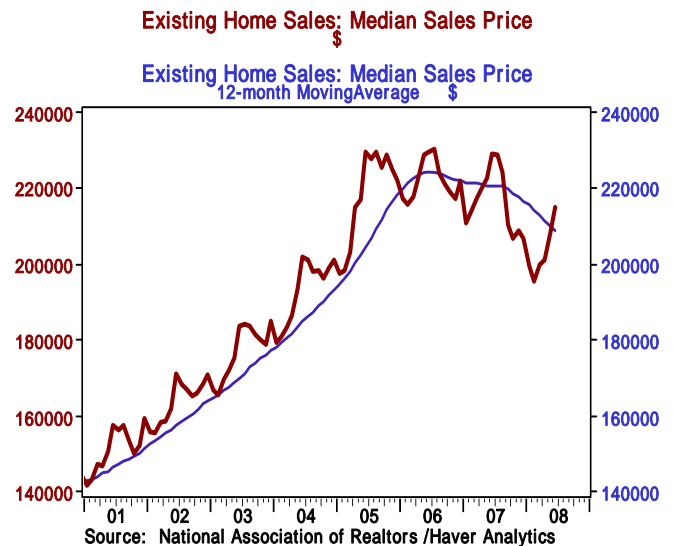
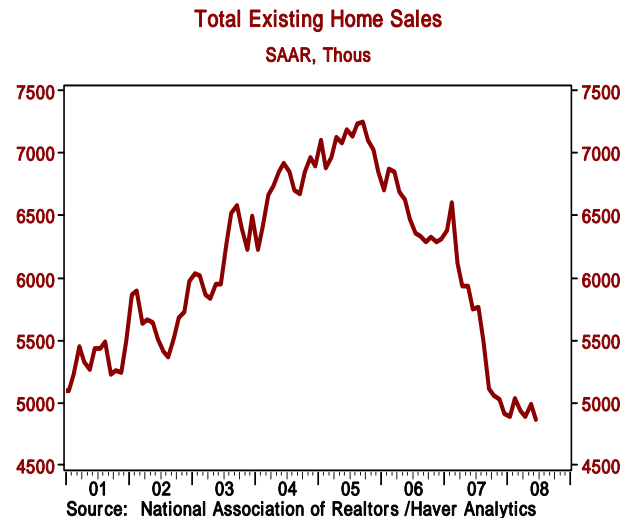


# JUNE EXISTING HOME SALES

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- Existing home sales declined 2.6% in June to an annual rate of 4.86 million, falling slightly short of the consensus expected selling rate of 4.94 million. Existing home sales are down 15.5% versus a year ago.
- Sales were down in the Northeast, Midwest, and South, but up in the West. By type of home, sales were down for single-family units but up slightly for condos/co-ops.
- The median price of an existing home rose to \$215,100 in June (not seasonally adjusted) but is down 6.1% versus a year ago. Single-family home prices are down 6.7% versus last year.
- The months' supply of existing homes (at the current sales rate) rose to 11.1 in June from 10.8 in May. The months' supply of single-family homes increased to 11.0 in June – the highest since 1985 – from 10.5 in May.



**Implications:** Sales of existing homes fell more than the consensus expected in June and broke out on the downside from the 4.89 to 5.11 annual rate range that had prevailed from September 2007 through May 2008. However, as the top chart to the right shows, the rate of decline in existing homes sales has slowed substantially from the dramatic fall from mid-2005 through mid-2007, with a decline of only 4.9% in the past nine months. We see this as evidence that the pace of home sales is very close to a bottom. Meanwhile, inventories remain high and it will probably take at least two years to fall back to normal levels. The months' supply of single-family existing homes hit 11.0 in June, the highest since 1985. In other news this morning, initial claims for unemployment insurance increased 34,000 to 406,000 last week. The four-week moving average is 382,500, which is still well below recession levels. Continuing claims for jobless benefits declined 9,000 to 3.107 million and are 96,000 below where they were two weeks ago. Plugging these figures into our models suggests payrolls declined only 10,000 in July, versus an average of 73,000 in the first six months of 2008.

Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Jun-08		May-08	Apr-08	3-month moving avg.	6-month moving avg.	Yr to Yr % Change
	% Ch.	level					
<b>Existing Home Sales</b>	-2.6%	4860	4990	4890	4913	4933	-15.5
<b>Northeast</b>	-6.6%	850	910	870	877	872	-15.8
<b>Midwest</b>	-3.4%	1120	1160	1100	1127	1167	-17.6
<b>South</b>	-3.1%	1850	1910	1920	1893	1923	-18.1
<b>West</b>	1.0%	1030	1020	1000	1017	973	-6.4
<b>Median Sales Price (\$, NSA)</b>	3.5%	215100	207900	201200	208067	203267	-6.1

Source: National Association of Realtors

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