

# Breaking Economy News

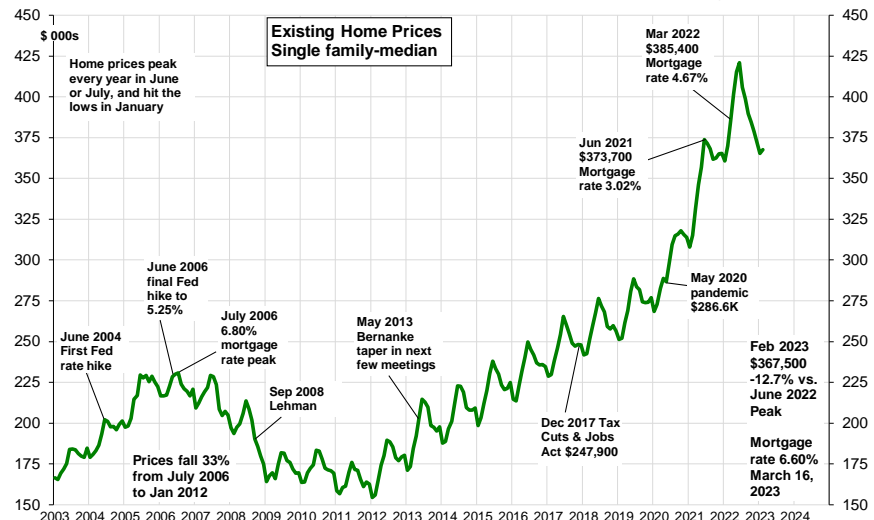
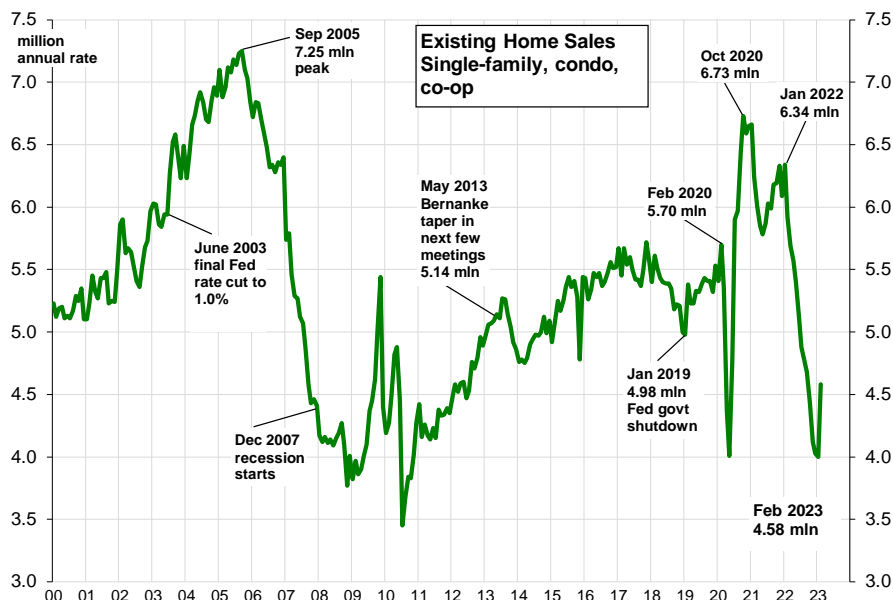
21 MARCH 2023

Christopher S. Rupkey, CFA  
 Chief Economist  
 crupkey@fwdbonds.com

## HOUSING RECESSION IS OVER AS SPRING COMES EARLY THIS YEAR

Breaking economy news. Existing home sales jumped 14.5% in February to the highest turnover seen since last September. Sales in the West were up the most, 19.4% to 860 thousand at an annual rate, with sales of 2.11 million in the South accounting for 50 percent of the increase in sales from January to February. The housing recession is over as spring comes early this year and the jump in sales has realtors shouting hallelujah.

