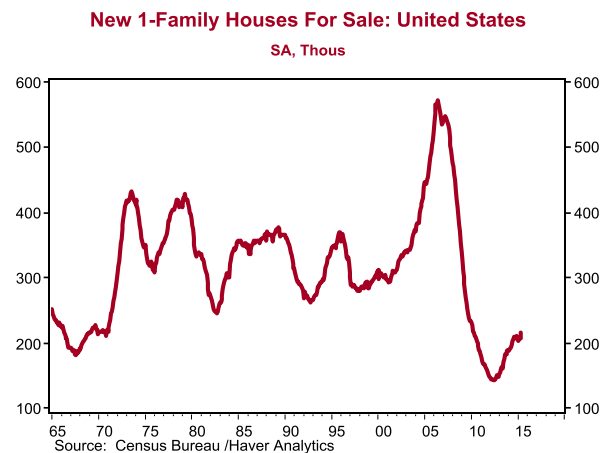
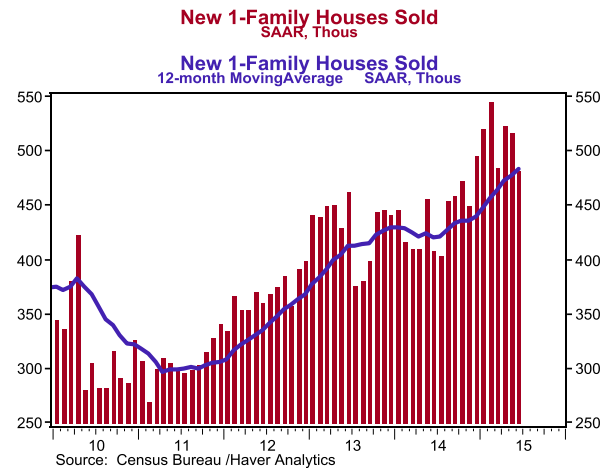


June New Home Sales

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- New single-family home sales declined 6.8% in June to a 482,000 annual rate, coming in below the consensus expected pace of 548,000. Sales are up 18.1% from a year ago.
- Sales declined in the West, Midwest and South, but rose in the Northeast.
- The months' supply of new homes (how long it would take to sell the homes in inventory) increased to 5.4 months in June from 4.8 in May. Most of the increase was due to the slower pace of sales, but inventories rose by 7,000 units as well.
- The median price of new homes sold was \$281,800 in June, down 1.8% from a year ago. The average price of new homes sold was \$328,700, down 2.8% versus last year.

Implications: Hold off on housing for a moment. Initial claims for unemployment insurance fell 26,000 last week to 255,000, the lowest level since 1973. This, paired with a decline in continuing claims to the second lowest level since November 2000, signals continued improvement in the labor market and is consistent with payroll gains of 225K in July. Sales of new homes took a breather in June, falling 6.8% to a 482,000 annual rate, lagging even the most pessimistic forecasts. However, sales remain up 18.1% from a year ago. It's important to remember that monthly data is volatile, and what really matters is the trend. Despite the decline in June, new home sales over the past year have averaged the fastest pace going back to 2008. And new home sales have a strong correlation with housing starts, which are also trending higher. In fact, new home sales have been running slightly above the levels that would be expected with the pace of housing starts, so June's decline is likely nothing more than a reversion to the trend and sales should continue higher in the months ahead. While the month's supply of homes for sale rose to 5.4 months in June from 4.8 in May, the jump was in large part due to the slower sales pace and remains below the average of 5.6 over the past 20 years. Note, however, that the increase in inventories was not due to finished homes, but homes under construction or not yet started. As a result, builders still have plenty of room to increase both construction and inventories. Having made these points, don't forget that new home sales are still depressed relative to history. We think there are a few reasons for this. First, a larger share of the population is renting. Second, buyers have shifted slightly from single-family homes, which are counted in the new home sales data, to multi-family homes (think condos in cities), which are not counted in this report. Third, although we may be starting to see a thaw, financing is still more difficult than it has been in the past. The key idea to remember is that one poor month of sales is nothing to worry about. The trend is what matters, and the trend continues higher.



New Home Sales	Jun-15		May-15	Apr-15	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
New Single Family Homes Sales	-6.8%	482	517	523	507	512	18.1
Northeast	28.0%	32	25	14	24	22	23.1
Midwest	-11.1%	56	63	71	63	61	5.7
South	-4.1%	282	294	316	297	298	23.7
West	-17.0%	112	135	122	123	131	10.9
Median Sales Price (\$, NSA)	0.5%	281,800	280,500	292,000	284,767	288,933	-1.8
		Jun-15	May-15	Apr-15	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		5.4	4.8	4.7	5.0	4.9	5.2

Source: Bureau of the Census