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Housing Starts

March housing starts rise an in-line 7.2% (Consensus: +8.6%; Decision Economics: +7.5%), from a prior-month level revised up by 6.9%.

Reassuringly, the overall rise incorporated a highly decent 7.7% increase in single-family starts, from a February level revised up by 4.5%. With the revision, a February stumble in single-family activity was made less severe (-8.8%, instead of -11.8%), and the March rebound virtually offsets it.

Builders evidently perceive the demand side of the market as having stabilized at a level only slightly below the underlying fourth-quarter pace--despite the step up in mortgage rates since then. The level of activity is quite low, but at least the suggestion is that demand is not highly fragile--and is surely subject to upward movement if employment growth continues to firm.

Not too much is being said definitively about the overall housing market--of which the new-home sector accounts for only a small single-digit percentage--but clearly the message of broad stability in this corner is not discouraging.

This is all status-quo for the Fed--other than in the fact that starts are not shriveling outright. Hawks have not been counting on this sector to contribute to overall growth in any case, and doves will are not prone to be reassured simply by the fact that things are not getting worse.

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