

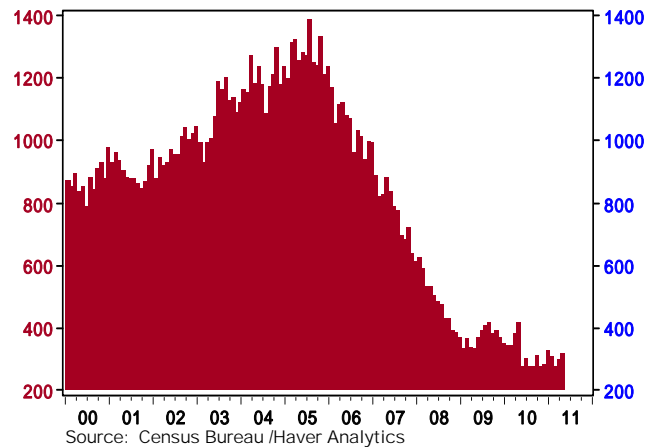
# APRIL NEW HOME SALES

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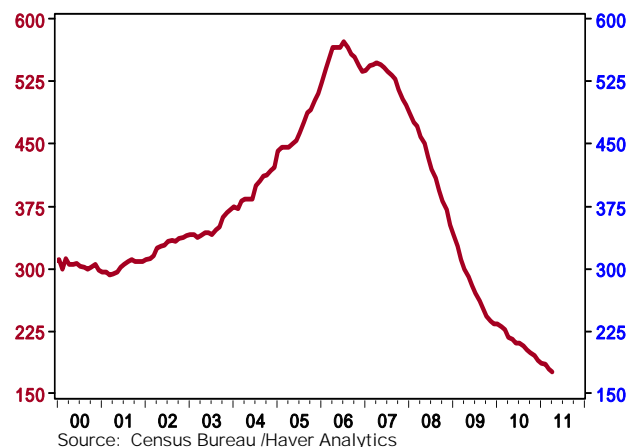
- New single-family home sales rose 7.3% in April, coming in at a 323,000 annual rate, beating the consensus expected pace of 300,000.
- Sales were up in all major regions of the country.
- At the current sales pace, the months' supply of new homes (how long it would take to sell the homes in inventory) fell to 6.5 in April from 7.2 in March. The decline in the months' supply was due to both the faster pace of sales and lower inventories, which fell 5,000 from last month, hitting the lowest level on record, since at least 1963.
- The median price of new homes sold was \$217,900 in April, up 4.6% from a year ago. The average price of new homes sold was \$268,900, down 0.6% versus last year.

**Implications:** New home sales rose 7.3% in April, beating consensus expectations for the second straight month. And for the first time since August 2007, sales increased in all four major regions of the country, showing that the gain in sales was widespread and not confined to one area. On top of that, the level of new homes in inventory fell to the lowest level on record, since at least 1963. While this is all very good news, it does not necessarily signal the start of a consistent upward trend. Sales remain in the range we have seen since last May, and the new home market still faces two major challenges. With such a large number of existing homes on the market, many of which are like new or are in foreclosure and steeply discounted, the new home market isn't as attractive to buyers. Credit conditions also remain very tight, despite low mortgage rates, particularly for buyers who don't have very good credit scores and a 20% down-payment. So while housing is clearly beginning to recover, these issues will keep the pace of recovery subdued for the time being. We expect new home sales to eventually increase substantially, but it will take several years to fully recover. In other news this morning, the Richmond Fed index, a measure of manufacturing activity in the mid-Atlantic, dropped to -6 in May from +10 in April. While this number was a disappointment, it is not consistent with other manufacturing indicators that show continued growth in manufacturing.

New 1-Family Houses Sold: United States  
SAAR, Thous



New 1-Family Houses For Sale: United States  
SA, Thous



New Home Sales	Apr-11		Mar-11	Feb-11	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
<b>New Single Family Homes Sales</b>	7.3%	323	301	278	301	305	-23.1
<b>Northeast</b>	7.7%	28	26	18	24	25	-22.2
<b>Midwest</b>	4.9%	43	41	31	38	38	-21.8
<b>South</b>	4.3%	168	161	166	165	165	-24.7
<b>West</b>	15.1%	84	73	63	73	77	-20.8
<b>Median Sales Price (\$, NSA)</b>	1.6%	217,900	214,500	217,800	216,733	225,183	4.6
		Apr-11	Mar-11	Feb-11	3-mo Avg	6-mo Avg	12-mo Avg
<b>Months' Supply at Current Sales Rate (Levels)</b>		6.5	7.2	7.9	7.2	7.3	8.0

Source: Bureau of the Census

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