

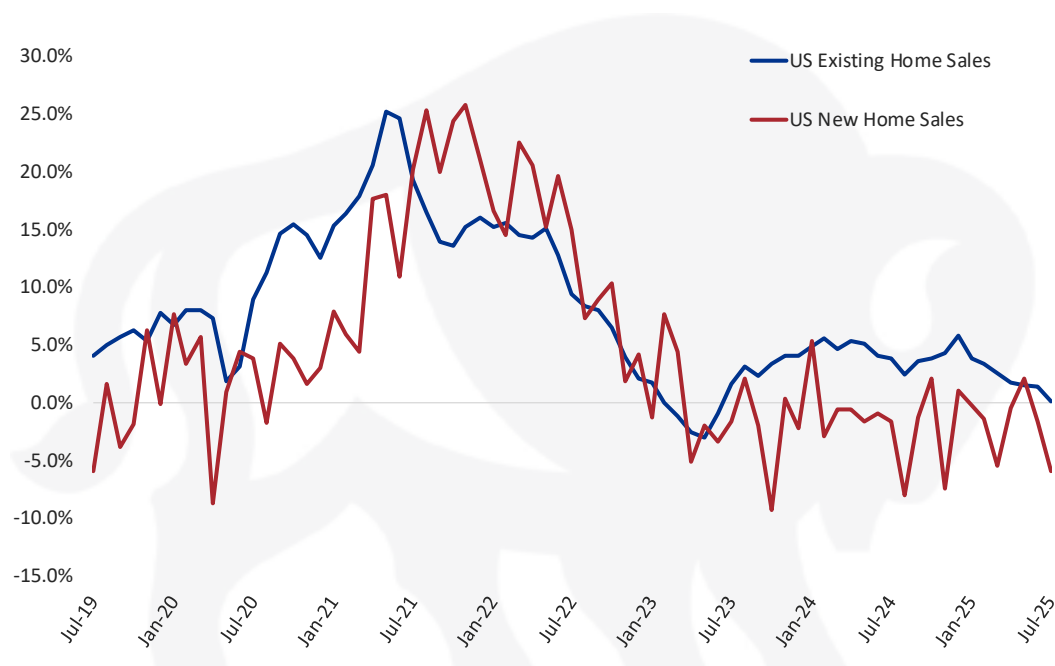
## Home Price Growth Stalls While Durable Goods Orders Beat Expectations

Home price data released today, along with other housing indicators from this week and last, continue to highlight weakness in the housing market. The Case-Shiller Home Price Index rose just 1.9% YoY in June, marking the fifth consecutive month of slower increases and capping off the weakest spring selling season in 13 years. In July, the median existing home price rose 0.3% YoY to \$428.5k, meanwhile, the median new home price declined 5.9%, continuing a trend that's eroding the premium new construction once had. Rising inventory and fading demand are keeping buyers on the sidelines.

Sales activity remains muted. Existing home sales rose 2% in July to a 4 million unit annualized pace, a modest rebound from June's decline but still well below historical norms. New home sales slipped 0.6% to a 652k unit annual pace, down 8.2% from a year earlier. While revisions to prior months showed stronger momentum for new homes, the broader trend remains weak. Builders are increasingly relying on incentives to attract buyers, with about two-thirds offering mortgage rate buydowns or other concessions in August.

Last week's NAHB/Wells Fargo Housing Market Index fell to 32, its second-lowest reading since 2012 (excluding the pandemic). Present sales conditions dropped to their weakest level in over a decade. Although buyer traffic ticked up slightly, it remains deeply depressed. Builders are contending with elevated inventories and tighter margins.

### US Home Sales (Median Price Year-Over-Year % Change)



Source: National Association of Realtors, US Census Bureau

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Permit data reinforces the cautious outlook. While housing starts rose 5.2% in July, building permits, a more forward-looking indicator, declined again. Single-family permits are down 12.2% since February, as builders navigate high costs, soft demand, and a growing backlog of unsold homes. Multifamily construction continues to show relative strength, buoyed by rental demand.

Affordability remains the central challenge. Mortgage rates hover near 6.7%, and the average monthly principal and interest payment has climbed to a record \$2,300. Inventory has increased for 21 consecutive months, yet many sellers are reluctant to cut prices, opting instead to delist properties. Buyers face sticker shock, with monthly housing costs, including maintenance and insurance, up more than \$1,200 compared to 2019.

Despite the gloom, there are glimmers of hope. Anticipated Fed rate cuts could offer short-term relief, and rent price growth has cooled, giving renters some breathing room. But for now, the housing market remains in a holding pattern, waiting for affordability to improve.

Outside of housing, we saw some encouraging signs in manufacturing today. July's durable goods report showed the first positive signal for the sector in months. While headline orders fell 2.8%, the decline was smaller than expected and largely driven by aircraft and defense spending. More importantly, core capital goods orders rose 1.1%, the strongest monthly gain since September 2024. This suggests underlying business investment is holding up better than anticipated. Also, the Conference Board's Consumer Confidence Index remains stuck in a cautious holding pattern. The headline reading fell to 97.4, reflecting growing unease about current conditions, particularly in the labor market. The share of consumers who say jobs are plentiful dropped to 29.7%, while those who find jobs hard to get rose to 20.0%. Until job prospects improve, households may remain hesitant to ramp up spending, even as businesses show signs of resilience.

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## Market Indications as of 12:51 P.M. Central Time

DOW	Up 6 to 45,289 (HIGH: 45,632)
NASDAQ	Up 13 to 21,463 (HIGH: 21,713)
S&P 500	Up 6 to 6,445 (HIGH: 6,469)
1-Yr T-bill	current yield 3.87%; opening yield 3.88%
2-Yr T-note	current yield 3.68%; opening yield 3.72%
3-Yr T-note	current yield 3.63%; opening yield 3.67%
5-Yr T-note	current yield 3.74%; opening yield 3.78%
10-Yr T-note	current yield 4.26%; opening yield 4.27%
30-Yr T-bond	current yield 4.90%; opening yield 4.89%

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