

Spring Housing Data Still Indicating a Hot Summer

This morning, the National Association of Realtors (NAR) announced *new home sales* had rebounded sharply in March following a weather-related plunge in February. The +20.7% surge more than made up for the -16.2% drop during the February freeze and brought the seasonally-adjusted annualized sale pace to 1.021 million units, a *14-year high*. While sales rose, the available supply of new homes shrank from 4.4 to 3.6 months. The average new home selling price at \$397,800, was up +6% year-over-year.

Freddie Mac weekly average mortgage rates declined for the third straight week. After reaching a record low of 2.65% in early January, the 30-year fixed rate average had climbed 53 bps over a three-month period to 3.18% before easing back to 2.97% this week. At the same time, the 15-year fixed rate fell from 2.35% to 2.29%, up slightly from the January record low of 2.16%.

Lower rates have sparked mortgage applications which halted a six-week skid with an +8.6% advance for the week ending April 16th. The refi window reopened for a number of homeowners as applications to refinance existing mortgages rose +10.4%, while purchase applications climbed +5.7%.

Earlier this week, *existing home sales* fell -3.7% in March to a seasonally-adjusted annualized pace of 6.01 million, the lowest level since August...but still well above pre-pandemic levels. Since existing home sales are measured at closing and reflect contracts signed in the previous month, the February freeze had a negative impact. Supply continues to be a nagging issue as the number of available existing homes on the market was -28.2% lower than a year ago, resulting in a lean 2.1 month supply. NAR data showed properties remained on the market for an average of just 18 days last month, a record low, indicating that *demand remains brisk*, and any drop in sales is likely inventory-related. Bidding battles pushed the average selling price for an existing home up +17.2% over the same period a year ago to a record \$329,100.

The overall supply of homes remains thin, which according to realtors has hindered their sales. Builders are working to restore that balance. Housing starts increased +19.4% in March, and Texas homebuilder D.R. Horton announced yesterday that home-purchase contracts were up +35% year-over-year in the first quarter.

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Market Indications as of 3:00 P.M. Central Time

DOW	Up 228 to 34,044 (HIGH: 34,201)
NASDAQ	Up 198 to 14,017 (HIGH: 14,095)
S&P 500	Up 51 to 4,186 (NEW HIGH)
1-Yr T-bill	current yield 0.06%; opening yield 0.05%
2-Yr T-note	current yield 0.16%; opening yield 0.15%
5-Yr T-note	current yield 0.81%; opening yield 0.80%
10-Yr T-note	current yield 1.56%; opening yield 1.55%
30-Yr T-bond	current yield 2.24%; opening yield 2.23%

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