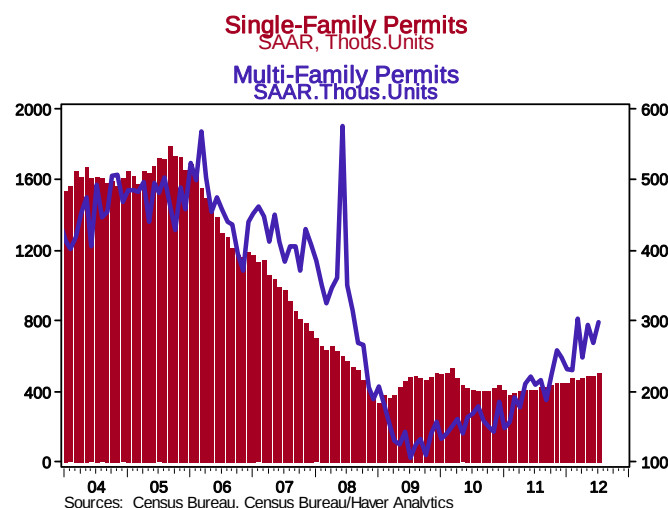
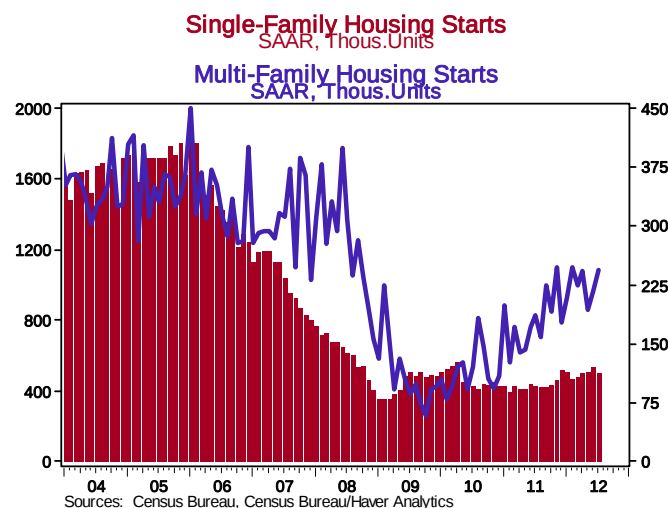


July Housing Starts

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- Housing starts declined 1.1% in July to 746,000 units at an annual rate, coming in below the 756,000 rate the consensus expected. Starts are up 21.5% versus a year ago.
- The decline in starts in July was all due to a 6.5% decline in single-family homes. Multi-family units increased 12.4%. Single-family starts are up 17.0% from a year ago, while multi-family starts are up 31.9%.
- Starts fell in the West, South and Northeast, but rose in the Midwest.
- New building permits increased 6.8% in July to an 812,000 annual rate, easily beating the consensus expected pace of 769,000. Compared to a year ago, permits for single-unit homes are up 23.0% while permits for multi-family units are up 42.4%.

Implications: The recovery in home building continues. The big news in today's report was that permits to build homes rose 6.8% in July to 812,000 units at an annual rate, the highest level since August 2008. The gain was due to increases in both single- and multi-family permits, which, as the chart to the right shows, are both trending upward. Although housing starts fell 1.1% in July to a 746,000 annual rate, they remain near the highest levels since late 2008 and are up 21.5% from a year ago. The upward trend in housing starts will soon reassert itself. The total number of homes under construction (started, but not yet finished) increased for the 11th straight month, the first time this has happened since back during the building boom in 2003-2004. Based on population growth and "scrappage," housing starts will eventually rise to about 1.5 million units per year (probably by 2016), which means the recovery in home building is still very young. In other news this morning, new claims for jobless benefits increased 2,000 last week to 366,000. Continuing claims for regular state benefits fell 31,000 to 3.31 million. These figures are consistent with continued moderate payroll growth in August. On the manufacturing front, the Philadelphia Fed Survey, which measures activity at factories in that region, rose to a still negative -7.1 in August from -12.9 in July. Surveys of manufacturers seem to have been held down recently by negative sentiment more than actual economic activity.



Housing Starts SAAR, thousands	Monthly % Ch.	Jul-12 Level	Jun-12 Level	May-12 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	-1.1%	746	754	706	735	730	21.5%
Northeast	-1.3%	77	78	76	77	77	-10.5%
Midwest	17.0%	117	100	108	108	111	28.6%
South	-3.5%	355	368	365	363	376	16.8%
West	-5.3%	197	208	157	187	165	48.1%
Single-Unit Starts	-6.5%	502	537	513	517	501	17.0%
Multi-Unit Starts	12.4%	244	217	193	218	228	31.9%
Building Permits	6.8%	812	760	784	785	759	29.5%
Single-Unit Permits	4.5%	513	491	490	498	486	23.0%

Source: U.S. Census Bureau

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