Even home prices stopped dropping this month with single-family existing home sales prices moving up a touch to \$367,500 from \$365,400 in January. Prices year-to-year are down just 0.7% which shows you how fast the bubble was inflating early last year before the Fed finally took the punch bowl away starting in March. Prices peaked a few months later in June 2022 after the Fed brought out the big guns. Policymakers aren't having much success with bringing inflation to heel, but they have crushed home prices. There is nothing in today's report to tip the scales one way or another on whether the central bank votes for another 25 bps rate hike tomorrow to fight inflation or whether to skip a month due to the first big bank failure since 2008. However, the 14.5% increase in home sales certainly will catch a few eyes and make some on the Committee wonder if interest rates have to go even higher than the 5.25% terminal rate they forecast at the December meeting.



Net, net, winter ended early for the markets for existing home sales across the country in February. It's too early to declare the home sales recession over, but the decline in mortgage rates allowed buyers to dip their toes back in the market as did the cheaper prices. This housing bubble didn't pop like the one in the mid-2000s where single-family home prices fell from the peak just a month after the final Fed rate hike to 5.25% in June 2006 down 17.6% in September 2008 when Lehman failed. For the current bubble, home prices are down 12.7% from June 2022 to February 2023. Stay tuned. Story developing. Home prices have stopped falling and maybe that means the Fed has to give markets another rate hike shot right between the eyes.

**Analyst Certification**

The views expressed in this report accurately reflect the personal views of the research staff at FWDBONDS LLC, the primary analysts responsible for this report, about the subject securities or issuers referred to herein, and no part of such analysts' compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed herein.

The information herein is provided for information purposes only, and is not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. Neither this nor any other communication prepared by FWDBONDS LLC should be construed as investment advice, a recommendation to enter into a particular transaction or pursue a particular strategy, or any statement as to the likelihood that a particular transaction or strategy will be effective in light of your business objectives or operations. Before entering into any particular transaction, you are advised to obtain such independent financial, legal, accounting and other advice as may be appropriate under the circumstances. In any event, any decision to enter into a transaction will be yours alone, not based on information prepared or provided by FWDBONDS LLC. FWDBONDS LLC hereby disclaims any responsibility to you concerning the characterization or identification of terms, conditions, and legal or accounting or other issues or risks that may arise in connection with any particular transaction or business strategy. While FWDBONDS LLC believes that any relevant factual statements herein and any assumptions on which information herein are based, are in each case accurate, FWDBONDS LLC makes no representation or warranty regarding such accuracy and shall not be responsible for any inaccuracy in such statements or assumptions. Note that FWDBONDS LLC may have issued, and may in the future issue, other reports that are inconsistent with or that reach conclusions different from the information set forth herein. Such other reports, if any, reflect the different assumptions, views and/or analytical methods of the analysts who prepared them, and FWDBONDS LLC is under no obligation to ensure that such other reports are brought to your attention.

Copyright 2023 FWDBONDS LLC All Rights Reserved

The articles and opinions in this publication are for general information only, are subject to change, and are not intended to provide specific investment, legal, tax or other advice or recommendations. The information contained herein reflects the thoughts and opinions of the noted authors only. We are not offering or soliciting any transaction based on this information. We suggest that you consult your attorney, accountant or tax or financial advisor with regard to your situation. Although information has been obtained from sources we believe to be reliable, neither the authors nor FWDBONDS LLC vouch for its accuracy, and such information may be incomplete or condensed. Neither the authors nor FWDBONDS LLC shall be liable for any typographical errors or incorrect data obtained from reliable sources or factual information.

Opinions, estimates, forecasts, and other views contained in this document are those of the FWDBONDS LLC research group, and does not necessarily represent the views of FWDBONDS LLC or its management. Although the Financial Markets This Week newsletter attempts to provide reliable, useful information, it does not guarantee that the information or other content in this document is accurate, current or suitable for any particular purpose. All content is subject to change without notice. All content is provided on an "as is" basis, with no warranties of any kind whatsoever. Information from this document may be used with proper attribution. Alteration of this document or its content is strictly prohibited. ©2023 by FWDBONDS LLC.

By the way, in the way of the usual disclaimers, this is a final legal reminder that there is no investment advice offered or given anywhere in this newsletter or on the fwdbonds.com website. These are just the things we would like to see before we save, invest, spend, and otherwise plan for the future, which of course is always uncertain.