

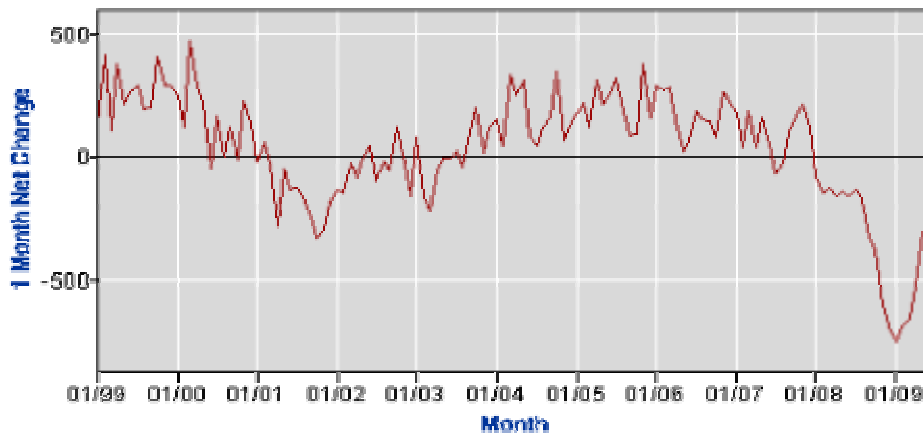
August 7, 2009

Housing and Jobs data Point to Further Improvements in the U S Economy

Bloomberg reports “Construction outlays in June unexpectedly rebounded. Overall construction spending rose 0.3 percent in June after falling a revised 0.8 percent in May. The June boost was well above the consensus forecast for a 0.5 percent decrease. The gain in spending in June was led by a 1.0 percent increase in public outlays. Also, private residential outlays rebounded 0.5 percent in June after a 3.1 percent drop in May. However, private nonresidential construction spending fell 0.5 percent, following a 0.4 percent decline in May.

Bloomberg continues with “Housing data is clearly on the best run of the recession. The pending home sales index for June jumped 3.6 percent with gains centered in the South, the largest region, and the West, the hardest hit region. June's gain is the fifth in a row for the best streak in six years! In a further boost, May was revised higher to 91.3 vs. an initial reading of 90.7. Year-on-year rates confirm the improvement, up 6.7 percent in June. The National Association of Realtors, which compiles the report, attributed the strength to affordable home prices, low mortgage rates, and ample selection. Sales of new one-family houses in June 2009 were at a seasonally adjusted annual rate of 384,000. This is 11.0% above the revised May 2009 estimate of 346,000. JPMorgan economists expect new housing investment to make a positive contribution to United States Gross National Product by the end of this year. “

And finally, the chart below, courtesy of boomberg.com illustrates that the jobs market is trending up too.



As I mentioned two weeks ago, look for companies in the housing supply chain to benefit from these improvements. We are currently invested in these areas.

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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