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Housing Starts: Disappointing

November housing starts jump a more-than-expected 9.3% (Consensus: +1.1%; Decision Economics: +3.2%) from a minimally revised prior-month level. But, the bulk of the rise is in the volatile multi-family category (+25.3%), with the single-family total rising much more moderately (+2.3%).

Single-family activity is what is most closely tied to individual homebuying, consumer finances, and sustainable house-price levels--so the good news content of the report is considerably more limited than the headline rise might suggest.

The number of single-family starts, at 447,000, is towards the upper end of the range seen over the last year-and-a-half, so is healthy to that degree. Builders, as hinted by the NAHB surveys of recent months, are evidently encouraged somewhat by the state of the market.

But, given the very favorable state of house affordability, and the sudden big step up in the NAHB numbers, a bit more vigor might have been hoped for. New home sales numbers, due Friday, will give a direct reading on demand--and there can still be an upside surprise.

For the moment, anyway, macro-worldviews will certainly not change. Fed doves pushing for more MBS buying will still see a need for it--hawks will be more convinced that it would be pointless.

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