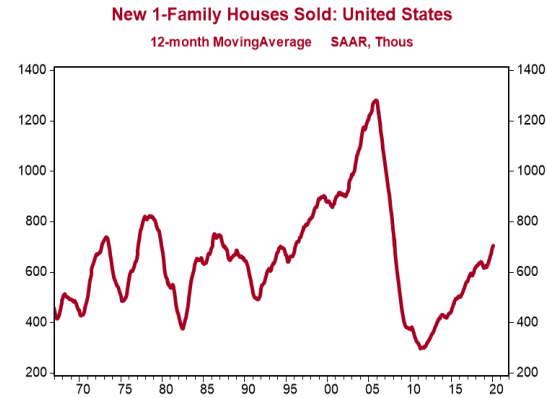


February New Home Sales

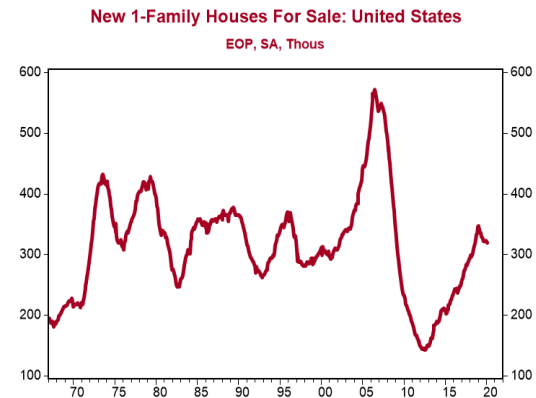
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- New single-family home sales declined 4.4% in February to a 765,000 annual rate, beating the consensus expected 750,000. Sales are up 14.3% from a year ago.
- Sales fell in the West and Midwest, but rose in the Northeast and South.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) rose to 5.0 months in February from 4.8 months in January. The increase was entirely due to the slower pace of sales. Inventories fell by 3,000 units in January.
- The median price of new homes sold was \$345,900 in February, up 7.8% from a year ago. The average price of new homes sold was \$403,800, up 5.3% versus last year.

Implications: Another rearview mirror report on the US housing market confirming we headed into the Coronavirus Contraction from a position of strength. Yes, new home sales fell 4.4% in February, but that was entirely due to a large upward revision to January, which now sits at a post-recession high. New homes sold at a 765,000 annual rate in February, which, except for January, was the fastest pace since 2007. Expect sales to weaken during the next few months as potential buyers stay home in the name of public safety. On top of this, recent financial market distortions caused mortgage rates to spike roughly 50 basis points at the peak in March, decreasing affordability. That said, ongoing Fed purchases of mortgage backed securities have begun to counteract this. Builders are also being affected by the Coronavirus, with “social distancing” and outright shutdowns causing reductions in work crews, and supply chains being disrupted. As a result, the inventory of new homes available for sale is likely to remain stagnant until things get back to normal. That said, look for a rebound in both sales and new construction in the second half of the year. In other news this morning, the Richmond Fed index, a measure of mid-Atlantic manufacturing sentiment, rose unexpectedly to +2 in March from -2 in February. However, this is in sharp contrast to other recent manufacturing reports from New York and Philadelphia, which showed a sharp decline in activity due to the Coronavirus already making its way into the data.



Source: Census Bureau/Haver Analytics



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New Home Sales	Feb-20		Jan-20	Dec-19	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	-4.4%	765	800	724	763	737	14.3
Northeast	38.9%	50	36	39	42	36	47.1
Midwest	-7.3%	89	96	84	90	81	15.6
South	1.0%	404	400	393	399	408	6.3
West	-17.2%	222	268	208	233	212	24.7
Median Sales Price (\$, NSA)	6.3%	345,900	325,300	327,700	332,967	327,500	7.8
		Feb-20	Jan-20	Dec-19	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		5.0	4.8	5.4	5.1	5.2	5.6

Source: Bureau of the Census