZS7Ws&refer=home>

Earnings

- June 21, 2007 H & R Block's continuing struggles in its mortgage lending unit put a drag on fourth-quarter earnings. H & R Block **said it recorded a quarterly loss of \$676.8 million, or \$2.07 per share, on discontinued operations, which includes Option One—its subprime lending business**—as well as several smaller non-mortgage businesses. The company announced in April that it would sell its Option One Mortgage Corp. to a subsidiary of Cerberus Capital Management LP, a New York-based private

equity company, by Oct. 31 the tax division reported \$1.91 billion in revenue, up 8.2% compared to \$1.76 billion during the fourth quarter of 2006. Revenue from its consumer financial services segment, which began operations at the start of the 2007 fiscal year, increased 57% from \$120.2 million compared with \$76.8 million in 2006. **H&R Block reports \$85.5 million 4Q loss**

<http://www.investmentnews.com/apps/pbcs.dll/article?AID=/20070621/REG/70621005/-1/INDaily01&template=printart>

Housing

Housing Finance

- June 22 (Bloomberg) -- Losses in the U.S. mortgage market may be the "tip of the iceberg" as borrowers fail to keep up with rising payments on billions worth of adjustable-rate loans in coming months, Bank of America Corp. analysts said. Homeowners with about \$515 billion on adjustable-rate home loans will pay more this year, and another \$680 billion worth of mortgages will reset next year, analysts led by Robert Lacoursiere wrote in a research note today. More than 70 percent of the total was granted to subprime borrowers, people with the riskiest credit records, they said. Surging defaults on subprime loans have pushed at least 60 mortgage companies to close or sell operations and forced Bear Stearns Cos. to offer a \$3.2 billion bailout for one of two money-losing hedge funds. New foreclosures set a record in the first quarter, with subprime borrowers leading the way, the Mortgage Bankers Association reported. "The large volume of subprime ARMs scheduled to reset at higher rates in '07 and '08 will pressure already-stretched borrowers," putting more loans into foreclosure, the Bank of America analysts wrote from New York. A collapse of the Bear Stearns funds "could be the tipping point of a broader fallout from subprime mortgage credit deterioration," they said. Homeowners who can't afford to pay higher interest rates may struggle to sell their properties as home price increases slow, and stricter lending standards will make it harder to refinance, the Bank of America analysts wrote today. Interest payments on about \$900 billion of the riskiest subprime home loans are due to increase this year and next, they said. LaCoursiere is the top-rated mortgage-industry analyst based on investment return from his recommendations, according to StarMine Corp. The proportion of income that U.S. households with mortgages used for making payments in the first quarter of 2007 was close to or above the previous high in the late 1980s and early 1990s, the analysts said. U.S. mortgage borrowers will continue to find it harder to pay their debts until the end of next year, the analysts said. **Bank of America Report Sees Worse Mortgage Defaults (Update4)**

<http://www.bloomberg.com/apps/news?pid=20601206&sid=aS7JA3684PZI&refer=realstate#>

Macro Economic

- Harris Bank – May 15 - The erosion in the housing market continues unabated. The contraction in construction is now bringing activity back to levels seen four years ago. Pending home sales declined 4.9% in March and we'll have to wait until the end of the month for new and existing home sales. Despite the sunny weather, new housing starts

are now running at 1.51 million homes, a level which suggests a clear breakdown from the tippy levels of '05. Our research indicates that, in a vacuum, every 5% decline in nationwide real estate lops \$1 trillion off household net worth. Despite home price data that is now declining every single month and four straight quarters of sub-3% GDP growth, the market is still pricing in only slim odds of a recession. Our dashboards indicate that the effects of the housing bust are beginning to erode retail sales and consumer confidence. The employment picture is one of the few bright lights in this equation. With the unemployment rate at 4.4% and YOY average hourly earnings topping 4%, we are skeptical as to whether the jobs picture can become any more robust. When you start approaching peak employment, the path of least resistance is deterioration.

