What to watch

April's new-home sales expected to rise

Adam Shell
@adamshell
USA TODAY

Who in their right mind thinks about buying a new house when they're snowed in the home they're living in and worried they'll have to fire up the generator if the blizzard knocks out power?

That kind of sums up the new-home market this winter, when chilly winds, icy rain and snow gummed up the gears of the housing market. But the thermometer is on the rise, setting new-home sales on track for a spring thaw. Or at least that's what Wall Street is betting on.

We will find out if economists are right today, when new-home sales figures for April are released. Wall Street expects sales to be brisker than they were in March. "New-home sales probably rose in April," Paul Diggle of Capital Economics told clients in a report. He expects sales to jump 15% to an annualized rate of 440,000 units, up from 384,000 in March. The median forecast of economists is for 425,000 new homes to be sold.

"The combination of last year's rise in mortgage rates and the unseasonably severe weather has triggered falls in new-home sales in four of the past five months," Diggle wrote. "But mortgage rates are now declining, and the weather has returned to seasonal norms. We have penciled in a strong 15% rise to 440,000 annualized in April, which would make up for a similar-sized fall in March."

A better-than-expected reading Thursday on existing-home sales, which rose 1.3% to 4.65 million, has raised expectations.