HOME SALES JUMP

Stocks edge higher on news bad weather failed to deter buyers

By David Dykes
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U.S. sales of new homes rebounded in January to the fastest pace in more than five years, but it wasn't enough to propel the stock market much higher.

Sales of new homes increased 9.6 percent in January to a seasonally adjusted annual rate of 468,000, the Commerce Department reported Wednesday.

That was the fastest pace since July 2008 and generated hopes that housing was regaining momentum after a slowdown last year caused by rising interest rates.

Sales had fallen 3.8 percent in December and 1.8 percent in November.

The Dow Jones industrial average rose 18.75, or 0.1 percent, to 16,198.41. The Nasdaq composite rose 4.48 points, or 0.1 percent, to 4,292.06.

The S&P 500 index edged up four-hundredths of a point to close at 1,845.16. The index closed at a record high of 1,848.38 on Jan. 15 and hit its intraday high of 1,858.71 on Feb. 24.

January marked the highest pace of new home buying since the recovery began, defying expectations that more winter weather during the month would keep potential home buyers away, said Wells Fargo economists Mark Vitner and Michael T. Wolf.



The Commerce Department reported Wednesday that sales of new homes increased 9.6 percent in January to a seasonally adjusted annual rate of 468,000. GENE J. PUSKAR/AP

"Inclement weather did not appear to slow down new home purchases," the economists said.

The median price of a new home sold in January was up 3.4 percent from a year ago to $260,100.

"Low inventories are still supportive of further price gains," Vitner and Wolf said.

Consumer confidence data showed an increase in plans to purchase a new home, keeping the outlook bright for sales, the economists said.

Many economists believe sales of both new and previously occupied homes will rise in 2014, helped by an improving economy and job gains that will boost the number of people working.

The January sales gain was led by a 73.7 percent surge in sales in the Northeast. Sales were up 10.4 percent in the South and 11 percent in the West. Sales fell 17.2 percent in the Midwest, which was hit by winter blizzards.

Sales for all of 2013 rose to 428,000, an increase of 16.3 percent from 2012, Commerce officials said.