



Economics Group

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New Home Sales Rebounds in October

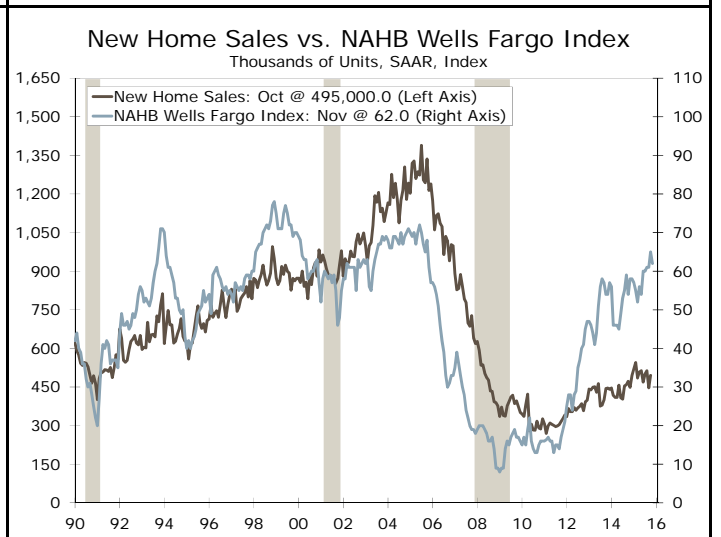
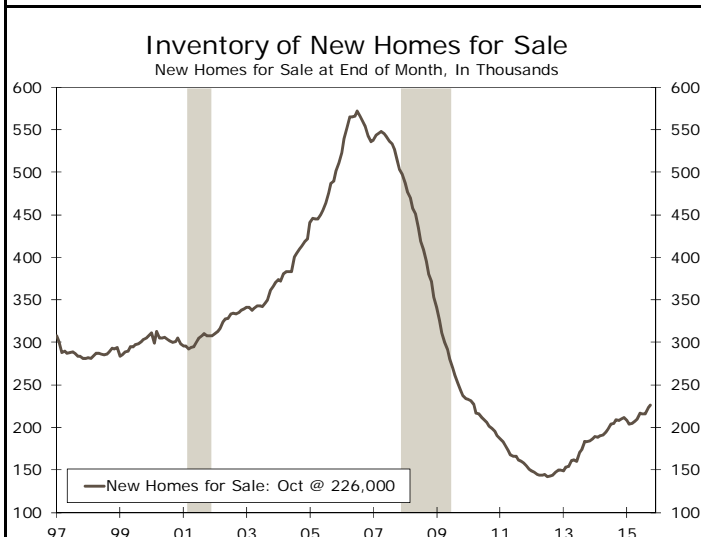
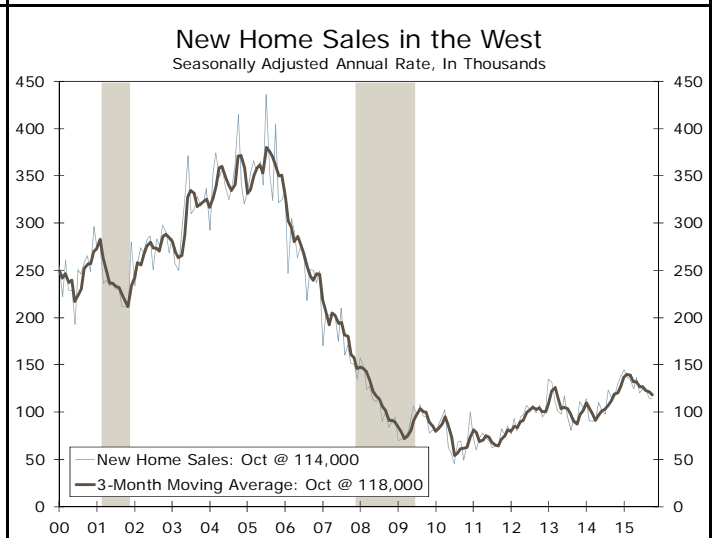
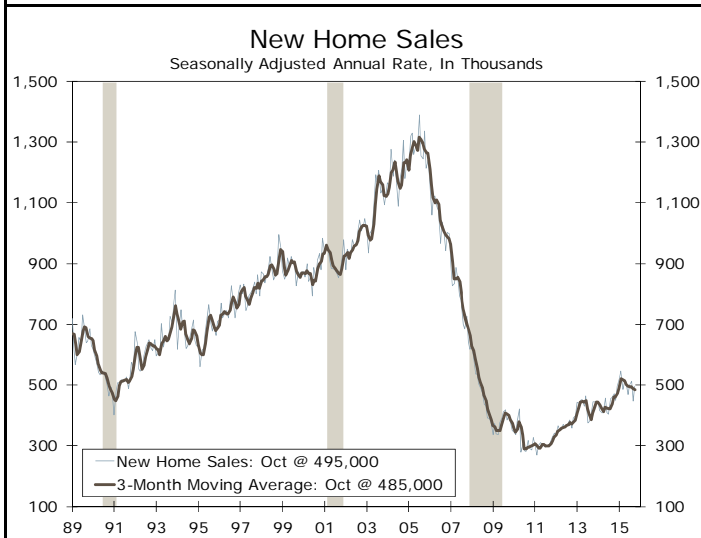
Following a downwardly revised September reading, new home sales jumped 10.7 percent in October to a 495,000-unit pace. Inventories rose during the month, but are volatile during the seasonally slow period.

Trend in New Home Sales Downshifts

- New home sales increased at a 495,000-unit rate in October, rebounding strongly from the downwardly revised September figure. Previous months' data were revised down by a net 40,000 units. Despite the payback, the three-month moving average downshifted to a 485,000-unit pace, which is the lowest level since December. That said, new home sales tend to be more volatile on a monthly basis than existing home sales.

Sales in the West Weak During the Month

- With the exception of the West, sales activity rose during the month, with the largest increase in the Northeast. Consistent with weakness in housing starts and existing home sales, new home sales in the West declined during the month.
- The NAHB/Wells Fargo Housing Market Index came in a bit softer than expected in November, but remained near a decade-high level, suggesting continued gains in new home construction.



Source: U.S. Department of Commerce, National Home Association of Home Builders and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

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