Retail

Retirement

Risk

Savings Rate

Tech

Wall Street

- June 21, 2007 NASD has fined Wachovia Securities LLC \$2 million for failing to adequately supervise its fee-based brokerage business between 2001 and 2004. The self-regulatory organization also ordered Charlotte, N.C.-based Wachovia to pay restitution to about 1,300 customers who were inappropriately allowed to continue maintaining fee-based accounts, or who were inappropriately charged account fees on Class "A" mutual fund share holdings for which they had already paid a sales charge. NASD accused Wachovia of failing to put a system in place that would determine whether its fee-based Pilot Plus brokerage accounts were appropriate for its customers. A NASD investigation found that 594 Wachovia customers, who conducted no trades in their Pilot Plus accounts for at least two consecutive years, paid the company approximately \$1.9 million in fees. Also, 620 Pilot Plus customers held assets of less than \$25,000 for at least one full year and paid at least the minimum annual fee of \$1,000. In settling this matter, Wachovia neither admitted nor denied the charges, but agreed to NASD's findings. Wachovia had about \$13 billion in its fee-based brokerage accounts as of the end of the first quarter, according to estimate from Cerulli Associates of Boston. Wachovia announced last month that it will pay a 16% premium for St. Louis-based brokerage A.G. Edwards Inc. in a cash and stock deal valued at approximately \$6.8 billion. **[yet another example of Wall Street watching out for you] Wachovia slapped with \$2M fine**
<http://www.investmentnews.com/apps/pbcs.dll/article?AID=/20070621/REG/70621014/-1/INDaily01&template=printart>

I Disagree . . . and why

[Article of the week:](#)

The following are excerpts from the National Homebuilders monthly executive report. The Goldilocks Groundhog serial bottom callers who keep claiming that we are at the turning point to the housing issue might go back in their hole as it appears there are at least six more weeks of winter

Housing Starts Fall as the Downswing Continues

Total housing starts fell in May as builders broke ground on new houses at an annual rate of 1.474 million, down 2.1 percent from the prior month. Total building permits rose 3 percent to 1.501 million in May, seasonally adjusted, although the Single-Family component fell by 1.8%

Housing Starts and Building Permits for May 2007					
	DATE	CURRENT	LAST	% Change	Download Starts and Permits
Starts	6/19/2007	1.474M	1.506 M	- 2.1%	
Permits	6/19/2007	1.501M	1.457 M	+ 3.0%	

Read additional information and download data (Excel) for [Housing Starts & Permits](#).

Highlights

- The recent upshift in Treasury yields and prime mortgage interest rates poses yet another financing challenge to the struggling housing market —on top of the tightening of mortgage lending standards that’s been provoked by the meltdown of the subprime mortgage market. NAHB’s monthly surveys of single-family builders continue to show serious adverse impacts of tighter lending standards on new home sales and sales cancellations. As a result, many builders have recently marked down their plans for housing starts in the second half of the year.
- Growth of real GDP has been revised downward to an annual rate of 0.6% for the first quarter of this year, the slowest pace in more than four years. But economic growth is firming up nicely in the second quarter and recession remains unlikely during the balance of the of the 2007-2008 forecast horizon (probability=25%). Indeed, we’re expecting near-trend GDP growth during this time frame.
- Residential fixed investment contracted at a 15.4% annual rate in the first quarter and subtracted 0.9 percentage point from the GDP growth rate. This was a major drag on economic growth but not quite as dramatic as during the second half of 2006. We’re projecting a diminishing drag during the balance of this year followed by modest growth of housing production in 2008.
- The U.S. labor market still is performing quite well, despite the abrupt downshift in GDP growth during the early part of 2007, and reported employment in residential construction (builders and specialty trade contractors) continues to hold up incredibly well! The overall unemployment rate held at 4.5% in May, remaining in the low and narrow range that’s prevailed since last fall, and non-farm payroll employment increased by 157 thousand —a highly respectable gain at this stage of the game. Average hourly earnings also continued to rise briskly.

