

February 23, 2010

Fixed Income Research Update: Continued Weakness in Home Prices

Case-Shiller: 145.90 vs. Exp. 146.30 and Prior 146.25

The 20 city composite fell 0.24% in December, marking the third successive decline for the NSA index, after five consecutive months of rising home values. All but five cities declined in value in the month of December. One of the five cities that saw an increase in home values in December was Las Vegas, where home values rose for the first time in almost three and a half years. Year over year prices are down 3.08%. The top three increases were seen in Los Angeles, Phoenix and Las Vegas. The three largest declines were seen in Chicago, Dallas and Denver. However, on a seasonally adjusted basis the index rose 0.32%, which is the seventh consecutive increase after 27 months of declining home values. See the **highlighted** data below for more details.

	DEC 2009	NOV 2009	OCT 2009	SEP 2009	AUG 2009	JUL 2009	JUN 2009
U.S. Composite-20 City Index							
Monthly NSA %	-0.24%	-0.23%	-0.08%	0.38%	1.25%	1.68%	1.42%
3-Month Annualized	-2.19%	0.25%	6.35%	14.04%	18.86%	15.47%	5.60%
Yearly %	-3.08%	-5.34%	-7.27%	-9.24%	-11.22%	-13.23%	-15.38%
Index Level	145.90	146.25	146.59	146.71	146.16	144.35	141.97

	DEC 2009	NOV 2009	OCT 2009	SEP 2009	AUG 2009	JUL 2009	JUN 2009
U.S. Composite-10 City Index							
Monthly NSA %	-0.17%	-0.24%	-0.03%	0.47%	1.38%	1.72%	1.44%
3-Month Annualized	-1.75%	0.79%	7.48%	15.22%	19.73%	15.62%	5.09%
Yearly %	-2.41%	-4.52%	-6.39%	-8.35%	-10.51%	-12.69%	-15.05%
Index Level	158.18	158.45	158.83	158.88	158.14	155.99	153.35

	Current MoM%	Previous MoM%	3-Month Annual%	YoY% Change	Index Level
U.S. Composite-20 City Index	-0.24%	-0.23%	-2.19%	-3.08%	145.90
San Francisco	-0.16%	0.60%	6.88%	4.83%	136.41
Dallas	-0.93%	0.04%	-5.74%	2.95%	118.84
San Diego	0.15%	0.44%	4.01%	2.71%	156.29
Washington DC	-0.21%	-0.50%	-4.12%	1.86%	178.82
Denver	-0.85%	-0.48%	-6.77%	1.15%	127.20
Boston	-0.14%	-0.47%	-4.67%	0.47%	153.77
Los Angeles	0.99%	0.77%	8.53%	0.00%	171.40
Cleveland	-0.78%	-0.21%	-6.71%	-1.22%	103.93
Minneapolis	-0.50%	-0.47%	-5.48%	-2.33%	123.32
Charlotte	-0.74%	-0.33%	-6.70%	-3.77%	117.78
Atlanta	-0.70%	-0.75%	-9.49%	-3.96%	108.52
Portland	-0.29%	0.33%	0.62%	-5.39%	149.95
New York	-0.68%	-1.06%	-7.56%	-6.30%	171.91
Chicago	-1.64%	-1.06%	-13.92%	-7.21%	127.27
Seattle	-0.69%	-0.47%	-3.71%	-7.90%	147.54
Phoenix	0.51%	1.13%	12.52%	-9.20%	112.53
Miami	-0.28%	-0.01%	-2.72%	-9.91%	148.66
Detroit	0.00%	-0.66%	-1.74%	-10.31%	72.59
Tampa	-0.57%	-0.43%	-9.98%	-11.00%	138.87
Las Vegas	0.16%	-0.46%	-1.63%	-20.56%	104.39

Fixed Income Research Update: (cont'd)

Seasonally Adjusted Data

	DEC 2009	NOV 2009	OCT 2009	SEP 2009	AUG 2009	JUL 2009	JUN 2009
U.S. Composite-20 City Index							
Monthly %	0.32%	0.26%	0.21%	0.05%	1.10%	0.90%	0.69%
3-Month Annualized	3.22%	2.09%	5.56%	8.49%	11.30%	6.30%	-0.37%
Index Level	145.87	145.40	145.03	144.72	144.65	143.08	141.80
U.S. Composite-10 City Index							
Monthly NSA %	0.34%	0.23%	0.18%	0.15%	1.23%	1.02%	0.75%
3-Month Annualized	3.02%	2.27%	6.40%	10.04%	12.69%	7.15%	-0.47%
Index Level	158.09	157.56	157.20	156.92	156.68	154.78	153.21

	Current MoM%	Previous MoM%	3-Month Annual%
U.S. Composite-20 City Index			
Los Angeles	1.45%	1.21%	14.53%
Phoenix	1.22%	1.64%	17.27%
San Diego	1.07%	1.10%	13.96%
San Francisco	0.95%	1.21%	16.59%
Boston	0.90%	0.46%	4.49%
Las Vegas	0.85%	0.14%	3.13%
Portland	0.54%	0.82%	7.37%
Washington DC	0.47%	-0.10%	2.54%
Minneapolis	0.29%	0.29%	2.22%
Seattle	0.17%	0.31%	3.39%
Detroit	0.15%	-0.26%	5.33%
Dallas	0.13%	0.60%	3.93%
Denver	0.06%	0.24%	2.44%
Charlotte	0.05%	0.31%	2.04%
Atlanta	-0.01%	0.16%	-0.51%
Miami	-0.16%	-0.25%	-3.65%
Cleveland	-0.20%	0.39%	-0.69%
Tampa	-0.40%	-0.47%	-7.64%
New York	-0.46%	-0.87%	-6.77%
Chicago	-0.62%	-0.64%	-9.18%

Source: Bloomberg & Standard & Poor's Case-Shiller Home Price Indices

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