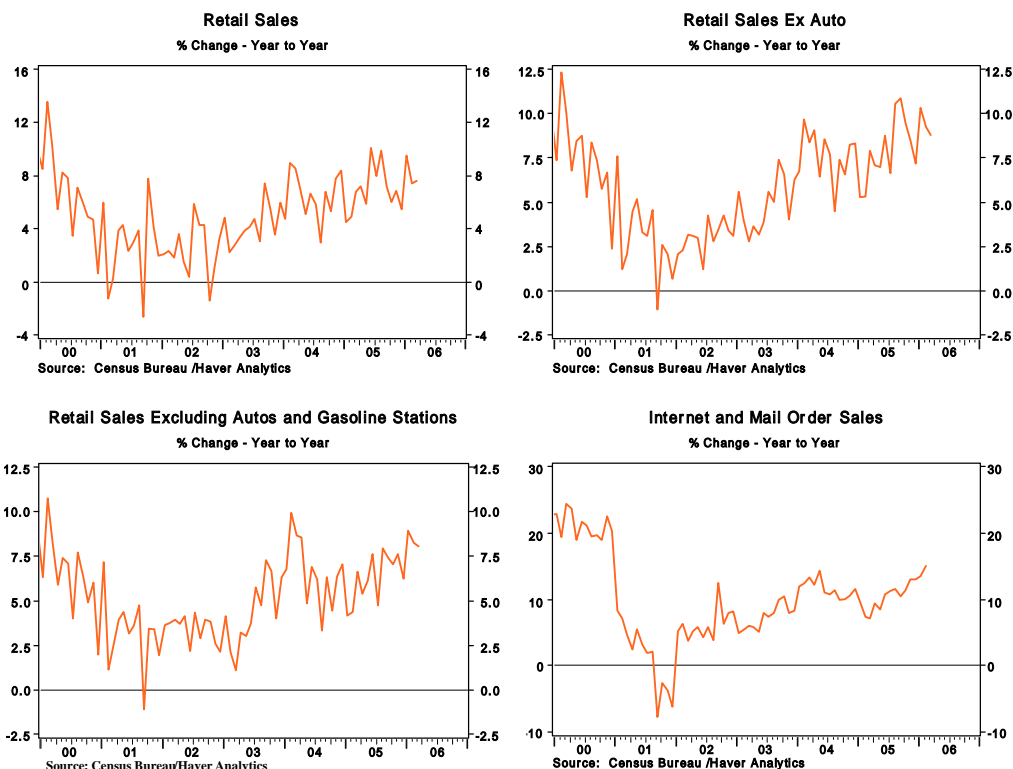


MARCH RETAIL SALES

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- Retail sales rose 0.6% in March, slightly above consensus estimates of a 0.5% gain. This follows an upwardly revised 0.8% decline in February (originally -1.3%). Retail sales are up 7.9% in the past year.
- Auto sales increased 1.6% in March versus a 2.8% drop in February. Excluding autos, retail sales rose 0.4% last month and are 9.2% higher than a year ago.
- Gasoline service station sales decreased 0.1% in March – the fifth decline in the past six months. Retail sales excluding autos and gasoline rose 0.4% in March and are up 8.7% on a YOY basis.

Implications: Despite concerns about higher energy prices and a debt-ridden consumer, retail sales are booming. Retail sales rose an annualized 13.4% in Q1 versus Q4 levels. This is the largest quarterly gain since Q4 2001 – when sales rose 13.6% at an annual rate following 9/11 and the advent of 0% financing incentives by automakers. Excluding this one-off 9/11-induced surge, first quarter sales grew at their fastest quarterly gain since 1990. Strength in sales was widespread in March and may signal pricing power at retailers. Auto sales, for example, were flat in March on a unit sales basis, but were reported up 1.7% in this report, which suggests rising prices and reduced discounts. Today's data reaffirms our Q1 real GDP forecast of 5%, and confirms our view that rising energy prices and interest rates are not a hurdle to continued strength in consumer spending.



Retail Sales <i>All data seasonally adjusted</i>	Mar-06	Feb-06	Jan-06	3-mo % Ch. <i>annualized</i>	6-mo % Ch. <i>annualized</i>	Yr over Yr <i>% Ch</i>
Retail Sales and Food Services	0.6%	-0.8%	3.0%	11.9%	8.5%	7.9%
Ex Autos	0.4%	-0.3%	2.7%	11.9%	6.8%	9.2%
Ex Autos and Gasoline	0.4%	-0.1%	2.4%	12.1%	9.4%	8.7%
Motor Vehicle and Parts Dealers	1.6%	-2.8%	4.1%	11.7%	15.3%	3.3%
Building Materials and Supply	1.2%	0.4%	6.9%	39.3%	25.3%	17.9%
Furniture, Home Furnishings, and Electronics	-0.2%	-2.9%	6.9%	14.9%	5.3%	7.1%
General Merchandise	0.1%	-0.1%	1.9%	7.6%	6.3%	6.4%
Food and Beverage	0.2%	-1.5%	3.2%	7.4%	8.6%	8.3%
Gas Service Stations	-0.1%	-1.8%	4.5%	10.6%	-9.5%	13.6%
Health and Personal Care	0.8%	0.4%	0.7%	7.6%	6.7%	6.9%
Clothing and Accessories	0.0%	-1.1%	2.6%	5.6%	7.9%	6.6%
Internet and Mail Order	1.6%	3.1%	-2.0%	11.0%	13.0%	14.1%

Source: Bureau of Census

This report was prepared by First Trust Advisors, L. P., and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.