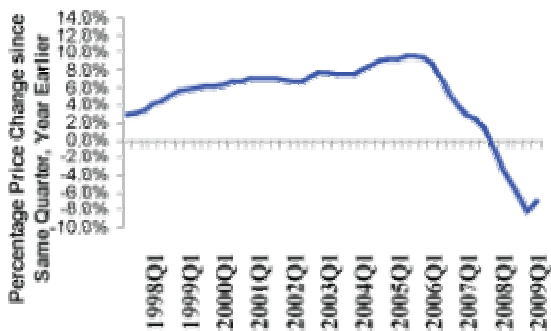


July 24, 2009

Housing puts in a Bottom as Builders and the Suppliers begin to Benefit.

“Bull markets are born on pessimism, grow on skepticism, mature on optimism, and die on euphoria.” - Sir John Templeton

According to Federal Housing Finance Agency (FHFA, www.fhfa.gov) prices of homes in the United States rose 0.9% in May versus April. Home prices are supported by lower interest rates and other incentives. As you can see from the chart below this increase is the first visible in three years.



According to Bloomberg.com, “Good news on the housing sector is on the increase, led now by a 3.6 percent rise in existing home sales to a 4.89 million annual rate. The year-on-year rate has been improving and is now almost even at minus 0.2 percent. In contrast, the year-on-year decline for prices remains very deep, at minus 15.4 percent. Prices have been pulled down by heavy supply which however is easing, to 9.4 months from 9.8 months and compared against 11.0 months a year ago -- another good sign for the housing market.”

Beneficiaries of this bottom are homebuilders, carpet, concrete, lumber, truckers and other related industries that supply or move the materials.

Feel free to forward to a friend who invests, they may find this useful.

Gerald R. Sparrow, MBA
Registered Investment Advisor

Disclosure:

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