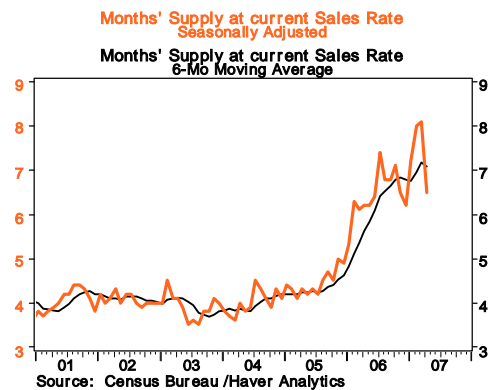
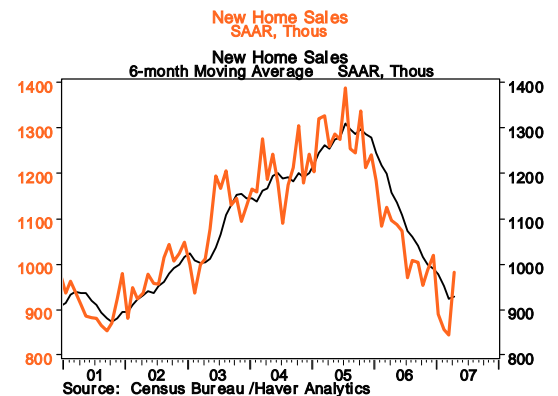


APRIL NEW HOME SALES

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- New single-family home sales increased 16.2% in April to an annual rate of 981,000 from a downwardly revised 844,000 rate in March. The consensus expectation was a small rise to 860,000.
- By region, most of the increase in sales was due to the South, where sales rose 27.8%. Sales in the West were also stronger. In the Midwest and Northeast, sales changed only slightly.
- At the current sales pace, the supply of unsold new homes dropped substantially, to 6.5 months from 8.1 months in March. The decline was mostly due to the increased pace of sales, although inventories fell by 1.5%.
- The median price of a new home was \$229,100 in April, down 10.9% versus a year ago. The average price of a new home fell to \$299,100, down 3.6% versus last year.



Implications: The 137,000 increase in new home sales in April is the largest for any month in more than 20 years. The increase was so large that for the first time since late 2005 the 6-month moving average of new home sales increased rather than declined. That said, the pain in housing is not over. We would not be surprised by further down months in home sales and residential construction will remain a drag on real GDP growth at least through late this year. However, the drag exerted by housing will be smaller than the roughly one percentage point it has pared off of growth since mid-2006. In addition, we do not make much of the one-month drop in new home prices. A record high 57% of new homes sold were in the South, where prices are the lowest among all four major regions.

New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Apr-07		Mar-07	Feb-07	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
New Single Family Homes Sales	16.2%	981	844	856	894	930	-10.6
Northeast	3.8%	83	80	45	69	68	43.1
Midwest	-4.0%	120	125	123	123	144	-28.1
South	27.8%	561	439	482	494	505	-3.4
West	8.5%	217	200	206	208	213	-25.4
Median Sales Price (\$, NSA)	-11.1%	229,100	257,600	250,100	245,600	246,000	-10.9
		Apr-07	Mar-07	Feb-07	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		6.5	8.1	8.0	7.5	7.1	6.9

Source: Bureau of the Census