



July 19, 2016

## TD Economics

### Data Release: Housing starts make a comeback in June

- Housing starts increased by 54k units in June to 1,189k (annualized), beating expectations for a more modest uptick to 1,165k. However, revisions to the previous two months' subtracted 41k units from the three-month tally.
- Encouragingly, most of the increase was concentrated in the less-volatile single-family segment (+33k), but the pace of multi-family construction also rose on the month (+21k).
- Building permits also gained on the month, increasing by 17k units to 1,153k (annualized), marking the third consecutive monthly increase. The uptick was also broad-based with both the single-family (+7k) and multifamily (+10k) segments rising on the month.
- Housing starts gains were concentrated in the West (+47k) and Northeast (+34k) but were offset somewhat by a pullback in the South (-20k) and Midwest (-10k).

### Key Implications

- This morning's report was quite upbeat. June's rebound in construction supports our view that homebuilding in America is on a modestly positive course, with the headline well-above both the 6-month (1,156k) and the 12-month moving averages (1,150k).
- Encouragingly, permitting activity also continued to increase and is now at a four-month-high, suggesting that more near-term strength is to be expected despite the modest pullback in the NAHB's housing market index in July.
- Continued job creation coupled with rising wages and low interest rates bodes well for a broader rebound in housing demand as well as consumer spending. Taken together with last week's strong retail sales print, this morning's housing report is supportive of our second quarter growth outlook which suggests real GDP should bounce back above the 2.5% mark.

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