

## BUSINESS

# U.S. housing slowdown spreads; inflation rises a little

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WASHINGTON — The slowdown in the once-sizzling housing market is spreading, with 28 states and the District of Columbia reporting spring sales declines, led by big drops in former boom areas of Arizona, Florida and California.

Nationally, sales were down 7 percent in the April-June quarter this year compared with the same period in 2005, the National Association of Realtors said Tuesday in its latest state-by-state look at housing conditions around the country.

The Realtors survey showed that the biggest declines occurred in states that had been enjoying red-hot sales during the five-year housing boom.

The five biggest declines this spring compared to the April-June period of 2005 were Arizona, down 26.9 percent; Florida, down 26.7 percent; California, down 25.3 percent; Virginia, down 23.9 percent, and Nevada, down 23.5 percent.

The Realtors report depicted a tale of two housing markets, with former boom areas experiencing declines and other areas of moderate sales gains during the boom years experiencing strong growth.

In all, 20 states had sales gains in the spring, led by Alaska, which enjoyed a 48.6 percent jump in sales; followed by Arkansas, up 17.9 percent; Texas, up 11.3 percent; North Carolina, up 11 percent, and Vermont, up 9.1 percent compared to the spring of 2005.

“States with moderately priced areas that have experienced healthy job creation are seeing sales gains,” said David Lereah, chief economist for the Realtors. “The economic backdrop remains favorable for the housing market, which is helping home sales level out.”

In a separate survey of price changes in 151 metropolitan areas, the Realtors reported that 26 metro areas experienced outright price declines while 37 areas were still enjoying double-digit price increases.

### Inflation edges higher

In other economic news, inflation at the wholesale level edged up by the smallest amount in five months in July as falling food prices helped offset another rise in energy costs.

The Labor Department reported that wholesale prices increased a slight 0.1 percent in July, far below the 0.5 percent jump in June. The improvement reflected a retreat in food prices, which fell by 0.3 percent in July, after having surged by 1.4 percent in June, which had been the biggest increase in nearly two years.

Federal Reserve policy-makers broke a two-year string of interest rate increases last week, saying they believed that a slowing economy would help restrain inflation pressures. But some private economists are worried that the relentless rise in energy costs could force the Fed to resume rate increases in coming months.

The 0.1 percent rise in the government’s Producer Price Index represented the smallest amount of inflation since wholesale

prices actually fell by 1.2 percent in February.

Excluding volatile food and energy, core wholesale inflation fell by 0.3 percent in July. That was the best showing for core inflation in nine months, since a similar 0.3 percent decline last October.

Price pressures have been accelerating this year as energy costs have soared, reflecting rising tensions in the Middle East and tight supplies because of increased demand from emerging economies such as China.