

U.S. Data Review

- New home sales: a surge in August from an upwardly revised level

Michael Moran

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

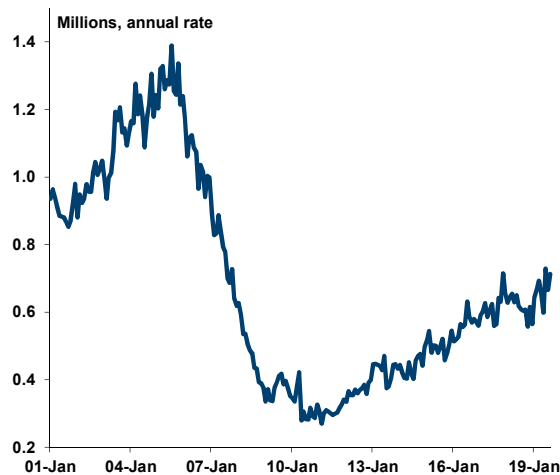
New Home Sales

Sales of new homes surged 7.1 percent in August, firmer than the expected increase of 3.8 percent. In addition, results in the prior three months were revised higher, as combined activity in the May-to-July period was 1.4 percent firmer than previously reported. The number of homes sold in August (713,000 at an annual rate) was the third best of the current expansion (trailing only results in November 2017 and June of this year), although it was still underwhelming relative to pre-bubble historical standards (chart, left). Lower interest rates in recent months appear to have provided some support to the housing market, but activity in the market for new homes cannot be characterized as robust.

Activity varied by region in August. Sales jumped 16.5 percent in the West, reversing a similar-sized decline in the prior month and moving back to the upper portion of the range of the past few years. Similarly, sales in the South rose 6.0 percent, a reading off the recent high in June but in the upper end of the range of the current expansion. Sales in the Northeast and Midwest declined (off 5.9 percent and 3.0 percent, respectively), with activity in the Northeast holding in the middle of its range and sales in the Midwest remaining soft.

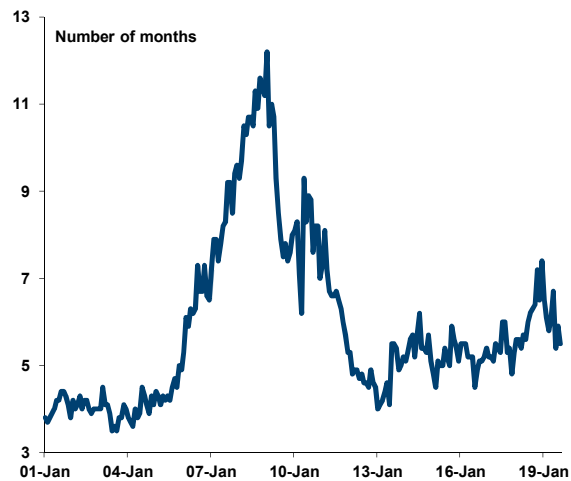
The number of homes for sale slipped 1.2 percent, the seventh consecutive month of inventories slipping or showing no change. Changes over this period left inventories 6.1 percent below the cyclical high in January. The jump in sales and slippage in inventories led to drop of 0.4 month in the months' supply of unsold homes to 5.5 months, a reading below results late last year but in line with those earlier in the expansion (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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