

# U.S. Data Review

- New home sales: sharp gain from an upwardly revised level

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## New Home Sales

Sales of new homes jumped 20.7 percent in March, easily beating the expected increase of 14.2 percent. In addition, results in the prior three months were all stronger than previously believed, with the combined adjustment for the December-February period totaling 6.2 percent. The revisions and the jump in March pushed the new reading to the highest level in the current recovery period (chart, left).

Weather seemed to play a role. Sales of new homes are based on contracts signed, and storms undoubtedly limited search activity and the signing of contracts in February, only to rebound in March with the return of mild conditions. The geographic breakdown also points to a strong weather effect. Results in the South were unusually strong in March (up 40.2 percent) after weak results in February (off 14.7 percent). Weather was exceptionally challenging in this region (Texas, hit very hard by storms, is a Southern state).

The number of homes for sale was unchanged in March after increasing in the prior four months. Despite the gain in the prior four months, inventory is lean relative to historical standards. With inventories steady and sales up, the months' supply of homes fell to 3.6 months in March, the low portion of the recent (and historical) range (chart, right).

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