

U.S. Data Review

- New home sales: virus-related softness, although less than dire
- Unemployment claims: initial claims ease, but still shockingly high...
...the number of recipients still climbing

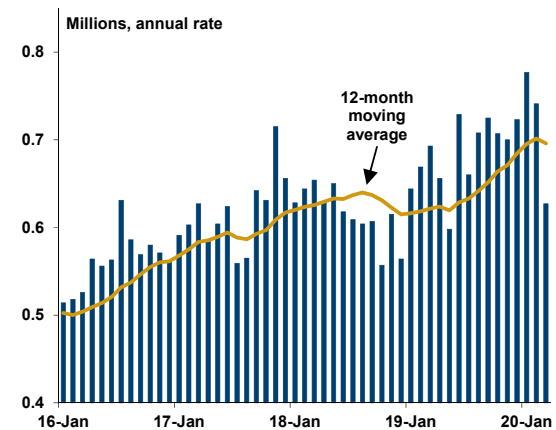
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New Home Sales

Like other economic indicators, sales of new homes showed notable softening in response to the coronavirus. The drop of 15.4 percent in March was a touch lighter than the expected decline of 15.8 percent, but this change occurred from downward revisions in the prior three months that left the February level 3.1 percent below the preliminary estimate. The combination of the revisions and the latest decline left the level of sales in March slightly below the consensus estimate (627,000 units versus the expectation of 644,000). All four regions of the country contributed to the decline, with the Northeast and West posting especially sharp retreats (off 41.5 and 38.5 percent, respectively). The declines of 8.1 percent in the Midwest and 0.8 percent in the South were tame by comparison. The virus was more of an issue in the Northeast and West, most likely accounting for the disparate regional results.

New Home Sales



Source: U.S. Census Bureau via Haver Analytics

While new home sales in March were weak, the decline was not as shocking as results in other economic reports. The new level of sales in March trailed the average from last year (684,000), but it remained above results in other years of the latest expansion (e.g. 615,000 in 2018). We suspect that activity was reasonably well maintained in the early portion of the month, when the spread of the virus was in its early stages, and many individuals would be interested in taking advantage of low mortgage rates. Sales of new homes are based on contracts signed, and many individuals could have acted early in the month.

Unemployment Claims

Initial claims for unemployment insurance are easing, but only gradually so and they remain at levels that were unimaginable a short time ago. The latest tally totaled 4.427 million, down from 5.237 million in the prior week and the peak of 6.867 in late March. Prior to the spread of the coronavirus, claims were hovering in a range centered on 0.215 million. The number of individuals receiving unemployment benefits – so-called continued claims – rose to 15.976 million, up from 11.912 million in the prior week. The new level was lower than the expected reading of approximately 17 million, perhaps because of some influence from the Paycheck Protection Program, but it was still sky high.