

New Home Sales Fall, but Stronger than Expected

By Reuters
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Sales of newly constructed U.S. single-family homes were stronger than expected in June, and inventories shrank to three-and-a-half-year low, a government report showed on Friday, providing a glimmer of hope for the beaten-down housing market.

U.S. new home sales fell 0.6 percent to a 530,000 annual pace last month from a revised 533,000 rate, the Commerce Department said. Economists polled by Reuters were expecting sales to slow to a 500,000 seasonally adjusted annual sales rate from a previously reported 512,000 pace in May. "We are approaching a bottom, but we are not there yet," said Michelle Meyer an economist at Lehman Brothers in New York.

U.S. stocks and the dollar gained on the stronger-than-expected report and on a survey showing a revival of consumer sentiment. Treasuries steepened losses and markets boosted expectations the Federal Reserve would begin to raise benchmark interest rates in September to ease inflationary pressures.

The inventory of homes available for sale shrank 5.3 percent to 426,000, the lowest since December 2004. The June sales pace put the supply of homes available for sale at 10 months' worth.

The median sales price rose to \$230,900 from \$227,700 from May, but was down 2 percent from a year earlier, the government said.

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