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Paige Wilhelm
*Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling*

Housing sales rebound

Sales numbers have been volatile this year in the housing sector, coming out of the gate fast, but slowing during spring. That's significant because spring is the traditional season for home sales as families look to relocate before the next school year begins, whether moving to a new location or just a different-sized house. It was a nice surprise to see sales rise instead of hitting the expected summer decline.

In May, existing home sales rose to a new cycle high, sending the 3-month average of (single-family) re-sales to levels last seen before the housing bust. The median sales price also gained, in part due to tightening inventories. In fact, the only major limiting factor to sales was lower supply. New home sales also rose in May, and April's unexpected decline got a substantial upward revision. With the importance of homes, especially newly built residences, to the economy because of how many sectors they engage, these figures likely will have a positive lagging impact on the U.S. gross domestic product (GDP).

The short end of the London interbank offered rate (Libor) yield curve rose last week, with 1-month Libor rising 1 basis point to 1.22%, 3-month moving up 3 basis points to 1.30% and 6-month up 2 basis points to 1.45%.