

# U.S. Data Review

- New home sales: jump to upper end of recent range
- Consumer confidence: easing in April, but still elevated

**Michael Moran**

Daiwa Capital Markets America  
 212-612-6392  
 michael.moran@us.daiwacm.com

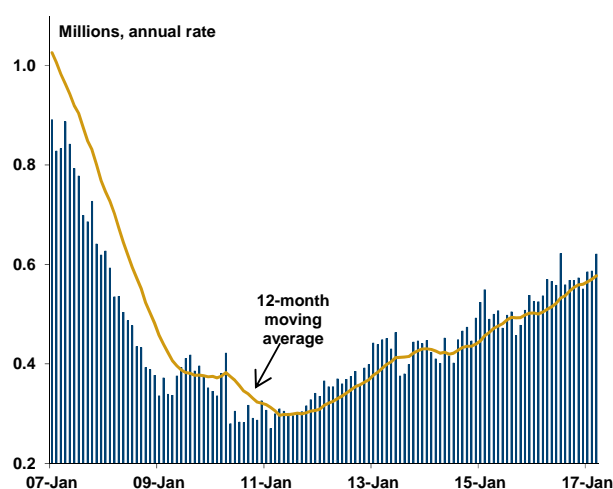
## New Home Sales

Sales of new homes jumped 5.8 percent in March, much stronger than the expected decline of 1.4 percent (Bloomberg consensus). The new level of sales (621,000) was among the best of the current expansion – second only to the reading of 622,000 in July 2016. Revisions to results in previous months were generally favorable. Activity in February was slightly lower than previously believed (reduced by 0.8 percent), but sales in December and January were noticeably firmer than previous estimates (4.0 percent and 4.8 percent, respectively).

The performances in all four major regions of the country were favorable. Sales in the West stood out with an increase of 16.7 percent to a new cyclical high – well above previous observations. The Northeast registered a month-to-month change of 25.8 percent, but the shift occurred from a low-side reading in February, and the new total, while firm, did not represent a cyclical high. Sales in the South rose 1.6 percent and remained in the upper end of their recent range (although not a new cyclical high). Activity in the Midwest fell 4.5 percent, but the change occurred from an elevated level in February. The new level of activity was the second best of the current expansion and comfortably above most other recent observations.

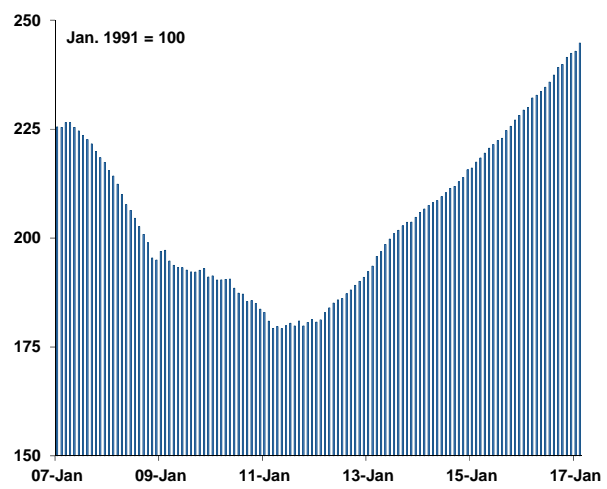
The latest indexes of home prices also suggest that the housing market is performing well. The measure published by the Federal Housing Finance Agency rose 0.8 percent in February, one of the larger monthly changes registered for this series and firmer than the average monthly change of 0.5 percent in the past few years. This series has moved along a smooth upward trend in the past five years (up 61 consecutive months; chart, right). The S&P CoreLogic Case-Shiller index also registered a firm increase in February (0.7 percent), although we do not put much weight on this measure when assessing price developments, as it has obvious residual seasonality (unusually soft from April to August).

### New Home Sales



Source: U.S. Census Bureau

### FHFA Home Price Index\*



\* Purchase only index

Source: Federal Housing Finance Agency

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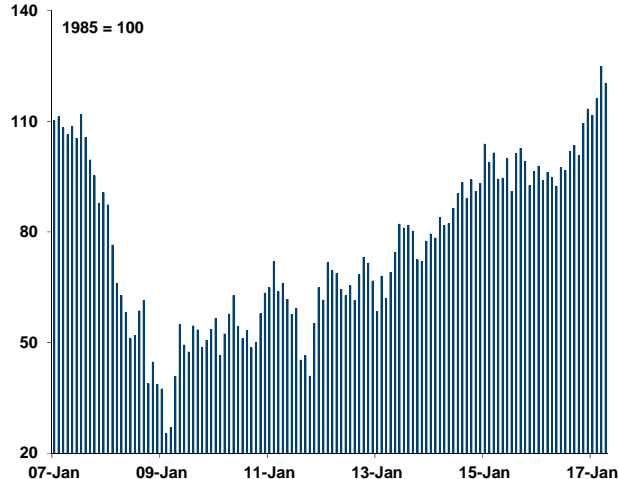
## Consumer Confidence

The Conference Board's index of consumer confidence fell 4.6 index points in April (or 3.7 percent) to a level of 120.3 (chart, left). The change occurred from a downwardly revised reading in March (adjusted by 0.7 index point or 0.6 percent) and was larger than the expected decline of 3.1 index points (2.5 percent). However, it would be a mistake to consider the results as soft. The changes occurred from a surprisingly high reading in March, and the new observation was still striking by recent standards. It would have been surprising if the index did not cool in April.

Both the current conditions and expectations components contributed to the cooling in April, with expectations showing the larger change (off 5.0 percent versus a decline of 2.3 percent for the current conditions index). Both measures were at the second highest level of the current expansion, although the relative standing of the current conditions index was stronger than that for expectations.

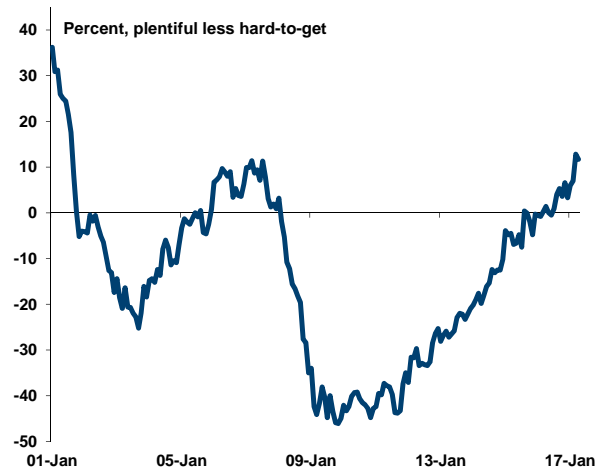
Like the various confidence measures, the assessment of the labor market eased slightly in April. The share of individuals indicating that jobs were plentiful fell 1.0 percentage point to 30.8 percent, and the share indicating that jobs were hard to get rose 0.1 percentage point to 19.1 percent. The net reading of 11.7 percent (plentiful less hard to get) represented the second best of the current expansion (chart, right).

### Consumer Confidence



Source: The Conference Board

### Labor Market Assessment\*



\* The share of respondents indicating that jobs are plentiful less the share indicating that jobs are hard to get.

Source: The Conference Board