

U.S. Data Review

- New home sales: down in April, but from an upwardly revised and lofty level

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New Home Sales

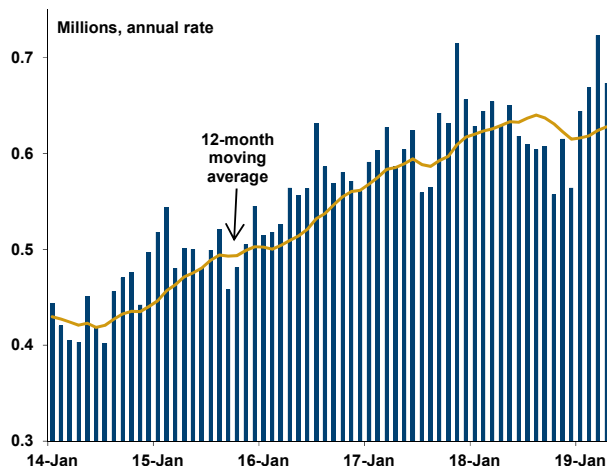
Sales of new homes fell 6.9 percent in April, notably softer than the expected drop of 2.5 percent. However, the surprise in the report was an upward revision to prior results rather than a shortfall in April. The level of home sales in April, at 673,000 (annual rate), was quite close to the expected total of 675,000. Home sales in March, already firm at 692,000, were revised up to 723,000. Results in January and February also were revised upward, and the prior three months combined are now showing sales to be 2.9 percent firmer than previously believed.

The elevated level of home sales in March seemed out of line with fundamentals even before the upward revision. Now, activity appears to be even more of an aberration (the highest of the current expansion; only a spike in November 2017 is close). The sharp drop in percentage change terms in April is not a concern given the robust total in the prior month. Indeed, April compares favorably with results in the current expansion, as only the spikes in 2017 and March were higher (chart, left).

The still-firm pace of sales in April absorbed some of the inventory on the market, as the number of new homes for sale eased 0.9 percent. The months' supply of homes was lighter than that in most recent months, although it rose from the March reading because of the unusually strong pace of sales in that month (chart, right).

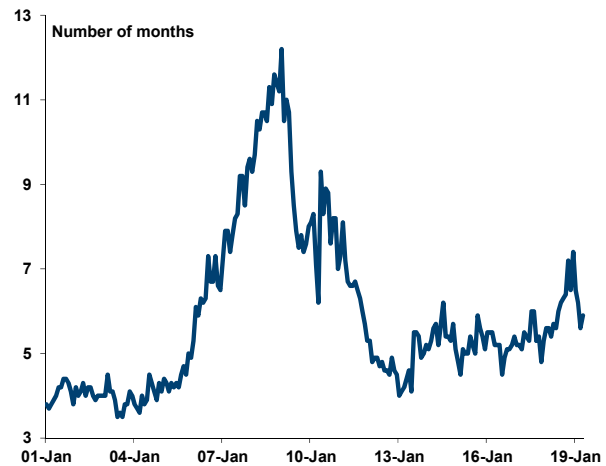
Today's report on new home sales also involved benchmark revisions back to 2014. Results for 2018 were softer than previously believed, especially in the early months of the year, but activity from 2014 to 2017 was revised upward. Combined adjustments from 2014 to 2018 resulted in a modest upward adjustment.

New Home Sales



Source: U.S. Census Bureau via Haver Analytics

Months' Supply of Unsold Homes



Source: U.S. Census Bureau via Haver Analytics

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