

U.S. Data Review

- New home sales in August: offset to a July surge; still trending upward

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New Home Sales

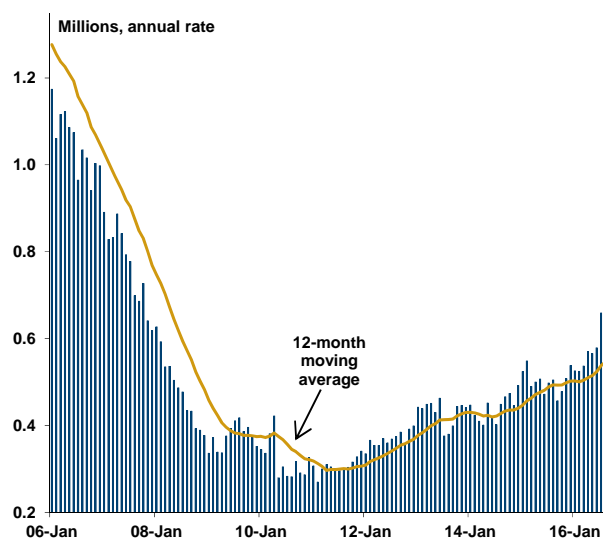
Sales of new homes tumbled 7.6 percent in August to 609,000 units, a large shift but one that was not as pronounced as expected. Sales had surged in the prior month to a level well above other recent observations, and an offset appeared likely in August. The consensus estimate called for a drop of 8.3 percent to 600,000 homes.

The new observation was firm relative to results before July. Indeed, the trend in sales of new homes remained upward despite the drop in August (chart, left). Activity was still slow relative to pre-bubble norms -- sales in the late 1990s were typically in the range of 800,000 to 900,000 units and they totaled 1.1 million in 2003, before the bubble was well inflated. Nevertheless, the upward trend in sales provides encouragement.

The upward trend in sales is broad-based geographically, with three of the four major regions of the country showing upward trends. Only the Northeast is hesitating. This region was doing well in the first five months of the year, but activity has eased in the past three months.

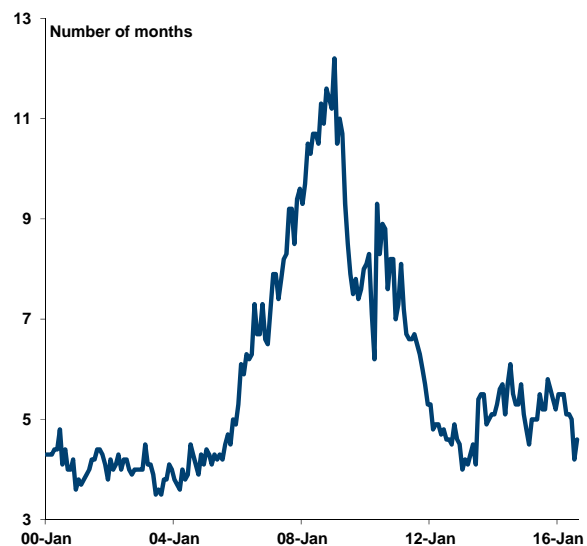
Inventories of homes for sale are a bit lean. The number of homes on the market rose in August, but the change occurred from a low level and inventories remained below the average in the first half of the year (although in line with inventories in the second half of 2015). The months' supply of homes remained in the low end of its recent range (chart, right).

New Home Sales



Source: U.S. Census Bureau

Months' Supply of Unsold Homes



Source: U.S. Census Bureau

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