



Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
10:00 AM	New Home Sales	Jan	↑	923k	850k	856k	885k R↑
10:00 AM	New Home Sales MoM	Jan	↑	4.3%	NA	1.7%	5.5% R↑

* ↑ indicates stronger than Consensus estimated, ↓ indicates weaker than Consensus estimated, = indicates in-line with Consensus Estimate

** Estimate from Bank of the West Economics

*** Consensus from Bloomberg

**** ↑ means prior reading revised up, ↓ means prior reading revised down

New Home Sales Climb In January

Key Takeaways: *New home sales increased 4.3% in January, and December sales were revised higher as well. Low mortgage rates and strong demand for suburban homes with more space are supporting higher home sale. Sales rose in three of the four regions in January, led by the Midwest (+12.6%) and the West (+6.8%). New home sales increased a more modest 3.0% in the South and declined 13.9% in the Northeast. The solid increase last month drove national new home sales up 19.3% from a year ago. But the Mortgage Bankers Association purchase application data suggests that the combination of rising mortgage rates this month and bad winter weather is hitting home sales for February. Purchase applications hit a 9-month low in late-February and are expected to drop by around 14.0% from January levels.*

Lack of inventory continues to hold back U.S. home sales, although the number of new homes for sales rose modestly for the third straight month to 307,000. This represents only 4.0 months of supply at the current sales pace, down from 4.1 months in December. For comparison, in January of 2020, there was 5.0 months on new home inventory on the market. The inventory of new homes for sale is 5.5% lower than a year ago. Median home price growth eased to 5.3% year-on-year in January, down from the 7.2% year-on-year gain in December. But it will take far more new home inventory to exert significant downward pressure on home price growth.

U.S. stocks are mostly higher today despite sharply rising interest rates. The Dow and the S&P 500 are up 0.76% and 0.60% respectively, while the NASDAQ is up 0.20%. Gains in the S&P 500 today are led by energy, industrials and financial stocks.

Treasury yields are sharply higher today on the prospect of more fiscal stimulus and accelerating U.S. economic growth and inflation. The 10-Year Treasury yield is currently at 1.389 – up 4.8 basis points from Tuesday’s close. The 2-10 Treasury spread is 126.8 basis points – up 3.4 basis points from Tuesday’s close.

The U.S. dollar is up marginally against the major currencies today. The Bloomberg dollar spot index is up 0.08% from Tuesday’s close but is down 0.45% over the last month. The U.S. dollar is rising the most today against the Japanese yen, euro and Swiss franc.