- Core inflation (excluding food and direct energy) has been receding recently, due in part to the slowdown in economic growth since early last year. Indeed, the core price index for Personal Consumption Expenditures dipped to 2.0% (year-on-year) in April, kissing the upper bound of the Federal Reserve's apparent comfort zone for this key inflation measure. An emerging slowdown in residential rents (and in imputed "owners' equivalent rent") should contribute to slowing core inflation down the line.
- The minutes of the May 9 FOMC meeting show preoccupation with potential upward pressures on core inflation among Federal Reserve policymakers, primarily because of persistently tight labor market conditions and rising unit labor costs, and recent statements by Chairman Bernanke and other FOMC members have reinforced those concerns. The Fed almost certainly will hold policy steady at the next FOMC meeting on June 27-28, and NAHB's forecast no longer anticipates a quarter-point cut at the August 7 meeting. Indeed, the futures market for fed funds now show low projected probabilities of rate cuts at any time during 2007.
- Long-term interest rates have moved up considerably during the past month, despite the good news on core inflation as well as benign inflation expectations in the private sector, and the Treasury yield curve now has a convincing upward slope across its entire range. Long rates have risen as U.S. and global economies have strengthened, as the prospects for easing of monetary policy by the Federal Reserve and foreign central banks have been marked down, and as lengthening of expected durations of mortgage securities have prompted sales of Treasury bonds by portfolio managers.
- The deteriorating supply-demand balance in housing markets has been putting heavier downward pressure on house prices and has been compelling builders to intensify their use of non-price incentives to bolster sales and limit cancellations. Builders generally report at least some success on these fronts, although many prospective buyers obviously are reluctant to go ahead with home purchases in a deteriorating price environment.
- The market value of household real estate and owners' equity in household real estate grew at modest rates in the first quarter, according to Federal Reserve estimates, although the gains most likely were overstated. Furthermore, there's a rising tide of vacant housing units on the market, mortgage delinquencies and foreclosures are on the rise, and owners' equity in real estate is likely to weaken during the balance of the year as house prices continue to adjust. Even so, we're not expecting serious "spillover" effects from weakening housing equity on consumer spending in 2007 or 2008, a judgment that's consistent with Federal Reserve expectations.
- Large homebuilders, as a group, are experiencing sharper reductions in gross home sales and higher cancellation rates than the rest of the housing industry, primarily because of their relatively heavy geographic concentration in previously hot markets that now are experiencing relatively sharp reversals. NAHB's proprietary survey of 30 large companies shows net sales for May (seasonally adjusted) at the lowest level since late 2001 as well as cancellation rates that have moved back toward recent highs.
- Fed Chairman Bernanke delivered two addresses on the subprime mortgage topic during the past month, tracing the development of the crisis and discussing the implications for the housing

market and the overall economy. While owning up to a good deal of uncertainty about the depth and duration of subprime-related impacts on housing market activity, the Chairman expressed confidence in fundamental economic factors that “should ultimately support the demand for housing” —without suggesting a time frame for this ultimate outcome.

- Recent NAHB surveys of builders regarding impacts of the subprime phenomenon, along with the unexpected upshift in the interest rate structure, have prompted another trim to NAHB’s housing outlook for the balance of this year and 2008. We now expect total housing starts to flatten out at a 1.37 million annual rate late this year, a level that’s 36% below the quarterly peak early last year. The projected contraction in residential fixed investment now extends through the fourth quarter of the year.
- The 2007 State of the Nation’s Housing report, released by Harvard’s Joint Center for Housing Studies on June 11, pegs the average annual demand for new housing units (including manufactured homes) at 1.95 million for the 2005-2014 period —close to NAHB’s most recent long-term forecast and well above the average for the previous 10-year period. That means we’re looking for a major recovery process beyond the projected trough late this year (1.46 million units), although the climb back to trend figures to be a multi-year march.

Quick Read: Housing Market Statistics

<u>Housing Market Statistics</u>		
Name	Current	Previous
Housing Starts (6/19)	1.474 M	1.506 M
Building Permits (6/19)	1.501 M	1.457 M
HMI (6/18)	28	30
New Sales (5/24)	981 M	844 M
Existing Sales (5/25)	5.990 M	6.150 M
30-yr Fixed (6/14)	6.74 %	6.53%
1-yr ARM (6/14)	5.75 %	5.65%
Home Prices (5/31)	NEW-April	
	229.1Th	250.7 Th
Home Prices (5/31)	Existing-April	
	220.9Th	217.4 Th