

FEWER NEW U.S. HOME SALES THAN WAS FORECAST



In October, builders sold fewer new houses in the U.S. than was forecasted, delaying a recovery as the industry heads for the weakest year on record. Data from the Commerce Department showed today in Washington that the sales increased 1.3 percent to a 307,000 annual pace. The median estimate of the 70 economists that were surveyed by Bloomberg News projected a 315,000 rate. Demand is on the rise to reach 301,000 this year, less than the 323,000 homes sold in 2010 that were the fewest since data-keeping began in 1963. A supply of the distressed properties in the foreclosure pipeline that is weighing on prices of existing houses may keep luring buyers away from all of the construction. A jobless rate that has been hovering around 9 percent or even higher for over two years signals demand will take the time to pick up, a sign that homebuilding will contribute little to the economic growth in 2012. "The housing market remains out of balance, with much more supply than demand," said Michelle Meyer, who is a senior U.S. economist at Bank of America Corp. "Builders are still competing with the significant overhang of existing homes for sales. Once we get past the overhang of foreclosed properties, single-family housing will turn around fairly rapidly, but we're a good two years away from that." Stocks rose, snapping a seven-day decline in the Standard & Poor's 500 Index, after the Thanksgiving retail sales climbed to a record and amid speculation euro-area leaders will boost efforts to end the debt crisis. At the close in New York, the S&P 500 jumped 2.9 percent to 1,192.55. Today, the Organization for Economic Cooperation and Development said that the growing doubts about survival of Europe's monetary union has caused global growth to stall and represents the main risk to the world economy. The Paris-based organization said in its twice-annual global economic outlook, that the 34 OECD nations will grow 1.9 percent this year and 1.6 percent next, down from 2.3 percent and 2.8 percent that was predicted in May. Morgan Stanley cut its forecast for 2012 global growth, a separate report showed. A statistic bureau statement showed yesterday that in Asia, the Chinese corporate profits grew at a slower pace in the month of October, depressed by Europe's deepening financial crisis and waning export demand, and industrial companies' net income rose 12.5 percent last month from a year earlier, less than half the 27 percent pace from January to September. Economist's estimates from the U.S new-home sales ranged from 300,000 to 375,000. The government revised September demand to a 303,000 rate from a previously reported rate of 313,000. The increase in purchases was paced by a 22 percent jump in the Midwest and a 15 percent improvement in the West, which is an area where properties tend to be more expensive. Demand in the South, where the houses are cheaper, fell 9.5 percent. The regional breakdown, with the sales rising in the West, and falling in the South, probably helped to push up the costs. The median price of a new house that was purchased last month climbed 4 percent from October 2010 to \$212,300.

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