

# U.S. Data Review

- New home sales: solid gain in June, but from a downward revised level
- A moderate response to lower interest rates

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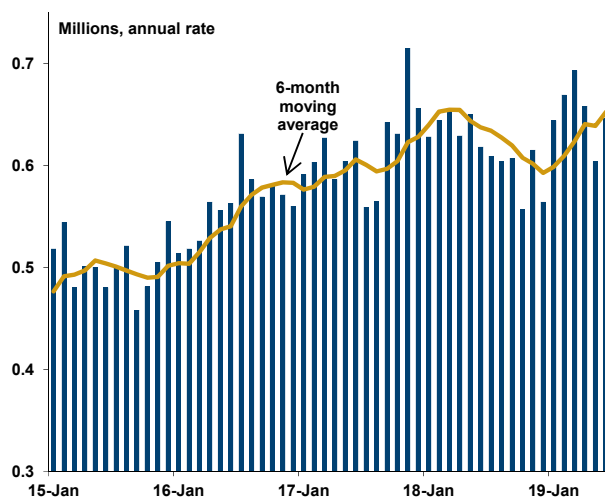
## New Home Sales

Sale of new homes jumped 7.0 percent in June, firmer than the expected increase of 5.2 percent. However, the surprise was the result of downward revisions to results in the prior three months, as combined activity in the March-to-May period was 2.7 percent lighter than previously believed. The number of homes sold in June (646,000 at an annual rate) was below the expected total of 658,000. The number of sales in June was in the upper portion of the range from the past few years and noticeably above levels in the closing months of last year, although several months showed firmer results (chart, left). Lower interest rates seem to have provided some support for housing, but the market is not booming.

June involved sharp regional variation. Sales surged in the West, increasing 50.4 percent. However, activity was unusually light in the prior month and the burst was not enough to push activity to a cyclical high. Sales in the Midwest, in contrast, fell 26.3 percent to a multi-year low (lowest since September 2015). Activity in both of these regions seemed to represent random volatility rather than a shift in trend. Activity in the Northeast and South was tame by comparison (down 4.2 percent and up 0.3 percent, respectively).

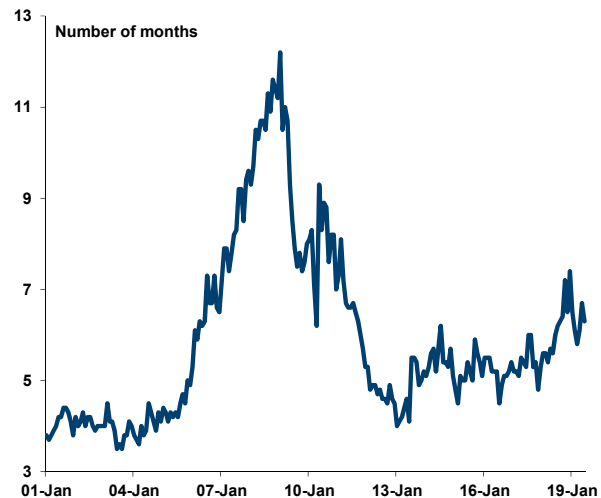
The number of homes for sale rose 0.6 percent for the second consecutive month, but inventory had declined in the prior three months. Recent changes left the number of homes on the market below the cyclical high in January. The pickup in sales led to a drop in the months' supply of homes, but the latest reading of 6.3 months was in line with recent averages and comfortable by historical standards (chart, right).

## 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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