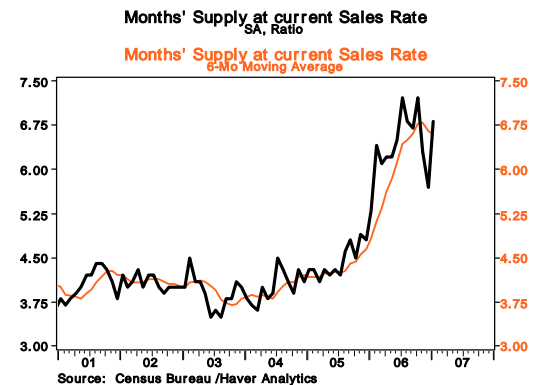
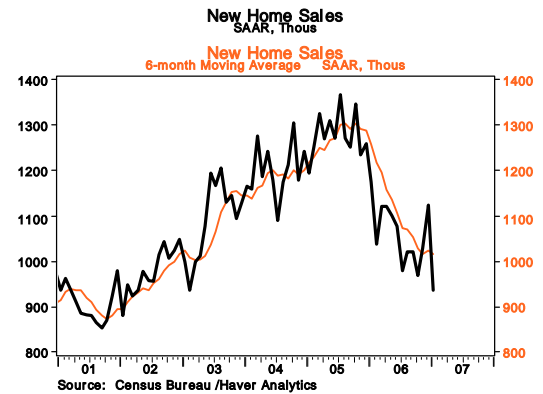


JANUARY NEW HOME SALES

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- New single-family home sales declined 16.6% in January to an annual rate of 937,000, the lowest since February 2003. This was much weaker than the 1.08 million rate expected by the consensus and could be due to bad weather in January. The drop in home sales occurred across all four major regions but was most substantial in the West.
- The median price of a new home was \$239,800 in January, a slight increase from December but down 2.1% versus a year ago.
- At the current sales pace, the supply of unsold new homes increased to 6.8 months in December, a large bounce from 5.7 in December. However, all of the increase in the months' supply is attributable to the decline in sales, not an increase in inventories.



Implications: New homes sales and existing home sales went in opposite directions in January. (Strong existing home sales data was reported yesterday.) For background, new home sales are counted when a contract is signed, existing home sales are counted at closing. So good weather in December may have boosted existing home sales in January, while bad weather in January held down contracts on new homes in January. When combined, new and existing home sales increased by 4,000 at an annual rate. Total home sales were down 6.8% versus a year ago but up 2.2% since an apparent bottom was hit in September 2006. Despite today's report, the housing market is not in free-fall. However, the weakness in housing appears to be mildly suppressing activity in the manufacturing sector. Some evidence of this came with today's Chicago Purchasing Managers manufacturing index, which fell to 47.9 in January from 48.8 in December, the first time in five years the index has been below 50 for two straight months.

New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Jan-07		Dec-06	Nov-06	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
New Single Family Homes Sales	-16.6%	937	1,123	1,029	1,030	1,017	-20.1
Northeast	-18.7%	61	75	62	66	64	-1.6
Midwest	-8.1%	181	197	167	182	163	0.6
South	-9.7%	529	586	556	557	557	-11.2
West	-37.4%	166	265	244	225	232	-50.4
Median Sales Price (\$, NSA)	0.2%	239,800	239,400	242,000	240,400	240,367	-2.1
		Jan-07	Dec-06	Nov-06	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		6.8	5.7	6.3	6.3	6.6	6.5

Source: Bureau of the Census