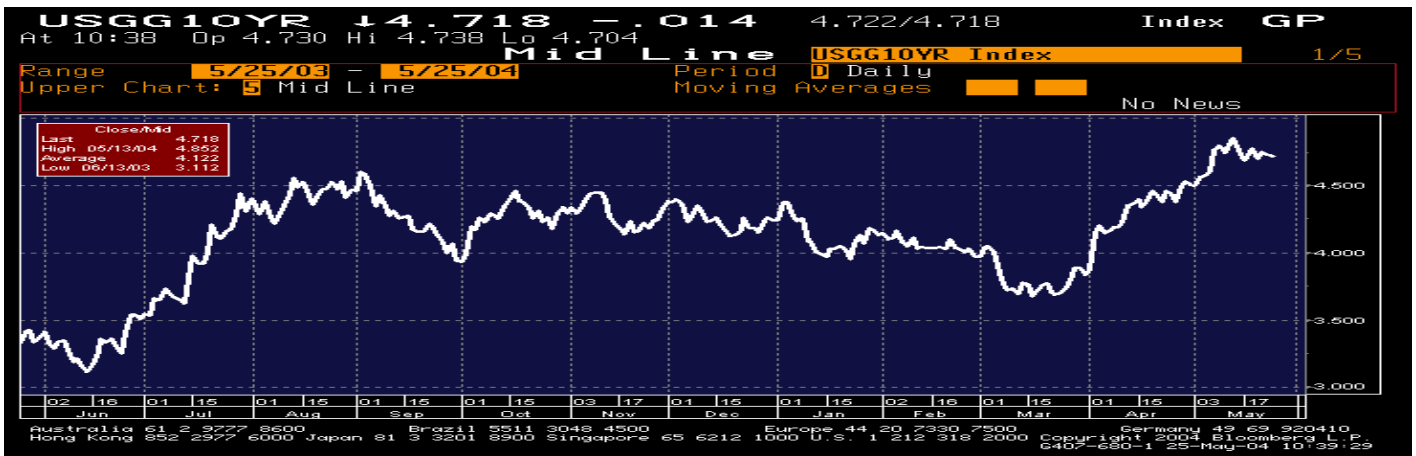
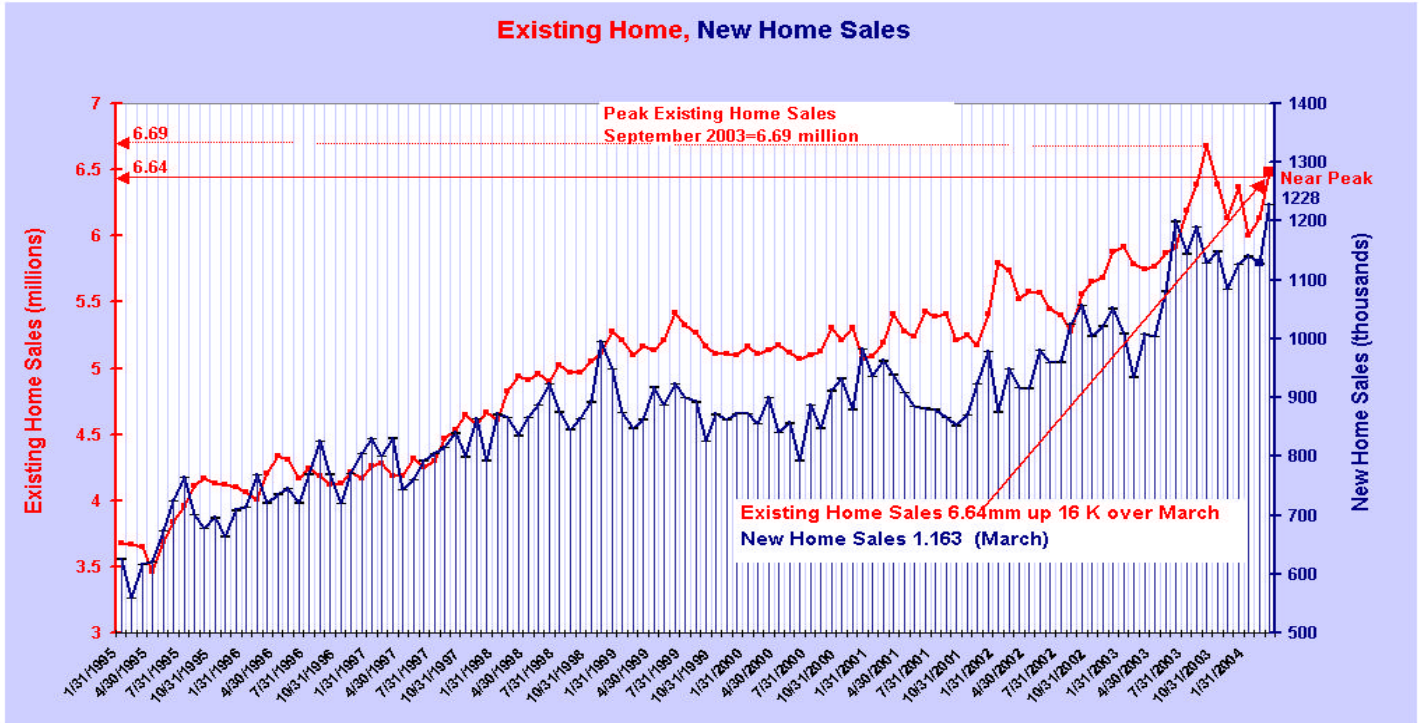




Buy Now, before the 'price' goes up!



Existing home sales in April shot up to 6.64 million homes, their second highest total since the series peaked in September 2003. Clearly, the fear of higher rates is pushing buyers off the fence and into purchase contracts. How long before the actual higher cost of mortgage money finally bites into the sales figures is unclear, but we



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do know that mortgage applications, largely influenced by needs to refinance, have slowed in the past two weeks as measured by the Mortgage Banking Association weekly index figures.

Consumer Confidence

The Conference Board data showed a slight improvement in the overall confidence numbers that is probably reflecting the genuine easing in the job market. One way to look at these results is to notice that the “plentiful jobs” question has shown an increasingly rising series since that series bottomed in June of 2003 and that comes in spite of the fact that the Jobs Hard to Get series rose this month despite recent declines. More entrants to the work force (higher participation rates) often accompany an upturn in the business cycle as ‘word of mouth’ on hiring begins to spread. If there is one consolation in the data, given the continuing troubles in Iraq, it is that an up turn in business prospects is spreading additional employment and higher consumer spending intentions.

